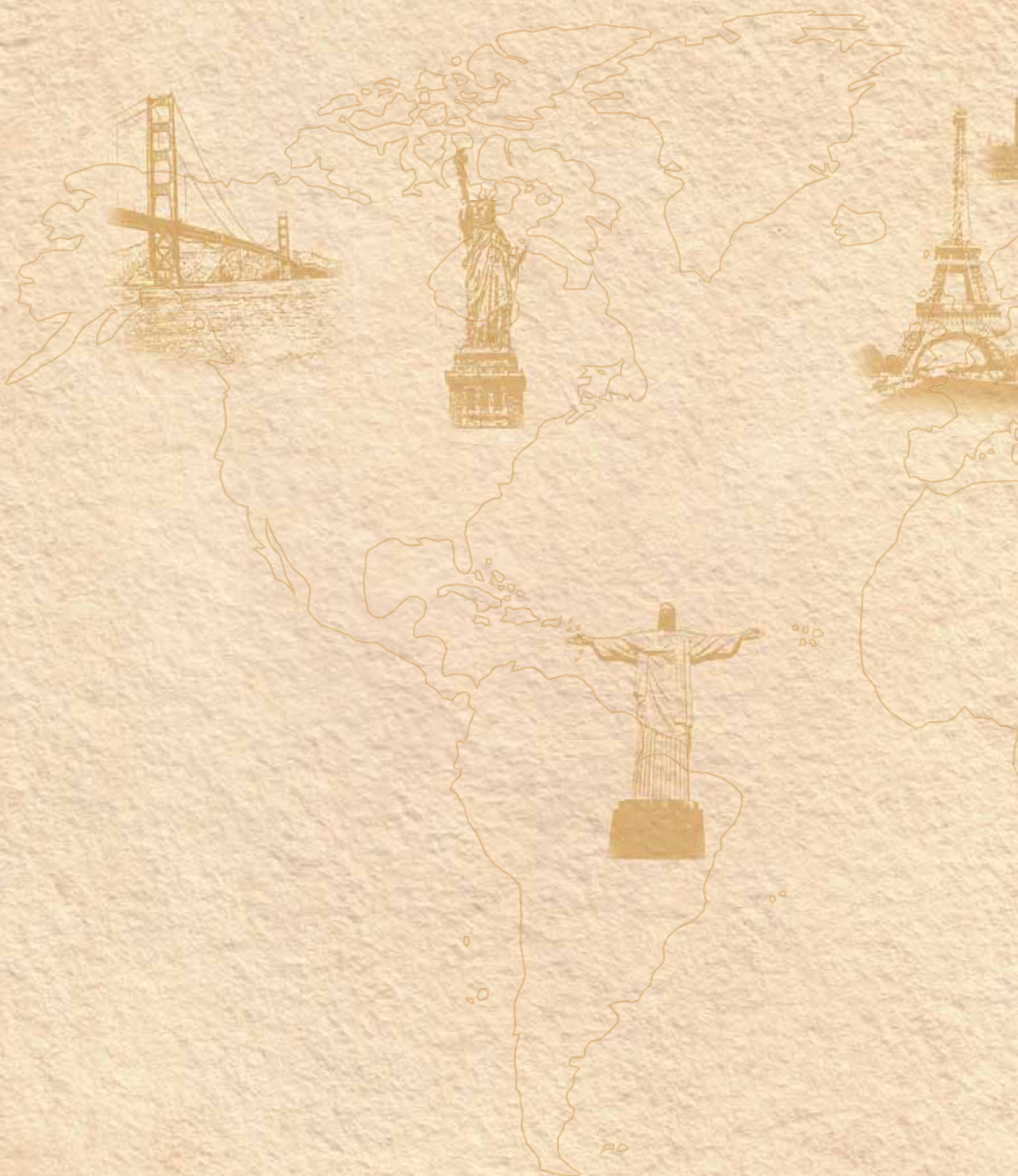


Annual Report 2005-06



The journey is complete.
With Thomas Cook.





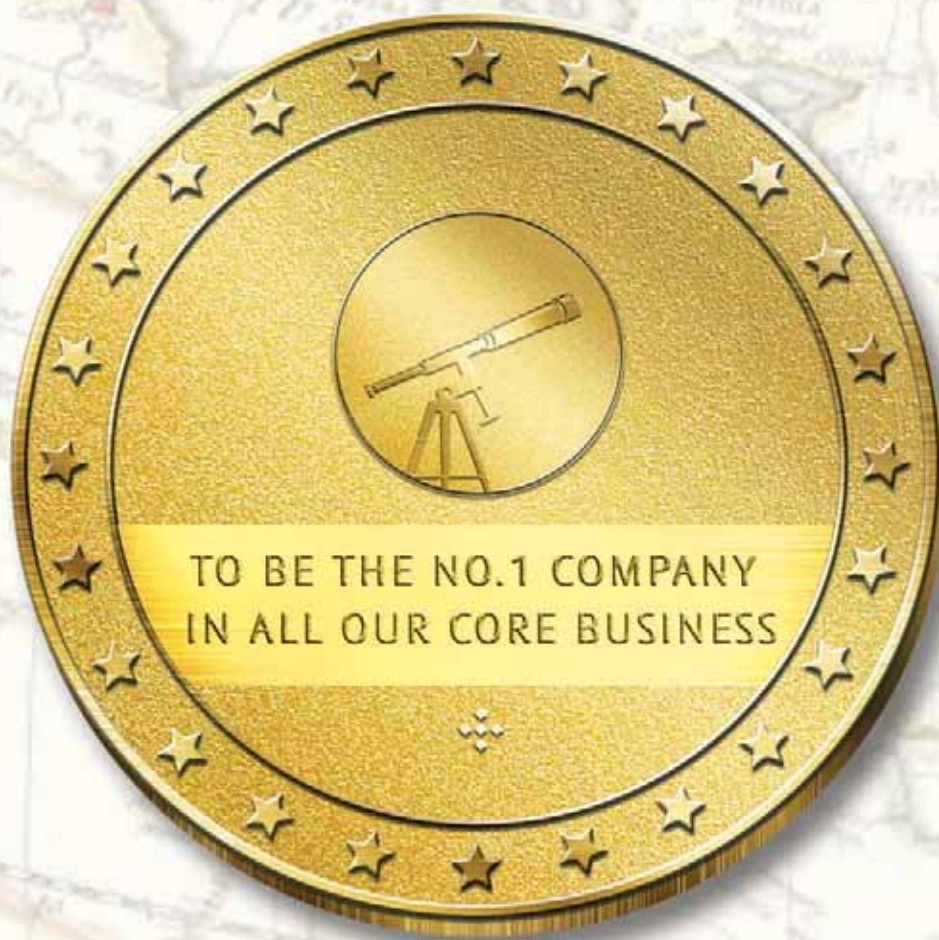


Preface

As yet another eventful financial year draws to an end, we at Thomas Cook would like to take a moment to reflect on the challenges, achievements and experiences; to express our joy and gratitude to all our stakeholders, and most importantly, to look up at the horizon and set our sights higher.

While numbers and figures tell a tale of their own, they do not narrate the story in its entirety. We would, therefore, like to share with you those momentous events that have helped us craft this year; a year in which we challenged ourselves yet again. A year in which we acquired LKP Forex - one of the leading players in Forex, and TCI - India's leading inbound travel company. Also with a launch of Thomas Cook Titanium MasterCard, we've made your world of travel easy and convenient.

With 125 years of expertise in the world of travel and travel-related services, we at Thomas Cook believe in a simple philosophy "Enough is not enough". And it is this philosophy that has helped us in being the largest integrated travel solutions company in India. We take great pride in providing you the best and richest travel experiences. That is why, we believe that with Thomas Cook, your experience is complete.



TO BE THE NO.1 COMPANY
IN ALL OUR CORE BUSINESS

OUR VISION



Thomas Cook(India)Ltd.

100%
holidays





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Mr. Udayan Bose
Chairman

Chairman of Sub-Committee of the Board
Member of Recruitment & Remuneration Committee
Member of Share Transfer & Shareholders' / Investors' Grievance Committee



Mr. Sayanta Basu
Deputy Chairman

Member of Audit Committee
Member of Sub-Committee of the Board
Member of Recruitment & Remuneration Committee



Mr. Abdul Hakeem Kamkar
Director



Ms. Jacqueline Asher
Director

Member of Audit Committee



Mr. Hoshang S. Billimoria
Director

Chairman of Audit Committee
Chairman of Share Transfer & Shareholders' / Investors' Grievance Committee



Mr. Dilip De
Director

Member of Audit Committee



Mr. A.V. Rajwade
Director

Chairman of Recruitment & Remuneration Committee
Member of Audit Committee
Member of Sub-Committee of the Board
Member of Share Transfer & Shareholders' / Investors' Grievance Committee



Mr. Madhavan Menon
Managing Director

Member of Executive Committee
Member of Share Transfer & Shareholders' / Investors' Grievance Committee



Mr. Y. Vijayanand
SBI - Nominee Director



Mr. Mahendra Doshi
Director

Member of Sub-Committee of the Board



Gautam Sharma
Head of Marketing
&
Financial Services

Parag Mehta
Head of Foreign Exchange

Prasanth Nair
Head of Human
Resources

Madhavan Menon
Managing Director

Ram Kenkare
Head of Legal
&
Company Secretary

Anil Srinivasan*
Vice President - Service Delivery
&
Operations, Travel Businesses

Vishal Suri*
Vice President - Sales,
Travel Businesses

Auditors:
Loveland & Lewes

Company Secretary:
Ram Kenkare

Advocates & Solicitors:
India Law Alliance
AZB & Partners

Principal Bankers:
State Bank of India
HSBC
Standard Chartered Bank
ICICI Bank Ltd.
HDFC Bank Ltd.

Registered Office:
Thomas Cook Building,
Dr. Dadabhai Naoroji Road,
Fort, Mumbai – 400001, India.

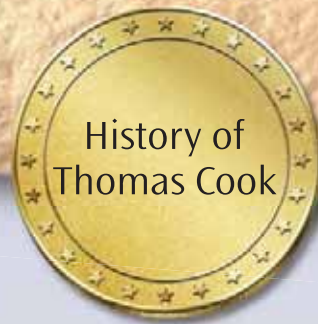
Registrars and Share Transfer Agents:
M/s. TSR Darashaw Limited,
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai - 400 011.

Phone: +91 (22) 2204 8556/7/8
Fax: +91 (22) 2287 1069
Website: www.thomascook.co.in

Call Centre:
Toll-Free No. 1-800-22-COOK (2665)
from BSNL & MTNL lines
or +91 (22) 2529 7777
from all service providers
Timings: 8 am to 8 pm

*Invitee





In 1841, young Thomas Cook arranged an 11-mile train journey for a motley group of passengers from Leicester to Loughborough. And it marked the beginning of a chapter in history.

He went on to introduce a railway tour of Europe. But it wasn't until the early 1860s that he began the travel firm, Thomas Cook & Son, which included tours of the USA. The Company also started operations for military transport and postal services for England and Egypt during the 1880s. The world got around and by the early 1900s, the who's who of the era – kings, politicians, bishops and professors – patronised Thomas Cook's travel itinerary.

As the years passed by, the Company introduced the world to a whole new concept of leisure and business travel. Driving innovation in the business, it connected continents and presented the people an economic and state mode of travel across them.

In 1881, Thomas Cook started its India operations, with its first office being set up in Kolkata. As it expanded its horizons across the subcontinent, the Company came to be known as Thomas Cook Overseas Ltd. And on 21st October 1978, it was christened Thomas Cook (India) Ltd, only to make its first public issue in February 1983. In the year 2000, the Group commenced its operations in Mauritius and also acquired the Sri Lanka business from Thomas Cook Overseas Ltd, UK.

Thomas Cook Offices



● Thomas Cook Office

● City

AGRA

Crystal Tower: 18/165, Crystal Tower,
Shop No. G-1, Fatehabad Road, Agra-282 001.
Tel.: (0562) 2330660, 2330599, Telefax : (0562) 2330548

Tourist Area : 181/1, Tourist Complex Area,
Fatehabad Road, Agra - 282001.
Tel. : (0562) 2330481, 2330480, Fax : (0562) 2331191

AHMEDABAD

"Supermall", 30-33, Ground Floor,
Near Lal Bungalow, C. G. Road, Ahmedabad - 380 009.
Tel.: (079) 26409191, 26401340/47/58,
26401359, 26401337, Fax : (079) 26401286

Shope 18 & 19, Upper Level,
Mardia Plaza, CG Road, Ahmedabad - 380 006.
Tel.: 26562985, 26403760 / 61/62, Fax : 26444721

Shope G-2, Sukh Chain Complex,
Radha Vallabh Colony, Jawahar Chowke,
Mani Nagar, Ahmedabad - 380 008.
Tel.: 25462959, 25462965

AMRITSAR

Shop No. 1, First Floor, R.S. Tower, 107/1,
Hall Bazar, Amritsar, Punjab - 143 001.
Tel.: (0183) 2536265, Fax : 2536265

ANAND

106, First Floor, Maruti Sankalp,
Anand Vidya Nagar Road, Anand - 388001.
Tel.: (02692) 246351, Fax : 248938

BARODA

Shop 1-3, Gr. Floor, "Landmark" Race Course,
Baroda - 390 007.
Tel.: (0265) 2355573 / 4, 2350469, Fax: (0265) 2350471

121, Dwarkesh Complex, Opp. Panorama Complex,
R.C. Dutt Road, Alkapur, Baroda - 390 005.
Tel.: 2327097-99, Fax : 2327099

Shop No. B-7/1, Raopura Tower, Char Rasta,
Opp. Sagar Cinema, Vadodara, Gujarat.
Tel.: 2422871

BARDOLI

Shop No. 122, Millenium Mall, Station Road , Bardoli - 394 601.
Tel.: (02622) 229363, Fax : 229364

BANGALORE

The Pavillion, 62 / 63, UG3, M. G. Road, Bangalore - 560 001.
Tel.: (080) 25594168, 25581337/9/40, Fax : (080) 25586742

RESIDENCY, Unit No.101, Cears Plaza,
139, Residency Road, Bangalore - 560 025.
Tel.: (080) 41236767, Fax : 22105071

Vinayaka Complex, 45/ 7, Residency Cross Road,
Ground Floor, Bangalore - 560025.
Tel.: (080) 25596148, 25594773, Fax: (080) 41530059

M.G. ROAD, 70, M.G. Road, Bangalore - 560 001.
Tel.: (080) 25588028, Fax: (080) 25585664

IISc Campus, Malleswaram, Bangalore - 560 012.
Tel.: (080) 23601093 / 94, 23602026, Fax : (080) 23601527

G/12, International Tech Park, Whitefield Road, Bangalore - 560 066.
Tel.: 28410565 / 0567, 28411872 / 2251, Fax : (080) 28410566 / 1871

Digital Global Soft Limited, Plot No. 39/ 40, Electronic City,
Hosur Road, Bangalore - 561 229. Tel.: (080) 26170024

Unit No. G-6, Municipal No. 121/3, 121, Koramangala Ind, Layout,
Bangalore - 560 095.
Tel. : (080) 41216820, 25717252, Telefax : 41216820

Shope No. 1374 / 1 & 2, Sai Krishna Tower, (Opp) Satya Sai Baba Ashram,
Vijayalakshmi Colony, Kadgudi Post, Bangalore - 560 067.
Tel.: (080) 28455314, Fax:28455014

Philips Innovation Campus, No. 1 Murphy Road, Ulsoor,
Bangalore - 560 008.
Mobile: 9886086619

TECH PARK, Philips Innovation Campus,
Manyata Tech Park, Nagavara, Bangalore - 560 045.
Mobile: 9845559456

BHUBANESWAR

130, Ashok Nagar, Janpath, Bhubaneswar,
Orissa -751 009.
Tel.: (0674) 2535222, 2539892/ 93, Telefax : 2539894

BHUJ

Shop No. 2, Luv Kush Apts., Hospital Road, Bhuj - 370001.
Tel.: (02832) 256469, Fax : 256470

CALICUT

Calicut International Airport,
P.O. Karippoor, Malappuram, Calicut - 673 647.
Tel.: (0483) 2717201, Fax : 2717201

SKY TOWER Travel Corp. (India) Ltd.
A, 11-15, Sky Tower, Bank Road Jn, Calicut - 673001.
Tel.: (0495) 2762681 / 82, 5/3283, Fax : 2762683

COCHIN
Palat Towers, 1st Floor, Right Wing, M.G. Road, Cochin - 682 016.
Tel.: (0484) 2369729, 2374205, 2355818, 2371332 / 37, Fax: 2373829

Cochin International Airport Ltd. Nedumbassery, Vapalassery,
Emakulam – 680 535.
Tel.: 2610032, 2610054, Telefax : 2610052

Kanoos Central Arcade, Hospital Road, KPCC Junction,
Cochin – 682011.
Tel.: 2354444, 2354443, 2354445, 2354447 / 8, Fax: 2354442

CHANDIGARH
SCO 28/29/30, Sector 9D, Madya Marg, Chandigarh - 160 017.
Tel.: (0172) 2746 783, 2745 629/30, Fax : 2745628

SCO- 61/62/63, Sector – 9D, Chandigarh, Punjab.
Tel.: (0172) 2747576, 2747675, Fax: 2747576

CHENNAI
12, Lattice Bridge Road, K. R. Building, Ground Floor, Adyar,
Chennai – 600 020.
Tel.:(044) 24405333 Telefax: 24400925 /2277

Shop No. 20, ITC Hotel Park Sheraton & Towers,132, TTK Road,
Chennai – 600 018.
Tel.: 66444366, 24994101, Extn.1978

AIRPORT Departure Terminal
Anna International Airport, Chennai – 600 027.
Tel.: 22561854, Fax: 22561856

Ceebros Centre, 45 Montieth Road, Chennai – 600 008.
Tel.: 28554600, Telefax: 28555909

G4, Eldorado Building, No. 112, Nungambakkam High Road,
Chennai - 600 034.
Tel.: 28274941 / 5052, 28272610 / 2189, Telefax: 28274941

20 Rajaji Road, Chennai - 600 001.
Tel.: 25342374, 25331698, Telefax : 25330105

G- 17, A & B , Phase I, Spencer Plaza, Chennai – 600 002.
Tel.: 28492424, 28492425, 28492426 27, Fax: 28492420

769, Spencer Plaza, 769, Anna Salai Road,
Chennai – 600 002.
Tel.: 28495000, 28495001, Fax : 28494820

Shop No. 14,15C & 20, Ground Floor,
Spencer Plaza, 769, Anna Salai Road, Chennai - 600 002.
Tel.: 28495001-06, 28497000, Fax: 28494820

3, TNHB Plaza, C-47, II Avenue,
Anna Nagar, Chennai - 600 040.
Tel.: 26203337, 26203054, Fax:26203337

T.C.S. No.1, Habibullah Road, Chennai - 600 017.
Tel.: 66164627, 42023765

COIMBATORE
"A" Block, 1st Floor, Damodar Centre,
1050, Avinashi Road, Coimbatore - 641018.
Tel.: (0422) 2218760 / 61, Fax: 2218760

DEHRADUN
67/ 3, Rajpur Road, 1st Floor, Dehradun – 248 001.
Tel.: (0135) 2741604, 3255516/ 7, Telefax : 2741824

GURGAON
First India Place, Unit No. 6, Sushant Lok Phase - I, Mehrauli,
Gurgaon Road, Gurgaon – 122002.
Tel.: (0124) 2389581, 2389584 / 85, 4067142 / 43, Fax: 2389582

242, Central Arcade, DLF, Qutub Enclave , Phase II, Gurgaon - 122 002.
Tel.: (0124) 2355512, 2359421, 2561572, 2561571, Fax: 4101343

COMPLEX SCF – 97, 1st Floor, Commercial Complex Main Market,
Sector – 14, Gurgaon - 122 002.
Tel.: (0124) 4087563 / 564, Fax: 4086087

TCS-UDYOG VIHAR TISL, TCS Towers, 249 D & E, Udyog Vihar,
Phase IV, Gurgaon – 600000.

GOA
CHAMBER 8, Alcon Chambers, Dayanand Bandodkar Marg,
Panaji, Goa 403 001.
Tel.: (0832) 2221312, 6641294/5, Fax : 2221313

Alcon Chambers, 2nd Floor, Dayanand, Bandodkar Marg,
Panaji, Goa - 403 001.
Tel.: 2232536 / 37, 2232914, 6642294, 6642894 / 95, Fax: 2232535

C/o Brisa Leisure Resort Shop No. 47/48/49, Naika Vaddo, Calangute,
Bardez, Goa - 403 516.
Tel.: 2282176, 5624097, Fax: 2282330

C/o State Bank of India, Hotel Orfil, Ground Floor, Calangute Market,
Calangute, Bardez, Goa.
Tel. : 2275 693

Mabai Hotel, 1st Floor, Opp. Municipal Garden, Mabai Hotel Building,
Margao, Goa – 403601, Tel.: 2714768

Shop No. 14, Magnum Centre, M.G. Road, Panaji, Goa - 403 001.
Tel.: 2420330, 2420306, Fax : 2420306

GTDC Tourist Cottages, Calangute, Bardez, Goa.
Mobile: 9850759707

Tourist Cottages, Colva, Salcete, Goa.
Mobile: 98227 64044

Palolem Beach Resort, Palolem, Goa

GUWAHATI
Shop No. 15, Ground Floor, Jayant Commerical Complex, Anchawati GMB
Road, Silpukhuri, Guwahati, Assam - 781 003.
Tel.: (0361) 2664454 / 50, Fax : 2664454

HYDERABAD
6-1-57, Nasir Arcade, Saifabad, Hyderabad - 500 004.
Tel.: 23231988 / 1527, 23231528 /29/30,Fax: 23296523

Deccan Park, Unit No. 3, Plot No. 1, Survey No. 64/2, Software Unit Layout,
Serlingampally Mandal, Madhapur - 500 034.
Tel.: (040) 66672000, 66672068, Fax : 66672222

8-2-624/1, Road No. 10, Banjara Hills, Hyderabad - 500 034.
Tel: 040-66436000, 66436107, Fax: 040-66436111

Centre for Cellular & Molecular Biology,
Uppal Road, Hyderabad - 500 007.
Tel: 040-27192501, Direct: 040-27160027, Fax: 040-27160310

"A" Core, Podium Level, Cyber Towers, Hi-Tech City, Madhapur,
Hyderabad - 500 033.
Tel: 040-66512300, 66661101, 66661102, 66661104/5,
Telefax: 040-66661107

5/9/100, Doyen Trade House, Public Garden Road, Nampally,
Hyderabad – 500 001.
Tel: 040-23210094/96, Fax: 040-23298449

Shop no. 1 & 2, Royal Arcade, 1-65/2/24, Arunodaya Co-op. Hsg. Soc.
Madhapur Village, Hi-Tech City, Hyderabad – 500 033.
Tel: 040-65501159 , Fax: 040-66466520

INDORE
Shop No. UG 1 & UG 9, 4, Yeshwant Niwas Road, Indore – 452 001.
Tel: 0731-2542525/26, 2541313/14, 2541177, Fax: 0731-2535544

JAIPUR
2 (A & B) Ground Floor, Opposite A.I.R., Jaipur Towers,
M.I. Road, Jaipur - 302 001.
Tel: 0141-2360801/940, 2364919, Fax: 0141-2360974

Jaipuria Mansion, Tholia Circle, Panchbatti Branch,
M. I. Road, Jaipur - 302 001.
Tel: 0141-2361882, Telefax: 0141-2360858

Sunil Sadan, First Floor, 2 M.I. Road, Jaipur – 302001.
Tel: 0141-2368175, 2370291, 5102344, Fax: 0141-2367114

Shop No. 42, Sirea Derohi Bazaar, Opp. Hawamahal, Jaipur- 302 002.
Tel: 0141-2609048, Fax: 0141-2609048

JAISALMER
Shop No.1 & 2, Rana Kothar House, H.No.4814, Commercial Complex,
Gandhi Chowk, Jaisalmer, Rajasthan – 345 001.
Tel: 02992-253679, 253265, Fax: 02992-253679

JAMNAGAR
Shop No.9, Gr.Floor, Shri Dhan Palace, Near Town Hall,
Jamnagar - 361 001.
Tel: 0288-2664578, Fax: 0288-2664579

JALANDHAR
105, Delta Chambers, 35, G.T. Road, Jalandhar 144 001.
Tel: 0181-2240129/30, 2238790, Fax: 0181-2240130

5,Lower Ground Floor, Alfa Estate 39, G.T. Road, Jalandhar – 144 001.
Tel: 0181-2242784, 5081287, Fax: 0181-2242784

JODHPUR
Shop No.1, 184 Ajit Colony, Mahaveer Complex,
Circuit House, Jodhpur – 342 001.
Tel: 0291-2512064, 2512066, Fax: 0291-2512067

KOLKATA
19B, Shakespeare Sarani,1st Floor, Kolkata - 700 071.
Tel: 033-22830473, 22830475, 22830477, 22830476
Off.Telefax: 033-22830467/ 70/71

N.S.C.B. International Airport, Dumdum, Kolkatta - 700 052.
Tel.: 033-25110106, 25117786
APT – Board Line: 033-25118787, Fax: 033-25118707

SDF Building, Module 304, Block EP & GP, Sector V, Bidhan Nagar,
Salt Lake, Kolkata – 700 091.
Tel: 033-23573201–02, 23574763, 23573254, Fax: 033-23573649

41/A, Ground Floor, Gate No. 3, Park Mansion, 57A, Park Street,
Kolkata - 700 016.
Tel: 033-22160055/56, 22160057, Fax: 033-22160060

KOVALAM
VP, 1/1049, Near Hotel Palm Garden, Kovalam, Trivandrum – 695 527.
Tel: 0471-2485460

Beach Rd VP IX / 750, Aryanivas, Beach Road, Kovalam,
Trivandrum – 695 527.
Tel: 0471-2485466, 6455462, Fax: 0471-2485462

KURUKSHETRA
Shop No. 31-32, Kalawati Market, Railway Road, Kurukshetra,
Haryana – 136118.
Tel: 01744-292212, 292213, Fax: 01744-292212

LEH
Shope No.1, First Floor, Samkar Gonpa Complex, Main Bazaar, Leh-Ladhak,
Jammu & Kashmir - 194101.
Tel: 01982-250519, 250503, Fax: 01982-250519

LUCKNOW
J J Market, Plot No. 31/69(KA) & (KHA), 1st Floor, M.G. Road, Hazratganj,
Lucknow - 226001.
Tel: 0522-2624640, Fax: 0522-2624849

LUDHIANA
Mezzanine Floor, SCO 32, Feroze Gandhi Market,
Ludhiana – 141 001.
Tel: 0161-3918083 / 84, Fax: 0161-2413550

MANGALORE
G8, Crystal Arc, Balmatta Road, Mangalore – 575 001.
Tel: 0824-2448758, 4266820, Fax: 0824-2466820

MADURAI
Shop V & W, 1st Floor, KRV Arcade, 16 & 17 North Veli Street,
Madurai - 625 001.
Tel: 0452-2348991, Fax: 0452-2340685

MCLEODGANJ DHARAMSALA,
Shop No. 20, Runchal's Mount View,
McLeodganj, Tehsil Dharamsala, Kangra - 176219.
Tel: 01892-221192, 220124

MEHSANA
GL-22, Apollo Enclave, Opp. Shree Simandhar Swami Derasar,
Mehsana Palanpur Highway, Mehsana, Gujarat - 384 002.
Tel: 02762-244806

MOGA
Shop No. 720, Ward No. 2, G.T. Road, Near Geeta Cinema,
Moga, Punjab - 142001.
Tel: 01636-327627, 223011

MYSORE
Silver Tower, Ground Floor, Door No.9/2, New L350, Ashoka Road,
Lashkar Mohalla, Mysore - 570 001.
Tel: 0821-2426157, 2420090, Fax: 0821-2420090

MUMBAI
Thomas Cook Bldg., 324, Dr. D.N. Road, Fort, Mumbai - 400 001.
Tel: 022-22048556, 22048557, 22048558, Fax: 022-22871069 / 2876

269 B, Jubilee Court, Shop No - 2, Linking Road, Bandra - 400 050.
Tel: 022-26451004, 26451005, Fax: 022-26451001

Shope No. 6, Jewel Arcade, Waterfield Road, Opp. Stanchart Bank,
Nr. Junction of Waterfilded Rd. & Turner Rd., Bandra (West),
Mumbai - 400 050. Tel: 022-26402940/1, Fax: 022-26400921

Corporate Park, Unit No.8, Sion – Trombay Road,
Chembur, Mumbai - 400 071.
Tel: 022-25291155, 25291166, Fax: 022-25291143/ 44

Shop No. B-22, Cusrow Baug, Colaba Causeway,
Colaba, Mumbai - 400 001.
Tel: 022-22882517-20, Fax: 022-22835667

EXTN. COUNTER, T.C.S. 4th Floor, Road No. 4, Marol, MIDC,
Andheri(East), Mumbai - 400 093.
Direct: 022-66471155, Tel: 022-66471146

Inorbit Mall, Mindspace, New Link Road, Malad,
Mumbai- 400 069. Tel: 022-28768911

Shop No. 11, Sukh Sagar Society, Hughes Road,
Near Chowpatty, Mumbai – 400 007.
Tel: 022-23678542/43, Fax: 022-23678541

AG-2, "Delphi Orchard", Avenue Hiranandani, Business Park,
Hiranandani Garden, Powai, Mumabi - 400 076.
Tel: 40051881, 25708448, Fax: 022-40051883

A /2, Silver Arch, S.B. Marg, J.B. Nagar, Andheri (East), Mumbai - 400 059
Tel: 022-28362113/8, 28350497, 28379517. Fax: 022-28362115

No.1, Ground Floor, Sterling Centre, Opp. Sangam Cinema,
Andheri Kurla Road, Andheri (East), Mumbai – 400 093.
Tel: 022-28340410, 28205280, 28340415, Fax: 022-28224254

Unit No. 39, Laxmi Plaza, Laxmi Inudstrial Estate, New Link Road, Andheri (West), Mumbai – 400 053.
Tel: 022-26350321, 26350349, 26350359, Fax: 022-26350331

Sahar International Airport, Sahar, Mumbai - 400 099.
Tel: 022-26829217, 26829218, Telefax: 022-26829217

Chattrapati Shivaji International Airport, Terminal IIC , Ground & First Floor, Sahar, Andheri (E), Mumbai - 400 099.
Tel: 022-26829899, 26828575, Fax: 022-26828575 / 76

Chattrapati Shivaji International Airport, Terminal IIC , Ground & First Floor, Sahar, Andheri (E), Mumbai - 400 099.
Tel: 022-26829899, 26828575, Fax: 022-26828575 / 76

Near SDF – I, Seepz , SEZ, Andheri (East), Mumbai - 400 096.
Tel: 022-2829 3344, 2829 3345, 2829 3346, Fax: 022-2829 3347

Abhimaan II, Shop No. 5, 6, & 7, Ground Floor, LBS Road, Near Teen Hath Naka, Thane(W) - 400 602.
Tel: 022-25446666, 25446065- 68, Fax: 022-25434030

TCS Subhash Nagar, Unit No. 6, Yantra Park, Pokran Rd. No. 2, Thane – 400 601.
Tel: 022-67508253

132, Kakad Chambers, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
Tel: 022-2493 5401/5403, 24936799/6662, Fax: 022-24935409

Shop No. 2 & 3, Ground Floor, Alankar, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
Tel: 022-24900900/01/02, Fax: 022-24902555

NADIAD
G-1,Vithalbhai Complex, Nr.Badshah Pan Corner, Dumral Bazaar, Nadiad – 387001. Tel: 0268-2560030

NAVSARI
Shop No 101, Anand Complex, Library Road, Near Central Bank, Navsari (East) – 396445.
Tel: 02637-256142/172, Fax: 02637-256142

NEW DELHI
C-33, Connaught Place, Inner Circle, New Delhi - 110 001.
Tel.: 011-23416585/5571, 23418572/6573, Fax: 011-23416580

Near Platform No. 12, Adjacent VIP Parking Area, Ajmeri Gate Side, New Delhi Railway Station, New Delhi - 110 001
Telefax: 011-23211819

Hotel Janpath, Room No. 4, Janpath, New Delhi – 110 001
Tel: 011-23340564 /41500792, 41500791, Fax: 011-23368785

Indira Gandhi International Airport, New Delhi - 110 037.
Tel: 011-25653439, 25653439, Fax: 011-25653205

717/718, Intl. Trade Tower, Nehru Place New Delhi - 110 019.
Tel: 011-26423035/4835, 26476048/49, 26425141, Fax: 011-26471903

Rishya Mook Bldg., 85-A, Panchkuin Road, New Delhi - 110 001.
Tel: 011-23747404 – 13, Fax: 011-23346288/7772

M-138, Connaught Place, New Delhi – 110 001.
Tel: 011-41518100, 41523307, Fax: 011-23417699

M-56, Connaught Place, New Delhi – 110 001.
Tel: 011-41518000, 23418797/907, 41517434-7, Fax: 011-23415149

Flat No. 1101, Hemkunt Towers, 98, Nehru Place, New Delhi – 110 019.
Tel: 011-26292410-12, 26292413, Fax: 011-26292415

Punjabi Bagh Branch, Basement 24, Central Market, Punjabi Bagh (W), New Delhi - 110 026.
Tel: 011-45418000, Fax: 011-45466011

38, Basant Lok, Vasant Vihar, 2nd Floor, New Delhi – 110 057.
Tel: 011-41669168, 41669169, Fax: 011-41669169

EXT. COUNTER
Central Cottage Ind.Corp.(I) Ltd., Jawahar Vyapar Bhavan, New Delhi, Tel: 011-41522008

EXT. COUNTER
PTI Building, 5th Floor, 4, Parliament Street, New Delhi – 110 001.
Board No: 011-66506555, Tel: 011-23353825

NOIDA
J/ 24 Sector 18, 1st Floor, Noida , Uttar Pradesh – 201301.
Tel: 0120-4338800 / 03, Fax: 0120-4338804

PATIALA
Leela Bhawan Market, Gr Floor, S.C.O. 156, Patiala – 147001.
Tel: 0175-2203331, Fax: 0175-2226564

PHAGWARA
Indian Bank Building , G.T. Road, Phagwara, Punjab – 144401.
Tel: 01824-500101, Fax: 01824-500100

PONDICHERRY
2-A, Labour Donnais Street, Ground Floor, Pondicherry - 605 001.
Tel: 0413-2224008, Telefax: 0413-2226136

185. Mission Street, Next to Honesty Super Market, Pondicherry – 605 001. Tel: 0413-2221043

PUNE
13, Thacker House, 2418 General Thimmaya Road, Pune - 411 001.
Tel: 020-26346171/6173, 26340368/2041, Fax: 020-26343026

Hotel Suryakiran Bldg. C-8, Mumbai – Pune Road, Chinchwad, Pune - 411 019.
Tel: 020-27483613, 27483614, 27483615, Fax: 020-27456734

2420, Gulmohar Apartments, General Timmaya Road, Pune - 411 001.
Tel: 020-26337389- 91, Fax: 020-26337392

ICC Trade Towers, SR. No.985, Plot no. 403 A/2, Senapati Bapat Road, Shivaji Nagar, Pune – 411 016.
Tel: 020-40032778, Fax: 020-66029173

No.4, Thacker House, 2418, East Street, Pune – 411 001.
Tel: 020-26347041-43, Fax: 020-26345470
Plot No.7, Pune Infotech Park, M.I.D.C, Opp.Infosys, Hinjewadi, Pune - 411 057.
Tel: 020-22934871, 32663697

PUSHKAR
Shriya Guest House Bldg., Pushkar, Rajasthan - 305022.
Tel: 0145-5105099, 2773193, Fax: 0145-5105099

RAJKOT
103, Mani Complex, Opp. Holiday Inn, Yagnik Road, Rajkot – 360 001.
Tel: 0281-2461560, Fax: 0281-2461561

SILIGURI
75, Rampada Bhavan, Hill Cart Road, Siliguri, Darjeeling, West Bengal - 734 001.
Tel: 0353-2524902, Fax: 0353-2524902

SURAT
Shop No. UG-1, Raj Hans Plaza, Opp. Pizza Hut, Near Blind School, Ghod Dod Road, Surat - 395 007.
Tel: 0261-2650631, 2650608, Fax: 0261-2650631

TRIVANDRUM
TC 25 / 2421 (1), Ground Floor, Soundarya Bldg., M.G. Road, Trivandrum - 695 001.
Tel: 0471-2338141, 2338140, Fax: 0471-2338142

Trivandrum International Airport, Trivandrum - 695 008.
Apt Direct: 0471-2501424, Tel: 0471-2502470

Departure Area, Domestic Terminal, Trivandrum Airport, Thiruvananthapuram, Trivandrum – 695 008.
Apt Direct: 0471-2501424, Tel: 0471-507011

28/ 2392, Ground Floor, Pournima Bldg, S.I. Theatre Road, Overbridge Junction, Thiruvanthapuram – 695 001.
Tel: 0471-2473106, 2473364, Fax: 0471-2473364

UDAIPUR
Shop No. 3/4, Rang Niwas Hotel Compound, Opp.TCIL, Lake Palace Road, Uadipur – 313 001.
Tel: 0294-3252590, Fax: 0294-2423358

VARANASI
S-20/ 51-5, S0-20/52-4, Mohalla Varunapul, The Mall Rd. Varanasi Cantt., Varanasi – 221 002.
Tel: 0542-2509946, Telefax: 0542-2509946

VISHAKAPATNAM
Eswar Plaza, Door No. 47-14-7, Ground Floor, Dwarka Nagar, Vishakapatnam – 530 016.
Tel: 0891-2588112, 2588113, 2588114, 2588115, Fax: 0891-2588116

Travel Corporation India

MUMBAI - Andheri
Jeena House, 4th Floor, Plot No.1170,10, OM Nagar, Off Sahar Pipeline Road, Andheri (East), Mumbai – 400 099.
Tel: 022 - 28364304, 67401201-8, 28364306, Fax: 022 - 28328711

MUMBAI - Chembur
18-B, Shivpuri, Krishnakunj Sion Trombay Road, Chembur, Mumbai - 400 071.
Tel: 022-25235184, 67401300 Fax: 022-25220337

MUMBAI
Chander Mukhi, First Floor, Nariman Point, Mumbai - 400 021.
Tel: 022-22021881, 22027120, 67401000
Fax: 022-22029424 /22831921

AGRA
Hotel Clarks Shiraz, 54, Taj Road, Agra – 282 001.
Tel: 0562-2226521, 2226523, 2226524, 2226522

AHMEDABAD
"Ushadeep", Near Navrangpura, Railway Crossing, Navrangpura, Ahmedabad – 380 009.
Tel: 079-26421981-85, Fax: 079-26421986

AURANGABAD
Mehra Chamber, 1st Floor, Town Centre, CIDCO, New Aurangabad – 431 003.
Tel: 0240-2483864, 2483867, 2480161, Fax: 0240-2485368

BARODA
33-36, Alkapuri Shopping Centre, Vishwas Colony, Alkapuri, Baroda - 390 005.
Tel: 0265-2336476, 2336478, Fax: 0265-2354742

BANGALORE
09, Residency Road, Dhondusa Complex, Richmond Circlce, Bangalore – 560 025.
Tel: 080-22105826-29, Fax: 22105651

CHENNAI
"Heavitree", 47, Spurtank Road, Chetpet, Chennai.
Tel: 044-28362556, 28362566, Fax: 044-28362559

COCHIN
Telstar Building, 1st Floor, P.B. No. 2427 M.G. Road, Cochin - 682 016.
Tel: 0484-2359677/4091409, 2359370, 2359286
Fax: 0484-2359475

NEW DELHI
504-505, New Delhi House, 5th Floor, 27 Barakhamba Road, New Delhi – 110 001.
Tel: 011-23315834, 23315838
Fax: 011-23316705/3320

C-35, Inner Circle, Connaught Place, New Delhi- 110 001.
Tel: 011-23416081/6580, 23416058
Fax: 011-23415373 / 7292

GOA
101, Giti Centre, 19, Patto Plaza, Panjim, Goa- 403 001.
Tel: 0832-2438941, 2438935, 6650976, 6650977
Fax: 0832-2438913

HYDERABAD
102, Regency House, Greenlands Rd, 680 Somajiguda, Hyderabad – 500 082.
Tel: 040-23418702, 23408703
Fax : 040-23400764

JAIPUR
19-C, Gopal Bari, Jaipur – 302 001.
Tel: 0141-2362075, 2363246, Fax: 0141-2369767

JODHPUR
New Airport Road, Jodhpur – 342 006.
Tel: 0294-2514176, Fax: 0294-2512282

LUCKNOW
1st Floor, 13-A, Jopling Road, Lucknow- 226 001.
Tel: 0522-4002181, 4002186, Fax: 0522-2207548

PATNA
Hotel Maurya, South Gandhi Maidan, Patna – 800 001.
Tel: 0612-2221699, 2232482, Fax: 0612-2237076

SURAT
HG 10-11, Jainidhi Complex, Sutaria Bldg, Opp. Bahumali Bldg, Nanpura, Surat - 395 001.
Tel: 0265-2463430, 2463314
Telefax: 0265-2462412

UDAIPUR
Devrajeshwarji Ashram, Lake Palace Rd, Udaipur
Tel: 2522239, 2423201

VARANASI
Sri Das Foundation, S 20/ 51-5 & S 20/52-4 The Mall Road, Varanasi – 221092.
Tel: 2500589, 2500310, Fax: 2502766

International Branches



● Thomas Cook – International Branches/Subsidiaries

MAURITIUS

Anglo Mauritius House, 4, Intendance Street, Port-Louis
Tel: 00-230-2134141
Fax : 00-230-2134142

Belle Mere Bazar, Royal Road, Belle Mare, Mauritius
Tel: 00-230-4152055
Fax: 00-230-4152054

Restaurant Palais De Chine, Royal Road, Grand Baie
Mauritius
Tel: 00-230-2631111
Fax: 00-230-2634444

Opposite Pasadena Village, Flic en Flace .
Tel: 00-230-4538447
Fax : 00-230-4538448

Cyber Tower, Mezzanine Floor, Ebene, Rosehill, Mauritius.
Tel: 00-230-4660763, 4660764,, 4660785, 4660765
Fax: 00-230-4660812

SSR International Airport, Plaisance, Plaine Magnien,
Mauritius
ARRIVAL: 00-230-6036061
DEPARTURE: 00-230-6036062
Fax : 00-230-6379116

SRILANKA

Lloyds Building, 15, Sir Baron Jayatilleke Mawatha
P.O.Box 36, Colombo 1, Srilanka
Tel: 00-9411-4741380 upto 4741392
Fax: 00-9411-4741394

Bandaranaike Intrnational Airport, Katunayake.
DEPARTURE Off.Direct: 00-9411-4933664
ARRIVAL Off.Telefax : 00-9411-4931058

No. 245C, Galle Road, Colombo 04. Srilanka.
Tel: 00-9411-4517330, 4517339
Fax: 00-9411-4515230

"Samanala " Building,
No. 169A, Greens Road, Negombo, Srilanka.
Tel: 00-94-031-4874534
Fax :00-94-031 4874535

No. 103, "SAUSIRI ", Shopping Complex, High Level Road,
Nugegoda.
Direct : 00-94-4306075
Telefax : 00-94-4306076

YWCA , NO 939, Union Place,
Colombo 2, Srilanka,
Telefax: 00-9411-4741515
OUTBOUND / INBOUND TOURS: 00-9411-4517330-339
Telefax: 00-9411-4515231
Tel: 00-9411-4741515 / 6, 4741171

SPAIN

Aribau 265, 4-1, 8021 Barcelona,
Spain.
Tel : 932 001 415
Fax : 934 140 333

C/o. Cristobal Bordiu, 35,
Oficina 410, 28003 Madrid,
Spain.
Tel : 915 545 457
Fax : 915 533 887

CHINA

Unit 1603, Gate A, Building 20,
He Ping Xi Yuan, He Ping Street,
Chaoyang District,
Beijing 100013, China.
Tel. 0086 (10) 84287232 / 233
Fax: 0086 (10) 84287266

GERMANY

Joachim Becher Strasse 8,
60320 Frankfurt,
Germany.
Tel : 0049 (69) 565353
Fax : 0049 (69) 5604165

U.K.

Room 4, Latimer House,
Brighton Road, Godalming,
Surrey GU7 1NS,
United Kingdom.
Tel : 44 (0) 1483 860400,
Fax : 44 (0) 1483 860401

U.S.A

358 Fifth Avenue, Suite 1203, New York, NY 10001, U.S.A.
Toll Free : 1-800-824-6342
Tel : 001 (212) 935 4825
Fax : 001 (212) 753 3956

KOREA

4th flr, Hongil Bldg, 344-4, Eulji Ro 3ka, Choong-Ku,
Seoul, Korea.
Tel: 0082 -2-733 1872
Fax : 0082-2- 733 1871

AUSTRALIA

30 Hession Road, Nelson, 2765 NSW,
Sydney, Australia.
Tel: 0061 (2) 9679 1504
Fax: 0061 (2) 9679 1503

JAPAN

901, Royal Plaza, 3-4-12, Azabudai, Minato-ku,
Tokyo 106 0041, Japan.
Tel : 0081 (3) 3585 6262
Fax: 0081 (3) 3585 6218

FRANCE

24, Rue St. Bernard, 75011, Paris,
France
Tel : 0033146 594907

CANADA

89, Bridle Path, Richmond Hill, Ontario L 4 s 2
Canada



HOLIDAYS

With a worldwide travel experience of over 160 years, we are equipped to offer holidays that are memorable for a lifetime. The leisure travel division of the Company promotes domestic inbound/outbound holidays. It operates over 40 Group Inclusive Tours (GIT) to leading destinations in all 5 continents and also promotes Free Individual Travel (FIT) to over 50 countries around the globe.

We have launched a premium holidays brand, 100% Holidays, offering international group holidays segment as well as for the customised individual holidays products. With 100% Holidays, Thomas Cook (India) will strengthen its position in the outbound leisure travel business; the new brand will operate as a product brand under the corporate Thomas Cook (India) brand. Our holiday packages range from safaris, adventure travel, interest holidays and incentive tours to fairs and festivals.

So if you have been thinking of going on a beautiful holiday, just take the road that leads to Thomas Cook (India) office.



TRAVEL MANAGEMENT

We have the expertise to take care of all your travel needs while you concentrate on your business. Our all-India network makes sure that we are present wherever you require travel solutions.

We effectively “manage” the travel budgets of several large national and multinational companies. We handle every aspect of travel requirements – be it for business or otherwise. Irrespective of whether you are a small or a large corporate, an MNC, a blue-chip company, a bank or an individual, we will be happy to serve you with your travel needs. Our large volumes and strategic alliances help us maximise the worth of every rupee spent by you. In short, we know how to make your money run faster.

With our vast experience in the field of travel, we provide corporates with a high level of personalised services, integrated solutions and user friendly Management Information System. We set up ‘On-sites’, which are CRS-linked and offer comprehensive end-to-end travel solutions.

In essence, we understand the needs of a traveller like no one else does.

Our Products and Services

FINANCIAL SERVICES

We offer a range of travel related financial services to our clients. These are aimed at making your travel experience more comfortable and memorable.

Thomas Cook Titanium MasterCard:

We have launched a white label credit card in association with ICICI Bank on the MasterCard platform. It is India's first card offering comprehensive travel benefits with 'Best-in-class' rewards. Travel benefits on the card include discount on air tickets, access to airport lounges, complimentary travel insurance and worldwide concierge service. The reward points accumulated by using the card can be converted to air-miles of multiple airlines and can also be redeemed for holidays, free air tickets and more. Without a doubt, this premium international card helps make travelling a memorable experience.



Travel Insurance:

The best way to enjoy your stay abroad is to have the security of Travel Insurance. We insurance products that are high on service excellence, worldwide coverage and value for money.

Thomas Cook Insurance has become a front-runner in providing insurance covers to tourists, students, corporate executives and emigrating Indians.

To meet the need of the growing population going abroad, we have created world-class products viz. TravelCare, ScholarCare, FamilyCare, CorporateCare, Travel Perks and Domestic Travel Insurance to cater to all types of travellers within the country.

All risks are underwritten by TATA AIG. We provide solutions for almost all types of travel related risks.



FOREIGN EXCHANGE

No matter what foreign exchange solutions you need while you are travelling, you are sure to find it at Thomas Cook (India). We have an experience of over 100 years.

The Thomas Cook GlobalMoney Card is a reloadable card that enables access to local currency from over 924,000 VISA ATMs and can be used to make payments at over 22 million merchant establishments worldwide. We facilitate remittances through drafts and wire transfers in 8 currencies for credit to bank accounts overseas. We offer MoneyGram money transfer service – a quick, safe and reliable way to receive money sent from abroad.

So, whether you are headed abroad for business, leisure, employment, medical treatment or studies, make sure your first stop is Thomas Cook.



Directors' Report

TO THE MEMBERS:

Your Directors have pleasure in presenting the Thirtieth Annual Report, together with the Balance Sheet and Profit and Loss Account for the fourteen months ended 31st December 2006.

Rupees in Million

	Fourteen months ended 31st December 2006	Year ended 31st October 2005
Revenues	2430	1305
Profit before Taxation and exceptional items	603	415
Provision for Taxation	186	140
Provision for Deferred Taxation	—	2
Provision for Fringe Benefit Tax	14	4
Profit after Taxation and before Exceptional item	403	269
Exceptional item, net of taxation	18	—
Profit after Taxation	385	269
Transferred from Reserve U/sec. 80 HHD of the Income Tax Act, 1961	18	15
Transferred to General Reserve	38	27
Proposed Dividend	80	55
EPS (Basic) after exceptional items	26.4	18.4
EPS (Diluted) after exceptional items	23.1	18.4

Operations & Results

Financial Year 2005-06 has been a year of CHANGE and GROWTH with the acquisition of LKP Forex, Travel Corporation (India) Limited and sale of 100% stake in Hindustan Cargo Limited (HCL). LKP Forex brought about a bigger footprint in the shortest span of time, Travel Corporation (India) Limited brought to us their strength in Inbound and Corporate Travel and HCL was an activity that did not quite fit in with the rest of our core businesses.

The Company recorded turnover of Rs. 2218 million, and profits before tax of Rs. 603 million with the profit after tax, Rs. 385 million for the fourteen months ended 31st December 2006. The basic earning per share of the Company is Rs. 26.4.

Your Company's performance has been directed towards the various strategic moves required to recognise the areas which needed to be strengthened. The synergies should now start flowing and we can look forward to a great performance in 2007. Thomas Cook (India) Limited is now the largest integrated travel group with its presence in 196 locations in India and 12 countries outside of India.

With the amalgamation of LKP Forex Limited (LKP) into the Company culminating on 1st February 2007, the shareholders of LKP were allotted shares pursuant to the Scheme of Amalgamation. The Authorised Share Capital and the Issued, Subscribed and Paid-up Share Capital underwent a change.

The current share capital structure is as follows:

	Rs.	Rs.
<i>Authorised Capital:</i>		
Equity:		
3,45,82,706 Equity Shares of Rs.10/- each	345,827,060	
Preference:		
(i) 11,47,60,000 Class 'A', 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10/- each		1,147,600,000

<i>Authorised Capital:</i>		Rs.	Rs.
(ii)	3,55,294 Class 'B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10/- each	3,552,940	
(iii)	3,02,000 Class 'C' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10/- each	3,020,000	
			<u>1,500,000,000</u>
<i>Issued, Subscribed and Paid-up Capital:</i>			
<i>Equity:</i>			
	1,60,78,233 Equity Shares of Rs. 10/- each	160,782,330	
<i>Preference:</i>			
(i)	10,32,84,000 Class 'A', 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10/- each	1,032,840,000	
(ii)	3,19,765 Class 'B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10/- each	3,197,650	
(iii)	2,71,800 Class 'C' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10/- each	2,718,000	
			<u>1,199,537,980</u>

The Company has also sought approval of the shareholders by way of Postal Ballot for sub-division of the equity shares from a face-value of Rs. 10/- to Re. 1/-. Further, the Company made an announcement to raise further funds by way of a Rights Issue aggregating upto Rs. 225 crore and by way of debt funds aggregating to Rs. 100 crore.

The Accounting Year of the Company has been changed to end on 31st December every year instead of 31st October. The current year, therefore, comprises of a period of 14 months (from 1st November 2005 to 31st December 2006) as against 12 months of previous year (1st November 2004 to 31st October 2005). For the above reasons of amalgamation, takeover, sale of stake in subsidiary and change in accounting year, the audited results of the current year are not comparable with those of the previous year.

Dividend

Your Directors are pleased to recommend a dividend of 50% on the increased equity share capital (which includes share capital of Rs. 14,949,000 issued and allotted on account of amalgamation of LKP Forex Limited with the Company). The proposed dividend absorbs Rs. 80.39 million for dividend and Rs. 13.66 million for Dividend Tax.

General Reserve

Your Directors have resolved to transfer Rs. 38.48 million to General Reserve out of the profits of the Company. With the transfer, the total reserves stand at Rs. 369.6 million as at 31st December 2006. The members may note that a sum of Rs. 669.36 million was debited to General Reserve and a sum of Rs. 739.41 million was debited to Profit & Loss Account on account of Goodwill arising on amalgamation of LKP Forex Limited. This is in accordance with the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Mumbai.

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;

- d) the Directors have prepared the annual accounts on a going concern basis.

Dubai Group

Dubai Financial LLC is a 100% subsidiary of Dubai Group (erstwhile Dubai Investment Group), the global investment arm of Dubai Holdings. Dubai Group is the global financial investor of Dubai Holdings. Headquartered in the Emirate of Dubai 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. Dubai Financial also owns the franchise and brand rights of Thomas Cook in 15 countries in the Middle East.

Thomas Cook (India) Limited

Operations in India

India achieved a significant growth in terms of foreign tourist arrivals during the year 2006 taking India's tourist arrivals from 3.92 million in 2005 to 4.43 million in 2006, an increase of 14.2 per cent. Foreign exchange earnings from tourism have also shown a phenomenal growth from US\$ 5730.86 million in 2005 to US\$ 6569.34 million in 2006, achieving an increase of 14.6 per cent.

The travel and related services business segment in your Company is going through the phase of consolidation. Profits have been under pressure due to various internal and external restructuring activities. Such restructuring will have to be offset by cost reduction, newer product offerings and enhanced customer servicing.

With the acquisition of LKP Forex Limited, your Company continues to be the largest and fastest growing Company in the Financial Services sector involved in retail foreign exchange and bank notes business. We will emerge as an even stronger organisation, capitalising on our strengths and deriving all the benefits from the synergies that now exists. Further, with the acquisition of Travel Corporation (India) Limited, we now have a presence in 196 locations in 56 cities. This network will now be used as a platform to launch and promote other Company products like Leisure Holidays, Corporate Travel, Insurance and new Financial Products etc. Despite competition and changing market trends, the increased network will certainly ensure better revenue margins and profit.

Operations in Mauritius

Growth in the foreign exchange operations at Mauritius exceeded expectations by focusing on the retail segment of the market. The business continues to expand rapidly and geographically with three new branches becoming operational during the period under review. In terms of number of locations, the business is looking ahead to grow by at least 100%. A substantial positive growth is expected in terms of revenue and profits.

The GSA business has been stagnant following the withdrawal of Lufthansa from the Mauritius market in January 2006. However, the business has been able to develop new products that will contribute to growth in sales and revenue figures. The Company is also looking forward to represent more airlines in the near future.

The Leisure and Corporate Travel business has started trading as from March 2006 and offers inbound holidays, outbound holidays, and corporate travel services. The Company has launched its new premium holidays brand "100% Holidays" in February 2007 and is expected to grow and operate at its full potential next year.

As the Mauritian companies have completed their first year after incorporation, the Audited Statement of Accounts and other reports of these companies have been prepared and considered.

Operations in Thailand & Singapore

Since the Company does not have rights to the use of the logo in Thailand, we are in the final stages of closing down operations of our Thailand Company - "THOMAS COOK TRAVEL AND FOREIGN EXCHANGE (THAILAND) LIMITED". The process has been initiated by our Consultants in Thailand and the same will be completed approximately by June 2007. Accordingly, Money Changer License and Travel Agency License have been surrendered back to the Bank of Thailand and Ministry of Sport & Tourism.

Since the Company does not have rights to the use of the logo in Singapore, we are closing down operations of our Singapore Company - "THOMAS COOK TRAVEL AND FOREIGN EXCHANGE (SINGAPORE) PTE. LIMITED". The process has been initiated by our Consultants in Singapore and the same will be completed by May 2007.

Accolades and Awards :

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

- Hospitality India Awards - 2006
 - Best Outbound & Inbound Tour Operator of the Year
- ABCI Awards - 2006
 - First Prize for Thomas Cook (India) Table Calendar
 - Second Prize for Thomas Cook (India) Tidings
 - Third Prize for Thomas Cook (India) Annual Report
- Air India Rank & Bolt Awards
 - Towards Responsible & Active Citizenship. Preserving Crumbling Environment
- MoneyGram Excellence Awards
 - Best Branding
- Air India
 - Best Performance in Passenger Sales 05 - 06
 - Outstanding Performance in Indian Region
- American Express
 - Winner of The Summit Program – 2006
- Tourism New Zealand
 - Coach Itinerary Winner – 2006
 - Self Drive Brochure Award – 2006

Directors

In accordance with Article 131 of the Articles of Association of the Company, Mr. A. V. Rajwade, Mr. Dilip De and Mr. Sayanta Basu

retire by rotation and being eligible, offer themselves for re-appointment. The Board has appointed Mr. Madhavan Menon as the Managing Director for a period of three (3) years with effect from 1st May 2006 to 30th April 2009.

Mr. A. G. Kalmankar ceased to be an SBI Nominee Director and Mr. S. K. Hariharan, was nominated and appointed with effect from 30th June 2006. Mr. S. K. Hariharan ceased to be an SBI Nominee Director and Mr. Y. Vijayanand was nominated and appointed with effect from 10th August 2006.

Dr. Thomas Doering, Mr. Heinz Ludger Heuberg, Mr. Ashwini Kakkar, Mr. Lester Porter, Mr. Ian Ailles, Dr. Juergen Bueser and Mr. Roland Zeh resigned from the Board with effect from 21st January 2006. Mr. K. Digvijay Singh resigned from the Board with effect from 27th April 2006. Mr. Robin Banerjee resigned from the Board with effect from 12th January 2007.

Mr. Mahendra Doshi was appointed as an Additional Director at the Board Meeting held on 7th February 2007. He holds office upto the date of this Annual General Meeting and in his respect, the Company has received notice in writing under Section 257 of the Companies Act, 1956 from member proposing his candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

Auditors

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

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 pertaining to the Leisure Travel Business. The Company has already taken the necessary steps to strengthen the internal controls, the effects of which will be seen in the current year.

Subsidiary Companies

The Audited Statement of Accounts along with the Directors' Report of Travel Corporation (India) Limited, Thomas Cook Insurance Services (India) Limited, Thomas Cook Tours Limited, Indian Horizon Travel & Tours Limited, Thomas Cook (Mauritius) Holding Company Limited, for the fourteen months ended 31st December 2006 are separately attached as required under the provisions of Section 212 of the Companies Act, 1956.

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

The foreign exchange earnings during the year amounted to Rs. 623.40 million. During the year, the Company has incurred Rs. 51.11 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 Q Note 2(h) in the Notes to the accounts.

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

Fixed Deposits

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

Listing of Shares

Your Company is listed on two Stock Exchanges in India viz. The Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Listing Fees for the Financial Year 2006-2007 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
MANAGING DIRECTOR

Mumbai
Dated: 23rd March 2007

Annexure to the Directors' Report

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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 2006

Sr. No.	Name	Age	Designation	Remuneration	Nature of Duties	Qualification	Total Experience	Date of joining TCIL	Last Employment
1	Mr. Akshikar Aashutosh #	40	Head of Travel Businesses	3098387	Overall responsibility of Corporate Travel & Leisure Travel businesses on all India basis.	B.A., M.B.A. (Mktg)	16	1st November 1991	Zenith Computer Ltd.
2	Mr. Banerjee Robin	51	Executive Director - Finance	8610268	Overall responsibility for Finance and Accounting function as also Management of Treasury function of the Company. In addition, also oversees the Secretarial and Legal, Business Process Improvement and Audit, Programmes Management and Administration functions of the Company.	M.Com., F.C.A., C.S., A.I.C.W.A.	26	2nd April 2004	TMD Friction Beteiligungs GmbH & Co. KG
3	Mr. Gupta Neeraj #	37	Associate V.P. - Corporate Finance	1610001	Responsible for evaluation of projects pertaining to Mergers and Acquisitions leading to expansion of Company businesses.	B.Com., C.S., I.C.W.A., C.A.	10	5th June 2006	Home Solutions Retail India Ltd.
4	Mr. Herwadkar Surendra #	59	Head Business Process Improvement & Audit	5912135	Responsible for the Business Process Improvement & Audit function of the Company on an all India basis. Rapporteur of the Risk Committee.	B.Sc., I.C.W.A., CAIIB (I & II), C.I.S.A., D.C.M.	37	1st October 1996	Jindal Iron and Steel Company Ltd.
5	Mr. Kakkar Ashwini #	52	Chief Executive Officer & Managing Director	4151256	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	29	16th June 1997	IGE India Ltd.
6	Mr. Kenkare Rambhau	41	Head of Legal & Company Secretary	3338508	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.	17	1st December 1998	Blue Dart Express Ltd.
7	Mr. Menon Madhavan	51	Managing Director	10922938	Overall responsibility for the Company's operations and financial performance.	B.A. (Business) - George Washington University, USA, M.B.A. (Fin. & Intl. Bus.) - George Washington University, USA	28	2nd May 2000	Birla Sun Life Asset Management Company (AMC) Ltd.
8	Mr. Mehta Parag #	45	President	3182020	Responsible for managing the erstwhile company viz. LKP Forex Limited as its President	B.Sc., Executive Business Management from Harvard	16	1st January 1990	LKP Forex Limited
9	Mr. Nadkarni Anil #	46	Head of Information Technology	3751961	Responsible for developing and managing the Information Technology systems and network for TCIL	B.Sc., D.C.M.	23	14th May 1997	Cadbury India Ltd.
10	Mr. Pinto Flavian #	53	General Manager - Forex, Chennai	2429517	Responsible for the management and development of the Company Foreign Exchange business in Chennai.	B.Com.	32	1st June 1974	
11	Mr. Ravishankar R. #	47	Vice President - Products, Travel Businesses	3527052	Responsible for the development of Outbound Leisure Travel Products of the Company	B.Sc., P.G. Dip. in Travel & Tourism, L.L.B.	27	16th November 1992	Sotc Tours & Travels
12	Mr. Suri Vishal #	39	Vice President - Sales, Travel Businesses	3233908	Responsible for growing the sales of the Corporate Travel and Leisure Travel businesses in India.	M.S.P., B.E.-Electrical	15	7th November 2005	Bharti Tele Venture Ltd.
13	Mr. Srinivasan Anil	45	Vice President - Service Delivery & Operations, Travel Bus.	3299350	Responsible for the service delivery function of the Corporate Travel and Leisure Travel businesses in India.	B.Com., M.Com., I.A.T.A. (Adv.)	27	16th August 1979	
14	Mr. Sharma Gautam #	40	Head - Marketing & Financial Services	2749387	Responsible for Marketing functions on an All India basis and also new product development.	B.Tech., P.G.D.M., I.I.M. (Ahmedabad)	16	10th July 2006	ING VYSYA Life Insurance Co. Pvt. Ltd.
15	Mr. Tibrewala Sanjay #	34	Associate Vice President - Accounts	2785459	Responsible for the Finance and Accounts function of the Company.	B.Com., A.C.A., A.C.S., I.C.W.A.	12	24th November 2005	Edelweiss Capital 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.
6. The remuneration appearing are for 14 months. The limit is Rs. 2 lacs per month and Rs. 28 lacs for period of 14 months.

Mumbai
23rd March 2007

UDAYAN BOSE
CHAIRMAN

MADHAVAN MENON
MANAGING DIRECTOR

The Management Discussion and Analysis

OVERVIEW

The Indian Economy appears to have moved to a new robust growth trajectory. There has been a surge in investments across sectors. The hotel industry is booming, lending directly to the new found accessibility of destinations and connecting flights across the region. All the major hotel chains made new purchases or embarked on ambitious development programs in 2006, another trend that is showing no signs of slowing into 2007. Asian destinations are finally discovering the power of branding, positioning and target marketing, reinventing themselves competitively on a global scale.

TRAVEL & RELATED SERVICES

The Indian economy continued to be on the upswing in the past one year, which led to more disposable income. The growth in the Indian economy resulted in people increasing their expenditure on travel. The modus operandi of the travel market is growing fast and changing dramatically. With the Internet, emails, mobile phones and other modes of communication technology so much a part of our daily lives, a whole world of information and choices are available to today's travellers, making 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, have more disposable income 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 at a fast pace as customers are willing to spend more on customised vacations. All Thomas Cook products are available through our website. With the online travel segment gaining momentum, an exclusive Warehouse has been set up to execute all online bookings.

The combined operations with our subsidiary company Travel Corporation (India) Limited, will see better buying power with our principals and vendors, leading to improved bottom line margins.

Commission levels may reduce 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.

Better negotiation and strategic alliances between travel partners would be the key to sustaining higher revenues. With increasing computer penetration, online business is expected to gain momentum and increase in volumes. The low cost carriers has now made a significant dent in rail travel as also the full fare domestic airline market and have been steadily increasing their market share in the domestic air travel market.

The ongoing increase in global oil prices results in fare hikes, which may lead to corporates pruning their travel budgets. Uncertainties such as terror attacks, 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 in the aviation industry are enormous. Urgent decisions on high level infrastructure, enhanced liberalisation, meeting safety standards and a reasonable taxation policy are critical.

FINANCIAL SERVICES

The outlook on the foreign exchange and financial services industry continued to be positive as there was a considerable inflow of foreign currencies not only in the banking sector but also in the tourist segment. There was a growth in the number of the tourist arrivals and this had a direct impact on the foreign currency purchase business. There has also been an increase in the inflow of NRI funds that has given the financial institutions the opportunity to do well. Indians travelling overseas for business, leisure, higher studies and relative reasons have also increased. These positive factors have facilitated the Company's foreign exchange business to a great extent.

The Year 2006 came across a great milestone in the acquisition of LKP Forex Ltd. The merger process was initiated sometime in July and has been successfully completed. It was a seamless and harmonious merger. Further, with the acquisition of Travel Corporation (India) Limited, Thomas Cook (India) Limited has now grown from 72 offices in 20 cities to 196 locations in 56 cities. Hence, the expanded base and network give the Company an opportunity to grow its foreign exchange business further. The challenges the Company faces would be handling the volatility in the foreign exchange market as also ensuring that maximum benefits are derived from the merger of LKP Forex into Thomas Cook (India) Ltd.

The outlook continues to be bright and we are hopeful that the merger, which gives us a market share of over 51%, facilitates and grows in the foreign exchange business to enhance the existing turnover and profitability.

As far as risks are concerned, the Company has in place various methods to ensure that the same are adhered well in time. Various manuals have been rolled out to ensure that all internal and statutory guidelines are adhered to. The focus has been on the Anti Money Laundering issues and as such, continuous processes of monitoring transactions are in place. There are various audits that are conducted by internal or external auditors and efforts are made to minimise risks and eliminate areas of concern as the internal control systems that have been put in place are adequate to address these areas.

FINANCIAL PERFORMANCE

The Company has posted profit before tax (and before exceptional items) of Rs. 603 million and the profit after tax (after exceptional items) of Rs. 385 million.

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. Two years ago, our Company implemented an integrated Front Office System (FOS) – the Project Vector, 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. Further user requirements are taken care on an on-going basis so as to derive maximum benefits of these information systems.

Last year, our Company introduced new software – Back Office Software for Subsidiaries (BOSS) to improve the Back Office Accounting of Subsidiaries in the Indian Ocean Region and to take care of the statutory requirements of the 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 the 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. Corporate level Credit Policy is implemented to effectively monitor the Credit Business to Corporates and thereby effective funds management is ensured. 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 the 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 subject 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, Statutory compliance audits. These are further supported by the Statutory Auditors who validate that the financial reporting is true and fair. During this year, Support Functions Audit is also designed so as to improve the operational and control efficiency. Clause 49 Audits are conducted by External Auditors and their recommendations are implemented for effective Corporate Governance. The Company has also adopted the system of Concurrent Audit for its branches in the foreign exchange business with effect from October 2003 as per the requirements of RBI.

During the previous year, manual on Anti Money Laundering for Mauritius and Sri Lanka, was prepared and issued and its implementation process is effectively monitored during this year, whereas the AML Manual for the Indian Territory is in force since 2003 with revisions therein according to the modified guidelines of RBI.

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 pertaining to the Leisure Travel Business. The Company has already taken the necessary steps to strengthen the internal controls, the effects of which will be seen in the current year.

RISKS AND CONCERNS

General:

Corporate level Risk Matrix is approved by the Board and 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 (BCPs) have been designed for the key operations of the Company to address any disaster event. BCPs are further being reviewed during every year, for effective updation.

The Company has a Risk Committee chaired by the MD, which meets monthly, 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. The Risk Committee approved the risk mapping for India, which lists down major risks faced by the Company in India and the mitigation controls put in place to bring down their impact. To address the Information Systems related risk issues, the Company has constituted Information Security Committee (ISC) which has its quarterly meetings. Minutes of the 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:

LKP Forex integration with TCIL:-

The TCIL-LKP Forex IT integration took place as per plan. All locations went live successfully on FOS and SAP on February 1, 2007.

Various activities were carried out to ensure the go-live.

- Hardware (PCs, network equipment, etc.) replacements, upgrades, etc. were carried out to ensure that the hardware is compatible with the TCIL configuration requirements.
- All PCs were installed with the anti-virus software to ensure that a virus-free and secured network is maintained.
- 58 LKP Forex branches have been connected on to the TCIL Wide Area Network through the Bharti MPLS network, while 16 offices have been connected through the secured VPN software to access the various applications of TCIL – viz. FOS, SAP and Emails.
- All the central servers were upgraded to take on the additional load of around 400 users.

All Broadband connections at various LKP Forex locations were disconnected from the network - in line with our security requirements.

HUMAN RESOURCES

Human Resources Management:

The Company is committed to develop capabilities to enhance its leadership in the talent domain. Areas for focus have been leadership development, sales focus, business acumen and quality of service.

Leadership and team working was a core area for enhancing the capabilities of high performing managers.

To enhance business acumen of key performers, the Company offered fully sponsored MBA education for select employees. The Company tied up with a leading management institution for this program. Apart from periodic classes, student employees are also coached in exclusive Thomas Cook classes held in Mumbai.

With the emerging Sales organisation in TCIL, the Company organised a series of sales skills workshops to build sales focus in various businesses. In the same vein, to enhance service levels in the travel business, the Company organised workshops emphasising on the power to delight customers.

The Company conducted the Voice of Employees, an employee engagement survey which brought to the fore key perceptions of employees. The survey results were transformed to a concrete action plan which has since then been implemented.

The X-Factor programs in 2006 continued its earlier objective of building a goal oriented work force characterised by periodic, objective feedback from supervisors to their team members.

With the aim of keeping an enthusiastic work force together in a working environment characterised by fun and energy, internal employees groups undertake monthly activities that generate fun and excitement through the 'FuN ZoNe'.

Service Quality continues to be a focus area for the Company by ensuring that all customer grievances are responded to appropriately. Regular communication with employees on impact of lower levels of service has been established through a periodic newsletter. Measurement of our quality of service has been established which highlights branches rated as good service providers by customers.

Finally, Champions of Service across departments were recognised and rewarded for the ability to walk the extra mile time after time through our recognition program called, Service Excellence 2006.

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.

In our continued endeavour to build leadership at the Middle Management level, the Thomas Cook Middle Leadership Program (TCMLP) was conceptualised. This is a fast track growth program where young professionals with a Management qualification are trained in all the businesses of the Company, coached and suitably mentored

to take on positions in the Middle Management of the Company within a year of joining. These candidates will form part of the talent pool which would support the organisation's ambitious growth plans.

Employee Strength:

The financial year end employee strength was 1171 over all branches in India. At the Company's branch in Sri Lanka 70 persons were employed.

Employee Relations:

Peaceful and cordial relations continue with the employees. The Company entered into a Settlement with the internal workmen staff Union viz. All India Tourist & Travel Employees Association for a period of three years, as per practice. 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 undergoing a transformation in its business models while at the same time experiencing rapid growth in all aspects. This provides both opportunities for Thomas Cook to gain the major market share and grow rapidly, as well as a challenge to maintain profitability and make itself more cost efficient.

CAUTIONARY STATEMENT

Statements forming part of the Management Discussion and Analysis covered in this report may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include demand and supply conditions, changes in government regulations, tax laws, monsoon, natural hazards, economic developments within the country and other factors.

FOR AND ON BEHALF OF THE BOARD

UDAYAN BOSE
CHAIRMAN

MADHAVAN MENON
MANAGING DIRECTOR

Mumbai
Dated: 23rd March 2007

Report of the Directors on Corporate Governance

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

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

Corporate Governance aims at fairness, transparency, accountability and responsibility in the functioning of the Company with the ultimate objective of realising and enhancing shareholders' values. The Company's philosophy on the code of Corporate Governance is tuned to these aspects and to the philosophy of Thomas Cook Group, which is:

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

2. Board of Directors ('Board'):

Size of the Board

The Board consists of ten (10) members with two (2) Executive Directors and eight (8) Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

Dubai Financial LLC 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 fourteen months ended 31st December 2006, the Board met thirteen 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 thirteen (13) Board Meetings held during the fourteen months ended 31st December 2006, namely on 15th December 2005, 23rd December 2005, 21st January 2006 (twice), 24th February 2006, 27th April 2006, 23rd May 2006, 30th June 2006, 10th August 2006, 25th August 2006, 3rd November 2006, 23rd November 2006 and 1st December 2006.

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.

(A) 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 (as of 31st December 2006):

Sr. No.	Name of the Director	Category *	Designation	Board Meetings attended	Attendance at the last AGM	No. of Directorship in other Boards # (excluding Thomas Cook (India) Limited)		No. of Chairmanship/ Membership in other Board Committees (including Thomas Cook (India) Limited) ##	
						Public	Private	Chairman-ship	Member-ship
1.	Mr. Udayan Bose	NED	Chairman	9	YES	6	5	3	3
2.	Mr. Sayanta Basu	NED	Dy. Chairman	6	YES	—	—	—	2
3.	Mr. Abdul Hakeem Kamkar	NED	Director	5	YES	—	—	—	—
4.	Ms. Jacqueline Asher (Gorski)	NED	Director	4	YES	—	—	—	1
5.	Mr. Dilip De	I & NED	Director	9	NO	1	4	—	1
6.	Mr. A. V. Rajwade	I & NED	Director	10	YES	4	1	3	6
7.	Mr. Madhavan Menon **	ED	Managing Director/ ED – Foreign Exchange	13	YES	4	1	—	1
8.	Mr. Robin Banerjee	ED	ED – Finance	12	YES	5	—	—	1
9.	Mr. H. S. Billimoria	I & NED	Director	11	YES	1	2	3	4
10.	Mr. Y. Vijayanand ***	I & NED	State Bank of India – Nominee	3	NA	9	2	—	7
11.	Mr. K. Digvijay Singh	I & NED	Director	3	NO	—	—	—	—
12.	Dr. Thomas Doering ****	NED	Chairman	3	NA	—	—	—	—
13.	Mr. Heinz-Ludger Heuberg *****	NED	Vice-Chairman	3	NA	—	—	—	—
14.	Mr. Ashwini Kakkar	ED	CEO & MD	3	NA	—	—	—	—
15.	Mr. Ian Ailles	NED	Director	3	NA	—	—	—	—
16.	Mr. Lester Porter	I & NED	Director	1	NA	—	—	—	—
17.	Mr. A. G. Kalmankar ***	I & NED	State Bank of India – Nominee	3	NO	—	—	—	—
18.	Mr. S. K. Hariharan ***	I & NED	State Bank of India – Nominee	0	NA	—	—	—	—
19.	Dr. Juergen Bueser	NED	Additional Director	3	NA	—	—	—	—
20.	Mr. Roland Zeh	NED	Additional Director	3	NA	—	—	—	—

* ED – Executive Director NED – Non-Executive Director I – Independent Director CEO & MD – Chief Executive Officer & Managing Director MD - Managing Director

** Mr. Madhavan Menon was appointed as a Managing Director on 27th April 2006 with effect from 1st May 2006

*** Mr. Y. Vijayanand was appointed as Nominee Director of State Bank of India in place of Mr. S. K. Hariharan on 10th August 2006

*** Mr. S. K. Hariharan was appointed as Nominee Director of State Bank of India in place of Mr. A. G. Kalmankar on 30th June 2006

**** Mr. Bernd Lienhard attended one meeting as Alternate to Dr. Doering

***** Mr. Uwe Kroeger attended two meetings as Alternate to Mr. Heuberg

In Indian Companies, excluding Section 25 Companies

In Audit, Remuneration (Personnel & Compensation) 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 MD is responsible for corporate strategy, brand equity, external contacts, board matters and stakeholder relationships and certain operational matters. The Executive Director is responsible for day-to-day operations, budgets and Company performance. The MD and the Executive Director 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 MD is appointed by the shareholders vide Postal Ballot/ 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 thirteen (13) 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. Dilip De, Mr. Sayanta Basu and Mr. A. V. Rajwade retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. Ashwini Kakkar's nomination was called back and he stepped down as CEO & Managing Director of the Company with effect from 21st January 2006. Mr. K. Digvijay Singh resigned with effect from 27th April 2006.

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

1. Mr. Dilip De

Mr. Dilip De, 65, 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. 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. He played a key role in introducing Containerised Shipping in India in conjunction with Sea Land Service Inc. USA.

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, and a former member, Expert Committee of the United Nations Development Programme on Shipping and Transport / Logistics / Air-Transport.

Mr. De 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.

Mr. De is a Patron of the Bombay Art Society, the oldest and largest Art Society in India; a member of Advisory Board of the Kolkata International Foundation for Arts, Literature and Culture, and has funded many publications on Art and Crafts and towards upgradation of the Jehangir Art Gallery.

Mr. De studied Senior Cambridge at La Martiniere School, Kolkata and read Commerce at St. Xavier's College, Kolkata. He has been appointed as a Director on the Board of Thomas Cook (India) Limited w.e.f. 21st January 2006.

2. Mr. A. V. Rajwade

Mr. Rajwade, 70, is an independent Forex and treasury management consultant for more than two decades now. He has done his B.Sc. (Hons.) with Major in Statistics and also holds the membership of C.A.I.I.B.

He was working the State 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 a paper "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 holds the position of a director in 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. He has been appointed as a Director on the Board of Thomas Cook (India) Limited w.e.f. 21st January 2006.

3. Mr. Mahendra Doshi

Mr. Mahendra Doshi is 57 years of age and joined Thomas Cook with effect from 7th February 2007 as a Non-Executive Additional Director.

He is the promoter of LKP Group of Companies, which is engaged in financial services. Under his leadership, the business of LKP Group has grown and has spread all over India with more than 1000 staff.

He is the Executive Chairman of LKP Merchant Financing Limited, a listed Company. He was also the Chairman of LKP Forex Limited which has now amalgamated into Thomas Cook (India) Limited.

Mr. Doshi is an MBA from USA. He has a vast experience of over 30 years in the field of Business, Finance, Corporate Planning and Management and has been active in the Money Changing Business, Stock and Commodity Market activities. Mr. Doshi is also a member on the Boards of several listed companies.

4. Mr. Sayanta Basu

Mr. Sayanta Basu, 40, joined Thomas Cook (India) Limited as its Non-Executive Dy. Chairman with effect from 21st January 2006. Mr. Basu has over 18 years of experience in Investment Management, Treasury and Strategy.

Mr. Basu is the Chief Executive Officer at Dubai Financial, which is the key Financial Services Investment arm for Dubai Group and Dubai Holding.

Prior to this, he was responsible for running Dubai Investment Group's entire Private Equity and Hedge Funds portfolio investing in Top Managers for the last 2 years. DIG was one of the largest hedge fund investor out of the Middle East. He has been a part of DIG, leading both, the investment and corporate strategy since its inception in September 2000.

From 1999-2000, Mr. Basu was a Business Consultant for Reuters, where he provided strategic straight-through-processing (STP) solutions.

Earlier, Mr. Basu was the Chief Dealer at Citibank, N.A, Dubai where he managed the balance sheet and foreign exchange risk for the consumer bank. He was also instrumental in implementing the Asset Liability Management (ALM) and Risk Management systems, transfer pricing mechanism, and a new back end system. Additionally, he set up the bank's equity trading operation.

A graduate in Electronics Engineering from the Indian Institute of Technology, Kharagpur, Mr. Basu has a Masters in Business Administration from the Indian Institute of Management, Bangalore.

Mr. Basu is also on the Board of Marfin Popular Bank, Thomas Cook Overseas Ltd, Marfin Financial Group, Estithmaar Islamic Real Estate Fund and is a Member of Executive Committee of Marfin Popular Bank.

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 five (5) Non-Executive Directors as of 31st December 2006.

The Audit Committee also invites at its meetings, senior executives including the Associate Vice-President - 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 fourteen months ended 31st December 2006:

The Committee met seven (7) times during the year under review. The said meetings were held on 15th December 2005, 24th February 2006, 22nd May 2006, 23rd May 2006, 27th June 2006, 25th August 2006 and 23rd November 2006.

Sr. No.	Name of Director	Designation	Category *	No. of meetings attended
1.	Mr. H. S. Billimoria **	Chairman	I & NED	7
2.	Mr. Dilip De	Member	I & NED	5
3.	Mr. Sayanta Basu	Member	NED	5
4.	Mr. A. V. Rajwade	Member	I & NED	5
5.	Ms. Jacqueline Asher	Member	NED	2
6.	Mr. Lester Porter	Member ***	I & NED	1
7.	Mr. Ian Ailles	Member ***	NED	1
8.	Mr. K. Digvijay Singh	Member ***	I & NED	1
9.	Mr. A. Kakkar	Chief Executive Officer & Managing Director ***	Permanent Invitee	NA
10.	Mr. M. Menon	ED – Foreign Exchange/ Managing Director	Permanent Invitee	NA
11.	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 28th March 2006 in terms of Clause 49(II) of the Listing Agreement

*** Upto 21st January 2006

(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, as of 31st December 2006, the Committee comprises of 3 Non-Executive Directors, of which one is an Independent Director.

Terms of Reference

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

Remuneration Policy

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

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

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

Human Resource Development Policies for Succession and Delegation:

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

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

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

Composition and attendance during the fourteen months ended 31st December 2006:

The Committee met six (6) times during the year under review. The six (6) meetings were held on 15th December 2005, 13th February 2006, 27th April 2006, 23rd May 2006, 25th August 2006 and 22nd November 2006.

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

* ED – Executive Director

NED – Non Executive Director

I – Independent Director

** Upto 21st January 2006

Details of Remuneration to all the Directors for the fourteen months ended 31st December 2006

Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus / Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. A. Kakkar	772,168	2,539,091	839,997	0	4,151,256
Mr. M. Menon	2,603,350	5,469,588	2,850,000	0	10,922,938
Mr. R. Banerjee	2,479,199	3,541,069	2,590,000	0	8,610,268
Non-Exec. Directors	0	0	3,143,479	745,000	3,888,479
Total (Rs.)	5,854,717	11,549,748	9,423,476	745,000	27,572,941

* With effect from May 2005, Commission to the Executive Directors will be paid on the ROE formula.

Details of Service Contracts, Notice Period, etc. of all the Directors for the fourteen months ended 31st December 2006

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	Varied. 1 May 2006 to 30 April 2009	3 months	As decided by the management
Mr. R. Banerjee	Yes	Varied. 1st May 2006 to 1st April 2008	3 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 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. The Committee as of 31st December 2006, comprises of 2 Non-Executive Directors and 2 Executive Directors.

Composition of the Committee and attendance during the fourteen months ended 31st December 2006:

Pursuant to Clause 49(VI) of the Listing Agreement, the Committee met thirty-one (31) times during the period under review i.e. once in a fortnight to approve matters related to Shares, etc.

Sr. No.	Name of the Director	Designation	Category*	No. of meetings attended
1.	Mr. H. S. Billimoria	Chairman	I & NED	26
2.	Mr. A. V. Rajwade	Member	I & NED	23
3.	Mr. A. Kakkar	Member	ED	5
4.	Mr. M. Menon	Member	ED	21
5.	Mr. R. Banerjee	Member	ED	24
6.	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 23rd December 2005, 13th February 2006, 13th June 2006, 22nd August 2006 and 3rd October 2006.

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	4	4	0	0	0	0	
(2)	Letters received from SEBI and other Statutory bodies	2	2	0	0	0	0	
(3)	Loss of shares	88	88	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	138	138	0	0	0	0	
	(A) Warrant already paid	5	5	0	0	0	0	
	(B) Fresh cheques issued against time barred instruments and duplicate requests	116	116	0	0	0	0	
	(C) Reply sent giving warrant details (Reconciliation in process)	4	4	0	0	0	0	
	(D) Misc. queries in connection with payment	13	13	0	0	0	0	
(2)	Inquiry of dematerialisation of shares	3	3	0	0	0	0	
(3)	Name correction	2	2	0	0	0	0	
(4)	Change of address	65	65	0	0	0	0	
(5)	ECS/ Mandate Registration	36	36	0	0	0	0	
(6)	Split/Consolidation/Renewal/ Duplicate issue of share certificates	1	1	0	0	0	0	
(7)	Request for nomination forms	22	22	0	0	0	0	
(8)	Tax exemption forms received/updated	0	0	0	0	0	0	
(9)	Transmission of Securities	6	6	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	398	398	0	0	0	0	
(12)	Document registration	6	6	0	0	0	0	
(13)	Queries related to Bonus issues	5	5	0	0	0	0	
(14)	Redemption	1	1	0	0	0	0	
(15)	Others (Miscellaneous)	102	102	0	0	0	0	
	Total (I +II)	880	880	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. The scope of activities of the Sub-Committee was modified by the Board at its meeting held on 21st January 2006. The Committee, as of 31st December 2006, comprises of 3 Non-Executive Directors.

Composition

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

- Mr. Udayan Bose – Chairman
 Mr. Sayanta Basu – Dy. Chairman
 Mr. A. V. Rajwade – Non-Executive Director

Attendance

The Sub-Committee meets once in a month or as and when required. During the year, the Committee met nine (9) times to review the operations of the Company.

Sr. No.	Name of the Director	Designation	Category*	No. of meetings attended
1.	Mr. U. Bose	Chairman	NED	5
2.	Mr. S. Basu	Member	NED	5
3.	Mr. A. V. Rajwade	Member	I & NED	6
4.	Mr. A. Kakkar	Chairman	ED	1
5.	Mr. M. Menon	Member	ED	3
6.	Mr. R. Banerjee	Member	ED	3

* ED – Executive Director

NED – Non-Executive Director

I – Independent Director

(v) Management Committee of the Board:**Terms of reference**

The Board of Directors formed a Management Committee at its meeting held on 21st January 2006 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. The Committee, as of 31st December 2006, comprises of 2 Executive Directors.

Composition

The members of the Management Committee of the Board are:

- Mr. Madhavan Menon – Executive Director
 Mr. Robin Banerjee – Executive Director

Attendance

The Management 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. M. Menon	Member	ED	8
2.	Mr. R. Banerjee	Member	ED	8

* 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.

(ii) Risk Committee:

The CEO & Managing Director chair 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 Legal & Company Secretary. It meets quarterly to address the risk issues relating to various business and support areas and monitor the critical factors in order to effectively address them. Areas covered by this Committee are Control Policies, Business Continuity Plans, Foreign exchange coverage operations, Debtors control, Advances control, Blank Travellers' Cheques stocks exposure, Compliance Audit (FEMA & Others), Information Systems Security, Physical Security, Remittance operations etc. It reports into the Audit Committee of the Company.

(iii) Information Security Committee:

This Committee consists of members from the Business Process Improvement & Audit department and the Head of Human Resources Department. Member from the Information Technology (IT) department acts as Rapporteur.

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

Terms of reference:

This Committee 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 is committed to being a socially responsible corporate citizen by giving back to society in many ways. The Company has donated to various charity institutes through clothes, food and other basic essentials required by the institutes. The staff have also spent time with the blind and underprivileged children in different cities as well as provided them with gifts and essential commodities that were required.
- 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	27th February 2004 17th March 2005	3.30 p.m. 3.30 p.m.
Rama Watumull Auditorium K. C. College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020	28th March 2006	3.30 p.m.

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

For the fourteen months ended December 31, 2006, the following ordinary and/or special resolutions were passed by the Company's shareholders through postal ballot.

1. Notice dated 15 December 2005 in respect of Alteration of Memorandum of Association – Special Resolution.
2. Notice dated 30 June 2006 in respect of following matters:
 - a. Ordinary Resolution: Appointment of Mr. Madhavan Menon as the Managing Director under Sections 198, 269, 309, 310, 311 of the Companies Act, 1956.
 - b. Ordinary Resolution: Variation in the terms & conditions of the appointment and remuneration of Mr. Robin Banerjee, Executive Director – Finance.
 - c. Ordinary Resolution: Increase in the Borrowing Powers under Section 293(1)(d).
 - d. Special Resolution: Increase in the limits of Foreign Institutional Investors (FII) investments in the Company.

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:

- 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 three 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 along with 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.

This year, since the Company changed its accounting year to end on 31st December each year beginning with 31st December 2006, the unaudited results for the last (fifth) quarter of two months were not published and fourteen months audited results were approved by the Board.

- Quarterly results are published in English and in Marathi in various newspapers. The Audited Financial Results of the Company are published in Business Standard/Financial Express (English) and 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	: 30th Annual General Meeting
Date	: Monday, 25th June 2007
Time	: 3.30 p.m.
Venue	: Rama Watumull Auditorium K. C. College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020
Financial Calendar	: 1st January to 31st December (current year 1st November 2005 to 31st December 2006)
Book Closure	: Tuesday, 12th June 2007 to Monday, 25th June 2007 (both days inclusive)
Dividend payment date	: 10th July 2007
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
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 fourteen months ended on 31st December 2006

The Bombay Stock Exchange Limited (BSE):

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume (Shares)
1	Nov-05	563.00	483.85	64,593
2	Dec-05	699.90	540.00	248,363
3	Jan-06	616.00	577.00	52,479
4	Feb-06	622.00	575.10	131,919
5	Mar-06	610.00	523.50	50,784
6	Apr-06	805.00	525.00	182,391
7	May-06	829.00	557.00	77,397
8	Jun-06	582.00	411.00	36,394
9	Jul-06	540.00	438.10	16,024
10	Aug-06	604.90	476.00	42,352
11	Sep-06	550.00	491.00	23,279
12	Oct-06	569.00	501.55	46,586
13	Nov-06	565.00	507.70	42,718
14	Dec-06	617.45	501.10	94,793

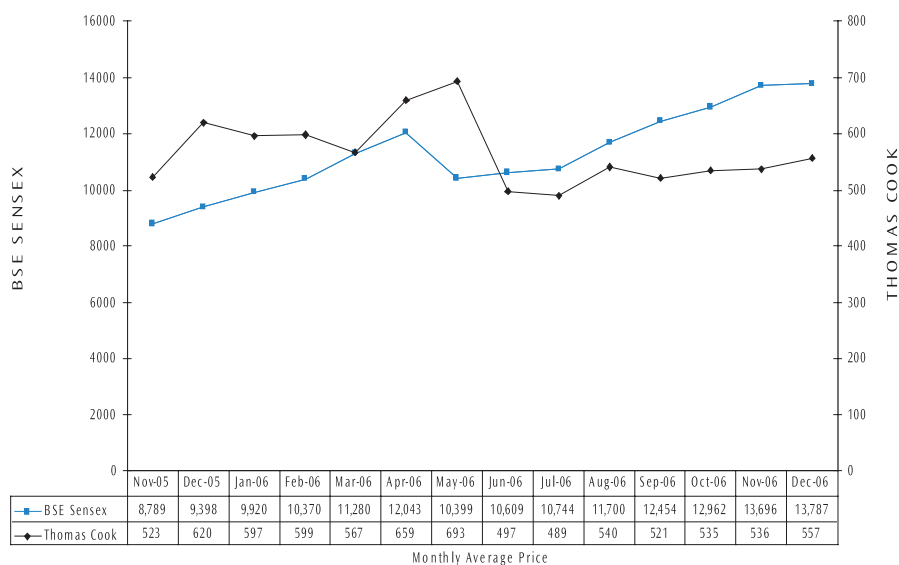
The National Stock Exchange of India Limited (NSE):

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume (Shares)
1	Nov-05	564.00	500.00	53,063
2	Dec-05	684.00	535.00	371,430
3	Jan-06	614.90	575.40	76,683
4	Feb-06	620.00	581.00	220,095
5	Mar-06	601.00	509.00	64,594
6	Apr-06	810.00	520.00	366,384
7	May-06	833.00	541.00	152,268
8	Jun-06	599.90	410.05	41,975
9	Jul-06	538.00	439.00	17,562
10	Aug-06	615.00	475.10	59,015
11	Sep-06	529.80	500.00	30,569
12	Oct-06	599.00	495.05	50,895
13	Nov-06	574.00	510.00	50,936
14	Dec-06	613.45	500.00	91,723

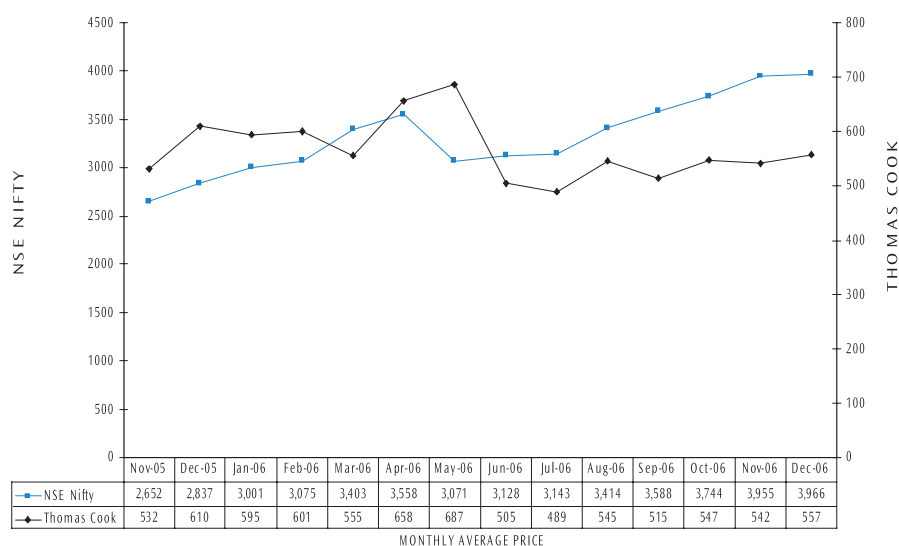
Performance in comparison to broad-based indices such as BSE Sensex, Nifty Index etc.

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

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



Registrar & Transfer Agents

: TSR Darashaw Limited,
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai - 400 011

Tel No.: 91-22- 6656 8484

Fax No.: 91-22- 6656 8494

Email id: csg-unit@tsrdarashaw.com

Web-site: www.tsrdarashaw.com

Transfer to Investor Education and Protection Fund (IEPF)

In terms of Section 205C of the Companies Act, 1956, an amount of Rs. 1.55 lakh being unclaimed dividend and due for payment for the financial year ended 31st December 1998, was transferred during the year to the IEPF established by the Central Government.

Share Transfer System:

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

Distribution of shareholding (as on 31st December 2006):

Sr. No.	Range of Holding	No. of shares	Amount (Rs.)	% to Capital	No. of Shareholders	% to Shareholders
1	1 TO 5000	1150972	11509720	7.89	14285	90.87
2	5001 TO 10000	568179	5681790	3.90	821	5.22
3	10001 TO 20000	579956	5799560	3.98	487	3.10
4	20001 TO 30000	162916	1629160	1.12	68	0.43
5	30001 TO 40000	85912	859120	0.59	25	0.16
6	40001 TO 50000	49146	491460	0.34	11	0.07
7	50001 TO 100000	96718	967180	0.66	13	0.08
8	GREATER THAN 100000	11889534	118895340	81.52	11	0.07
	TOTAL	14583333	145833330	100.00	15721	100.00

Categories of Shareholders (as on 31st December 2006):

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	14,358	0.10
	c. Overseas Corporate Bodies	1,183,461	8.12
	d. Other NRI's	35,575	0.24
	Total (a+b+c+d)	9,983,394	68.45
2	Govt./Govt. Sponsored Financial Institutions		
	Nationalised Banks	1,211,017	8.30
	Total	1,211,017	8.30
3	Foreign Banks	121	0.00
4	Other Banks	300	0.00
5	Mutual Funds	443,256	3.04
6	Bodies Corporate	381,391	2.62
7	Directors & their Relatives	—	0.00
8	Trusts	200	0.00
9	Other Resident Individuals	2,563,654	17.58
	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 December 2006:

Particulars	No. of shares	% to capital	No. of Accounts
National Securities Depository Limited	13,801,462	94.63	11,451
Central Depository Securities Limited	245,846	1.69	2,238
Total Dematted	14,047,308	96.32	13,689
Physical	536,025	3.68	2,032
Total	14,583,333	100.00	15,721

Top 10 Shareholders (as on 31st December 2006) :

(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
Hotel Hans Pvt. Limited	Bodies Corporate	269,177	1.85
UTI - Mid Cap Fund	Mutual Funds	51,530	0.35
Tata Trustee Co. Pvt. Ltd. A/c Tata Mutual Fund - Tata Contra Fund	Mutual Funds	36,735	0.25
Pushpa Vadera	Resident Individual	16,682	0.11
Dexia Equities Ltd. A/c Dexia Equities L- Asiapremier	Foreign Institutional Investors	14,000	0.10
Prabhavati Rasiklal Ashra	Resident Individual	10,416	0.07
Ramesh Kumari	Resident Individual	9,951	0.07
Bharat Rasiklal Ashra	Resident Individual	9,722	0.07
TOTAL		1,975,746	13.55

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

The Company has not issued any of these instruments as of 31st December 2006.

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
For grievance redressal / for registering complaints by investors / shareholders, please contact :
Email: sharedept@in.thomascook.com

FOR AND ON BEHALF OF THE BOARD

UDAYAN BOSE MADHAVAN MENON
CHAIRMAN MANAGING DIRECTOR

Mumbai
Dated: 23rd March 2007

Report of the Various Committees of the Board

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

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

Mr. H. S. Billimoria

Mr. Dilip De

Mr. Sayanta Basu

Mr. A. V. Rajwade

Ms. Jacqueline Asher [Gorski]

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.

(*Only upto 21st January 2006, on which date, the Audit Committee was re-constituted)

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

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

The Committee recommended to the Board the reappointment of M/s. Lovelock & Lewes, as statutory auditors of the Company for the year ended 31st December 2007. The Committee also recommends the appointment of internal auditors along with their scope of work.

Mumbai
23rd March 2007

HOSHANG S. BILLIMORIA
Chairman
Audit Committee

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

The Share Transfer & Shareholders' / Investors' Grievance Committee of the Board met 31 times during the fourteen months ended 31st December 2006. 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. A. V. Rajwade

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 as of 31st December 2006, comprised of 2 Non-Executive Directors and 2 Executive Directors.

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. TSR Darashaw Limited and oversees redressal of the same.

No. of correspondence received	880
No. of correspondence attended to	880
No. of correspondence pending	—

Mumbai
 12th March 2007

HOSHANG S. BILLIMORIA
 Chairman
 Share Transfer & Shareholders'/Investors' Grievance Committee

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

The Sub-Committee of the Board met 9 times during the fourteen months ended 31st December 2006. The requisite quorum was present from among the following members of the Committee.

Mr. Udayan Bose

Mr. Sayanta Basu

Mr. A. V. Rajwade

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.

(* Only upto 21st January 2006, on which date, the Sub-Committee was re-constituted)

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 presently consists of Mr. Udayan Bose, the Chairman, Mr. Sayanta Basu, the Dy. Chairman and Mr. A. V. Rajwade, a Non-Executive Independent Director. The Sub-Committee meets once in a month or as and when required.

Mumbai
22nd March 2007

UDAYAN BOSE
Chairman
Sub-Committee of the Board

Report of the Recruitment & Remuneration Committee to the Members:

The Recruitment & Remuneration Committee met 6 times during the period under review i.e. November 2005 to December 2006. The requisite quorum was always present from among the Committee members.

From 1st November 2005 upto 21st January 2006, the members of the Committee were:

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

Upon the reconstitution of the Board post 22nd January 2006 due to a change of the shareholders, the Recruitment & Remuneration Committee was reconstituted on 13th February 2006 with the following members:

Name of the Director	Designation
Mr. A.V. Rajwade	Chairman
Mr. Udayan Bose	Member
Mr. Sayanta Basu	Member

Dr. D. Prasanth Nair, Head of Human Resources was the Rapporteur of the Committee for all the meetings.

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 will endeavour to constantly benchmark the Compensation and Benefits payable to Senior Management in the Company with the market trends and will take necessary steps to enable motivation and retention of key talent.

The Committee reviewed the compensation proposals for the Senior Management for the performance year November 2005 to December 2006 and approved the same.

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 December 2006.

2006	Days	Rate	Amount (Rs.)
Mr. H.S. Billimoria	426	0.11860	648,485
Mr. SBI nominee	426	0.11860	648,485
Mr. K. Digvijay Singh	178	0.04955	270,963
Mr. Udayan Bose	345	0.09605	525,182
Mr. Dilip De	345	0.09605	525,182
Mr. A.V. Rajwade	345	0.09605	525,182
Total	3592	0.57489	3,143,479

The following Directors representing Thomas Cook U.K. Limited and Thomas Cook AG, who were on the Board upto 21st January 2006, 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, a Non-Executive & Independent Director on the Board, from U.K. has also waived his entitlement to his share of the Commission.

The following Directors representing Dubai Group, who were inducted on the Board post 22nd January 2006, have also waived their entitlement to their share of the Commission:-

Ms. Jacqueline Asher

Mr. Sayanta Basu

Mr. Abdul Hakeem Kamkar

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:
22nd March 2007

A.V. RAJWADE
Chairman
Recruitment & Remuneration Committee

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

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To,
The Board of Directors
Thomas Cook (India) Limited
Thomas Cook Building
Dr. D. N. Road, Fort
Mumbai 400 001

This is to certify that

- (a) I have reviewed the financial statements and the cash flow statement for the period 2005-2006 and that to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement 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 my 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) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in design or operation of internal controls, if any, of which I am aware and the steps I have taken or proposed to take to rectify these deficiencies.
- (d) I have indicated to the auditors and Audit Committee-
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - (iii) instances of significant fraud of which I 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 over financial reporting.
- (e) I affirm that I have not denied any personal access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
- (f) I further declare that all Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the current year.

Mumbai, 23rd March 2007

MADHAVAN MENON
MANAGING DIRECTOR

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 compliance of conditions of Corporate Governance by Thomas Cook (India) Limited (the company), for the period ended 31st December, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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 the opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We 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.

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovell & Lewes
Chartered Accountants

Mumbai, 23rd March 2007

Auditors' Report

To the Members of Thomas Cook (India) Limited

1. We have audited the attached Balance Sheet of Thomas Cook (India) Limited, as at 31st December 2006, and the related Profit and Loss Account and Cash Flow Statement for the period 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 December 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December 2006 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 December 2006;
 - (ii) in the case of the Profit and Loss Account, of the profit for the period ended on that date;

and

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

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai, 23rd March 2007

Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Thomas Cook (India) Limited on the Financial Statements for the period ended 31st December 2006]

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 period 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 period.
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 period.
- (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 period.
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. During the period, the Company has put in place compensating controls to mitigate the issues relating to the Front Office System implemented for the Leisure Travel Business which need to be further 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. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of a contract or arrangement entered in the register maintained under Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of a party during the period, is of a special nature for which comparative market prices are not available.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A & 58AA of the Act and the rules framed thereunder.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

Annexure to the 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 December 2006 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 on certain disallowances	7,485,557	Assessment Year 1996-1997	Income Tax Appellate Tribunal

8. The Company has no accumulated losses as at 31st December 2006 and has not incurred any cash losses in the financial period 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 period, 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. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that the Company has used funds aggregating to Rs. 757,768,073 raised on short-term basis for long-term investment. We have been informed that this is temporary and the same would be replaced by alternate long-term funds.
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 period.
17. The Company has not issued any debentures.
18. The Company has not raised any money by public issues during the period.
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 by the Company, noticed or reported during the period, nor have we been informed of such case by the management. Frauds on the Company through misappropriation of assets aggregating to Rs. 889,910 by an employee of the Company and other parties, were noticed and reported. We have been informed that this amount is covered by an insurance policy.
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
LOVELOCK & LEWES
Chartered Accountants
Mumbai, 23rd March 2007

Balance Sheet as at 31st December 2006

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	Schedule	As at		As at	
		31st December 2006	31st December 2006	31st October 2005	31st October 2005
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Capital	A	145,833,330		145,833,330	
Share Capital Suspense	A1	1,053,704,650		—	
Reserves and Surplus	B	<u>369,577,963</u>	1,569,115,943	<u>1,487,624,302</u>	1,633,457,632
LOAN FUNDS					
Secured Loans	C		4,543,100		—
Unsecured Loans	D		2,454,386,653		—
DEFERRED TAXATION (NET)					
Deferred Tax Liability	E	74,923,649		74,478,903	
Less : Deferred Tax Assets		<u>16,558,058</u>		<u>18,784,873</u>	
			58,365,591		55,694,030
TOTAL			<u><u>4,086,411,287</u></u>		<u><u>1,689,151,662</u></u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	F	1,001,031,143		889,315,945	
Less : Depreciation		<u>447,549,599</u>		<u>380,806,969</u>	
Net Block		553,481,544		508,508,976	
Advances for Capital Expenditure		<u>5,828,315</u>		<u>28,478,283</u>	
			559,309,859		536,987,259
INVESTMENTS			2,024,571,600		190,903,326
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	H	1,108,982,338		764,399,233	
Cash and Bank Balances	I	1,606,401,763		850,732,356	
Loans and Advances	J	<u>520,155,698</u>		<u>375,886,943</u>	
		<u>3,235,539,799</u>		<u>1,991,018,532</u>	
LESS : CURRENT LIABILITIES AND PROVISIONS					
Liabilities	K	1,603,969,991		956,658,598	
Provisions	L	<u>129,039,980</u>		<u>73,098,857</u>	
		<u>1,733,009,971</u>		<u>1,029,757,455</u>	
NET CURRENT ASSETS			1,502,529,828		961,261,077
TOTAL			<u><u>4,086,411,287</u></u>		<u><u>1,689,151,662</u></u>
Notes to the Financial Statements	O				

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

In terms of our report of even date

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai, 23rd March 2007

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN
MADHAVAN MENON — MANAGING DIRECTOR
RAM KENKARE — HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

Profit and Loss Account for the period ended 31st December 2006

	Schedule	Period ended 31st December 2006 Rupees Rupees		Year ended 31st October 2005 Rupees Rupees	
INCOME					
Turnover		2,218,264,083		1,217,849,758	
Other Income	M	<u>211,363,255</u>		<u>85,979,926</u>	
			2,429,627,338		1,303,829,684
EXPENDITURE					
Personnel Cost	N	618,654,086		317,612,074	
Advertisement and Business Promotion		137,289,403		81,240,849	
Other Expenses	O	902,857,214		418,508,889	
Interest	P	57,270,751		6,300,179	
Depreciation	F	<u>110,107,682</u>		<u>65,004,627</u>	
			1,826,179,136		888,666,618
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM			603,448,202		415,163,066
Provision for Taxation					
Current Tax		186,413,072		140,000,000	
Fringe Benefit Tax		14,050,583		4,339,326	
Deferred Tax		<u>(151,365)</u>		<u>2,211,909</u>	
			200,312,290		146,551,235
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEM			403,135,912		268,611,831
Exceptional Item, Net of Taxation [Refer Note 2 (f) of Schedule “Q”]					
			18,354,304		—
Net profit			384,781,608		268,611,831
Add : Transfer from Reserve created under Section 80HHD of the Income-tax Act, 1961			18,000,000		15,000,000
			402,781,608		283,611,831
Balance brought forward from previous year			739,764,001		545,370,774
			<u>1,142,545,609</u>		<u>828,982,605</u>
APPROPRIATIONS					
Transfer to General Reserve			38,478,161		26,861,183
Proposed Dividend			80,391,165		54,687,499
Corporate Dividend Tax			13,662,478		7,669,922
Balance carried to Balance Sheet			<u>1,010,013,805</u>		<u>739,764,001</u>
			<u>1,142,545,609</u>		<u>828,982,605</u>
Earnings per Share - Basic			26.39		18.42
Earnings per Share - Diluted			23.08		18.42
[Rs. per Equity Share of Rs. 10 each] [Refer Note 2(m) of Schedule “Q”]					
Notes to the Financial Statements	Q				
Schedules “F” and “M” to “Q” referred to above form an integral part of the Profit and Loss Account.					

In terms of our report of even date

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai, 23rd March 2007

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN

MADHAVAN MENON — MANAGING DIRECTOR

RAM KENKARE — HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "A" : CAPITAL		
Authorised 20,000,000 Equity Shares of Rs.10 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued and Subscribed 14,583,333 Equity Shares of Rs. 10 each fully paid-up	<u>145,833,330</u>	<u>145,833,330</u>
Of the above :		
(a) 279,993 shares were allotted pursuant to a contract without payment being received in 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, TCIM Limited, U.K. <i>(previously held by Thomas Cook Overseas Limited, U.K.)</i>		
(d) 1,183,461 <i>(Previous year - Nil)</i> shares are held by Dubai Financial (LLC) the Holding Company of TCIM Limited U.K.		
SCHEDULE "A1" : SHARE CAPITAL SUSPENSE		
Shares to be allotted to the erstwhile shareholders of LKP Forex Limited pursuant to its merger with the Company effective April 1, 2006 (Refer Note 2(b) of Schedule "Q")		
103,284,000 <i>(Nil)</i> 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each	1,032,840,000	—
319,765 <i>(Nil)</i> 'Class B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each	3,197,650	—
271,800 <i>(Nil)</i> 'Class C' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each	2,718,000	—
1,494,900 <i>(Nil)</i> Equity Shares of Rs. 10 each	14,949,000	—
	<u>1,053,704,650</u>	<u>—</u>

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December, 2006 Rupees		As at 31st October, 2005 Rupees	
SCHEDULE "B" : RESERVES AND SURPLUS				
Reserve as required under Section 80HHD of the Income-tax Act, 1961				
Balance as per last Balance Sheet	78,500,000		93,500,000	
Less : Transferred to Profit and Loss Account	18,000,000		15,000,000	
		60,500,000		78,500,000
General Reserve				
Balance as per last Balance Sheet	669,360,301		642,499,118	
Less : Transferred as per Scheme of Amalgamation (Refer Note 2(b) of Schedule "Q")	(669,360,301)		—	
Add : Transferred from Profit and Loss Account	38,478,161		26,861,183	
		38,478,161		669,360,301
Profit and Loss Account	1,010,013,805		739,764,001	
Less : Transferred as per Scheme of Amalgamation (Refer Note 2(b) of Schedule "Q")	(739,414,003)		—	
		270,599,802		739,764,001
		369,577,963		1,487,624,302
SCHEDULE "C" : SECURED LOANS				
Finance Lease Liability		4,543,100		—
(Secured by charge on vehicles purchased)		4,543,100		—
SCHEDULE "D" : UNSECURED LOANS				
Short-term Loan from Banks		2,272,238,550		—
Bank Overdrafts		32,148,103		—
Others		150,000,000		—
		2,454,386,653		—
SCHEDULE "E" : DEFERRED TAXATION (NET)				
Deferred Tax Liability - On Fiscal Allowances on Fixed Assets		74,923,649		74,478,903
Less : Deferred Tax Assets				
Provisions Allowable for tax purposes when paid	9,667,626		3,615,567	
Provision for Doubtful Debts and Advances	6,890,432		15,169,306	
		16,558,058		18,784,873
		58,365,591		55,694,030

Schedules forming part of the Balance Sheet as at 31st December 2006

SCHEDULE "F" : FIXED ASSETS

	GROSS BLOCK (AT COST)					DEPRECIATION/AMORTISATION					NET BLOCK		(Rupees)
Description	As at 1st November 2005	On Amalgamation*	Additions	Deductions	As at 31st December 2006	As at 1st November 2005	On Amalgamation*	For the Period	On Deductions	As at 31st December 2006	As at 31st December 2006	As at 31st October 2005	
Intangible Assets													
Goodwill	8,831,169	—	—	—	8,831,169	8,831,169	—	—	—	8,831,169	—	—	
Software	84,313,128	—	39,597,939	—	123,911,067	36,320,954	—	29,573,731	—	65,894,685	58,016,382	47,992,174	
Tangible Assets													
Leasehold Properties	25,135,357	27,570,055	4,099,404	337,918	56,466,898	22,526,741	10,651,131	6,786,760	252,339	39,712,293	16,754,605	2,608,616	
Freehold properties	265,658,165	—	—	13,338,747	252,319,418	39,614,237	—	5,048,398	3,067,156	41,595,479	210,723,939	226,043,928	
Strong Room	674,425	—	—	—	674,425	539,390	—	17,079	—	556,469	117,956	135,035	
Furniture and Fittings	141,696,212	20,773,675	41,322,064	3,861,694	199,930,257	63,493,335	5,290,516	12,974,277	1,840,044	79,918,084	120,012,173	78,202,877	
Computers	196,033,738	17,498,470	48,806,936	106,539,306	155,799,838	152,546,853	5,331,310	34,656,696	49,231,056	143,303,803	12,496,035	43,486,885	
Office													
Equipment	119,741,571	20,814,190	27,896,814	4,474,534	163,978,041	40,697,673	3,136,422	10,353,477	2,274,090	51,913,482	112,064,559	79,043,898	
Vehicles	47,232,180	19,432,455	11,188,966	38,733,571	39,120,030	16,236,617	3,893,209	10,697,264	15,002,955	15,824,135	23,295,895	30,995,563	
TOTAL	889,315,945	106,088,845	172,912,123	167,285,770	1,001,031,143	380,806,969	28,302,588	110,107,682	71,667,640	447,549,599	553,481,544	508,508,976	
Previous Year	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		

NOTES :

- Intangible Assets are other than internally generated.
- Cost of Freehold Properties includes :
 - 150 (Previous year - 170) unquoted fully paid-up Shares of Rs. 7,750 (Previous year Rs. 8,750) in various Co-operative Societies.
 - Share application money of Rs. 2,040 (Previous year Rs. 2,040) to various Co-operative Societies.
 - Premises of Rs. 15,431,718 (Previous year Rs. 15,431,718) 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. 144,506,670) where the Co-operative Society is yet to be formed.
- Gross block and Net block of vehicles includes Rs. 10,821,189 (Previous Year Rs. Nil) and Rs. 8,579,458 (Previous Year Rs. Nil) respectively in respect of vehicles acquired under Finance Leases.

*Refer Note 2(b) of Schedule "Q"

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "G" : INVESTMENTS (Unquoted unless otherwise stated)		
Current - Non Trade		
In fully paid-up Units of Mutual Funds		
— 10,002,811 Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend	100,035,109	—
— 2,994,511 Units of Rs. 10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend	—	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
	100,035,109	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
— Nil (Previous Year - 250,000) fully paid-up Equity Shares of Rs. 10 each of Hindustan Cargo Limited	—	2,500,000
— 1,655,500 (Previous year - 1,355,500) fully paid-up Equity Shares of USD 1 each of Thomas Cook (Mauritius) Holding Company Limited	73,248,730	59,493,730
— 1,576,698 (Previous year - Nil) fully paid-up Equity Shares of Rs. 10 each of Travel Corporation (India) Limited	1,848,427,470	—
	1,923,176,200	63,493,730
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
— 1,000 fully paid-up Equity Shares of Rs. 1 each of JIK Industries Limited	18,000	—
— 100 fully paid-up Equity Shares of Rs. 10 each of Weizmann Limited	2,000	—
In fully paid-up Debentures - Trade		
Zero coupon fully paid-up Redeemable Debentures of SLR 100 each of Tangerine Beach Hotel Limited	77,202	114,547
	2,024,588,135	190,903,326
Less : Provision for diminution in value of investment	16,535	—
	2,024,571,600	190,903,326
Aggregate amount of Quoted Investments	1,283,089	1,279,624
Aggregate amount of Unquoted Investments	2,023,288,511	189,623,702
	2,024,571,600	190,903,326
Aggregate Market Value of Quoted Investments	2,363,908	5,160,356

Schedules forming part of the Balance Sheet as at 31st December 2006

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	As at 31st December 2006		As at 31st October 2005	
SCHEDULE "G" : (contd.)	<u>Units</u>		<u>Units</u>	
Investments purchased and sold during the period				
– Units of Rs. 10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend	258,902,018		307,311,740	
– Units of Rs. 10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend	43,485,654		168,520,596	
– Units of Rs. 10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend	195,212,744		72,432,777	
– Units of Rs. 10 each of Grindlays Mutual Fund - Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend	130,282,174		395,036,560	
– Units of Rs. 10 each of LIC Mutual Fund - LIC Mutual Fund Liquid Fund - Dividend Plan	83,812,870		11,520,054	
– Units of Rs. 10 each of SBI Mutual Fund - Magnum Institutional Income - Savings - Dividend	156,068,984		62,892,452	
– Units of Rs. 10 each of Prudential ICICI Mutual Fund - Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend	94,017,851		4,603,594	
– Units of Rs. 1,000 each of Franklin Templeton - Templeton India Treasury Management Account - Institutional Plan - Daily Dividend Reinvestment	399,961		232,767	
– Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend	294,543,192		57,024,622	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
SCHEDULE "H" : SUNDRY DEBTORS				
Unsecured, Considered Good				
Outstanding exceeding six months	30,634,642		23,365,186	
Others	1,078,347,696		716,717,341	
	1,108,982,338		740,082,527	
Recoverable from Subsidiary Company (less than six months)	—		24,316,706	
Unsecured, Considered Doubtful				
Outstanding exceeding six months	17,916,127		31,572,568	
Less : Provision for Doubtful Debts	17,916,127		31,572,568	
	1,108,982,338		764,399,233	

Schedules forming part of the Balance Sheet as at 31st December 2006

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	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "I" : CASH AND BANK BALANCES		
Cash and Cheques on Hand (including Foreign Currencies - Notes and paid documents)	464,559,468	266,487,162
Remittances in Transit		
Foreign Currencies - Notes and paid documents	825,104,141	454,502,373
Balances with Scheduled Banks		
on Current Accounts	235,797,651	57,869,233
on Deposit Accounts	18,977,848	15,972,872
(on lien with various authorities)	254,775,499	73,842,105
Balances with Non-Scheduled Banks		
On Current Accounts		
Credit Suisse, Zurich, Switzerland (maximum balance during the period Rs. 17,707,920 - <i>Previous year Rs. 9,676,929</i>)	7,651,386	314,039
Bank of America, New York, USA (maximum balance during the period Rs. 538,177 - <i>Previous year Rs. 2,890,268</i>)	—	519,449
Bank of America, Tokyo, Japan (maximum balance during the period Rs. 6,870,523 - <i>Previous year Rs. 13,817,232</i>)	—	2,893,859
HSBC, London, UK (maximum balance during the period Rs. 1,205,038 - <i>Previous year Rs. 1,099,053</i>)	—	1,099,053
Deutsche Bank AG, Frankfurt, Germany (maximum balance during the period Rs. 313,321,796 - <i>Previous year Rs. 53,944,736</i>)	39,262,833	5,797,064
Bank of Nova Scotia, Canada (maximum balance during the period Rs. 13,744,450 - <i>Previous year Rs. 38,646,004</i>)	10,022,756	—
ANZ National Bank Limited, Australia (maximum balance during the period Rs. 43,664,973 - <i>Previous year Rs. 32,583,368</i>)	—	24,751,378
ANZ National Bank Limited, Wellington, New Zealand (maximum balance during the period Rs. 9,045,803 - <i>Previous year Rs. 5,562,443</i>)	263,767	2,140,050
NDB Bank, Sri Lanka (maximum balance during the period Rs. 27,684 - <i>Previous year Rs. 23,535</i>)	—	23,535
Commercial Bank, Sri Lanka (maximum balance during the period Rs. 5,109,020 - <i>Previous year Rs. 6,373,617</i>)	1,185,221	—
HSBC, Sri Lanka (maximum balance during the period Rs. 245,413 - <i>Previous year Rs. 842,127</i>)	134,059	2,489
Deutsche Bank, Sri Lanka (maximum balance during the period Rs. 29,052 - <i>Previous year Rs. 8,640,500</i>)	27,439	—

Schedules forming part of the Balance Sheet as at 31st December 2006

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	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "I" : (contd.)		
Pan Asia Bank, Sri Lanka (maximum balance during the period Rs. 1,009,920 - <i>Previous year Rs. Nil</i>)	227,915	—
Hatton National Bank, Sri Lanka (maximum balance during the period Rs. 291,777 - <i>Previous year Rs. 374,226</i>)	15,406	48,970
	<u>58,790,782</u>	<u>37,589,886</u>
On Deposit Accounts		
HSBC, Sri Lanka (maximum balance during the period Rs. 68 - <i>Previous year Rs. 68</i>)	64	68
NDB Bank, Sri Lanka (maximum balance during the period Rs. 18,040,920 - <i>Previous year Rs. 8,175,465</i>)	1,659,550	8,175,465
Standard Chartered Grindlays Bank, Sri Lanka (maximum balance during the period Rs. 22,753,553 - <i>Previous year Rs. 9,936,966</i>)	1,512,259	9,834,444
Pan Asia Bank, Sri Lanka (maximum balance during the period Rs. 529,179 - <i>Previous year Rs. 300,853</i>)	—	300,853
	<u>3,171,873</u>	<u>18,310,830</u>
	61,962,655	55,900,716
	<u>1,606,401,763</u>	<u>850,732,356</u>
SCHEDULE "J" : LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances to Subsidiary Companies	21,484,419	16,366,915
Receivable on sale of Subsidiary Company	82,600,000	—
Advances recoverable in cash or in kind or for value to be received		
Considered Good	412,432,296	322,736,057
Considered Doubtful	9,711,576	13,493,700
	<u>422,143,872</u>	<u>336,229,757</u>
Less: Provision for Doubtful Advances	<u>9,711,576</u>	<u>13,493,700</u>
	412,432,296	322,736,057
Tax Payments less Provisions	3,638,983	36,783,971
	<u>520,155,698</u>	<u>375,886,943</u>

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE “K” : LIABILITIES		
Sundry Creditors other than Small Scale Industrial Undertakings*	1,379,504,933	780,157,257
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)	163,411,243	163,751,734
Unpaid Dividend @	6,418,845	1,995,989
Interest accrued but not due	13,239,006	—
Fractional Entitlement on Bonus Shares Refund Accounts	49,066	49,066
Other Liabilities	36,544,898	5,902,552
	<u>1,603,969,991</u>	<u>956,658,598</u>
* Includes Book Overdrafts aggregating to Rs. 171,736,417 (Previous year Rs. 361,528,688).		
@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
SCHEDULE “L” : PROVISIONS		
Proposed Dividend	80,391,165	54,687,499
Corporate Dividend Tax	13,662,478	7,669,922
Provision for Leave Encashment	23,544,580	6,748,762
Provision for Gratuity	11,441,757	3,992,674
	<u>129,039,980</u>	<u>73,098,857</u>

Schedules forming part of the Profit and Loss Account for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
SCHEDULE "M" : OTHER INCOME		
Interest		
On Deposits with Banks (Gross) [Tax Deducted at Source Rs. 237,385 - Previous year Rs. 201,561]	6,456,352	4,477,177
On Income-tax Refund	2,555,418	171,382
On Others	931,928	177,976
	9,943,698	4,826,535
Dividend on Current Investments - Non Trade - On Units of Mutual Funds	2,822,738	7,401,008
Rent	1,508,087	1,091,692
Profit on Sale of Fixed Assets (Net)	55,913,097	939,560
Exchange Variation (Net) other than in the normal course of business as Foreign Exchange Authorised Dealers	8,633,099	6,656,873
Profit on Sale of Current Investments	—	90,317
Profit on Sale of Subsidiary Company	82,416,400	—
Profit on Redemption of Long-term Investment	26,355	26,242
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 and Advances no longer required written back (Net)	9,981,722	90,398
Provision for Gratuity written back (Net)	—	766,703
Management Fees	—	1,572,867
Insurance Claim	2,308,775	9,223,607
Liabilities no longer required written back	33,877,543	36,303,776
Miscellaneous Income	3,931,741	10,762,228
	<u>211,363,255</u>	<u>85,979,926</u>
SCHEDULE "N" : PERSONNEL COST		
Salaries, Wages and Bonus	438,962,456	233,325,994
Contribution to Provident and Other Funds	36,653,418	22,166,372
Premium on / Provision for Gratuity-cum-Life Assurance Policy	17,152,782	—
Staff Welfare Expenses	56,453,302	35,260,844
Staff Training, Recruitment and Other Costs	24,429,403	7,910,585
Incentive / Commission to Staff and Directors	45,002,725	18,948,279
	<u>618,654,086</u>	<u>317,612,074</u>

Schedules forming part of the Profit and Loss Account for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
SCHEDULE "O" : OTHER EXPENSES		
Rent	119,536,420	63,971,149
Rates and Taxes	5,580,398	2,382,541
Insurance	11,404,997	8,451,475
Repairs and Maintenance		
Buildings	4,519,091	528,873
Others	<u>44,554,781</u>	<u>29,092,577</u>
	49,073,872	29,621,450
Electricity	29,518,423	17,475,254
Printing and Stationery	24,403,670	12,289,134
Postage, Telegrams, Telex and Telephones	68,700,684	43,007,958
Freight Currency Shipment	21,466,887	14,552,848
Legal and Professional Charges	83,299,243	26,090,911
Auditors' Remuneration		
Audit Fees	6,227,050	885,000
Reports under the provisions of the Income-tax Act, 1961	1,500,000	875,000
Miscellaneous Reports	70,000	142,500
Reimbursement of Expenses	139,595	12,966
	<u>7,936,645</u>	<u>1,915,466</u>
Branch Auditors' Remuneration - Audit Fees	<u>266,746</u>	<u>169,832</u>
	8,203,391	2,085,298
Bank Charges including Handling Charges on Remittances	50,215,889	31,484,027
Travelling and Subsistence	69,983,032	43,977,323
Brokerage and Incentives	256,792,336	73,724,992
Directors' Fees	745,000	440,000
Security Services	14,782,703	8,009,002
Vehicle Running and Maintenance	23,728,562	12,321,094
Licence Fees	13,816,250	10,975,417
Bad Debts and advances written off	21,532,125	9,648,020
Donations	25,849	800,319
Miscellaneous Expenses	30,047,483	7,200,677
	<u>902,857,214</u>	<u>418,508,889</u>
SCHEDULE "P" : INTEREST		
Short-term Loans from Banks	34,061,242	4,575,000
Bank Overdrafts	6,943,120	1,725,179
Others	16,266,389	—
	<u>57,270,751</u>	<u>6,300,179</u>

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" : 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 Companies Act, 1956 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

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 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 period ended 31st December 2006

SCHEDULE "Q" (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 or 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. Any shortfall / excess based on independent actuarial valuation is accounted for in the relevant period.

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) 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 arrangements are charged to the Profit and Loss Account.

(i) Taxes on Income

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

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

2. NOTES TO THE ACCOUNTS

(a) The Company has changed its accounting year from October to December. Consequently the current financial year is for fourteen months i.e. November 2005 to December 2006. Hence the figures for current period are not comparable with the previous year.

(b) In terms of Scheme of Amalgamation between the Company and LKP Forex Limited which was sanctioned by the Honorable High Court at Mumbai on 12th January 2007, all assets and liabilities of LKP Forex Limited were transferred and vested in the Company w.e.f. the appointed date - 1st April 2006 in consideration for the issue of 103,284,000 'Class A' 4.65% Cumulative

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

Non-Convertible Redeemable Preference Shares of Rs. 10 each, 319,765 'Class B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each, 271,800 'Class C' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each and 1,494,900 Equity Shares of Rs. 10 each credited as fully paid up to the shareholders of LKP Forex Limited.

In terms of the Accounting Standard 14 on Accounting of Amalgamation issued by The Institute of Chartered Accountants of India, the Scheme of Amalgamation is accounted under 'Purchase Method' wherein all Assets and Liabilities of LKP Forex Limited were recorded at carrying amounts on the date of Amalgamation.

An amount of Rs. 1,408,774,304 has been debited to the General Reserve and Balance of Profit and Loss Account as per the Scheme of Amalgamation, which comprises of -

- (i) The shortfall of the aggregate value of assets over the aggregate value of liabilities taken over by the Company, after adjusting for the face value of Equity and Preference Shares to be issued and allotted by the Company as stated above,
 - (ii) The expenses incurred on the merger, and
 - (iii) In terms of the Merger Agreement dated 18th August 2006, the Company had paid an amount of Rs. 220,000,000 to the erstwhile shareholders of LKP Forex Limited under the Non-competition Agreement that was made with them as per the terms of the Merger Agreement. Accordingly, the non-compete fees has been adjusted against the goodwill / reserves arising from the amalgamation of the Company with LKP Forex Limited.
- (c) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 6,377,456 (*Previous year Rs. 12,780,293*).

(d) Contingent Liabilities

- (i) Claims against the company not acknowledged as debts - Demand from Bombay Electricity Supply and Transport (BEST) for Electricity
- (ii) Disputed Income-tax Demands
- (iii) Disputed Demand for increase in rent raised by Brihanmumbai Municipal Corporation
- (iv) Corporate Guarantee given to a bank for the credit facilities extended by the said bank to Thomas Cook (Mauritius) Operations Company Limited

As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
1,961,083	1,961,083
7,485,557	18,533,792
11,572,851	11,572,851
66,390,000	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.

- (e) The tax year for the company being the year ending 31st March the provision for taxation for the period is the aggregate of the provision made for the five months ended 31st March 2006 and the provision based on the figures for the remaining nine months up to 31st December 2006, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April 2006 to 31st March 2007.
- (f) The Company has provided for an amount of Rs. 27,667,025 as compensation payable to the erstwhile CEO and Managing Director for loss of office in the current period. Necessary approval of the Central Government has been obtained for the same.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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SCHEDULE "Q" (contd.)	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
(g) Managerial Remuneration under Section 198 of the Act to Whole time Directors (excluding gratuity contributed for the Company as a whole)				
Salaries		5,854,717		6,657,350
House Rent Allowance / Perquisite		2,285,000		2,340,000
Commission / Bonus		6,279,997		7,416,966
Contribution to Provident and Other Funds		1,580,774		1,797,486
Perquisites in cash and in kind		7,683,974		7,913,908
		23,684,462		26,125,710
Commission to Non Executive Directors		3,143,479		910,688
		26,827,941		27,036,398
Directors' Fees		745,000		440,000
Note : The Company has provided Rs. 27,667,025 as compensation payable to the erstwhile CEO and Managing Director for loss of office in the current period pursuant to Central Government approval, which has not been included in the above figures.				
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		603,448,202		415,163,066
Add :				
Remuneration to Directors		26,827,941		27,036,398
Directors' Fees		745,000		440,000
Depreciation as per Profit and Loss Account		110,107,682		65,004,627
Profit on Sale of Fixed Assets as per Section 350 of the Act		46,388,808		1,650,257
		184,069,431		94,131,282
		787,517,633		509,294,348
Less :				
Depreciation as per Section 350 of the Act		83,601,934		47,632,937
Loss on Sale / Write off of Fixed Assets as per Section 350 of the Act		12,453,863		3,791,765
Profit on Sale of Fixed Assets (Net) as per Profit and Loss Account		55,913,097		939,560
Profit on Sale of Subsidiary Company and Investments (Net) as per Profit and Loss Account		82,442,755		—
		234,411,649		52,364,262
Net Profit		553,105,984		456,930,086
Commission to Non Executive Directors @ 1%		5,531,060		4,569,301
Commission to Executive Directors @ 10%		55,310,598		45,693,009
Commission payable to Directors, restricted by the Board of Directors to		3,983,476		8,327,654

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
(h) Expenditure in Foreign Currency (Other than in normal course of the business as foreign exchange authorised dealers)				
Interest and Bank Charges		24,385,054		26,496,454
Professional Fees		2,104,813		2,942,497
Licence fees		13,816,250		10,975,417
Travelling, Subscription and Others		10,806,096		11,755,932
(i) Remittance of Dividend to Non-resident Shareholders				
Number of Shareholders		1**		1*
Number of Equity Shares held		8,750,000		8,750,000
Amount remitted		32,812,500		32,812,500
Year to which the dividend related		31st October, 2005		31st October, 2004
**TCIM Limited, U.K.				
*Thomas Cook Overseas Limited				
(j) Earnings in Foreign Exchange (Excluding reimbursement of expenses and receipts in foreign currency of foreign exchange transactions in the normal course of business as authorised dealers)				
Interest		4,609,777		1,680,671
Communication Charges		10,016		99,298
Receipts from Independent Tours and Travel		581,887,507		600,622,163
Commission on Travellers Cheques		26,903,342		5,638,548
Management Fees		—		1,572,867
Cash Passport		3,228,160		3,915,188
Incentive on Exports Volume		6,757,400		6,780,070
Miscellaneous Income		—		12,144,463
(k) Related Party Disclosures				
(A) Enterprises where control exists				
(i) Holding Company				<p>From 21st January 2006 :</p> <p>TCIM Limited, UK holds 60% of Equity Shares of the Company. Dubai Financial (LLC), the Holding Company of TCIM owns 8.12% of the Company. Dubai Financial (LLC) is a wholly owned subsidiary of Dubai Group, the Global investment arm of Dubai Holdings.</p> <p>Upto 20th January 2006 :</p> <p>Thomas Cook Overseas Limited, UK (TCOL) held 60% of Equity Shares of the Company. Thomas Cook UK Limited, the holding company of TCOL, is a Subsidiary of Eurocenter Teteiligungs-und Reisevermittlung GmbH (Eurocenter), Germany who in turn is a subsidiary of Thomas Cook AG, Germany.</p>
(ii) Subsidiary Companies				<p>Thomas Cook Insurance Services (India) Limited</p> <p>Indian Horizon Travel and Tours Limited</p> <p>Thomas Cook Tours Limited</p> <p>Hindustan Cargo Limited (upto 29th December 2006)</p> <p>Travel Corporation (India) Limited (From 28th December 2006)</p> <p>Thomas Cook (Mauritius) Holding Company Limited</p> <p>Thomas Cook (Mauritius) Operations Company Limited</p> <p>Thomas Cook Lanka Holdings (Private) Limited</p> <p>Airline Services Lanka (Private) Limited</p> <p>Thomas Cook (Mauritius) Holidays Limited</p> <p>Thomas Cook (Mauritius) Travel Limited</p> <p>Thomas Cook Travel (Thailand) Limited</p> <p>Thomas Cook Travel and Foreign Exchange (Singapore) Pte. Limited</p>

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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SCHEDULE "Q" (contd.)

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

- | | |
|--|--|
| (i) Fellow Subsidiaries
(upto 20th January 2006) | 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 | Ashwini Kakkar (upto 21st January 2006)
Madhavan Menon
Robin Banerjee
Ram Kenkare
Aashutosh Akshikar (upto 31st October 2006)
Surendra Herwadkar (upto 30th June 2006)
Anil Nadkarni (upto 31st October 2006)
Dr. Prasanth Nair
Gautam Sharma (from 10th July 2006) |
| (iii) Relatives of Key Management Personnel | Manmohan Vir Kakkar (upto 21st January 2006) |
| (iv) Company in which a Director has significant influence | Tamara Capital Advisors Private Limited |

(C) Disclosure of transactions between the Company and Related Parties and outstanding balances as at the period end :

	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
(i) Holding Company				
Income from Management Fees				
Thomas Cook UK Limited		—		1,572,867
Sale of Services*				
Thomas Cook AG, Germany		41,425,644		—
Licence Fees paid				
Thomas Cook UK Limited		13,816,250		10,975,417
Dividend remitted				
Thomas Cook Overseas Limited		—		32,812,500
TCIM Limited, U.K.		32,812,500		—
Balances as at the period end -				
Outstanding Payables				
Thomas Cook UK Limited		—		8,817,122
* Sale value of transactions				

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
(ii) Subsidiary Companies				
Sale of Services*				
Thomas Cook Insurance Services (India) Limited	—		2,700,000	
Hindustan Cargo Limited	530,448		1,363,706	
		530,448		4,063,706
Reimbursement of Expenses				
Thomas Cook Insurance Services (India) Limited		31,476,340		28,435,156
Export of Foreign Currencies*				
Thomas Cook (Mauritius) Operations Company Limited		272,941,542		505,921,832
Services Availed				
Hindustan Cargo Limited		13,400,393		8,615,347
Subscription to Share Capital				
Thomas Cook (Mauritius) Holding Company Limited		13,755,000		29,119,030
Balances as at the period end -				
Outstanding Receivables				
Thomas Cook Insurance Services (India) Limited	20,132,204		12,769,853	
Indian Horizon Travel and Tours Limited	56,060		45,060	
Thomas Cook Tours Limited	55,895		44,895	
Hindustan Cargo Limited	1,325,646		2,940,687	
Thomas Cook (Mauritius) Operations Company Limited	1,225,732		24,883,453	
		22,795,537		40,683,948
* Sale value of transactions				
(iii) Fellow Subsidiaries				
Sale of Services*				
Thomas Cook Tour Operations Limited, UK	137,831,893		272,085,319	
Thomas Cook Touristic GmbH, Germany	—		81,038,714	
Others	27,034,312		66,993,561	
		164,866,205		420,117,594
* Sale value of transactions				
Balances as at the period end -				
Outstanding Receivables				
Thomas Cook Tour Operations Limited, UK	—		384,166	
Others	—		5,396,219	
				5,780,385
Advances Received				
Others	—		316,305	
				316,305
(iv) Key Management Personnel				
Remuneration#				
Ashwini Kakkar (Refer Note 2 (f))	31,818,281		12,449,497	
Madhavan Menon	10,922,938		8,043,476	
Robin Banerjee	8,610,268		5,632,737	
Others	21,289,372		14,565,526	
		72,640,859		40,691,236
# Excludes gratuity contributed as the same is arrived at on an overall basis.				

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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SCHEDULE "Q" (contd.)	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
(v) Relative of Key Management Personnel				
Rent Expense				
Manmohan Vir Kakkar		60,000		240,000
Balance as at the period end -				
Deposit Receivable				
Manmohan Vir Kakkar		—		39,000,000
(vi) Company in which a Director has significant influence				
Professional Charges				
Tamara Capital Advisors Private Limited		3,178,620		—
Note : Balances as at the period end for the erstwhile Holding Company, fellow subsidiaries and relative of key management personnel have not been given, since they ceased to be related parties before the period end.				
(I) Disclosures for Leases				
(A) Finance Leases - Vehicles				
(i) Minimum Lease Payments payable				
— Not later than one year		2,768,975		—
— Later than one year but not later than five years		2,279,736		—
		5,048,711		—
(ii) Present Value of Minimum Lease Payments payable				
— Not later than one year		3,118,327		—
— Later than one year but not later than five years		1,424,773		—
		4,543,100		—
(iii) Reconciliation of Minimum Lease Payments and their Present Value				
— Minimum Lease Payments Payable as per (i) above		5,048,711		—
— Less : Finance Charges to be recognised in subsequent years		505,611		—
— Present Value of Minimum Lease Payments payable as per (ii) above		4,543,100		—
(iv) Finance Charges recognised in the Profit and Loss Account		414,489		—

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
(B) Operating Leases				
Disclosures in respect of cancellable agreements for office and residential premises taken on lease				
(i) Lease payments recognised in the Profit and Loss Account		129,923,813		67,140,586
(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		42,898,864		1,322,666
– Later than one year and not later than five years		50,376,314		1,558,197
– Later than five years		—		—
(m) In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of dilutive potential equity shares. Earnings per Share has been computed as under:				
Profit after Taxation		384,781,608		268,611,831
Weighted average number of shares - Basic		14,583,333		14,583,333
Weighted average number of shares - Diluted		16,669,798		—
Basic Earnings per Share (Rs. per Equity Share of Rs. 10 each)		26.39		18.42
Diluted Earnings per Share (Rs. per Equity Share of Rs. 10 each)		23.08		18.42
(n) Previous year figures have been regrouped where necessary.				

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

(o) Balance Sheet abstract and Company's General Business profile

I. Registration Details

Registration No.

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

Balance Sheet Date

3	1
---	---

1	2
---	---

2	0	0	6
---	---	---	---

Date Month Year

State Code

1	1
---	---

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

Public Issue

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

Bonus Issue

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

Rights Issue

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

Private Placement

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

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

Total Liabilities*

-	4	0	8	6	4	1	1
---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

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

Secured Loans

-	-	-	-	4	5	4	3
---	---	---	---	---	---	---	---

Total Assets

-	4	0	8	6	4	1	1
---	---	---	---	---	---	---	---

Reserves & Surplus

-	-	3	6	9	5	7	8
---	---	---	---	---	---	---	---

Unsecured Loans

-	2	4	5	4	3	8	7
---	---	---	---	---	---	---	---

* Total Liabilities includes Share Capital Suspense of Rs. 1,053,705 thousands and Deferred - Taxation (Net) of Rs. 58,365 thousands.

Application of Funds

Net Fixed Assets

-	-	5	5	9	3	1	0
---	---	---	---	---	---	---	---

Net Current Assets

-	1	5	0	2	5	3	0
---	---	---	---	---	---	---	---

Accumulated Losses

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

Investments

-	2	0	2	4	5	7	1
---	---	---	---	---	---	---	---

Miscellaneous Expenditure

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

IV. Performance of Company (Rupees in Thousands)

Turnover

-	2	2	1	8	2	6	4
---	---	---	---	---	---	---	---

+ -

✓	
---	--

Profit/Loss before tax

-	-	6	0	3	4	4	8
---	---	---	---	---	---	---	---

Total Expenditure

-	1	8	2	6	1	7	9
---	---	---	---	---	---	---	---

+ -

✓	
---	--

Profit/Loss after tax @

-	-	3	8	4	7	8	2
---	---	---	---	---	---	---	---

(Please tick Appropriate box + for Profit, - for Loss)

@ Profit/loss after tax is after exceptional cost net of taxation

Earning per Share in Rs.

Basic (EPS)

-	-	-	2	6	.	3	9
---	---	---	---	---	---	---	---

Diluted (EPS)

-	-	-	2	3	.	0	8
---	---	---	---	---	---	---	---

Dividend Rate %

-	5	0
---	---	---

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

Item Code No.

N	O	T		A	P	P	L	I	C	A	B	L	E						
---	---	---	--	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--

(ITC Code)

Product Description

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.

N	O	T		A	P	P	L	I	C	A	B	L	E						
---	---	---	--	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--

(ITC Code)

Product Description

T	R	A	V	E	L		A	G	E	N	T	S							
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Item Code No.

N	O	T		A	P	P	L	I	C	A	B	L	E						
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(ITC Code)

Product Description

T	O	U	R		O	P	E	R	A	T	O	R	S						
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Signatures to Schedule "A" to "Q"

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN

MADHAVAN MENON — MANAGING DIRECTOR

RAM KENKARE — HEAD OF LEGAL & COMPANY SECRETARY

Cash Flow Statement for the period ended 31st December 2006

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	Period ended 31st December 2006 Rupees Rupees		Year ended 31st October 2005 Rupees Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION AFTER EXCEPTIONAL ITEM		585,093,898		415,163,066
Adjustments for -				
Depreciation	110,107,682		65,004,627	
Interest Income	(9,943,698)		(4,826,535)	
Unrealised Exchange Variation (Net)	—		(357,202)	
Dividend Income	(2,822,738)		(7,401,008)	
Profit on Sale of Fixed Assets (Net)	(55,913,097)		(939,560)	
Profit on Sale of Subsidiary Company	(82,416,400)		(90,317)	
Profit on Redemption of Long-term Investment	(26,355)		(26,242)	
Provision for Diminution in the Value of Long-term Investment	—		(6,228,120)	
Interest Expense	57,270,751		6,300,179	
		16,256,145		51,435,822
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		601,350,043		466,598,888
Adjustments for -				
Trade and Other Receivables	(258,948,139)		(89,299,263)	
Trade and Other Payables	330,219,432		135,236,381	
		71,271,293		45,937,118
CASH GENERATED FROM OPERATIONS		672,621,336		512,536,006
Interest Paid	(44,031,745)		(6,277,980)	
Interest Received	15,146,103		3,448,124	
Direct Taxes paid (Net of refund of taxes)	(167,317,741)		(139,585,189)	
		(196,203,383)		(142,415,045)
NET CASH FROM OPERATING ACTIVITIES		476,417,953		370,120,961
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(149,951,412)		(81,101,075)	
Sale of Fixed Assets	136,158,114		6,418,191	
Purchase of Investment in Subsidiary Company	(1,862,182,470)		(29,119,030)	
Purchase of Investments	—		(126,015,425)	
Outflow on account of Amalgamation with LKP Forex Limited (Refer Note 2(b) of Schedule "Q")	(503,562,119)		—	
Sale of Investment in Subsidiary Company	84,916,400		—	
Sale of Investments	26,044,015		6,382,024	
Dividend Received	2,822,738		7,401,008	
NET CASH USED IN INVESTING ACTIVITIES		(2,265,754,734)		(216,034,307)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings (Net)	2,356,232,767		—	
Repayment of Borrowings	—		(150,000,000)	
Payment of Finance Lease liability	(4,854,014)		—	
Dividend Paid	(50,264,643)		(54,622,221)	
Tax on Dividend Paid	(7,669,922)		(7,146,973)	
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		2,293,444,188		(211,769,194)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		504,107,407		(57,682,540)
Cash and Cash Equivalents - Opening Balance		850,732,356		908,414,896
Add: Cash and Bank balance taken over on Amalgamation of LKP Forex Limited		251,562,000		—
Cash and Cash Equivalents - Closing Balance		1,606,401,763		850,732,356

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, 23rd March 2007

For and on behalf of the Board

UDAYAN BOSE – CHAIRMAN

MADHAVAN MENON – MANAGING DIRECTOR

RAM KENKARE – HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

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

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1. We have audited the attached Consolidated Balance Sheet of Thomas Cook (India) Limited (the 'Company') and its subsidiaries as at 31st December 2006, and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the period 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, Thomas Cook (Mauritius) Travel Limited, Thomas Cook (Mauritius) Holidays Limited, Thomas Cook Travel (Thailand) Limited and Travel Corporation (India) Limited whose financial statements reflect total assets of Rs. 603,341,288 as at 31st December 2006 and total revenues of Rs. 55,309,690 for the period then ended. These financial statements have been audited by other auditors whose 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 Lanka Holdings (Private) Limited and Airline Services Lanka (Private) Limited whose unaudited financial statements reflect total assets of Rs. 2,102,194 as at 31st December 2006 and total loss of Rs. 220,206 for the period 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 December 2006;
 - (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 period 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 period ended on that date.

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai, 23rd March 2007

Consolidated Balance Sheet as at 31st December 2006

	Schedule	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	145,833,330	145,833,330
Share Capital Suspense	A1	1,053,704,650	—
Reserves and Surplus	B	379,394,476	1,522,747,902
		1,578,932,456	1,668,581,232
MINORITY INTEREST		11,471,838	—
LOAN FUNDS			
Secured Loans	C	61,427,494	2,180,438
Unsecured Loans	D	2,462,990,101	—
DEFERRED TAXATION (NET)	E		
Deferred Tax Liability		83,328,590	75,897,999
Less : Deferred Tax Assets		35,992,792	22,009,441
		47,335,798	53,888,558
TOTAL		4,162,157,687	1,724,650,228
APPLICATION OF FUNDS			
FIXED ASSETS	F		
Gross Block		2,768,989,656	918,187,217
Less : Depreciation		635,481,590	390,939,037
Net Block		2,133,508,066	527,248,180
Advances for Capital Expenditure		5,828,315	28,478,283
		2,139,336,381	555,726,463
INVESTMENTS	G	125,348,614	141,494,864
CURRENT ASSETS, LOANS AND ADVANCES:			
Sundry Debtors	H	1,806,201,192	807,856,528
Cash and Bank Balances	I	1,917,063,334	932,383,801
Loans and Advances	J	630,655,076	382,664,858
		4,353,919,602	2,122,905,187
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	K	2,295,016,424	1,022,290,504
Provisions	L	161,542,561	73,275,857
		2,456,558,985	1,095,566,361
NET CURRENT ASSETS		1,897,360,617	1,027,338,826
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Preliminary and Pre-operative Expenses		112,075	90,075
TOTAL		4,162,157,687	1,724,650,228
Notes to the Consolidated Financial Statements	Q		

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

In terms of our report of even date

SHARMILA A. KARVE

Partner

Membership No. 43229

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Mumbai, 23rd March 2007

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN

MADHAVAN MENON — MANAGING DIRECTOR

RAM KENKARE — HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

Consolidated Profit and Loss Account for the period ended 31st December 2006

	Schedule	Period ended		Year ended	
		31st December 2006	31st December 2006	31st October 2005	31st October 2005
		Rupees	Rupees	Rupees	Rupees
INCOME					
Turnover		2,347,212,746		1,308,630,060	
Other Income	M	204,113,143		110,978,722	
			2,551,325,889		1,419,608,782
EXPENDITURE					
Personnel Cost	N	666,879,407		345,154,369	
Advertisement and Business Promotion		157,927,634		98,858,375	
Other Expenses	O	968,365,621		459,460,985	
Interest	P	57,777,993		6,300,179	
Depreciation	F	115,432,239		68,382,433	
			1,966,382,894		978,156,341
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM			584,942,995		441,452,441
Provision for Taxation					
Current Tax		199,888,463		149,245,000	
Fringe Benefit Tax		15,274,019		4,832,175	
Deferred Tax		(8,048,312)		2,568,931	
			207,114,170		156,646,106
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEM			377,828,825		284,806,335
Exceptional item, net of taxation [Refer Note 3 (g) of Schedule "Q"]			18,354,304		—
Net profit			359,474,521		284,806,335
Add : Transfer from Reserve created under Section 80HHD of the Income-tax Act, 1961			18,000,000		15,000,000
			377,474,521		299,806,335
Balance brought forward from previous year			772,091,569		561,503,838
			1,149,566,090		861,310,173
APPROPRIATIONS					
Transfer to General Reserve			38,478,161		26,861,183
Proposed Dividend			80,391,165		54,687,499
Corporate Dividend Tax			13,662,478		7,669,922
Balance carried to Balance Sheet			1,017,034,286		772,091,569
			1,149,566,090		861,310,173
Earnings per Share - Basic			24.65		19.53
Earnings per Share - Diluted			21.56		19.53
[Rs. per Equity Share of Rs. 10 each] [Refer Note 3(m) of Schedule "Q"]					
Notes to the Consolidated Financial Statements	Q				

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

In terms of our report of even date

SHARMILA A. KARVE

Partner

Membership No. 43229

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Mumbai, 23rd March 2007

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN

MADHAVAN MENON — MANAGING DIRECTOR

RAM KENKARE — HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

Schedules forming part of the Consolidated Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 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 pursuant to a contract without payment being received in 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, TCIM Limited, U.K. <i>(previously held by Thomas Cook Overseas Limited, U.K.)</i>		
(d) 1,183,461 <i>(Previous year - Nil)</i> shares are held by Dubai Financial (LLC) the Holding Company of TCIM Limited U.K.		
SCHEDULE "A1" : SHARE CAPITAL SUSPENSE		
Shares to be allotted to the erstwhile shareholders of LKP Forex Limited pursuant to its merger with the Company effective April 1, 2006. (Refer Note 3(b) of Schedule "Q")		
103,284,000 <i>(Nil)</i> 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each	1,032,840,000	—
319,765 <i>(Nil)</i> 'Class B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each	3,197,650	—
271,800 <i>(Nil)</i> 'Class C' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each	2,718,000	—
1,494,900 <i>(Nil)</i> Equity Shares of Rs. 10 each	14,949,000	—
	<u>1,053,704,650</u>	<u>—</u>

Schedules forming part of the Consolidated Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "B" : RESERVES AND SURPLUS		
Reserve as required under Section 80HHD of the Income-tax Act, 1961		
Balance as per last Balance Sheet	78,500,000	93,500,000
Less : Transfer to Profit and Loss Account	18,000,000	15,000,000
	60,500,000	78,500,000
General Reserve		
Balance as per last Balance Sheet	672,156,333	645,295,150
Less : Transferred as per Scheme of Amalgamation (Refer Note 3(b) of Schedule "Q")	(669,360,301)	—
Add : Transfer from Profit and Loss Account	38,478,161	26,861,183
	41,274,193	672,156,333
Profit and Loss Account	1,017,034,286	772,091,569
Less : Transferred as per Scheme of Amalgamation (Refer Note 3(b) of Schedule "Q")	(739,414,003)	—
	277,620,283	772,091,569
	379,394,476	1,522,747,902
SCHEDULE "C" : SECURED LOANS		
Finance Lease Liability	7,051,186	2,180,438
Cash Credit Accounts etc.	49,801,155	—
Hire Purchase Loan	4,911,380	—
Less : Unmatured Finance Charges	336,227	—
	4,575,153	—
	61,427,494	2,180,438
(Secured by hypothecation of book debts, pledge of fixed deposit receipts of the bank and lien on vehicle purchased)		
SCHEDULE "D" : UNSECURED LOANS		
Short-term Loan from Banks	2,278,778,460	—
Bank Overdrafts	34,211,641	—
Others	150,000,000	—
	2,462,990,101	—
SCHEDULE "E" : DEFERRED TAXATION (NET)		
Deferred Tax Liability - On fiscal allowances on fixed assets	83,328,590	75,897,999
Less : Deferred Tax Assets		
Unabsorbed business loss	387,162	—
Provisions Allowable for tax purposes when paid	13,541,971	4,510,788
Provision for Doubtful Debts and Advances	22,063,659	17,498,653
	35,992,792	22,009,441
	47,335,798	53,888,558

Schedules forming part of the Consolidated Balance Sheet as at 31st December 2006

SCHEDULE "F" : FIXED ASSETS

Description	GROSS BLOCK - AT COST					DEPRECIATION/AMORTISATION					NET BLOCK		
	As at 1st November 2005	Amalgamation *	Acquisition	Additions	Deductions	As at 31st December 2006	As at 1st November 2005	Amalgamation *	Acquisition	For the Period	On Deductions	As at 31st December 2006	As at 31st October 2005
Intangible Assets													
Goodwill	8,831,169	–	–	–	–	8,831,169	8,831,169	–	–	–	–	8,831,169	–
Goodwill on Consolidation	–	–	1,453,969,274	–	–	1,453,969,274	–	–	–	–	–	–	1,453,969,274
Software	84,313,128	–	9,609,685	40,737,939	1,927,602	132,733,150	36,320,954	–	6,465,770	30,102,630	646,512	72,242,842	60,490,308
47,992,174													
Tangible Assets													
Leasehold Properties	25,135,357	27,570,055	810,217	5,054,941	2,621,683	55,948,887	22,526,741	10,651,131	113,263	7,144,508	992,974	39,442,669	16,506,218
2,608,616													
Freehold Properties	265,658,165	–	73,354,829	–	13,338,747	325,674,247	39,614,237	–	28,470,569	5,048,399	3,067,154	70,066,051	255,608,196
226,043,928													
Strong Room	674,425	–	–	–	–	674,425	539,390	–	–	17,079	–	556,469	117,956
135,035													
Furniture and Fittings	148,914,688	20,773,675	33,235,600	42,669,136	5,108,941	240,484,158	65,996,058	5,290,516	26,361,802	13,332,591	2,923,900	108,057,067	82,918,630
Computers	205,594,932	17,498,470	50,282,152	52,384,656	112,874,410	212,885,800	156,796,311	5,331,310	36,518,565	37,018,422	52,619,605	183,045,003	29,840,797
48,796,621													
Office Equipment	126,535,714	20,814,190	39,202,196	30,513,475	8,143,507	208,922,068	42,217,904	3,136,422	26,291,342	10,764,425	3,352,390	79,057,703	129,864,365
84,317,810													
Vehicles	52,529,639	19,432,455	86,529,356	13,780,931	43,405,903	128,866,478	18,096,273	3,893,209	57,259,422	12,004,185	17,070,472	74,182,617	54,683,861
34,433,366													
TOTAL	918,187,217	106,088,845	1,746,993,309	185,141,078	187,420,793	2,768,989,656	390,939,037	28,302,588	181,480,733	115,432,239	80,673,007	635,481,590	527,248,180
527,248,180													
Previous year	878,606,974	–	–	78,152,386	38,572,143	918,187,217	355,230,219	–	–	68,382,433	32,673,615	390,939,037	–
–													

NOTES :

- Intangible Assets are other than internally generated.
- Cost of Freehold Properties includes :
 - 150 (Previous Year - 170) unquoted fully paid-up Shares of Rs. 7,750 (Previous Year Rs. 8,750) in various Co-operative Societies.
 - Share application money of Rs. 2,040 (Previous Year Rs. 2,040) to various Co-operative Societies.
 - Premises of Rs. 15,431,718 (Previous Year Rs. 15,431,718) 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. 144,506,670) where the Co-operative Society is yet to be formed.
 - Rs. 12,100,000 being cost of 65 debentures of face value of Rs. 7,800 each (net of redemption) conferring occupancy rights of a portion of a building (Chandermukhi) as office premises and 900 equity shares of the face value of Rs. 100 each of R.R. Investments and Estates Limited.
 - Rs. 15,406,088 being cost of ownership flats in Co-operative Societies including cost of shares of the face value of Rs. 100
- Gross block and Net block of vehicles includes Rs. 23,456,911 (Previous Year Rs. 3,478,148) and Rs. 16,179,862 (Previous Year Rs. 2,993,980) respectively in respect of vehicles acquired under finance leases.

* Refer Note 3(b) of Schedule "Q"

Schedules forming part of the Consolidated Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "G" : INVESTMENTS		
(Unquoted unless otherwise stated)		
Current - Non Trade		
In fully paid-up Units of Mutual Funds		
– 10,002,811 Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option-Institutional Premium Plan - Daily Dividend	100,035,109	–
– 191,569 Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	2,027,160	–
– 1,996,884 Units of Rs. 10 each of LIC Mutual Fund - Liquid Fund - Daily Dividend Plan	21,925,554	–
– 2,994,511 Units of Rs. 10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend	–	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
	<u>123,987,823</u>	<u>129,078,710</u>
Long-term (at cost)		
In Subsidiary Companies [Refer Note 1(a) of Schedule "Q"]		
97,995 Equity Shares of THB 100 each of Thomas Cook Travel (Thailand) Limited	–	11,021,983
In Government Securities (Face value Rs. 500)	500	–
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
– 1,000 fully paid-up Equity Shares of Rs. 1 each of JIK Industries Limited	18,000	–
– 100 fully paid-up Equity Shares of Rs. 10 each of Weizmann Limited	2,000	–
In fully paid-up Debentures - Trade		
Zero coupon fully paid-up Redeemable Debentures of SLR 100 each of Tangerine Beach Hotel Limited	77,202	114,547
	<u>125,365,149</u>	<u>141,494,864</u>
Less : Provision for diminution in value of investment	16,535	–
	<u>125,348,614</u>	<u>141,494,864</u>
Aggregate amount of Quoted Investments	1,283,089	1,279,624
Aggregate amount of Unquoted Investments	124,065,525	140,215,240
	<u>125,348,614</u>	<u>141,494,864</u>
Aggregate Market Value of Quoted Investments	2,363,908	5,160,356

Schedules forming part of the Consolidated Balance Sheet as at 31st December 2006

	As at 31st December 2006 Units	As at 31st October 2005 Units
SCHEDULE "G" (contd.)		
Investments purchased and sold during the period		
– Units of Rs. 10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend	258,902,018	307,311,740
– Units of Rs. 10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend	43,485,654	168,520,596
– Units of Rs. 10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend	195,212,744	72,432,777
– Units of Rs. 10 each of Grindlays Mutual Fund - Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend	130,282,174	395,036,560
– Units of Rs. 10 each of LIC Mutual Fund - LIC Mutual Fund Liquid Fund - Dividend Plan	83,812,870	11,520,054
– Units of Rs. 10 each of SBI Mutual Fund - Magnum Institutional Income - Savings - Dividend	156,068,984	62,892,452
– Units of Rs. 10 each of Prudential ICICI Mutual Fund - Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend	94,017,851	4,603,594
– Units of Rs. 1,000 each of Franklin Templeton - Templeton India Treasury Management Account - Institutional Plan - Daily Dividend Reinvestment	399,961	232,767
– Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend	294,543,192	57,024,622
– Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Plan - Daily Dividend	1,399	389,927
– Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	85,414	340,204
– Units of Rs. 10 each of Deutsche Mutual Fund -Deutsche Insta Cash Plus Fund - Regular Dividend Option	88,835	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 Sun Life 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	61,446	116,066
– Units of Rs. 1,512 each of Templeton India Treasury Management Account - Regular Plan - Daily Dividend Reinvestment	6	1,653

Schedules forming part of the Consolidated Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "H" : SUNDRY DEBTORS		
Unsecured, considered good		
Outstanding exceeding six months	35,680,011	26,559,289
Others	1,770,521,181	781,297,239
	1,806,201,192	807,856,528
Unsecured, considered doubtful		
Outstanding exceeding six months	64,569,617	39,573,189
Others	480,000	—
	65,049,617	39,573,189
Less : Provision for doubtful debts	65,049,617	39,573,189
	—	—
	1,806,201,192	807,856,528
SCHEDULE "I" : CASH AND BANK BALANCES		
Cash and Cheques on hand (including Foreign Currencies - Notes and paid documents)	507,003,807	291,151,701
Remittances in Transit - Foreign Currencies - Notes and paid documents	849,688,841	455,571,835
Balances with Scheduled Banks		
on Current Accounts	362,830,860	62,513,830
on Deposit Accounts	83,700,867	16,402,872
(Rs. 62,677,848 (Previous Year - Rs. 15,972,872) has been given as deposit / is on lien with various authorities)	446,531,727	78,916,702
Balances with Non-Scheduled Banks		
On Current Accounts		
Credit Suisse, Zurich, Switzerland	7,651,386	314,039
Bank of America, New York, USA	—	519,449
Bank of America, Tokyo, Japan	—	2,893,859
HSBC, London, United Kingdom	—	1,099,053
Deutsche Bank AG, Frankfurt, Germany	39,262,833	5,797,064
Bank of Nova Scotia, Canada	10,022,756	—
ANZ National Bank Limited, Australia	—	24,751,378
ANZ National Bank Limited, Wellington, New Zealand	263,767	2,140,050
HSBC, Mauritius	2,860,453	135,748
IOIB, Mauritius	1,395,763	—
HSBC, Sri Lanka	218,355	2,489
HSBC, Thailand	17,334,905	—
Barclays Bank, Mauritius	222,080	—
State Bank, Mauritius	2,304,794	—
MCB, Mauritius	30,391	—
IOIB, Mauritius	644,542	—
MPCB, Mauritius	1,395,719	—
Deutsche Bank, Germany	809,905	—
Deutsche Bank, United Kingdom	1,288,550	—
Deutsche Bank, New York	2,613,604	—
Standard Chartered Grindlays Bank, Sri Lanka	2,102,194	654,872
NDB Bank, Sri Lanka	—	23,535
Commercial Bank, Sri Lanka	1,185,221	—
HSBC, Sri Lanka	134,059	—
Deutsche Bank, Sri Lanka	27,439	—
Pan Asia Bank, Sri Lanka	227,915	—
Lloyds Bank, London, United Kingdom	592,074	—

Schedules forming part of the Consolidated Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees Rupees		As at 31st October 2005 Rupees Rupees	
SCHEDULE "I" (contd.)				
JP Morgan Chase Bank, USA	4,657,887		—	
Hatton National Bank, Sri Lanka	15,406		48,970	
	<u>97,261,998</u>		<u>38,380,506</u>	
On Deposit Accounts				
HSBC, Sri Lanka	64		68	
NDB Bank, Sri Lanka	1,659,550		8,175,465	
Standard Chartered Grindlays Bank, Sri Lanka	1,512,259		12,041,909	
HSBC, Mauritius	—		47,844,762	
IOIB, Mauritius	8,327,267		—	
HSBC, Thailand	5,077,821		—	
Pan Asia Bank, Sri Lanka	—		300,853	
	<u>16,576,961</u>	<u>113,838,959</u>	<u>68,363,057</u>	<u>106,743,563</u>
		<u>1,917,063,334</u>		<u>932,383,801</u>
SCHEDULE "J" : LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise stated)				
Receivable on sale of Subsidiary Company		82,600,000		—
Advances recoverable in cash or in kind or for value to be received				
Considered Good	535,174,442		331,467,777	
Considered Doubtful	9,765,251		13,493,700	
	<u>544,939,693</u>		<u>344,961,477</u>	
Less : Provision for Doubtful Advances	<u>9,765,251</u>		<u>13,493,700</u>	
		535,174,442		331,467,777
Loans Receivable - Secured (Refer Note 3(h) of Schedule "Q")		12,880,634		11,500,111
Balance with Customs, Port Trust, etc.		—		204,791
Tax Payments less Provisions		—		39,492,179
		<u>630,655,076</u>		<u>382,664,858</u>
SCHEDULE "K" : LIABILITIES				
Sundry Creditors other than Small Scale Industrial Undertakings*		1,955,810,929		849,583,805
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)		275,240,008		164,161,520
Interest accrued but not due		13,239,006		—
Unpaid Dividend@		6,418,845		1,995,989
Fractional Entitlement on Bonus Shares Refund Accounts		49,066		49,066
Tax Provisions less Payments		2,840,105		—
Other Liabilities		36,616,465		1,698,124
		<u>2,295,016,424</u>		<u>1,022,290,504</u>
* Include Book Overdrafts aggregating to Rs. 171,736,417 (Previous year Rs. 361,644,351).				
@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.				
SCHEDULE "L" : PROVISIONS				
Proposed Dividend		80,391,165		54,687,499
Corporate Dividend Tax		13,662,478		7,669,922
Provision for Leave Encashment		32,854,822		6,748,762
Provision for Gratuity		34,634,096		4,169,674
		<u>161,542,561</u>		<u>73,275,857</u>

Schedules forming part of the Consolidated Profit and Loss Account for the period ended 31st December 2006

	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "M" : OTHER INCOME				
Interest				
On Deposits with Banks (Gross)				
[Tax Deducted at Source Rs. 237,385 Previous year Rs. 201,561]	7,704,948		5,348,677	
On Income-tax Refund	2,690,778		171,382	
On Others	2,460,256		379,981	
		12,855,982		5,900,040
Dividend on Current Investments - Non Trade - On Units of Mutual Funds		2,886,193		7,685,203
Rent		1,508,087		1,091,692
Profit on Sale of Fixed Assets (Net)		55,662,892		900,664
Exchange Variation (Net) other than in the normal course of business as Foreign Exchange Authorised Dealers		9,510,606		5,499,823
Profit on Sale of Current Investments		2,614		93,049
Profit on Sale of Subsidiary Company		50,263,595		—
Profit on Redemption of Long-term Investment		26,355		26,242
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
Management Fees		—		1,572,867
Insurance Claim		2,308,775		9,223,607
Liabilities no longer required written back		33,877,543		36,509,516
Miscellaneous Income		35,210,501		36,247,899
		204,113,143		110,978,722
SCHEDULE "N" : PERSONNEL COST				
Salaries, Wages and Bonus		477,941,304		254,133,428
Contribution to Provident and Other Funds		38,877,975		23,594,748
Premium on / Provision for Gratuity-cum-Life Assurance Policy		17,152,782		774,109
Staff Welfare Expenses		63,414,321		39,793,220
Staff Training, Recruitment and Other Costs		24,490,300		7,910,585
Incentive / Commission to Staff and Directors		45,002,725		18,948,279
		666,879,407		345,154,369

Schedules forming part of the Consolidated Profit and Loss Account for the period ended 31st December 2006

	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "O" : OTHER EXPENSES				
Rent		128,324,218		70,681,249
Rates and Taxes		5,819,664		2,476,282
Insurance		12,970,363		9,501,680
Repairs and Maintenance				
Buildings	4,519,091		528,873	
Others	48,665,322		32,434,476	
		53,184,413		32,963,349
Electricity		31,269,831		18,082,335
Printing and Stationery		27,047,795		15,329,764
Postage, Telegrams, Telex and Telephones		74,408,589		46,242,742
Freight Currency Shipment		21,203,412		16,102,349
Legal and Professional Charges		86,953,481		26,731,310
Auditors' Remuneration				
Audit Fees	7,434,743		1,750,313	
Reports under the provisions of the Income-tax Act, 1961	1,623,464		996,220	
Miscellaneous Reports	226,990		241,680	
Reimbursement of Expenses	139,595		33,804	
	9,424,792		3,022,017	
Branch Auditors' Remuneration - Audit Fees	266,746		169,832	
		9,691,538		3,191,849
Bank Charges including Handling Charges on Remittances		52,144,228		32,090,265
Travelling and Subsistence		79,422,815		51,323,986
Brokerage and Incentives		256,907,336		73,742,851
Directors' Fees		1,203,932		460,000
Security Services		15,510,985		8,030,377
Vehicle Running and Maintenance		25,398,226		13,375,268
Licence Fees		14,235,034		11,051,373
Bad Debts and Advances written off		21,532,125		9,648,020
Provision for Doubtful Debts and Advances (Net)		15,818,950		1,196,665
Donations		25,849		800,319
Miscellaneous Expenses		35,292,837		16,438,952
		968,365,621		459,460,985
SCHEDULE "P" : INTEREST				
Short-term Loans from Banks		34,061,242		4,575,000
Bank Overdrafts		7,123,993		1,725,179
Others		16,592,758		—
		57,777,993		6,300,179

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF CONSOLIDATION

The Consolidated Financial Statements of Thomas Cook (India) Limited (the Company), and its domestic and foreign subsidiary companies are prepared in accordance with Accounting Standard (AS) - 21 on Consolidated Financial Statements, issued by The 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>
Thomas Cook Insurance Services (India) Limited	India	100%
Indian Horizon Travel and Tours Limited	India	100%
Thomas Cook Tours Limited	India	100%
Travel Corporation (India) Limited	India	100%
Hindustan Cargo 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%
Thomas Cook Travel (Thailand) Limited#*	Thailand	49%

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

* 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 up to 31st December 2006.

(b) One of the Subsidiary Thomas Cook Travel & Foreign Exchange (Singapore) Pte. Limited has not been considered in the Consolidated Financial Statements as its state of affairs as at the period end and the results of operations for the period are not material in relation to the Consolidated Financial Statements.

(c) The excess of cost of the Company of its investment in the Subsidiary Company over its share of equity of the Subsidiary Company, at the date on which the investment in the Subsidiary Company is made is recognised as Goodwill being an asset in the Consolidated Financial Statements.

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 Companies Act, 1956 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 :

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

<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

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

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

In case of cargo business and Mauritius foreign exchange business, foreign currency transactions are stated at the rate of exchange prevailing at the time of accounting such transactions and exchange variations are dealt with in the Profit and Loss Account. Current assets and liabilities at the year end are converted at closing rates and exchange variations are recognised in the Profit and Loss Account.

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

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

(ii) Foreign Branch and Subsidiaries

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

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

Revenue items except depreciation are translated at average rate.

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

(d) Investments

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long-term Investments. Current Investments are stated at lower of cost or 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. Any shortfall / excess based on independent actuarial valuation is accounted for in the relevant period.

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.

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

In case of cargo business, turnover comprises of commissions and margins earned by acting as cargo agent 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.

(h) 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 arrangements are charged to the Profit and Loss Account.

(i) Taxes on Income

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

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

3. NOTES TO THE ACCOUNTS

(a) The Company has changed its accounting year from October to December. Consequently the current financial year is for fourteen months i.e. November 2005 to December 2006. Hence the figures for current period are not comparable with the previous year.

(b) In terms of Scheme of Amalgamation between the Company and LKP Forex Limited which was sanctioned by the Honorable High Court at Mumbai on 12th January 2007, all assets and liabilities of LKP Forex Limited were transferred and vested in the Company w.e.f. the appointed date - 1st April 2006 in consideration for the issue of 103,284,000 '(Class A)' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each, 319,765 '(Class B)' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each, 271,800 '(Class C)' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each and 1,494,900 Equity Shares of Rs. 10 each credited as fully paid up to the shareholders of LKP Forex Limited.

In terms of the Accounting Standard 14 on Accounting of Amalgamation issued by The Institute of Chartered Accountants of India, the Scheme of Amalgamation is accounted under 'Purchase Method' wherein all assets and liabilities of LKP Forex Limited were recorded at carrying amounts on the date of Amalgamation.

An amount of Rs. 1,408,774,304 has been debited to the General Reserve and Balance of Profit and Loss account as per the scheme of amalgamation, which comprises of -

- (i) The shortfall of the aggregate value of assets over the aggregate value of liabilities taken over by the Company, after adjusting for the face value of Equity and Preference Shares to be issued and allotted by the Company as stated above,
- (ii) The expenses incurred on the merger, and
- (iii) In terms of the Merger Agreement dated 18th August 2006, the Company had paid an amount of Rs. 220,000,000 to the erstwhile shareholders of LKP Forex Limited under the Non-competition Agreement that was made with them as per the terms of the Merger Agreement. Accordingly, the non-compete fees has been adjusted against the goodwill / reserves arising from the amalgamation of the Company with LKP Forex Limited.

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

- (c) The results for the period ended 31st December 2006 are not strictly comparable with that of the previous year due to :
- (i) Inclusion of Operations of LKP Forex Limited for the period 1st April 2006 to 31st December 2006 consequent to its merger with the Company effective 1st April 2006
 - (ii) Sale of 100% stake in Hindustan Cargo Limited, a subsidiary of the Company w.e.f. 30th December 2006
 - (iii) Acquisition of 100% stake in Travel Corporation (India) Limited w.e.f. 28th December 2006.
- (d) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 6,852,456 (Previous year Rs. 13,160,293).

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
(e) 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
- Various Miscellenous Claims	4,126,940	-
(ii) Disputed Income-tax Demands	7,485,557	18,533,792
(iii) Disputed Demand for increase in rent raised by Brihanmumbai Municipal Corporation	11,572,851	11,572,851
(iv) Employees State Insurance claims disputed by the Company	7,402	-

Note :

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

- (f) The tax year for the Company being the year ending 31st March, the provision for taxation for the period is the aggregate of the provision made for the five months ended 31st March 2006 and the provision based on the figures for the remaining nine months up to 31st December 2006, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April 2006 to 31st March 2007.
- (g) The Company has provided for an amount of Rs. 27,667,025 as compensation payable to the erstwhile CEO and Managing Director for loss of office in the current period. Necessary approval of the Central Government has been obtained for the same.
- (h) Loans Receivable of Rs. 12,880,634 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 (Thailand) Limited, held by the borrowers.
- (i) One of the Subsidiaries has provided depreciation on all the fixed assets on written down value method, which is in variance to the method adopted by the Company. The Gross value of such Fixed Assets is Rs. 293,024,038.
- (j) 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 period ended 31st December 2006

	Period ended 31st December 2006 Rupees Rupees		Year ended 31st October 2005 Rupees Rupees	
SCHEDULE "Q" (contd.)				
(I) Information in respect of Primary Segments				
(a) Segment Revenue				
Financial Services		508,880,136		289,313,537
Travel and Related Services	1,778,275,959		973,338,629	
Less : Inter Segment Revenue	26,522		59,770	
		1,778,249,437		973,278,859
Others	61,691,220		46,554,585	
Less : Inter Segment Revenue	1,608,047		516,921	
		60,083,173		46,037,664
		2,347,212,746		1,308,630,060
(b) Segment Result				
Financial Services	240,159,661		151,669,528	
Travel and Related Services	599,957,399		417,020,078	
Others	(17,930,676)		12,754,240	
		822,186,384		581,443,846
Less : Interest	57,777,993		6,300,179	
Other Common Expenses	179,465,396		133,691,226	
		237,243,389		139,991,405
Profit before Taxation and Exceptional items		584,942,995		441,452,441
(c) Other Information				
(i) Segment Assets				
Financial Services	1,156,474,479		919,339,062	
Travel and Related Services	3,507,027,944		1,478,180,573	
Others	—		59,605,436	
		4,663,502,423		2,457,125,071
Add : Common Assets		1,955,102,174		358,635,009
		6,618,604,597		2,815,760,080
(ii) Segment Liabilities				
Financial Services	369,004,928		202,283,696	
Travel and Related Services	1,881,823,789		579,451,140	
Others	—		28,324,126	
		2,250,828,717		810,058,962
Add : Common Liabilities		2,788,955,499		337,209,961
		5,039,784,216		1,147,268,923
(iii) Segment Capital Employed (Segment Assets less Segment Liabilities)				
Financial Services	787,469,551		717,055,366	
Travel and Related Services	1,625,204,155		898,729,433	
Others	—		31,281,310	
		2,412,673,706		1,647,066,109
Add : Common Capital Employed		(833,853,325)		21,425,048
		1,578,820,381		1,668,491,157
(iv) Capital Expenditure				
Financial Services	40,129,184		16,117,373	
Travel and Related Services	71,177,652		35,117,839	
Others	5,671,106		4,133,166	
		116,977,942		55,368,378
Add : Common Capital Expenditure		68,163,136		22,784,008
		185,141,078		78,152,386

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees		Year ended 31st October 2005 Rupees	
SCHEDULE “Q” (contd.)				
(v)	Depreciation / Amortisation			
	Financial Services	26,954,014	15,106,459	
	Travel and Related Services	52,631,153	31,715,198	
	Others	3,029,088	1,632,361	
		82,614,255		48,454,018
	Add : Common Depreciation and Amortisation	32,817,984	19,928,415	
		<u>115,432,239</u>	<u>68,382,433</u>	
(vi)	Significant Non Cash Expenditure			
	Financial Services	22,198,293	15,106,459	
	Travel and Related Services	71,082,339	41,570,093	
	Others	5,152,573	2,829,026	
		98,433,205		59,505,578
	Add : Common Non Cash Expenditure	32,817,984	19,928,415	
		<u>131,251,189</u>	<u>79,433,993</u>	
(II)	Information in respect of Secondary Segments			
(a)	Segment Revenue			
	India	2,173,885,376	1,183,361,685	
	Rest of the World	173,327,370	125,268,375	
		2,347,212,746		1,308,630,060
(b)	Carrying amount of Segment Assets			
	India	4,345,531,037	2,315,122,366	
	Rest of the World	317,971,386	142,002,705	
		4,663,502,423		2,457,125,071
	Add : Common Assets	1,955,102,174	358,635,009	
		<u>6,618,604,597</u>	<u>2,815,760,080</u>	
(c)	Capital Expenditure			
	India	107,848,223	47,138,045	
	Rest of the World	9,129,719	8,230,333	
		116,977,942		55,368,378
	Add : Common Capital Expenditure	68,163,136	22,784,008	
		<u>185,141,078</u>	<u>78,152,386</u>	
(k)	Related Party Disclosures			
(A)	Enterprises where control exists			
(i)	Holding Company			
		From 21st January 2006 : TCIM Limited, UK holds 60% of Equity Shares of the Company. Dubai Financial (LLC), the Holding Company of TCIM owns 8.12% of the Company. Dubai Financial (LLC) is a wholly owned Subsidiary of Dubai Group, the Global investment arm of Dubai Holdings.		
		Upto 20th January 2006 : 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.		
(B)	Other Related Parties with whom the Company had transactions during the period.			
(i)	Fellow Subsidiaries			
(upto 20th January 2006)				
		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		

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

SCHEDULE "Q" (contd.)

	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	Ashwini Kakkar (upto 21st January 2006)
	Madhavan Menon
	Robin Banerjee
	Ram Kenkare
	Aashutosh Akshikar (upto 31st October 2006)
	Surendra Herwadkar (upto 30th June 2006)
	Anil Nadkarni (upto 31st October 2006)
	Dr. Prasanth Nair
	Gautam Sharma (from 10th July 2006)
	Narendran Kochat (upto 29th December 2006)
(iii) Relatives of Key Management Personnel	Manmohan Vir Kakkar (upto 21st January 2006)
(iv) Company in which a Director has significant influence	Tamara Capital Advisors Private Limited

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

	Period ended 31st December 2006		Year ended 31st October 2005	
	Rupees	Rupees	Rupees	Rupees
(i) Holding Company				
Income from Management Fees				
Thomas Cook UK Limited		—		1,572,867
Sale of Services*				
Thomas Cook AG, Germany		41,425,644		—
Licence Fees paid				
Thomas Cook UK Limited		13,816,250		10,975,417
Dividend Remitted				
Thomas Cook Overseas Limited		—		32,812,500
TCIM Limited, U.K.		32,812,500		—
Balances as at the period end -				
Outstanding Payables				
Thomas Cook UK Limited		—		8,817,122
(ii) Fellow Subsidiaries				
Sale of Services*				
Thomas Cook Tour Operations Limited, UK	137,831,893		272,085,319	
Thomas Cook Touristic GmbH, Germany	—		81,038,714	
Others	27,034,312		66,993,561	
		164,866,205		420,117,594
*Sale value of transactions				
Balances as at the period end -				
Outstanding Receivables				
Thomas Cook Tour Operations Limited, UK	—		384,166	
Others	—		5,396,219	
		—		5,780,385
Advances Received				
Others	—		316,305	
		—		316,305

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
SCHEDULE "Q" (contd.)		
(iii) Key Management Personnel Remuneration#		
Ashwini Kakkar	31,818,281	12,449,497
(Refer Note 3 (g))		
Madhavan Menon	10,922,938	8,043,476
Robin Banerjee	8,610,268	5,632,737
Others	23,301,134	15,972,036
	74,652,621	42,097,746
# Excludes gratuity contributed as the same is arrived at on an overall basis.		
(iv) Relative of Key Management Personnel Rent Expense		
Manmohan Vir Kakkar	60,000	240,000
Balance as at the period end - Deposit Receivable		
Manmohan Vir Kakkar	—	39,000,000
(v) Company in which a Director has significant influence		
Professional Charges		
Tamara Capital Advisors Private Limited	3,178,620	—
Note : Balances as at the period end for the erstwhile Holding Company, fellow subsidiaries and relative of key management personnel have not been given, since they ceased to be related parties before the period end.		
(I) Disclosures for Leases		
(A) Finance Leases - Vehicles		
(i) Minimum Lease Payments payable		
– Not later than one year	6,322,303	684,234
– Later than one year but not later than five years	6,140,076	2,015,459
	<u>12,462,379</u>	<u>2,699,693</u>
(ii) Present Value of Minimum Lease Payments payable		
– Not later than one year	6,199,111	479,495
– Later than one year but not later than five years	4,982,680	1,700,943
	<u>11,181,791</u>	<u>2,180,438</u>
(iii) Reconciliation of Minimum Lease Payments and their Present Value		
– Minimum Lease Payments Payable as per (i) above	12,462,379	2,699,693
– Less : Finance Charges to be recognised in subsequent years	1,280,588	519,255
– Present Value of Minimum Lease Payments payable as per (ii) above	<u>11,181,791</u>	<u>2,180,438</u>
(iv) Finance Charges recognised in the Profit and Loss Account	740,858	173,477

Schedules forming part of the Consolidated Financial Statements for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
SCHEDULE "Q" (contd.)		
(B) Operating Leases		
Disclosures in respect of agreements for office and residential premises taken on lease		
(i) Lease payments recognised in the Profit and Loss Account	130,474,926	73,120,271
(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	43,352,033	5,288,730
– Later than one year and not later than five years	51,735,820	10,628,394
(m) In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of dilutive potential equity shares. Earnings per Share has been computed as under:		
Profit after Taxation	359,474,521	284,806,335
Weighted average number of shares - Basic	14,583,333	14,583,333
Weighted average number of shares - Diluted	16,669,798	14,583,333
Basic Earnings per Share (Rs. per Equity Share of Rs. 10 each)	24.65	19.53
Diluted Earnings per Share (Rs. per Equity Share of Rs. 10 each)	21.56	19.53
(n) Previous year figures have been regrouped where necessary.		

Signatures to Schedules "A" to "Q"

For and on behalf of the Board

UDAYAN BOSE – CHAIRMAN

MADHAVAN MENON – MANAGING DIRECTOR

RAM KENKARE – HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

Consolidated Cash Flow Statement for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAXATION AFTER EXCEPTIONAL ITEM	566,588,691	441,452,441
Adjustments for -		
Depreciation	115,432,239	68,382,433
Interest Income	(12,855,982)	(5,900,040)
Unrealised Exchange Variation (Net)	—	(357,202)
Dividend Income	(2,886,193)	(7,685,203)
Profit on Sale of Fixed Assets (Net)	(55,662,892)	(900,664)
Profit on Sale of Subsidiary Company	(50,263,595)	(93,049)
Profit on Redemption of Long-term Investment	(28,969)	(26,242)
Provision for Diminution in the Value of Long-term		
Investment written back (Net)	—	(6,228,120)
Interest Expense	57,777,993	6,300,179
Finance Charges on Finance Lease	—	173,477
Preliminary expenses incurred	(22,000)	(3,400)
	<u>51,490,601</u>	<u>53,662,169</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	618,079,292	495,114,610
Adjustments for -		
Trade and Other Receivables	(1,022,778,353)	(154,092,041)
Trade and Other Payables	987,959,540	178,721,721
	<u>(34,818,813)</u>	<u>24,629,680</u>
CASH GENERATED FROM OPERATIONS	583,260,479	519,744,290
Interest Paid	(44,538,987)	(6,451,457)
Interest Received	18,058,387	4,521,629
Direct Taxes paid (Net of refund of taxes)	(176,996,751)	(150,113,491)
	<u>(203,477,351)</u>	<u>(152,043,319)</u>
NET CASH FROM OPERATING ACTIVITIES	379,783,128	367,700,971
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,727,692,943)	(88,479,587)
Sale of Fixed Assets	147,037,565	6,799,192
Sale of Investment in Subsidiary Company	50,263,595	—
Consolidation of Thailand Subsidiary*	22,493,821	—
Purchase of Investments	(500)	(135,455,893)

Consolidated Cash Flow Statement for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
Outflow on Amalgamation with LKP Forex Limited (Refer Note 3(b) of Schedule "Q")	(503,562,119)	—
Sale of Investments	5,157,201	6,384,756
Dividend Received	2,886,193	7,685,203
NET CASH USED IN INVESTING ACTIVITIES	(2,003,417,187)	(203,066,329)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	2,419,880,977	—
Repayment of Borrowings	—	(153,580,908)
Payment of Finance Lease liability	(5,194,820)	(540,090)
Dividend Paid	(50,264,643)	(54,622,221)
Tax on Dividend Paid	(7,669,922)	(7,146,973)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	2,356,751,592	(215,890,192)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	733,117,533	(51,255,550)
Cash and Cash Equivalents - Opening Balance	932,383,801	983,639,351
Add : Cash and Bank balance taken over on Amalgamation of LKP Forex Limited	251,562,000	—
Cash and Cash Equivalents - Closing Balance	1,917,063,334	932,383,801

* In the previous year, Thailand subsidiary was shown as investment and the same has been consolidated in the current period
Notes :

1. 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.
2. 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, 23rd March 2007

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN
MADHAVAN MENON — MANAGING DIRECTOR
RAM KENKARE — HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

Information Regarding Subsidiary Companies Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial Year ending of the Subsidiary	Number of equity shares held	Extent of holding	Net aggregate amount of the Subsidiary Company's profit/(loss) not dealt with in the Company's accounts :		Net aggregate amount of the Subsidiary Company's profit/(loss) dealt with in the Company's accounts :	
				For the Subsidiary Company's financial period ended 31st December 2006	For the Subsidiary Company's previous financial years	For the Subsidiary Company's financial period ended 31st December 2006	For the Subsidiary Company's previous financial years
Travel Corporation (India) Limited	31.12.2006	1,576,698	100%	—	—	—	—
Thomas Cook Tours Limited	31.12.2006	50,000	100%	—	—	—	—
Thomas Cook Insurance Services (India) Limited	31.12.2006	50,000	100%	INR (9,394,486)	INR 16,763,157	—	—
Indian Horizon Travel and Tours Limited	31.12.2006	50,000	100%	—	—	—	—
Thomas Cook (Mauritius) Holding Company Limited	31.12.2006	1,655,500	100%	USD 45,980	USD (236,066)	—	—
Thomas Cook (Mauritius) Operations Company Limited*	31.12.2006	268,136	100%	MUR 9,717,650	MUR (1,314,761)	—	—
Thomas Cook (Mauritius) Travel Limited*	31.12.2006	13,100	100%	MUR (226,208)	MUR (102,574)	—	—
Thomas Cook (Mauritius) Holidays Limited*	31.12.2006	13,100	100%	MUR (466,393)	MUR (27,320)	—	—
Thomas Cook Travel (Thailand) Limited*	31.12.2006	97,995	49%	BAHT (1,079,681)	—	—	—
Thomas Cook Lanka Holdings (Private) Limited*	31.12.2006	518,453	100%	MUR 180,204	—	—	—
Airline Services Lanka (Private) Limited@	31.12.2006	2	100%	—	—	—	—
Thomas Cook Travel and Foreign Exchange (Singapore) Pte. Limited	31.12.2006	2	100%	—	—	—	—

* These shares are held by Thomas Cook (Mauritius) Holding Co. Limited

@ These shares are held by Thomas Cook Lanka Holdings (Private) Limited

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN

MADHAVAN MENON — MANAGING DIRECTOR

RAM KENKARE — HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 23rd March 2007

Directors' Report

TO THE MEMBERS OF : TRAVEL CORPORATION (INDIA) LIMITED

The Directors present their Forty-Sixth Annual Report together with the Audited Statement of Accounts for the nine months period ended 31st December 2006.

CHANGE IN THE STATUS OF THE COMPANY

During the period under report, the Company became the subsidiary of Thomas Cook (India) Limited in terms of Section 4(1)(b)(ii) of the Companies Act, 1956. With the result, the Company has become public limited company by deletion of the word "Private" from the name of the Company and the name of the Company has been changed to Travel Corporation (India) Limited with effect from 26th February 2007 vide fresh certificate of incorporation issued by the Registrar of Companies, Maharashtra.

CHANGE IN FINANCIAL YEAR

Financial year of the Company has been changed to close on 31st December instead of 31st March every year and accordingly the current financial year is for nine months i.e. 1st April 2006 to 31st December 2006 instead of twelve months.

FINANCIAL RESULTS

The financial results of the Company are summarised below :

	For the nine months period ended 31st December 2006 (Rs.)	For the year ended 31st March 2006 (Rs.)
Profit before Depreciation & Taxation	63,739,429	121,075,722
Depreciation	21,229,395	29,834,989
Profit for the year	42,510,034	91,240,733
Prior Period items (net)	(194,735)	(11,032,328)
Profit before Taxation	42,315,299	80,208,405
Provision for Taxation	20,001,322	35,811,727
Profit after Taxation	22,313,977	44,396,678
Taxation of Prior Years (net)	—	15,086
Profit after Taxation	22,313,977	44,411,764
Balance brought forward from previous year	235,590,094	141,178,330
Transfer from Reserve under S.80HHD of the Income Tax Act, 1961	—	23,226,363
Transfer from Reserve Utilised under S.80HHD of the Income Tax Act, 1961	—	26,773,637
Balance carried forward to Balance Sheet	257,904,071	235,590,094

OPERATIONS

The seasonal nature of the Company's business results in a large proportion of the revenue being booked during the first three months of the year i.e. January to March. Hence, the results of the current period of nine months i.e. April to December, 2006 cannot be compared with the operations for the full year. The Company, however, continues to show satisfactory results.

DIVIDEND

With a view to conserve the resources of the Company, your Directors do not recommend any dividend for the financial period under report.

DIRECTORS

Mr. Jehangir N. Katgara, Mr. Naresh J. Kotak, Mr. Bhagwan J. Kotak, Mr. Krishna B. Kotak, Mr. Arvind Parikh, Dr. Jagdish Parikh, Mr. Pranav Parikh and Mr. Pallan A. Katgara resigned as Directors of the Company on 28th December 2006. The Board places on record their appreciation of valuable advice given by them during their tenure as the Directors of the Company.

Mr. Hoshang Billimoria, Mr. Pradeep Madhavji, Mr. Madhavan Menon and Mr. Jehangir N. Katgara have been appointed Additional Directors of the Company on 28th December 2006. By virtue of Section 260 of the Companies Act, 1956 they hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

During the year the Company had strict control on wasteful electrical consumption. Lights and power were switched off wherever not necessary.

The Company does not use any technology for its existing business.

During the year under report the foreign exchange earnings were Rs. 985,603,976 and outgo was Rs. 62,386,523.

PARTICULARS OF EMPLOYEES

The particulars of employees required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are annexed hereto.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm :

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the accounting policies of the Company have been realigned during the year keeping in mind the accounting policies of

Directors' Report

the holding Company. The policy pertaining to depreciation is in the process of being reviewed based on the expected useful life of assets and the effect of this change will be incorporated in the Accounts for the year 2007.

- 3) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

COMPLIANCE CERTIFICATE

A Compliance Certificate from a secretary in whole-time practice under Section 383A of the Companies Act, 1956 in respect of the period ended on 31st December 2006 is attached hereto.

AUDITORS

M/s. C. C. Chokshi & Co., Chartered Accountants, the Auditors of the Company have expressed their unwillingness to be re-appointed as auditors of the company. The Company has received a letter from M/s. Lovelock & Lewes, Chartered Accountants, stating that

their appointment, if made, will be within the limit laid down under Section 224(1B) of the Companies Act, 1956. The Board recommends the appointment of M/s. Lovelock & Lewes as auditors of the company.

AUDITORS' REMARKS

As regards the observations made by the Auditors in their report, suitable steps are being taken to strengthen the internal audit system in its scope and coverage of operations.

Though all the Fixed Assets have not been verified during the period, the Company follows a regular pattern of verification of its assets ensuring that all fixed assets are verified over a period of three years.

FOR AND ON BEHALF OF THE BOARD

HOSHANG S. BILLIMORIA
CHAIRMAN

Mumbai, 9th March 2007

Annexure to the Directors' Report

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Particulars as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st December, 2006

Sr. No.	Name of the Employee	Designation and Nature of Duties	Remuneration received Rupees	Qualification	Date of commencement of employment	Experience	Age	Last Employment
1.	Mr P. A. Katgara	Working Director *	5,130,156	B.Com.	1.4.1979	27 years	47 years	—
2.	Mr P. K. Mansharamani	Manager - Spain & Portugal	6,653,996	B.A.	15.3.1977	30 years	50 years	Oriental Travels
3.	Miss L. Pinto	Manager-New York	2,235,000	B.A. (Economics)	15.5.1987	19 years	61 years	Middle East Airlines- Abu Dhabi
4.	Ms. Sarah Lakshman	Manager - U.K. & Ireland	2,129,512	A. level + Travel & Tourism	1.1.2003	3 years	37 years	Mercury Travels Ltd. London
5.	Ms. J. H. Yeum	Sales Manager	1,860,500	High School	15.8.1991	24 years	48 years	JB Travel - London

* Employed for part of the year.

Compliance Certificate

Registration No.: 11-12067

Authorised Capital: 20,000,000

To,

The Members
TRAVEL CORPORATION (INDIA) LIMITED
Chander Mukhi, Nariman Point,
Mumbai 400 021

We have examined the registers, records, books and papers of Travel Corporation (India) Limited (converted into Public Limited Company on 26th February 2007) 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 period ended on 31st December 2006 i.e. from 1st April 2006 to 31st December 2006. 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 period:

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 filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time mentioned in the said Annexure.
3. The Company being a private limited company as on 31st December 2006 had the minimum prescribed paid-up capital and its maximum number of members during the said financial period was 40 (Forty) excluding its present and past employees and the Company during the period under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 5 (Five) times on 26th April 2006, 25th July 2006, 20th September 2006, 29th November 2006 and on 28th December 2006 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the period as it was not required to close the same.
6. The Annual General Meeting for the financial year ended on 31st March 2006 was held on 30th September 2006 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held on 28th December 2006 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.
8. The Company being a Private Limited Company as on 31st December 2006, Section 295 of the Act was not applicable.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial period.
13.
 - (i) The Company delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act. The shares were transferred through physical as well as electronic mode.
 - (ii) The Company has not deposited dividend amount in a separate Bank Account as no dividend was declared during the financial period.
 - (iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial period.

- (iv) There are no unpaid dividends, application money due for refund, matured deposits, matured debentures or the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
 - (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies have been duly made.
 15. The Company being a private Company, as on 31st December 2006, provisions of Section 269 of the Act with regard to appointment of Managing Director /Whole-time Director/Manager were not applicable.
 16. The Company has not appointed any sole selling agents during the financial period.
 17. The Company was not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act wherever required during the financial period.
 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 issued six equity shares of Rs 10/- each during the financial period and complied with the provisions of the Act.
 20. The Company has not bought back any shares during the financial period.
 21. There was no redemption of preference shares or debentures during the financial period.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial period.
 24. The Company has not made borrowings during the financial period ended 31st December 2006.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been 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 period under scrutiny.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
 28. The Company has altered the provisions of the Memorandum with respect to the name of the Company during the period under scrutiny and complied with the provisions of the Act.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the period under scrutiny.
 30. The Company has altered its Articles of Association after obtaining approval of members in the general meeting held on 28th December, 2006 .
 31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial period, for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial period.
 33. The Company has deposited both employees' and employers' contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For PARIKH & ASSOCIATES

P. N. Parikh
Company Secretary
C. P. No. : 1228

Place : Mumbai
Date : 9th March 2007

Annexure 'A'**Statutory Registers as maintained by the Company :**

1. Register of Charges u/s 143 of the Act.
2. Register of Members u/s 150 of the Act.
3. Minutes Book of Board Meetings u/s 193 of the Act (in loose leaf).
4. Minutes Book of General Meetings u/s 193 of the Act.
5. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
6. Register of Contracts u/s 301 of the Act.
7. Register of disclosure of interest u/s 301 of the Act.
8. Register of particulars of Directors etc. u/s 303 of the Act.
9. Register of Directors' Shareholding u/s 307 of the Act.

Other Registers :

1. Register of Directors' Attendance
2. Register of Shareholders' Attendance
3. Register of Transfers

For PARIKH & ASSOCIATES

P. N. Parikh
Company Secretary
C. P. No. : 1228

Place : Mumbai
Date : 9th March 2007

Annexure 'B'**Forms and Returns as filed by the Company with the Registrar of Companies during the financial period from 1st April 2006 to 31st December 2006 :**

Sr. No.	Form No./ Return	Filed under section	For	Date of filing/ registration	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Balance Sheet as at 31st March 2006	220	Adopted at the Annual General Meeting held on 30th September 2006	20th November 2006	No	Yes
2.	Compliance Certificate for the financial period 2005-2006	383A Companies (Compliance Certificate) Rules, 2001	Financial period 2005-06	20th November 2006	No	Yes
3.	Annual Return made upto 30th September 2006	159	Annual General Meeting held on 30th September 2006	29th November 2006	Yes	N. A.

For PARIKH & ASSOCIATES

P. N. Parikh
Company Secretary
C. P. No. : 1228

Place : Mumbai
Date : 9th March 2007

Auditors' Report

To the Members of Travel Corporation (India) Limited

1. We have audited the attached Balance Sheet of Travel Corporation (India) Limited as at 31st December 2006, the Profit and Loss Account and also the Cash Flow Statement for the period 1st April 2006 to 31st December 2006 annexed thereto. 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 auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and the 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 the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors as on 31st December 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view 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 December 2006;
 - ii) in the case of the Profit and Loss Account, of the profit for the period 1st April 2006 to 31st December 2006;
 - and
 - iii) in the case of the Cash Flow Statement of the cash flows for the period 1st April 2006 to 31st December 2006.

R. LAXMINARAYAN
Partner
Membership No. 33023

For and on behalf of
C. C. CHOKSHI & CO
Chartered Accountants
Mumbai, 9th March 2007

Annexure to the Auditors' Report

[Referred to in paragraph 3 of our report of even date on the accounts for the period 1st April 2006 to 31st December 2006 of Travel Corporation (India) Limited]

(i) The nature of the Company's activities during the period has been such that clauses (ii), (viii), (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company for the period.

(ii) In respect of its fixed assets :

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the fixed assets have not been physically verified by the management during the period but there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, the management during the period has conducted a physical verification of certain fixed assets. We are informed that no material discrepancies were noticed by the management on such verification.

(c) The fixed assets disposed of during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) According to the information and explanations given to us the

Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

In view of what has been stated above, sub-clauses (b), (c), (d), (f) and (g) of clause (iii) of paragraph 4 of the Order are not applicable to the Company for the period.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchases of fixed assets and for the sale of goods and services. The activities of the Company do not involve purchase of inventories. 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 systems.

(v) In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

(a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the period.

(vii) *The Company had an internal audit system at its head office and some of its branches, which in our opinion needs to be strengthened in its scope and coverage of operations so as to be commensurate with the size of the Company and the nature of its business.*

(viii) In respect of statutory dues :

(a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed material statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it with the appropriate authorities during the period.

Annexure to the Auditors' Report

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- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, or any other statutory dues were outstanding as at 31st December 2006 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, disputed demand in respect of Employees' State Insurance Corporation Act (ESIC) amounting to Rs.7,402 has not been deposited as on 31st December 2006 since the matter is pending before the Recovery Officer of ESIC, Kanpur.
- (ix) The Company has no accumulated losses as at 31st December 2006 and has not incurred any cash losses during the period covered by our audit and the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not availed any loans from financial institutions and has not issued debentures.
- (xi) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xiii) The Company has not borrowed any monies through term loans. Hence, the requirement of reporting on application of term loans for the purpose for which they were obtained under clause (xvi) of the Order does not arise.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the period for long-term investment.
- (xv) The Company has not made any allotment of shares during the period.
- (xvi) The Company has not borrowed any monies through issue of debentures. Hence, the requirement of reporting on creation of security in respect of debentures issued under clause (xix) of the Order does not arise.
- (xvii) The Company has not raised any money by public issue during the period.
- (xviii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

R. LAXMINARAYAN
Partner
Membership No. 33023

For and on behalf of
C. C. CHOKSHI & CO
Chartered Accountants

Mumbai, 9th March 2007

Balance Sheet as at 31st December 2006

	Schedule	As at 31st December 2006 Rupees Rupees		As at 31st March 2006 Rupees Rupees	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Capital	1	15,766,980		15,766,920	
Reserves and Surplus	2	<u>378,691,216</u>		<u>364,244,239</u>	
			394,458,196		380,011,159
LOAN FUNDS					
Secured Loans	3		54,376,308		83,126,673
DEFERRED TAX LIABILITY (NET)			<u>—</u>		<u>3,961,727</u>
TOTAL			<u>448,834,504</u>		<u>467,099,559</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	293,024,038		303,835,044	
Less : Depreciation		<u>181,480,737</u>		<u>177,982,962</u>	
Net Block			111,543,301		125,852,082
INVESTMENTS	5		21,926,054		13,211,477
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	6	679,131,510		662,976,104	
Cash and Bank Balances	7	217,234,267		307,580,415	
Other Current Assets	8	725,986		727,847	
Loans and Advances	9	<u>114,211,018</u>		<u>90,831,431</u>	
		1,011,302,781		1,062,115,797	
LESS : CURRENT LIABILITIES AND PROVISIONS					
Liabilities	10	662,409,934		700,942,643	
Provisions		<u>35,961,571</u>		<u>33,137,154</u>	
		<u>698,371,505</u>		<u>734,079,797</u>	
NET CURRENT ASSETS			312,931,276		328,036,000
DEFERRED TAX ASSET (NET)			<u>2,433,873</u>		<u>—</u>
TOTAL			<u>448,834,504</u>		<u>467,099,559</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS					
	17				

Schedules 1 to 10 and 17 referred to above form an integral part of the Balance Sheet

As per our attached report of even date

R. LAXMINARAYAN
Partner

For C.C. CHOKSHI & CO.,
Chartered Accountants

Mumbai, 9th March 2007

For and on behalf of the Board of Directors

HOSHANG BILLIMORIA	—	CHAIRMAN
PRADEEP MADHAVJI	—	DIRECTOR
JAHANGIR N. KATGARA	—	DIRECTOR
MADHAVAN MENON	—	DIRECTOR
FIRDAUS J. GANDAVIA	—	SR. VICE PRESIDENT-FINANCE & COMPANY SECRETARY

Mumbai, 9th March 2007

Profit and Loss Account for the period ended 31st December 2006

	Schedule	Period ended 31st December 2006 Rupees Rupees		Year ended 31st March 2006 Rupees Rupees	
INCOME					
Income from operations (Net)	11	314,463,354		428,833,452	
Other Income	12	<u>61,636,941</u>		<u>84,842,821</u>	
TOTAL			376,100,295		513,676,273
EXPENDITURE					
Payments to and Provision for employees	13	175,686,366		208,240,412	
Operation and Other Expenses	14	130,463,787		177,961,351	
Interest	15	6,210,713		6,398,788	
Depreciation	4	<u>21,229,395</u>		<u>29,834,989</u>	
TOTAL			333,590,261		422,435,540
PROFIT BEFORE PRIOR PERIOD ITEMS			42,510,034		91,240,733
Prior period Items (Net)	16		<u>194,735</u>		<u>11,032,328</u>
PROFIT BEFORE TAXATION			42,315,299		80,208,405
Provision for Taxation					
– Current Tax		19,000,000		36,000,000	
– Deferred Tax		(2,406,063)		(5,038,273)	
– Wealth Tax		300,000		500,000	
– Fringe Benefit Tax		3,107,385		4,350,000	
Excess provision and Refund of Taxes in respect of earlier years (Net)		<u>—</u>		<u>(15,086)</u>	
			20,001,322		35,796,641
PROFIT AFTER TAXATION			22,313,977		44,411,764
Balance brought forward from previous year			235,590,094		141,178,330
Transferred from Reserve under					
Section 80 HHD of the Income Tax Act, 1961			—		23,226,363
Transferred from Utilised Reserve under					
Section 80 HHD of the Income Tax Act, 1961			—		26,773,637
Balance carried to Balance Sheet			<u>257,904,071</u>		<u>235,590,094</u>
Basic and Diluted Earnings per share (in Rs.) (Refer Note No. 14 of Schedule 17)			14.15		28.17
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS					
	17				
Schedules 4 and 11 to 16 referred to above form an integral part of the Profit and Loss Account					

As per our attached report of even date

R. LAXMINARAYAN
Partner
For C.C. CHOKSHI & CO.,
Chartered Accountants

Mumbai, 9th March 2007

For and on behalf of the Board of Directors

HOSHANG BILLIMORIA – CHAIRMAN
PRADEEP MADHAVJI – DIRECTOR
JAHANGIR N. KATGARA – DIRECTOR
MADHAVAN MENON – DIRECTOR
FIRDAUS J. GANDAVIA – SR. VICE PRESIDENT-FINANCE
& COMPANY SECRETARY

Mumbai, 9th March 2007

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st March 2006 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised 2,000,000 Equity Shares of Rs.10 each	20,000,000	20,000,000
Issued & Subscribed 1,576,698 (<i>Previous year 1,576,692</i>) Equity Shares of Rs.10 each fully paid up	15,766,980	15,766,920
Out of the above shares :		
(i) 41,660 Equity Shares of Rs.10 each are allotted as fully paid up pursuant to contracts without payment being received in cash; and		
(ii) 1,462,504 Equity Shares of Rs.10 each are allotted as fully paid up Bonus Shares by capitalisation of General Reserve		
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	160,137	160,137
Reserve under Section 80 HHD of the Income Tax Act, 1961		
Balance as per last Balance Sheet	—	45,133,615
Less : Transferred to Profit and Loss Account	—	23,226,363
Less : Transferred to 80 HHD Reserve Utilised Account	—	21,907,252
	—	—
80 HHD Reserve Utilised		
Balance as per last Balance Sheet	20,000,000	24,866,385
Add : Transferred from 80 HHD Reserve Account	—	21,907,252
Less : Transferred to Profit and Loss Account	—	26,773,637
	20,000,000	20,000,000
General Reserve		
Balance as per last Balance Sheet	108,494,008	108,494,008
Less : Adjustment in respect of Provision for Employee benefit relating to past services. (Refer to Note 10 (c) of Schedule 17)	7,867,000	—
	100,627,008	108,494,008
Balance in Profit and Loss Account	257,904,071	235,590,094
	378,691,216	364,244,239

Schedules forming part of the Balance Sheet as at 31st December 2006

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	As at 31st December 2006 Rupees	As at 31st March 2006 Rupees
SCHEDULE 3 : SECURED LOANS		
From Banks		
Cash Credit accounts etc. (Secured by Hypothecation of Book Debts and by pledge of Fixed Deposit receipts of the Bank)	49,801,155	73,934,211
Hire Purchase Loan	4,911,380	9,834,683
Less : Unmatured Finance charges	(336,227)	(642,221)
	4,575,153	9,192,462
{Principal amount payable within one year Rs.25,45,392 (Previous Year Rs.50,77,175)}		
(Hire purchase loan is secured by a lien on vehicle purchased under hire purchase agreement)		
	<u>54,376,308</u>	<u>83,126,673</u>

SCHEDULE 4 : FIXED ASSETS

(Rupees)

Description	GROSS BLOCK – AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April 2006	Additions during the period	Deductions	As at 31st December 2006	As at 1st April 2006	During the period	Deductions	As at 31st December 2006	As at 31st December 2006	As at 31st March 2006
Tangible Assets										
Buildings	76,515,259	—	3,160,430	73,354,829	27,966,618	1,818,959	1,315,007	28,470,570	44,884,259	48,548,641
Furniture and Fixtures, Office Machinery & Electrical Equipments	71,005,226	2,389,771	957,198	72,437,799	50,294,541	3,094,131	735,527	52,653,145	19,784,654	20,710,685
Computers	47,739,665	4,835,717	2,293,230	50,282,152	33,356,288	5,399,868	2,237,590	36,518,566	13,763,586	14,383,377
Vehicles	98,938,066	8,761,666	21,170,376	86,529,356	61,423,243	9,279,676	13,443,496	57,259,423	29,269,933	37,514,823
Leasehold Improvements	810,217	—	—	810,217	50,913	62,350	—	113,263	696,954	759,304
Intangible Assets										
Computer Software	8,826,611	783,074	—	9,609,685	4,891,359	1,574,411	—	6,465,770	3,143,915	3,935,252
TOTAL	303,835,044	16,770,228	27,581,234	293,024,038	177,982,962	21,229,395	17,731,620	181,480,737	111,543,301	—
<i>Previous Year</i>	<i>294,836,760</i>	<i>42,061,188</i>	<i>33,062,904</i>	<i>303,835,044</i>	<i>167,373,889</i>	<i>29,834,989</i>	<i>19,225,916</i>	<i>177,982,962</i>	<i>—</i>	<i>125,852,082</i>

NOTES :

1. Buildings include :

- (i) Rs. 4,900,500 (Previous Year Rs. 4,900,500) for an ownership flat for office premises.
- (ii) Rs. 12,100,000 (Previous Year Rs. 12,100,000) being cost of 65 debentures of the face value of Rs. 7,800 each (net of redemption) conferring occupancy rights of a portion of a building (Chandermukhi) as office premises and 900 equity shares of the face value of Rs. 100 each of R.R. Investments and Estates Ltd.
- (iii) Rs. 15,406,088 (Previous Year Rs. 18,566,518) being cost of ownership flats in Co-operative Societies including cost of shares of the face value of Rs. 100 (Previous Year Rs. 100).

2. Additions to vehicles include Rs. 8,423,539 (Previous Year Rs. 21,907,252) being the cost of new cars and coaches purchased towards utilisation of Reserve under Section 80 HHD of Income Tax Act, 1961.

3. Cost of vehicles includes Rs. 8,489,119 (Previous Year Rs. 15,955,397) being vehicles purchased on hire purchase basis on which the lenders have a lien.

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st March 2006 Rupees
SCHEDULE 5 : INVESTMENTS		
(Non-Trade, Unquoted, Fully paid)		
Long Term (At cost)		
In Government Securities of the face value of Rs. 500 (Previous Year Rs.500)	500	500
Current Investments		
(At cost or market value/fair value, whichever is lower)		
Nil (Previous Year 1,239.99) units of Rs.10 each of Prudential ICICI-Liquid Fund	—	14,696
1,996,844.08 (Previous Year 610,996.06) units of Rs.10 each of LIC-MF Liquid Fund-Daily Dividend Plan	21,925,554	6,693,030
Nil (Previous Year 531,828.41) units of Rs.10 each of Kotak Liquid (Institutional)-Daily Dividend Plan	—	6,503,251
	<u>21,925,554</u>	<u>13,210,977</u>
	<u>21,926,054</u>	<u>13,211,477</u>
SCHEDULE 6 : SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months	20,806,860	51,726,488
Other Debts	<u>677,014,071</u>	<u>619,426,342</u>
	697,820,931	671,152,830
Less : Provisions	<u>18,689,421</u>	<u>8,176,726</u>
	<u>679,131,510</u>	<u>662,976,104</u>
NOTES :		
Sundry Debtors include :		
1. Considered Good	679,131,510	662,976,104
Considered Doubtful	<u>18,689,421</u>	<u>8,176,726</u>
	<u>697,820,931</u>	<u>671,152,830</u>
2. (a) Due by firms in which a Director of the Company is a Partner.	1,807,943	1,515,230
(b) Due by private companies in which a Director of the Company is a Director and/or member.	—	48,030

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st March 2006 Rupees
SCHEDULE 7 : CASH AND BANK BALANCES		
Cash Balance on hand	1,422,178	1,221,216
Remittance in transit	21,937,847	19,203,243
Bank Balances :		
1. With Scheduled Banks :		
In Current Accounts	123,901,262	200,911,794
In Fixed Deposit Accounts	64,723,019	85,432,112
[Deposit receipts of the value of Rs. 43,700,000 have been pledged with a bank to secure cash credit facility from the bank].	188,624,281	286,343,906
2. With Others :		
In Current Accounts		
(a) Lloyds Bank, London (GBP 476.80, Previous Year GBP 469.18, Maximum balance Rs. 41,958, Previous Year Rs. 37,299)	40,876	36,103
(b) JP Morgan Chase Bank, (US\$ 106053.89, Previous Year - US\$ 5393, Maximum balance Rs. 49,706,041, Previous Year Rs. 71,48,267)	4,657,887	239,180
(c) Lloyds Bank, London (UKL 6,429.47, Previous Year UKL 6,975.53, Maximum balance Rs. 1,026,778, Previous Year Rs. 1,087,102)	551,198	536,767
	5,249,961	812,050
	217,234,267	307,580,415
SCHEDULE 8 : OTHER CURRENT ASSETS		
Interest accrued on Investments and Deposits	725,986	727,847
	725,986	727,847

Schedules forming part of the Balance Sheet as at 31st December 2006

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	As at 31st December 2006 Rupees	As at 31st March 2006 Rupees
SCHEDULE 9 : LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received	114,264,693	90,885,106
Less : Provisions	<u>53,675</u>	<u>53,675</u>
	<u>114,211,018</u>	<u>90,831,431</u>
Advances include:		
1. Considered Good	114,211,018	90,831,431
Considered Doubtful	<u>53,675</u>	<u>53,675</u>
	114,264,693	90,885,106
2. (a) Due by firms in which a Director of the Company is a Partner	331,334	1,404,816
(b) Due by private companies in which a Director of the Company is a Director and / or member	1,902,475	1,902,475
SCHEDULE 10 : CURRENT LIABILITIES AND PROVISIONS		
A. Liabilities		
Sundry Creditors - Other than Small Scale Industries	468,382,485	471,072,005
Book Overdraft with Banks	82,198,684	127,420,808
Tours under progress (subject to adjustments on completion of tours)	20,622,189	79,778,372
Less : Expenses incurred on tours under progress	<u>4,842,516</u>	<u>21,279,456</u>
	15,779,673	58,498,916
Advances against future Tours	<u>96,049,092</u>	<u>43,950,914</u>
	<u>662,409,934</u>	<u>700,942,643</u>
Note: There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.		
B. Provisions		
Provision for Taxation (Net)	3,660,419	12,260,942
Provision for Gratuity (including for Wholetime Directors Rs. 274,789 Previous Year 244,500)	22,990,910	20,876,212
Provision for Leave Encashment	9,310,242	—
	<u>35,961,571</u>	<u>33,137,154</u>
	<u>698,371,505</u>	<u>734,079,797</u>

Schedules forming part of the Profit and Loss Account for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st March 2006 Rupees
SCHEDULE 11 : INCOME FROM OPERATIONS (NET)		
Income From Tours (Net)	174,679,375	230,136,693
Commission (Gross)	257,470,877	384,801,855
Less : Paid	117,686,898	186,105,096
	139,783,979	198,696,759
	314,463,354	428,833,452
SCHEDULE 12 : OTHER INCOME		
Management Fees	15,959,874	5,902,387
Documentation Income	6,654,981	8,054,357
Processing Charges	4,884,672	6,457,261
Rail Income	4,220,223	4,739,371
Commission from Hotels, Cruises and Others	3,664,902	511,694
Income from Business Centre	1,202,999	1,669,502
Foreign Exchange Gain (Net)	1,782,243	1,571,570
Interest on Deposits with Banks (Gross)		
(Tax deducted at source Rs. 583,131 Previous Year Rs. 592,104)	2,748,427	2,658,492
Profit on Sale of Non-Trade Current Investments	39,026	114,009
Miscellaneous Income	10,757,140	11,455,636
Excess Provision of earlier Year (Net) written back	2,753,990	2,065,751
Excess Provision for Doubtful debts/Advances written back	520,960	913,243
Sundry Credit Balances written back	3,756,989	34,604,348
Profit on Sale of Fixed Assets (Net)	1,939,259	3,252,838
Dividend Income from Current Investments	751,256	872,362
	61,636,941	84,842,821
SCHEDULE 13 : PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Salaries and Bonus	155,597,339	164,791,378
Contribution to Provident and Other Funds	9,578,215	31,336,775
Staff Welfare Expenses	10,510,812	12,112,259
	175,686,366	208,240,412

Schedules forming part of the Profit and Loss Account for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st March 2006 Rupees
SCHEDULE 14 : OPERATION AND OTHER EXPENSES		
Lease Rent and Finance Charges	963,395	1,325,068
Rent	8,484,801	9,725,408
Insurance	2,004,226	1,298,882
Rates and Taxes	1,945,038	2,979,033
Printing, Stationery, Postage, Telegram and Telephones	23,050,142	29,669,487
Advertisement Expenses	13,692,218	19,987,630
Repairs & Maintenance - Others	6,167,175	6,992,450
Repairs & Maintenance - Building	2,522,851	3,214,833
Directors' Sitting Fees	50,000	38,000
Motor Car Expenses	6,639,304	7,720,423
Legal and Professional charges	10,188,380	21,956,824
Conveyance	3,556,448	5,167,182
Travelling Expenses	12,953,188	16,984,030
Electricity Expenses	7,907,081	9,129,054
Miscellaneous Expenses (including service charges, donations, audit fees, subscription etc.)	16,981,025	27,343,338
Bad Debts written off	1,337,083	279,169
Loss on Misappropriation of Assets	—	7,297,300
Provision for Doubtful Debts and Advances	11,033,655	3,161,825
Fixed Assets written off	122,187	147,001
Sundry Debit balances written off	865,590	3,544,414
	<u>130,463,787</u>	<u>177,961,351</u>
SCHEDULE 15 : INTEREST		
On Bank Accounts	4,465,687	4,003,853
Others	1,745,026	2,394,935
	<u>6,210,713</u>	<u>6,398,788</u>
SCHEDULE 16 : PRIOR PERIOD ITEMS		
Insurance	194,735	—
Staff Gratuity	—	11,630,917
Legal and Professional expenses	—	226,411
Software charges	—	(825,000)
	<u>194,735</u>	<u>11,032,328</u>

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :

SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Accounting

Accounts are prepared on accrual basis under historical cost convention in accordance with generally accepted accounting principles (GAAP) and in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of fixed assets, provision for doubtful debts and advances, future obligations in respect of retirement benefit plans, etc. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

(ii) Tangible Fixed Assets

Fixed Assets are recorded at cost of acquisition. They are stated at historical cost.

Management evaluates at regular intervals, using external and internal sources whether there is any impairment of any asset. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its net realisable value on eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net realisable value or present value as determined.

(iii) Depreciation on Tangible Fixed Assets

Depreciation on Tangible Fixed Assets is provided on written down value basis in accordance with Section 205(2) (a) of the Companies Act, 1956 at the rates and in the manner specified in Schedule XIV of the said Act.

Cost of leasehold improvements is amortised over the primary period of lease. However, in cases, where the Company as a lessee has right of renewal and it is intended to renew for further periods, then cost of such leasehold improvements, is amortised over such extended period, not exceeding ten years.

(iv) Intangible Assets

Intangible Assets viz – computer software is recognised as per the criteria specified in Accounting Standard (AS-26) "Intangible Assets" issued by the Institute of Chartered Accountants of India and amortised over the period not exceeding ten years on written down value method based on the management's estimate of its useful life.

(v) Investments

Long-term investments are stated at cost of acquisition. However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognise the decline.

Current investments are stated at cost or market / fair value whichever is lower.

(vi) Employee Retirement Benefits

(a) Contribution made to Company's recognised Provident Fund / Government Provident Fund, as the case may be, is charged to revenue.

(b) Gratuity is charged to revenue on the basis of actuarial valuation under Group Gratuity-cum-Life Assurance Scheme carried out as at the end of the year by Life Insurance Corporation of India.

Provision for additional Gratuity to eligible employees as per Company's policy is made on the basis of actuarial valuation carried out as at the end of the year.

(c) Provision for leave encashment benefits is made based on the expected cost of unavailed earned leave in the form of non-vesting compensated absences.

Attention is invited to Note no. 10(c) below regarding change in the method of accruing the liability for employee retirement benefits.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE 17 : (contd.)

(vii) Foreign Currency Transactions

(a) Initial recognition

The transactions in respect of invoicing for incoming tours in foreign currency are recorded at the standard rates of exchange fixed from time to time.

Foreign Branch expenses are incorporated in the Head Office books every month at the standard rates at which remittances have been made to Branches.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange differences

Exchange differences arising on invoicing for incoming tours and actual receipt thereof are credited to Income from Tours.

Other exchange differences arising on the settlement / conversion of monetary items are recognised as income or expense in the year in which they arise except those relating to acquisition of fixed assets from outside India, in which case such exchange differences are capitalised.

(viii) Revenue Recognition

- (a) Profit / Loss in respect of tours is recognised when the tour is completed. In case of tours in progress, at the year end, revenue 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.

Attention is invited to Note no. 10(a) below regarding change in method of recognising revenue.

- (b) Commission income is accounted on accrual basis. Incentives from airlines are accounted on the basis of targets achieved till the end of the financial year.

(ix) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(x) Borrowing Costs

Interest and other costs in connection with the borrowing of the funds to the extent related / attributable to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

(xi) Segment Accounting Policies

- (a) Segment revenues and segment expenses are directly attributable to segment, to the extent allocable to respective segments. It does not include interest income on Inter-corporate deposits and Provision for Income Tax.

- (b) Segment Assets and Segment Liabilities

Segment assets include all operating assets used by the segment and consist principally of fixed assets, sundry debtors, cash and bank balances. Segment assets and liabilities do not include Inter-corporate deposits, share capital, reserves and surplus, Income Tax and unallocable assets and liabilities.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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SCHEDULE 17 : (contd.)

(xii) Accounting for Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS -22) – “Accounting for Taxes on Income”, issued by the Institute of Chartered Accountants of India. Income Tax comprises both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Provision for Fringe Benefits Tax is made in accordance with Chapter XII-H of the Income Tax Act, 1961.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising from timing differences are recognised to the extent it is more likely than not that future taxable profits will be available against which the assets can be utilised.

(xiii) Leases

- (a) Assets acquired under Lease where the Company has substantially all the risks and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is 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.
- (b) Asset acquired on leases where significant portions of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Lease rentals are charged to Profit and Loss Account on accrual basis.

(xiv) Provision for Doubtful Debts

Provision for doubtful debts is made on the following basis

- (a) In respect of outstandings for more than one year 100% of the amount of outstanding is considered doubtful.
- (b) In respect of other debts, the amounts considered as doubtful by the management.

Attention is invited to Note no.10(b) below regarding the change in the method of providing for doubtful debts.

NOTES FORMING PART OF THE ACCOUNTS

	As at 31st December 2006 Rupees	As at 31st March 2006 Rupees
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	475,000	475,000
2. Contingent Liabilities in respect of :		
(i) Claims against the Company not acknowledged as debts	4,126,940	4,126,940
(ii) Employees' State Insurance claims disputed by the Company.	7,402	7,402
Note : In respect of items mentioned under paragraphs (i) and (ii) above, till the matters are finally decided, the financial effect cannot be ascertained		

Schedules forming part of the Financial Statements for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st March 2006 Rupees			
SCHEDULE 17 : (contd.)					
3. In accordance with the accounting practice followed by the Company, prior year's expenses of tours are adjusted from Income from Tours as and when they are incurred and they are recovered in bills on the basis of quotations.					
4. Managerial Remuneration Remuneration to Working Directors : (for the period 1st April 2006 to 28th December 2006) Salary Contribution to Provident Fund and Gratuity Fund Perquisites in cash or in kind	5,865,148 72,387 32,000 <u>5,969,535</u>	7,384,375 114,000 46,000 <u>7,544,375</u>			
5. Payments to Auditors (Including Service Tax where applicable) : (a) As Auditors (b) For Tax Audit (c) In any other manner (Audit of Gratuity Fund, Certification work, etc.) (d) As expenses	1,600,000 675,000 250,000 — <u>2,525,000</u>	1,571,360 336,720 15,000 10,482 <u>1,933,562</u>			
6. The following current investments were purchased as well as sold during the current year:					
		<i>Previous Year</i>			
Particulars	Face Value Rupees	Number of Units	Purchase Price Rupees	Number of Units	Purchase Price Rupees
— HDFC Liquid Fund-Dividend	10/-	—	—	109	1,098
— HDFC Cash Management Fund-Daily Dividend Reinvestment	10/-	—	—	1,223,162	13,010,043
— HDFC Short Term Plan-Dividend	10/-	—	—	43	436
— DSP Merrill Lynch Floating Rate Fund Daily Dividend	10/-	—	—	2,704	27,099
— Templeton Floating Rate Income Fund Short Term Plan	10/-	—	—	4,202	42,042
— HDFC Cash Management Fund - Savings Plan - Weekly Dividend Reinvestment	10/-	—	—	396	4,210
— Prudential ICICI Short Term Plan Dividend Reinvest -Fortnightly Dividend	10/-	—	—	3,603	38,194
— Prudential ICICI Floating Rate Plan - Fortnightly Dividend	10/-	—	—	1,956	19,647
— Grindlays Cash Fund Weekly Dividend	10/-	—	—	223	2,274
— Prudential ICICI Liquid Plan Daily Dividend	10/-	47	558	1,181,295	13,999,992
— Grindlays Super Saver Inc Fund (Short Term)-Dividend	10/-	—	—	4,152	41,684
— Kotak Liquid (Institutional) - Daily Dividend	10/-	4,677	58,043	59,289,669	725,000,000
— LICMF Liquid Fund Dividend Plan	10/-	66,457,045	729,698,355	18,038,269	197,596,505
			<u>729,756,956</u>		<u>949,783,224</u>

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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	Period ended 31st December 2006 Rupees	Year ended 31st March 2006 Rupees
SCHEDULE 17 : (contd.)		
7. (a) Expenditure in Foreign Currency (on remittable basis) on account of :		
(i) Legal and Professional Charges paid by Foreign Branches	814,175	11,552,278
(ii) Other Matters (Travelling, Advertisements, Subscription, etc. including expenditure incurred by Foreign Branches).	61,572,348	67,913,332
(b) Earnings in Foreign Currency :		
(i) On Travelling and Tour Arrangements	969,390,458	1,290,641,506
(ii) Commission, etc.	16,213,518	16,835,304

Notes :

- (i) Expenditure in Foreign Currency does not include payments for purchase of foreign currencies for passengers for tour arrangements and expenses incidental thereto in foreign countries.
- (ii) The earnings in foreign exchange include earnings on the basis of amounts billed during the year in respect of complete and incomplete tours. These include rupee equivalent of bills converted as per Company's practice, in respect of bills raised in foreign currency.

The earnings also include amounts received in foreign currency in respect of travel tickets issued in India to foreign tourists.

8. Profit and Loss Account includes Advertisement Expenses in connection with outgoing tours commencing after 31st December 2006 Rs. 1,803,892 [Previous Year Rs. 4,746,322].
9. During the year, Thomas Cook (India) Limited has acquired the entire share capital of the Company from the erstwhile promoter group of the Company on 28th December 2006. Consequently, the Company has, with effect from that date, become a wholly owned subsidiary of Thomas Cook (India) Limited (Holding Company) and also a Public Company in terms of Section 3(1)(iv) (c) of the Companies Act, 1956. The Company has amended the Articles of Association at the Extraordinary General Meeting held on 28th December 2006 to convert itself into a Public Company and has obtained the necessary approval from the Registrar of Companies in this regard on 26th February 2007.

In order to align with the accounting year of the Holding Company, the Company has changed its statutory accounting year to end on 31st December every year. Consequently, the accounts of the Company for the year have been prepared for the period from 1st April 2006 to 31st December 2006.

10. (a) Hitherto, it was policy of the Company to recognise profit / loss on tours only on their completion. During the year the Company, in order to align its policies with those followed by Thomas Cook (India) Limited, the Holding Company, has changed its policy and has also recognised profit / loss on ongoing tours as at the year end on proportionate basis considering the actual number of days completed as at the year end to the total number of days for each tour. Consequent to this the profit before tax for the year is higher by Rs. 5,369,862.
- (b) Hitherto, it was the practice of the Company to provide for doubtful debts on the basis of assessment of individual outstanding amounts. During the year, in order to align its policies with those followed by Thomas Cook (India) Limited, the holding Company, the Company has considered all debts outstanding for more than one year as doubtful and provided for. This change has the effect of reducing profit before tax for the year by Rs. 10,881,237 and sundry debtors by like amount.
- (c) Pursuant to Accounting Standard (AS-15 Revised) on "Employee Benefits" issued by the Institute of Chartered Accountants of India, the Company has accounted for expected cost of short-term employee benefits in the form of non-vesting compensated absences. Consequently, additional charge of Rs. 7,867,000 (net of tax) being the opening liability as on 1st April 2006 is charged to General Reserve as per the transitional provision contained in the said Accounting Standard.
11. A. Primary Segment Reporting (by Business Segment)
- (i) Composition of Business Segments
- The Company's business segments based on service lines are as under :
1. Travel Services
Segment renders ticketing services.
 2. Tour Services
Segment conducts outbound and domestic tours and sells special products.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE 17 : (contd.)

(II) Segment Revenues, Results and other information		(Rupees)		
		Travel	Tour	Total
Revenue from external customers	Current Year	251,360,504	1,244,450,290	1,495,810,794
	<i>Previous Year</i>	<i>381,932,953</i>	<i>1,619,180,905</i>	<i>2,001,113,858</i>
Segment Result	Current Year	34,358,657	14,448,206	48,806,863
	<i>Previous Year</i>	<i>66,624,241</i>	<i>30,017,709</i>	<i>96,641,950</i>
Segment Assets*	Current Year	567,751,471 *	739,328,681	1,307,080,152
	<i>Previous Year</i>	<i>543,163,825</i>	<i>566,797,447</i>	<i>1,109,961,272</i>
Segment Liabilities	Current Year	250,650,878	632,081,421	882,732,299
	<i>Previous Year</i>	<i>240,799,111</i>	<i>459,967,192</i>	<i>700,766,303</i>
Capital Expenditure	Current Year	3,575,933	13,194,295	16,770,228
	<i>Previous Year</i>	<i>6,576,199</i>	<i>27,561,666</i>	<i>34,137,865</i>
Depreciation	Current Year	4,793,860	16,435,535	21,229,395
	<i>Previous Year</i>	<i>6,876,386</i>	<i>20,249,932</i>	<i>27,126,318</i>
(III) Reconciliation of Reportable segments with the Financial Statements		(Rupees)		
		Revenues	Results / Net Profit / (Loss)	Assets Liabilities
Total of reportable segment	Current Year	1,495,810,794	48,806,863	1,307,080,152 882,732,299
	<i>Previous Year</i>	<i>2,001,113,858</i>	<i>96,641,950</i>	<i>1,109,961,272 700,766,303</i>
Corporate / Unallocated segment	Current Year	2,558,915	(6,491,564)	(162,308,016) 7,453,920
	<i>Previous Year</i>	<i>364,463</i>	<i>(16,433,545)</i>	<i>91,218,084 33,313,494</i>
Adjustment for Taxes	Current Year		(20,001,322)	
	<i>Previous Year</i>		<i>35,796,641</i>	
As per financial statements	Current Year	1,498,369,709	22,313,977	1,144,772,136 890,186,219
	<i>Previous Year</i>	<i>2,004,758,721</i>	<i>44,411,763</i>	<i>1,201,179,356 734,079,797</i>
B. Secondary Segment Reporting (by Geographical Segments)		(Rupees)		
		Domestic	Foreign	Total
Revenue from external customers	Current Year	485,719,118	1,012,650,591	** 1,498,369,709
	<i>Previous Year</i>	<i>624,973,495</i>	<i>1,379,785,227</i>	<i>2,004,758,722</i>
Total Assets	Current Year	673,554,392	471,217,744	1,144,772,136
	<i>Previous Year</i>	<i>751,950,098</i>	<i>449,229,258</i>	<i>1,201,179,356</i>
Capital Expenditure	Current Year	4,193,695	12,576,533	16,770,228
	<i>Previous Year</i>	<i>9,948,720</i>	<i>32,112,468</i>	<i>42,061,188</i>

* Certain assets included in segment assets of Travel were also used for Tour activities but same were not allocated to Tours since they were not separable.

** Foreign segment included in Secondary segment reporting (By Geographical Segments) has been arrived at on the basis of the location of customers.

Hitherto, the Company had identified 'Leisure services' which conducts outbound tours and sells special products and 'Tour services' which conducts domestic tours as separate segments. During the year, the Company has merged the Leisure services segment into the Tour services segment in order to align its segment policies with those of Thomas Cook (India) Limited, the Holding Company. However, this change has no impact on the profits for the year. Figures of the previous year have been regrouped to reflect the new policy.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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SCHEDULE 17 : (contd.)

12. Related Party Disclosures

Related party disclosures as required by Accounting Standard 18 "Related Party Disclosures" are given below. The Company has transactions with the following Related Parties :

<u>Nature of Relationship</u>	<u>Name of the Related Party</u> From 1st April 2006 to 28th December 2006	<u>Name of the Related Party</u> From 28th December 2006 to 31st December 2006
Individuals having, directly or indirectly, Significant influence over the enterprise.	<ol style="list-style-type: none"> 1. Mr. Jehangir Katgara, wholetime Director, alongwith relatives holds 33 1/3% of the equity share capital of the Company. 2. Mr. Naresh Kotak, Whole Time Director, holds 33 1/3% of the equity share capital of the Company. 3. Mr. Arvind Parikh, Director, alongwith relatives holds 33 1/3% of the equity share capital of the Company. 	<ol style="list-style-type: none"> 1. Mr. Jehangir Katgara, Additional Director
Key Management Personnel	<ol style="list-style-type: none"> 1. Mr. Jehangir Katgara, wholetime Director 2. Mr. Pallan Katgara, wholetime Director 3. Mr. Naresh Kotak, wholetime Director 	<ol style="list-style-type: none"> 1. Mr. Jehangir Katgara, Additional Director
Relatives of Key Management Personnel & Individuals having directly or indirectly, Significant influence over the enterprise.	<ol style="list-style-type: none"> 1. Mrs. Meher J. Bhandara (Sister of Mr. Pallan Katgara) 2. Mr. Homi A. Katgara (Brother of Mr. Pallan Katgara) 3. Dr. Jagdish N. Parikh (Brother of Mr. A. N. Parikh) 4. Mrs. S.J. Parikh (Wife of Dr. J. N. Parikh) 5. Mr. Sam N. Katgara (Brother of Mr. J. N. Katgara) 6. Mr. Cyrus N. Katgara (Brother of Mr. J. N. Katgara) 	<ol style="list-style-type: none"> 1. Mr. Sam N. Katgara (Brother of Mr. J. N. Katgara) 2. Mr. Cyrus N. Katgara (Brother of Mr. J. N. Katgara)
Other Related Parties – Enterprises over which Shareholders of the Company exercise influence.	<ol style="list-style-type: none"> 1. Silver Complex Pvt Ltd. 2. Jeena & Company Pvt. Ltd. 3. A & N Enterprises Ltd. 4. Lee & Muirhead Ltd. 5. Jeena & Co. 6. J. M. Baxi & Co. 7. Lemuir Air Express 8. Katgara Brothers 9. Lemuir Express 10. N. Jamnadas & Company 11. Sorabji and Co. Pvt. Ltd. 12. Water Maker India 13. Technova Imaging System Ltd. 14. German Express Shipping Agency (I) Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Silver Complex Pvt Ltd. 2. Jeena & Company Pvt. Ltd. 3. A & N Enterprises Ltd. 4. Jeena & Co. 5. Katgara Brothers
Holding Company		<ol style="list-style-type: none"> 1. Thomas Cook (India) Limited.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE 17 : (contd.)

Details of the Transactions with Related Parties

(Rupees)

Nature of Transaction	Individuals having significant influence	Key Management Personnel	Relatives of Key Management Personnel and individuals having significant influence	Other Related Parties	Total
Remuneration Paid					
P. A. Katgara	Nil (Nil)	5,292,377 (6,628,775)	Nil (Nil)	Nil (Nil)	5,292,377 (6,628,775)
J. N. Katgara	Nil (Nil)	762,407 (915,600)	Nil (Nil)	Nil (Nil)	762,407 (915,600)
Others	Nil (Nil)	Nil (Nil)	611,500 (713,000)	Nil (Nil)	611,500 (713,000)
Directors' Sitting Fees					
A. N. Parikh	10,000 (6,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	10,000 (6,000)
J. N. Katgara	Nil (Nil)	10,000 (8,000)	Nil (Nil)	Nil (Nil)	10,000 (8,000)
P. N. Parikh	Nil (Nil)	Nil (Nil)	6,000 (4,000)	Nil (Nil)	6,000 (4,000)
B. J. Kotak	Nil (Nil)	Nil (Nil)	6,000 (4,000)	Nil (Nil)	6,000 (4,000)
K. B. Kotak	Nil (Nil)	Nil (Nil)	6,000 (4,000)	Nil (Nil)	6,000 (4,000)
Others	Nil (Nil)	6,000 (6,000)	4,000 (6,000)	Nil (Nil)	10,000 (12,000)
Reimbursement of Expenses					
Katgara Bros.	Nil (Nil)	Nil (Nil)	Nil (Nil)	261,000 (348,000)	261,000 (348,000)
Jeena & Co	Nil (Nil)	Nil (Nil)	Nil (Nil)	— (875,745)	— (875,745)
Rent Paid					
Silver Complex Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	1,361,250 (720,000)	1,361,250 (720,000)
Others	Nil (Nil)	Nil (Nil)	Nil (Nil)	220,500 (362,200)	220,500 (362,200)
Sale of Air / Rail Tickets					
Jeena & Co.	Nil (Nil)	Nil (Nil)	Nil (Nil)	5,588,532 (6,069,653)	5,588,532 (6,069,653)
Others	Nil (Nil)	— (110,320)	— (1,274,793)	873,523 (1,284,488)	873,523 (2,669,601)
Sale of Assets					
Jeena & Co.	Nil (Nil)	Nil (Nil)	Nil (Nil)	505,662 (7,375,420)	505,662 (7,375,420)
Water Maker India	Nil (Nil)	Nil (Nil)	Nil (Nil)	330,134 (Nil)	330,134 (Nil)
Technova Imaging System Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	249,634 (Nil)	249,634 (Nil)
German Express Shipping Agency (I) Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	247,390 (Nil)	247,390 (Nil)
Others	Nil (Nil)	Nil (Nil)	Nil (Nil)	109,351 (Nil)	109,351 (Nil)

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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SCHEDULE 17 : (contd.)

Details of the Transactions with Related Parties

(Rupees)

Nature of Transaction	Individuals having significant influence	Key Management Personnel	Relatives of Key Management Personnel and individuals having significant influence	Other Related Parties	Total
Expenses Incurred on behalf of					
Water Maker India	Nil (Nil)	Nil (Nil)	Nil (Nil)	223,984 (224,774)	223,984 (224,774)
Others	Nil (Nil)	Nil (Nil)	Nil (Nil)	22,938 (Nil)	22,938 (Nil)
Travelling Expenses					
Mrs. S. J. Parikh	Nil (Nil)	Nil (Nil)	Nil (Nil)	458,249 (3,632,117)	458,249 (3,632,117)
Balance Receivable as of 31st December, 2006					
Jeena & Co.	Nil (Nil)	Nil (Nil)	Nil (Nil)	1,444,946 (2,816,723)	1,444,946 (2,816,723)
Silver Complex Pvt. Ltd.	Nil (Nil)	Nil (Nil)	Nil (Nil)	1,902,475 (1,902,475)	1,902,475 (1,902,475)
Others	Nil (Nil)	Nil (27,061)	Nil (141,692)	694,331 (151,352)	694,331 (320,105)
Balance Payable as of 31st December, 2006					
Mr. P. A. Katgara	Nil (Nil)	Nil (72,695)	Nil (Nil)	Nil (Nil)	Nil (72,695)
Katgara Bros.	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (18,000)	Nil (18,000)
Water Maker India	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (14,823)	Nil (14,823)

Note : Previous year's figures are given in brackets.

- 13 (a) In accordance with Accounting Standard 19 'Leases' issued by The Institute of Chartered Accountants of India, all assets acquired under Hire Purchase agreements on or after 1st April 2001 are capitalised and a loan liability and the interest recognised. Consequently, depreciation is provided on such assets. Instalments paid are allocated to the liability and the interest is charged to Profit and Loss Account.
- The minimum instalments as at 31st December 2006 and the present value as at 31st December 2006 of minimum instalments in respect of assets acquired under agreements are as follows:

	Period ended 31st December 2006 Rupees	Year ended 31st March 2006 Rupees
Minimum Instalments		
Payable not later than 1 year	2,807,016	5,514,107
Payable later than 1 year and not later than 5 years.	2,104,364	4,320,576
Total Minimum Instalments	4,911,380	9,834,683
Less : Future Finance Charges	336,227	642,221
Present Value of Minimum Instalments	4,575,153	9,192,462
Payable not later than 1 year	2,545,393	5,077,175
Payable later than 1 year and not later than 5 years.	2,029,760	4,115,287
Total Present Value of Minimum Instalments	4,575,153	9,192,462

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE 17 : (contd.)

- (b) The Company has taken vehicles, various office premises and office equipments under operating lease. The lease payments recognised in the Profit and Loss Account is Rs. 9,448,196 (*Previous Year: Rs. 11,050,476*).

14. Calculation of Basic and Diluted Earnings per Share (EPS)

	Period ended 31st December 2006 Rupees	Year ended 31st March 2006 Rupees
(a) Net Profit for the year attributable to Equity Shareholders	22,313,977	44,411,764
(b) Number of Equity Shares as at 31st December 2006	1,576,698	1,576,692
(c) Basic and Diluted EPS = (a) / (b)	14.15	28.17
(d) Face Value of the Share (in Rupees)	10	10

15. Deferred Tax

The break up of net deferred tax asset / (liability) as at 31st December 2006 is as under :
Deferred Tax Liability (DTL)

Timing difference on account of difference between Book Depreciation and Depreciation under the Income Tax Act, 1961	(7,701,247)	(9,844,046)
--	-------------	-------------

Deferred Tax Asset (DTA)

Timing difference on account of Provision for Doubtful Debts and Advances	6,290,859	2,770,353
Timing difference on account of Provision for Gratuity	711,807	3,111,966
Timing difference on account of Provision for Leave Encashment	3,132,454	—

Net Deferred Tax Asset / (Liability)

2,433,873 (3,961,727)

Deferred tax benefits are recognised on assets to the extent that it is more likely than not that future taxable profit will be available against which assets can be utilised.

16. The year end foreign currency exposure that have not been hedged by a forward contract (derivative instrument) or otherwise are given below :

		<i>Previous Year</i>							
	Receivable in Foreign Currency on account of rendering of Services		Payable in Foreign Currency on availment of Services		<i>Receivable in Foreign Currency on account of rendering of Services</i>		<i>Payable in Foreign Currency on availment of Services</i>		
	Foreign Currency	Equivalent (Rs.)	Foreign Currency	Equivalent (Rs.)	Foreign Currency	Equivalent (Rs.)	Foreign Currency	Equivalent (Rs.)	
ASD	2,473	85,098	31,226	1,074,500	—	—	13,606	442,592	
SND	—	—	2,418	70,670	42,266	316,997	48,904	327,657	
SFR	2,216	79,034	23,899	852,475	688	23,320	37,291	1,300,747	
UKL	—	—	15,762	1,351,278	43,872	3,375,985	23,554	1,858,087	
USD	31,545	1,385,442	719,983	31,621,657	2,159,747	95,784,779	655,689	29,296,231	
YEN	70,223	25,758	—	—	371,376	139,266	2,711,237	101,785	
EURO	4,298	246,365	74,271	4,257,195	8,278	442,536	120,573	6,635,126	
MYR	2,512	31,425	11,610	145,235	—	—	1,213	16,012	
NZL	—	—	38,816	1,242,112	—	—	7,769	224,524	

17. Figures for the previous year have been regrouped wherever considered necessary to conform to figures of the current year.
18. The Company would be assessed to Income Tax on its income for the year ending 31st March 2007 (Assessment Year 2007-2008). Provision for Taxation for the period ending 31st December 2006 is based on the results of the Company for the said period and the ultimate liability for Income Tax for the Assessment Year 2007-2008 will be determined on the basis of the income for the year ending 31st March 2007.
19. The figures for the current financial year are for a period of 9 months, whereas the figures for the previous financial year are for a period of 12 months. Hence, they are not comparable.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

20 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 2 0 6 7

State Code

1 1

Balance Sheet Date

3 1 1 2 2 0 0 6

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 1 4 7 2 0 6

Total Assets

- 1 1 4 7 2 0 6

Sources of Funds

Paid-up Capital

- - - 1 5 7 6 7

Reserves & Surplus

- - 3 7 8 6 9 1

Secured Loans

- - - 5 4 3 7 6

Unsecured Loans

- - N I L - - -

Application of Funds

Net Fixed Assets

- - 1 1 1 5 4 3

Investments

- - - 2 1 9 2 6

Net Current Assets

- - 3 1 2 9 3 1

Miscellaneous Expenditure

- - N I L - - -

Deferred Tax Assets

- - - 2 4 3 4

Accumulated Losses

- - N I L - - -

IV. Performance of Company (Rupees in Thousands)

Turnover

- - 3 7 6 1 0 0

Total Expenditure

- - 3 3 3 5 9 0

Profit/loss before tax

- - - 4 2 5 1 0

Profit/loss after tax

- - - 2 2 3 1 4

Earning per Share in Rs. (Refer Note No. 12 of Schedule 18)

- - - 1 4 . 1 5

Dividend rate %

N I L

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

Item Code No.

N O T A P P L I C A B L E - - - - -

(ITC Code)

Product Description

T R A V E L A N D T O U R I S M

A G E N T - - - - -

Signatures to Schedules 1 to 17

For and on behalf of the Board of Directors

HOSHANG BILLIMORIA – CHAIRMAN

PRADEEP MADHAVJI – DIRECTOR

JAHANGIR N. KATGARA – DIRECTOR

MADHAVAN MENON – DIRECTOR

FIRDAUS J. GANDAVIA – SR. VICE PRESIDENT-FINANCE
& COMPANY SECRETARY

Cash Flow Statement for the period ended 31st December 2006

	Period ended 31st December 2006		Year ended 31st March 2006	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		42,315,299		80,208,405
Add: Interest expenses	6,210,713		6,398,788	
Depreciation	21,229,395		29,834,989	
Provision for Gratuity	2,114,698		15,050,712	
Bad Debts written off	1,337,083		279,169	
Loss on Misappropriation of Assets	—		7,297,300	
Sundry Debit balances written off	865,590		3,544,414	
Provision for Doubtful Debts and Advances	10,512,697		3,161,825	
Interest Income	(2,748,427)		(2,658,492)	
Fixed Asset written off	122,187		147,001	
(Profit) / Loss on sale of Non Trade Current Investments	(39,026)		(114,009)	
Loss / (Profit) on sale of Fixed Assets	(1,939,259)		(3,252,838)	
Dividend Income from Current Investments	(751,256)		(872,362)	
Provision no longer required for Leave Encashment	(2,546,295)		—	
Provision no longer required for Doubtful Debts and Advances	—		(913,243)	
		34,368,100		57,903,254
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		76,683,399		138,111,659
(Increase) in Loans and Advances	(23,379,587)		(35,586,301)	
(Increase) in Sundry Debtors	(28,870,775)		(137,656,593)	
Increase in Current Liabilities and Provisions	6,689,414		51,673,680	
CASH GENERATED FROM OPERATIONS		31,122,451		16,542,445
Taxation – Taxes (Paid) (Net) / Refund Received		(31,007,907)		(45,282,508)
NET CASH FLOW FROM OPERATING ACTIVITIES		114,544		(28,740,063)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(16,770,228)		(42,061,188)	
Sale of Fixed Assets	11,666,686		16,942,825	
Purchase of Investments	(744,000,000)		(962,872,362)	
Sale of Investments	735,324,448		988,121,237	
Dividend Income from Current Investments	751,256		872,362	
Interest received	2,750,288		2,021,409	
NET CASH FLOW (USED IN) / FROM INVESTMENT ACTIVITIES		(10,277,550)		3,024,283
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share Capital	60		—	
Proceeds of bank borrowings	—		7,570,662	
(Repayment) of borrowings	(4,617,309)		(6,617)	
Interest paid	(6,210,713)		(6,398,788)	
Dividends paid (including taxes thereon)	—		(7,191,293)	
NET CASH FLOW (USED IN) FINANCING ACTIVITIES		(10,827,962)		(6,026,036)
NET (DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)		(20,990,968)		(31,741,816)

Cash Flow Statement for the period ended 31st December 2006

	Period ended 31st December 2006		Year ended 31st March 2006	
	Rupees	Rupees	Rupees	Rupees
Cash & Cash Equivalents - Opening Balance		106,225,396		137,967,212
Cash & Cash Equivalents - Closing Balance		85,234,428		106,225,396
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		(20,990,968)		(31,741,816)
Components of Cash & Cash Equivalents as at				
Cash on hand	23,360,025		20,424,459	
Balance with Banks - On Current Account	129,151,223		201,723,844	
- On Deposit Account	64,723,019		85,432,112	
- On Cash Credit/Overdraft	(131,999,839)		(201,355,019)	
		85,234,428		106,225,396

Notes :

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statement" issued by The Institute of Chartered Accountants of India
- 2 Bank Borrowings relating to working capital requirements are grouped under "Cash & Cash Equivalents" as the same form an integral part of the Company's Cash Management System.
- 3 Previous year figures have been regrouped where necessary.

As per our attached report of even date

R. LAXMINARAYAN
Partner

For C.C. CHOKSHI & CO.,
Chartered Accountants

Mumbai, 9th March 2007

For and on behalf of the Board of Directors

HOSHANG BILLIMORIA – CHAIRMAN
PRADEEP MADHAVJI – DIRECTOR
JAHANGIR N. KATGARA – DIRECTOR
MADHAVAN MENON – DIRECTOR
FIRDAUS J. GANDAVIA – SR. VICE PRESIDENT-FINANCE
& COMPANY SECRETARY

Mumbai, 9th March 2007

Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting the Eighteenth Annual Report and the Balance Sheet and Profit & Loss Account for the fourteen months ended 31st December 2006.

OPERATIONS

The focus of the Company this year was on business consolidation and it continues to show satisfactory results. The Company's sales consist of products which are usually customised keeping in mind the need of its clients. The Company's portfolio covers products which meets the needs of students, corporates and emigrants in addition to the leisure travellers. The product for domestic travellers is under development and is likely to be launched in next year.

The focus this year was to promote the TRAVEL CARE & SCHOLAR CARE, the branded products of the Company.

Our Principal, TATA AIG General Insurance Company Limited, continues to underwrite all risks. We continue to explore avenues to cross sell other insurance products in addition to the Travel Insurance.

FINANCIAL RESULTS

(Amount in Rupees Million)

	14 months ended 31st December 2006	Year ended 31st October 2005
Profit before Taxation	(13.6)	13.6
Provision for Taxation	(4.5)	4.6
Provision for Fringe Benefit Tax	0.3	0.2
Profit after Taxation	(9.4)	8.8
Transferred to General Reserve	—	—

DIVIDEND

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

FIXED DEPOSITS

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

DIRECTORS

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

Mr. Udayan Bose was appointed as Additional Director at the Board Meeting held on 24th February 2006 and Mr. R. R. Kenkare was appointed as Additional Director by a circular resolution of the Board dated 12th January 2007. They hold office upto the date of this Annual General Meeting and in respect of them, the Company has received notices in writing under Section 257 of

the Companies Act, 1956 from members proposing their candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

AUDITORS

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

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

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

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

There are no employees drawing remuneration beyond monetary ceilings prescribed under Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder.

DIRECTORS' RESPONSIBILITY STATEMENT

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;
- 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.

For and on behalf of the Board

UDAYAN BOSE — DIRECTOR

MADHAVAN MENON — DIRECTOR

Mumbai, 22nd March 2007

Auditors' Report

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

1. We have audited the attached Balance Sheet of Thomas Cook Insurance Services (India) Limited, as at 31st December 2006 and the related Profit and Loss Account and Cash Flow Statement for the period 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;
 - (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 December 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December 2006;
 - (ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date;
 - and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Mumbai, 22nd March 2007

Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Thomas Cook Insurance Services (India) Limited on the financial statements for the period ended 31st December 2006]

1. (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 period.
- (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 period.
2. 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 sale of services. There are no purchases of inventory and fixed assets and sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the Auditing Standards generally accepted in India 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.
3. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act during the period 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 period.
4. The Company has not accepted any deposits from the public within the meaning of Sections 58A & 58AA of the Act and the rules framed there under.
5. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
6. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including income-tax, cess and other material statutory dues as applicable with the appropriate authorities in India.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and cess which have not been deposited on account of any dispute.
7. The Company has no accumulated losses as at 31st December 2006 and has not incurred any cash losses in the financial period ended on that date or in the immediately preceding financial year.
8. 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.
9. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
10. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
11. 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.
12. 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 period.

Annexure to the Auditors' Report

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13. The Company has not obtained any term loans.
14. 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.
15. 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 period.
16. The Company has not issued any debentures.
17. The Company has not raised any money by public issues during the period.
18. During the course of our examination of the books and records of the Company, carried out in accordance with the Auditing Standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.
19. According to the information and explanations given to us and taking into consideration the nature of business of the Company, the matters specified in clauses (i), (ii) and (viii) of paragraph 4 of the Order are not applicable to the Company.

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Mumbai, 22nd March 2007

Balance Sheet as at 31st December 2006

	Schedule	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	500,000	500,000
Reserves and Surplus	B	7,368,671	16,763,157
TOTAL		7,868,671	17,263,157
APPLICATION OF FUNDS			
INVESTMENTS	C	2,027,160	3,063,285
DEFERRED TAX ASSET	D	8,047,876	—
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	E	15,358,308	27,149,297
Cash and Bank Balances	F	2,325,653	351,710
Loans and Advances	G	3,944,544	1,753,492
		21,628,505	29,254,499
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	H	23,834,870	15,054,627
		23,834,870	15,054,627
NET CURRENT ASSETS		(2,206,365)	14,199,872
TOTAL		7,868,671	17,263,157
Notes to the Financial Statements	M		

Schedules "A" to "H" and "M" 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, 22nd March 2007

For and on behalf of the Board

UDAYAN BOSE — DIRECTOR
MADHAVAN MENON — DIRECTOR

Mumbai, 22nd March 2007

Profit and Loss Account for the period ended 31st December 2006

	Schedule	Period ended 31st December 2006 Rupees Rupees		Year ended 31st October 2005 Rupees Rupees	
INCOME					
Turnover	I	19,808,551		18,547,240	
Other Income	J	28,251,471		26,177,668	
			48,060,022		44,724,908
EXPENDITURE					
Personnel Cost	K	8,566,256		3,385,645	
Advertisement and Business Promotion		20,356,558		17,461,044	
Other Expenses	L	32,564,600		10,288,467	
Card Product Expenses		203,033		—	
			61,690,447		31,135,156
PROFIT / (LOSS) BEFORE TAXATION			(13,630,425)		13,589,752
Provision for Taxation					
Current Tax		3,500,000		4,645,000	
Deferred Tax		(8,047,876)		—	
Fringe Benefit Tax		311,937		157,849	
			(4,235,939)		4,802,849
PROFIT / (LOSS) AFTER TAXATION			(9,394,486)		8,786,903
Balance brought forward from previous year			16,292,927		7,506,024
Balance carried to Balance Sheet			6,898,441		16,292,927
Earnings per Share - Basic and Diluted [Rs. per Equity Share of Rs. 10 each] [Refer Note 2(e) of Schedule "M"]			(187.89)		175.74
Notes to the Financial Statements	M				

Schedules "I" to "M" referred to above form
an integral part of the Profit and Loss Account.

In terms of our report of even date

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai, 22nd March 2007

For and on behalf of the Board

UDAYAN BOSE — DIRECTOR
MADHAVAN MENON — DIRECTOR

Mumbai, 22nd March 2007

Schedules forming part of the Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "A" : CAPITAL		
Authorised		
500,000 Equity Shares of Rs.10 each	5,000,000	5,000,000
Issued and Subscribed		
50,000 Equity Shares of Rs. 10 each fully paid-up, all held by the Holding Company, Thomas Cook (India) Limited and its nominees	500,000	500,000
SCHEDULE "B" : RESERVES AND SURPLUS		
General Reserve		
Balance as per last Balance Sheet	470,230	470,230
Profit and Loss Account	6,898,441	16,292,927
	7,368,671	16,763,157
SCHEDULE "C" : INVESTMENTS		
(Unquoted, Current, Non-trade)		
In fully paid-up Units of Mutual Funds		
– 191,569 (<i>Previous year - Nil</i>) Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	2,027,160	—
– Nil (<i>Previous year - 943</i>) Units of Rs. 1,512 each of Templeton India Treasury Management Account - Regular Plan - Daily Dividend Reinvestment	—	1,425,613
– Nil (<i>Previous year - 163,733</i>) Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Daily Dividend Reinvestment	—	1,637,672
	2,027,160	3,063,285
Investments purchased and sold during the period	Units	Units
– Units of Rs. 10 each of Deutsche Mutual Fund - DWS Insta Cash Plus Fund - Regular Dividend	88,835	196,809
– Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	85,414	340,204
– Units of Rs. 10 each of Birla Sun Life Mutual Fund - Birla Cash Plus Retail Plan - Daily Dividend	61,446	116,066
– Units of Rs. 10 each of HSBC Mutual Fund - HSBC Cash Fund - Daily Dividend	—	186,403
– Units of Rs. 10 each of Principal Mutual Fund- Principal Cash Management Fund Liquid Plan - Daily Dividend	1,399	389,927
– Units of Rs. 1,512 each of Franklin Templeton Mutual Fund - Templeton India Treasury Management Account Regular Plan - Daily Dividend	6	1,653
– 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

Schedules forming part of the Balance Sheet as at 31st December 2006

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	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
SCHEDULE "D" : DEFERRED TAX ASSETS		
On Provision for Doubtful Debts	8,047,876	—
SCHEDULE "E" : SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	2,927,930	728,649
Considered Doubtful	23,197,187	—
	26,125,117	728,649
Other Debts		
Considered Good	12,430,378	26,420,648
Considered Doubtful	480,000	—
	12,910,378	26,420,648
	39,035,495	27,149,297
	(23,677,187)	—
Less : Provision for Doubtful Debts	15,358,308	27,149,297
SCHEDULE "F" : CASH AND BANK BALANCES		
Cash and Cheques on Hand	193,526	30
Balances with Scheduled Banks on Current Accounts	2,132,127	351,680
	2,325,653	351,710
SCHEDULE "G" : LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	3,754,854	1,357,411
Tax Payments less Provisions	189,690	396,081
	3,944,544	1,753,492
SCHEDULE "H" : LIABILITIES		
Sundry Creditors other than Small Scale Industrial Undertakings	23,763,303	15,039,985
Other Liabilities	71,567	14,642
	23,834,870	15,054,627

Schedules forming part of the Profit and Loss Account for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
SCHEDULE "I" : TURNOVER		
Insurance Commission	19,584,852	17,329,534
Card Product Income	223,699	1,217,706
	<u>19,808,551</u>	<u>18,547,240</u>
SCHEDULE "J" : OTHER INCOME		
Recovery of Expenses	27,850,605	25,890,349
Interest on Income Tax Refund	135,360	—
Interest on Deposit with Bank	—	392
Dividend on Current Investments - Non Trade - On Units of Mutual Funds	63,455	284,195
Profit on Sale of Current Investments	2,614	2,732
Miscellaneous Income	199,437	—
	<u>28,251,471</u>	<u>26,177,668</u>
SCHEDULE "K" : PERSONNEL COST [Refer Note 2(a) of Schedule "M"]		
Salaries, Wages and Bonus	6,269,620	2,699,085
Staff Welfare Expenses	2,296,636	686,560
	<u>8,566,256</u>	<u>3,385,645</u>
SCHEDULE "L" : OTHER EXPENSES		
Rent	832,126	717,470
Rates and Taxes	39,851	93,741
Repairs and Maintenance - Others	752,667	1,274,250
Printing and Stationery	1,071,524	2,105,314
Postage, Telegrams, Telex and Telephones	1,071,385	769,138
Legal and Professional Charges	131,209	22,100
Service Charges	2,228,086	2,296,070
Auditors' Remuneration		
Audit Fees	22,448	22,040
Reports under the provisions of the Income-tax Act, 1961	22,448	22,040
Reimbursement of Expenses	—	1,521
	<u>44,896</u>	<u>45,601</u>
Bank Charges	16,385	2,731
Travelling and Subsistence	2,539,376	2,872,028
Provision for Doubtful Debts	23,677,187	—
Security Services	80,321	21,375
Miscellaneous Expenses	79,587	68,649
	<u>32,564,600</u>	<u>10,288,467</u>

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "M" : 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 significant accounting policies are as follows -

(a) Basis of Accounting

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

(b) Turnover

Turnover comprises of insurance commission in the normal course of business as the corporate insurance agent of Tata AIG General Insurance Company Limited and sale of card products.

(c) Revenue Recognition

Commission on insurance policies sold is recognised on the effective commencement of the policies. Card products sales are recognised on delivery of the cards to the customers.

(d) Investments

Current Investments are stated at lower of cost and fair value.

(e) 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.

2. NOTES TO THE ACCOUNTS

(a) Personnel cost represents salary and other allowances of employees deputed to the Company by the Holding Company.

(b) 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 nine months up to 31st December 2006, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April 2006 to 31st March 2007.

(c) The Company has only one reportable segment which is travel insurance and related services. Accordingly, the figures appearing in these accounts relate to 'Travel Insurance and Related Services' Segment.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

SCHEDULE "M" : (contd.)

(d) Related Party Disclosures

(A) Enterprise where control exists

Holding Company

Thomas Cook (India) Limited

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

	As at 31st December 2006 Rupees	As at 31st October 2005 Rupees
Services Availed		
Thomas Cook (India) Limited	—	2,700,000
Reimbursement of Expenses		
Thomas Cook (India) Limited	31,476,340	28,435,156
Balances as at the year end - Outstanding Payables		
Thomas Cook (India) Limited	20,132,204	12,769,853

- (e) Basic earnings per share has been calculated by dividing profit / (loss) for the period / year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / 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:

	Period ended 31st December 2006 Rupees	Year ended 31st October 2005 Rupees
(Loss) / Profit after Taxation	(9,394,486)	8,786,903
Weighted average number of shares	50,000	50,000
Earnings per Share (Rs. per Equity Share of Rs. 10 each) - Basic and Diluted	(187.89)	175.74

- (f) Previous year figures have been regrouped where necessary.

- (g) The Company has changed its accounting year from October to December. Consequently the current financial year is for fourteen months i.e. November 2005 to December 2006. Hence the figures for current period are not comparable with the previous year.

Schedules forming part of the Financial Statements for the period ended 31st December 2006

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(h) Balance Sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given below :

I. Registration Details

Registration No.

1 1 - 5 4 7 6 0

State Code

1 1

Balance Sheet Date

3 1 1 2 2 0 0 6
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

- - - - 7 8 6 9

Total Assets

- - - - 7 8 6 9

Sources of Funds

Paid-up Capital

- - - - - 5 0 0

Reserves & Surplus

- - - - 7 3 6 9

Secured Loans

- - - N I L - - -

Unsecured Loans

- - - N I L - - -

Application of Funds

Net Fixed Assets

- - - N I L - - -

Investments

- - - - 2 0 2 7

Net Current Assets*

- - - - 5 8 4 2

Miscellaneous Expenditure

- - - N I L - - -

Accumulated Losses

- - - N I L - - -

* Net Current Assets include Deferred Tax Asset of Rs. 8,048 thousands.

IV. Performance of Company (Rupees in Thousands)

Turnover

- - - 4 8 0 6 0

Total Expenditure

- - - 6 1 6 9 0

+ -
[] []

Profit / Loss before tax

- - - 1 3 6 3 0

+ -
[] []

Profit / Loss after tax

- - - - 9 3 9 4

(Please tick Appropriate box + for Profit, - for Loss)

+ -
[] []

Earning per Share in Rs.

- - - 1 8 7 . 8 9

Dividend Rate %

- - -

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

Item Code No.

N O T A P P L I C A B L E

(ITC Code)

Product Description

C O R P O R A T E I N S U R A N C E - -

A G E N T - - - - - - - - - - - - - - - -

Item Code No.

N O T A P P L I C A B L E

(ITC Code)

Product Description

- -

Item Code No.

N O T A P P L I C A B L E

(ITC Code)

Product Description

- -

Signatures to Schedules "A" to "M"

For and on behalf of the Board

UDAYAN BOSE

- DIRECTOR

MADHAVAN MENON

- DIRECTOR

Mumbai, 22nd March 2007

Cash Flow Statement for the period ended 31st December 2006

	Period ended 31st December 2006 Rupees Rupees		Year ended 31st October 2005 Rupees Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION		(13,630,425)		13,589,752
Adjustments for				
Interest Income	(135,360)		(392)	
Dividend Income	(63,455)		(284,195)	
Profit on Sale of Current Investments	(2,614)		(2,732)	
		(201,429)		(287,319)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(13,831,854)		13,302,433
Adjustments for				
Trade and Other Receivables	9,393,546		(24,324,853)	
Trade and Other Payables	8,780,243		10,062,688	
		18,173,789		(14,262,165)
CASH GENERATED FROM OPERATIONS		4,341,935		(959,732)
Direct Taxes paid		(3,605,546)		(5,441,149)
NET CASH FROM OPERATING ACTIVITIES		736,389		(6,400,881)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale / (Purchase) of Investments (Net)	1,038,739		(3,060,553)	
Dividend Received	63,455		284,195	
Interest Received	135,360		392	
NET CASH USED IN INVESTING ACTIVITIES		1,237,554		(2,775,966)
C. CASH FLOW FROM FINANCING ACTIVITIES				
NET CASH FROM / USED IN FINANCING ACTIVITIES		—		—
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		1,973,943		(9,176,847)
Cash and Cash Equivalents - Opening Balance		351,710		9,528,557
Cash and Cash Equivalents - Closing Balance		2,325,653		351,710

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, 22nd March 2007

For and on behalf of the Board

UDAYAN BOSE — DIRECTOR
MADHAVAN MENON — DIRECTOR

Mumbai, 22nd March 2007

Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting the Eighteenth Annual Report and the Balance Sheet as at 31st December 2006.

OPERATIONS

There were no business activities carried on throughout the fourteen months ended 31st December 2006.

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.

Mr. Udayan Bose was appointed as Additional Director at the Board Meeting held on 24th February 2006 and Mr. R. R. Kenkare was appointed as Additional Director by a circular resolution of the Board dated 12th January 2007. They hold office upto the date of this Annual General Meeting and in respect of them, the Company has received notices in writing under Section 257 of the Companies Act, 1956 from members proposing their candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

AUDITORS

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

UDAYAN BOSE — DIRECTOR

MADHAVAN MENON — DIRECTOR

Mumbai, 22nd March 2007

Auditors' Report

To the members of Thomas Cook Tours Limited

- We have audited the attached Balance Sheet of Thomas Cook Tours Limited, as at 31st December 2006, 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 period 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 period.
- 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 December, 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December 2006 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 December 2006.

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai, 22nd March 2007

Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 1st October 2005 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	5,00,000	5,00,000
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	55,895	44,895
NET CURRENT ASSETS	444,045	455,045
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary and Pre-operative Expenses	55,955	44,955
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	UDAYAN BOSE — DIRECTOR
For and on behalf of LOVELOCK & LEWES Chartered Accountants	MADHAVAN MENON — DIRECTOR
Mumbai, 22nd March 2007	Mumbai, 22nd March 2007

Annexure referred to in the Balance Sheet as at 31st December 2006 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 2 2 0 0 6	Date Month Year
II. Capital raised during the year (Rupees in Thousands)	
Public Issue	Rights Issue
- - - N I L - -	- - - N I L - -
Bonus Issue	Private Placement
- - - N I L - -	- - - N I L - -
III. Position of Mobilisation and Deployment of Funds (Rupees in Thousands)	
Total Liabilities	Total Assets
- - - - - 5 0 0	- - - - - 5 0 0
Sources of Funds	
Paid-up Capital	Reserves & Surplus
- - - 5 0 0 - -	- - - N I L - -
Secured Loans	Unsecured Loans
- - - N I L - -	- - - N I L - -
Application of Funds	
Net Fixed Assets	Investments
- - - N I L - -	- - - N I L - -
Net Current Assets	Misc. Expenditure to the extent not written off
- - - - - 4 4 4	- - - - - 5 6
Accumulated Losses	
- - - N I L - -	
For and on behalf of the Board	
UDAYAN BOSE — DIRECTOR	
MADHAVAN MENON — DIRECTOR	
Mumbai, 22nd March 2007	

Directors' Report**TO THE MEMBERS**

Your Directors have pleasure in presenting the Eighteenth Annual Report and the Balance Sheet as at 31st December 2006.

OPERATIONS

There were no business activities carried on throughout the fourteen months ended 31st December 2006.

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.

Mr. Udayan Bose was appointed as Additional Director at the Board Meeting held on 24th February 2006 and Mr. R. R. Kenkare was appointed as Additional Director by a circular resolution of the Board dated 12th January 2007. They hold office upto the date of this Annual General Meeting and in respect of them, the Company has received notices in writing under Section 257 of the Companies Act, 1956 from members proposing their candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

AUDITORS

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

UDAYAN BOSE — DIRECTOR

Mumbai, 22nd March 2007

MADHAVAN MENON — DIRECTOR

Auditors' Report

To the members of Indian Horizon Travel and Tours Limited

- We have audited the attached Balance Sheet of Indian Horizon Travel and Tours Limited, as at 31st December 2006, 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 period 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 period.
- 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 December 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December 2006 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 December 2006.

SHARMILA A. KARVE
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai, 22nd March 2007

Balance Sheet as at 31st December 2006

	As at 31st December 2006 Rupees	As at 1st October 2005 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	5,000,000	5,000,000
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	56,060	45,060
NET CURRENT ASSETS	443,880	454,880
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary and Pre-operative Expenses	56,120	45,120
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	UDAYAN BOSE — DIRECTOR
For and on behalf of LOVELOCK & LEWES Chartered Accountants	MADHAVAN MENON — DIRECTOR
Mumbai, 22nd March 2007	Mumbai, 22nd March 2007

**Annexure referred to in the Balance Sheet
as at 31st December 2006
Balance Sheet Abstract and Company's General
Business Profile**

I. Registration Details	
Registration No. <input type="text" value="1"/> <input type="text" value="1"/> - <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="5"/>	State Code <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet Date <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="6"/>	
Date Month Year	
II. Capital raised during the year (Rupees in Thousands)	
Public Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>	Rights Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>
Bonus Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>	Private Placement <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>
III. Position of Mobilisation and Deployment of Funds (Rupees in Thousands)	
Total Liabilities <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Total Assets <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>
Sources of Funds	
Paid-up Capital <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>
Secured Loans <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>	Unsecured Loans <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>
Application of Funds	
Net Fixed Assets <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>	Investments <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>
Net Current Assets <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/>	Misc. Expenditure to the extent not written off <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="6"/>
Accumulated Losses <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/>	
Mumbai, 22nd March 2007	For and on behalf of the Board UDAYAN BOSE — DIRECTOR MADHAVAN MENON — DIRECTOR

Directors' Report

The Directors have the pleasure in submitting their report together with the audited financial statements of the Group and the Company, for the period ended 31st December 2006.

INCORPORATION

The Company was incorporated in the Republic of Mauritius on 14th August 1994 under the Companies Act 1984, as a private company with liability limited by shares.

CHANGE IN ACCOUNTING YEAR END

During the year, the Company changed its accounting year end from 31st October to 31st December. Accordingly, these financial statements have been prepared in respect of the period from 1st November 2005 to 31st December 2006.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS AND DIVIDENDS

The results for the period of the Group and the Company are shown in the Income Statement of the financial statements.

The Directors do not recommend the payment of any dividend for the period under review.

BOARD OF DIRECTORS

The present membership of the Board is as below :

Name of Director	Date appointed	Date resigned
Ashwini Mohan Kakkar	19th January 2000	2nd February 2006
Louis Emmanuel Ng Cheong Tin	19th January 2000	
Madhavan Menon	19th November 2001	
Uday Kumar Gujadhur	30th September 2001	
Udayan Bose	2nd February 2006	

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 Group and 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.

DIRECTORS' SERVICE CONTRACTS

The Company has no employment contract with its Directors.

DIRECTORS' REMUNERATION

Directors' remuneration for the periods under review are as follows :

	Group		Company	
	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD
Full-time executive Directors	—	—	—	—
Part-time non-executive Directors	6,000	6,000	1,500	1,500
	<u>6,000</u>	<u>6,000</u>	<u>1,500</u>	<u>1,500</u>

DONATIONS

The Group and the Company made no donations of for the period under review (Year ended 31st October 2005 - USD Nil).

SIGNIFICANT CONTRACTS

No contracts of significance existed during the period under review with the Directors.

AUDITORS

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office.

Fees payable to the auditors for the period under review are as follows :

	Group		Company (Restated)	
	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD
Audit services	24,520	16,213	9,436	4,165
Non-audit services	1,283	448	—	—
	<u>25,803</u>	<u>16,661</u>	<u>9,436</u>	<u>4,165</u>

By Order of the Board
UDAYAN BOSE — DIRECTOR
MADHAVAN MENON — DIRECTOR
Mauritius, 22nd March 2007

Secretary's Certificate under Section 166 (d) of the Companies Act 2001 For the period from 01 November 2005 to 31 December 2006

In accordance with the section 166 (d) of the Companies Act 2001, 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.

Multiconsult Limited
CORPORATE SECRETARY
Mauritius, 22nd March 2007

Auditors' Report

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

Report on the Financial Statements

1. We have audited the consolidated financial statements of Thomas Cook (Mauritius) Holding Company Limited (the "Company") and its subsidiaries (together the "Group") and the Company's separate financial statements which comprise of the Group's and Company's Balance Sheets as at 31st December 2006 and their respective Income Statements, Statements of Changes in Equity and Cash Flow Statements for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

2. The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company at 31st December 2006 and of their financial performance and their cash flows for the period then ended on that date in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Report on Other Legal and Regulatory Requirements

7. The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:
 - (a) We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditor and tax adviser;
 - (b) We have obtained all the information and explanations we have required; and
 - (c) In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other matter

8. This report, including the opinion, has been prepared for and only for the Company's members, as a body, 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.

Mauritius, 22nd March 2007

PricewaterhouseCoopers
LINDSAY LEVEHANG
Partner

Consolidated Balance Sheet as at 31st December 2006

	As at 31st December 2006 USD	Group As at 31st October 2005 USD	As at 31st December 2006 USD	Company (Restated) As at 31st October 2005 USD
ASSETS				
NON-CURRENT ASSETS				
Plant and equipment (Note 8)	303,391	235,782	—	—
Deferred tax assets (Note 9)	12,594	29,836	—	—
Investments [Note 10(a)]	—	—	927,600	1,002,599
	<u>315,985</u>	<u>265,618</u>	<u>927,600</u>	<u>1,002,599</u>
CURRENT ASSETS				
Investments [Note 10(b)]	220,252	—	220,252	—
Trade and other receivables (Note 11)	145,181	59,221	9,999	3,047
Loan receivable (Note 12)	289,228	249,572	289,228	249,572
Cash at bank and in hand (Note 18)	1,524,515	2,179,779	3,542	3,007
	<u>2,179,176</u>	<u>2,488,572</u>	<u>523,021</u>	<u>255,626</u>
TOTAL ASSETS	<u>2,495,161</u>	<u>2,754,190</u>	<u>1,450,621</u>	<u>1,258,225</u>
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Stated capital (Note 13)	1,655,500	1,355,500	1,655,500	1,355,500
Retained earnings	277,650	(60,746)	38,821	(7,159)
Currency translation reserve	(281,315)	(146,361)	(274,887)	(150,320)
	<u>1,651,835</u>	<u>1,148,393</u>	<u>1,419,434</u>	<u>1,198,021</u>
NON-CURRENT LIABILITIES				
Preference shares (Note 14)	—	249,572	—	—
Retirement benefit obligations (Note 15)	4,630	5,049	—	—
Obligations under finance leases (Note 16)	35,116	38,054	—	—
	<u>39,746</u>	<u>292,675</u>	<u>—</u>	<u>—</u>
CURRENT LIABILITIES				
Trade and other payables (Note 17)	514,225	1,303,845	31,187	60,204
Borrowings (Note 19)	220,224	9,277	—	—
Current income tax [Note 7(b)]	69,131	—	—	—
	<u>803,580</u>	<u>1,313,122</u>	<u>31,187</u>	<u>60,204</u>
TOTAL LIABILITIES	<u>843,326</u>	<u>1,605,797</u>	<u>31,187</u>	<u>60,204</u>
TOTAL EQUITY & LIABILITIES	<u>2,495,161</u>	<u>2,754,190</u>	<u>1,450,621</u>	<u>1,258,225</u>

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

PriceWaterhouseCoopers
LINDSAY LEVEHANG
Partner
Mauritius, 22nd March 2007

Approved by the Board and signed on its behalf by :
UDAYAN BOSE — DIRECTOR
MADHAVAN MENON — DIRECTOR
Mauritius, 22nd March 2007

Consolidated Income Statement for the period from 1st November 2005 to 31st December 2006

	Period from 1st November 2005 to 31st December 2006 USD	Group Year ended 31st October 2005 USD	Period from 1st November 2005 to 31st December 2006 USD	Company (Restated) Year ended 31st October 2005 USD
Turnover	1,191,664	643,375	—	—
Administrative expenses	(896,489)	(623,105)	(16,758)	(11,258)
Operating profit/(loss) (Note 4)	295,175	20,270	(16,758)	(11,258)
Finance income, net (Note 6)	101,826	32,593	62,738	4,821
Profit/(loss) before taxation	397,001	52,863	45,980	(6,437)
Taxation (Note 7)	(88,631)	(10,327)	—	—
Net profit/(loss) for the period/year	<u>308,370</u>	<u>42,536</u>	<u>45,980</u>	<u>(6,437)</u>

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

PriceWaterhouseCoopers
LINDSAY LEVEHANG
Partner
Mauritius, 22nd March 2007

Approved by the Board and signed on its behalf by :
UDAYAN BOSE — DIRECTOR
MADHAVAN MENON — DIRECTOR
Mauritius, 22nd March 2007

Statement of Changes in Equity for the period from 1st November 2005 to 31st December 2006

The Group	Share capital USD	Retained earnings USD	Currency translation reserve USD	Total USD
At 1st November 2004	690,000	(103,282)	(72,970)	513,748
Issue of shares (Note 13)	665,500	—	—	665,500
Movement during the year	—	—	(73,391)	(73,391)
Profit for the year	—	42,536	—	42,536
At 31st October 2005	1,355,500	(60,746)	(146,361)	1,148,393
Issue of shares (Note 13)	300,000	—	—	300,000
Movement during the period	—	—	(135,487)	(135,487)
Deconsolidation (Note 21)	—	30,026	533	30,559
Profit for the period	—	308,370	—	308,370
At 31st December 2006	<u>1,655,500</u>	<u>277,650</u>	<u>(281,315)</u>	<u>1,651,835</u>

The Company	Share capital USD	Retained earnings USD	Currency translation reserve USD	Total USD
At 1st November 2004 (Restated)	690,000	(722)	(73,356)	615,922
Issue of shares (Note 13)	665,500	—	—	665,500
Movement during the year (Restated)	—	—	(76,964)	(76,964)
Loss for the year (Restated)	—	(6,437)	—	(6,437)
At 31st October 2005 (Restated)	1,355,500	(7,159)	(150,320)	1,198,021
Issue of shares (Note 13)	300,000	—	—	300,000
Movement during the year	—	—	(124,567)	(124,567)
Profit for the period	—	45,980	—	45,980
At 31st December 2006	<u>1,655,500</u>	<u>38,821</u>	<u>(274,887)</u>	<u>1,419,434</u>

Consolidated Cash Flow Statement for the period from 1st November 2005 to 31st December 2006

	Period from 1st November 2005 to 31st December 2006 USD	Group <i>Year ended 31st October 2005 USD</i>	Period from 1st November 2005 to 31st December 2006 USD	Company (Restated) <i>Year ended 31st October 2005 USD</i>
CASH FLOW FROM OPERATING ACTIVITIES : PROFIT/(LOSS) BEFORE TAXATION	397,001	52,863	45,980	(6,437)
Adjustments for :				
Depreciation of plant and equipment (Note 8)	48,023	39,393	—	—
Loss/(profit) on disposal of plant and equipment (Note 4)	631	(67)	—	—
Interest income	(46,673)	(31,879)	(6,940)	(3,614)
Unrealised exchange differences	(55,798)	(1,207)	(55,798)	(1,207)
Operating profit/(loss) before working capital changes (Increase)/decrease in trade and other receivables (Decrease)/increase in trade and other payables	343,184 (109,493) (687,807) (454,116)	59,103 (30,766) 180,194 208,531	(16,758) 419 (31,537) (47,876)	(11,258) 21 (10,779) (22,016)
Interest received	40,372	29,120	639	855
NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES	(413,744)	237,651	(47,237)	(21,161)
CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of investments (Note 10)	—	—	(250,000)	(402,595)
Purchase of plant and equipment (Note 8)	(113,320)	(95,718)	—	—
Proceeds from disposal of plant and equipment	—	7,298	—	—
NET CASH USED IN INVESTING ACTIVITIES	(113,320)	(88,420)	(250,000)	(402,595)
CASH FLOW FROM FINANCING ACTIVITIES				
Payment of finance leases obligations	(13,470)	(6,816)	—	—
Loan granted (Note 12)	—	(262,905)	—	(262,905)
Loan received	158,781	—	—	—
Proceeds from issue of shares (Note 13)	300,000	665,500	300,000	665,500
Issue of preference shares	—	262,905	—	—
NET CASH GENERATED FROM FINANCING ACTIVITIES	445,311	658,684	300,000	402,595
Net (increase)/decrease in cash and cash equivalents	(81,753)	807,915	2,763	(21,161)
Deconsolidation of subsidiary's cash balances	(488,154)	—	—	—
Effect of exchange differences	(142,992)	(132,926)	(2,228)	1,721
Cash and cash equivalents at beginning of the period/year	2,179,779	1,504,790	3,007	22,447
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR (Note 18)	1,466,880	2,179,779	3,542	3,007

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

PriceWaterhouseCoopers LINDSAY LEVEHANG Partner Mauritius, 22nd March 2007	Approved by the Board and signed on its behalf by : UDAYAN BOSE — DIRECTOR MADHAVAN MENON — DIRECTOR Mauritius, 22nd March 2007
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Notes to the Financial Statements for the period ended 31st December 2006

1. GENERAL INFORMATION

Thomas Cook (Mauritius) Holding Company Limited ("the Company") was incorporated in Mauritius under the Mauritius Companies Act 1984 on 14th August 1994 as a private Company with limited liability. The Company's registered office is 10, Frere Felix de Valois Street, Port Louis, Mauritius. The principal activity of the Company is to hold investments. The Company is licensed as a Category 1 Global Business under the Financial Services Development Act 2001.

The Company holds 100% of the issued share capital in the following subsidiaries :

- Thomas Cook (Mauritius) Operations Company Limited, a subsidiary, incorporated in Mauritius, and whose principal activity is to act as a foreign exchange dealer. The subsidiary was operational during the period ended 31st December 2006;
- Thomas Cook (Mauritius) Travel Limited, a subsidiary, incorporated in Mauritius, and whose principal activity is to act as a General Sales Agent. The subsidiary was operational during the period ended 31st December 2006;
- Thomas Cook (Mauritius) Holidays Limited, a subsidiary, incorporated in Mauritius, and whose principal activity is to operate as a tour operator and travel agency. The subsidiary was operational during the period ended 31st December 2006;
- Thomas Cook Travel (Thailand) Limited ("TCTTL", formerly Thomas Cook Travel & Foreign Exchange (Thailand) Limited, a subsidiary incorporated in Thailand to act as guide for tourists. As at 27th October 2006, the subsidiary had not yet commenced operation and was dissolved on 27th October 2006 as authorised by the Ministry of Commerce of Thailand. The financial statements of the subsidiary have been prepared on a dissolution basis and have reflected the recoverability of recorded assets amounts and liabilities in the amount eventually due as at 27th October 2006 (date of dissolution). As from 27th October 2006, TCTTL is no more considered as a subsidiary of the Company.
- Thomas Cook Lanka Holdings (Private) Limited, a subsidiary, incorporated in Sri Lanka. As 31st December 2006, the subsidiary had not yet commenced operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been 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 certain critical estimates. It also requires management to exercise its judgement in the process of applying the Company's estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical estimates or judgements made by the Company for the period ended 31st December 2006.

Standards, interpretations and amendments to published standards that are effective for the period ended 31st December 2006.

During the period ended 31st December 2006, the Group adopted all new and revised IFRS that are relevant to its operations. The financial statements have been amended, as required, in accordance with the relevant transitional provisions in the respective IFRS. The following are the IFRS that are relevant to the Group :

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003)	Events after the Balance Sheet Date
IAS 16 (revised 2003)	Property, Plant and Equipment
IAS 18 (revised 2003)	Revenue
IAS 19 (revised 2003)	Employee Benefits
IAS 21 (revised 2003)	The Effects of Changes in Foreign Exchange Rates
IAS 24 (revised 2003)	Related Party Disclosures
IAS 27 (revised 2003)	Separate and Consolidated Financial Statements
IAS 32 (revised 2003)	Financial Instruments: Disclosure and Presentation
IAS 36 (revised 2003)	Impairment of Assets
IAS 39 (revised 2003)	Financial Instruments: Recognition and Measurement

Except for the changes in IAS 27, the adoption of the above revised IFRS did not result in substantial changes to the Group's accounting policies and did not have a significant impact on the financial statements for the period ended 31st December 2006. The revised IAS 27 requires the Company to present consolidated financial statements as it does not satisfy all the conditions listed in paragraph 10 of the standard. The Company has therefore presented consolidated financial statements.

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Standards, interpretations and amendments to published standards that are not yet effective

Certain new Standards, amendments and interpretations to existing Standards have been published that are mandatory for the Group's accounting period beginning on or after 1st January 2007 or later periods but which the Group has not early adopted. The directors have assessed the relevance of these Standards, interpretations and amendments with respect to the Group's operations and do not expect their adoption will have a material impact on the Group's accounting policies and disclosures.

Group accounting

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translations

(a) Functional currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The functional currency of the Group is Mauritian Rupees ("MRs").

(b) Transactions and balances

Foreign currency transactions are translated into MRs 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.

(c) Presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's presentation currency. The results and financial position on the Company is translated from its functional currency to its presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of balance sheet;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect at the rates prevailing on the transaction dates, in which case income expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(d) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect at the rates prevailing on the transaction dates, in which case income expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight line method to allocate cost of the assets to their residual value over their estimated useful lives. The annual depreciation rates used are as follows:

Office equipment	4.75%
Computer equipment	25.00%
Furniture and fittings	6.33%
Motor vehicles	15.00%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 income tax

Deferred income 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. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transactions affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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. Deferred income tax is provided on temporary differences arising on accelerated capital allowances, tax losses carried forward, provision for impairment of receivables and retirement benefits obligations.

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 Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered as indications that the trade receivable is impaired. 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 carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Cash and cash equivalents

Cash comprises cash in hand and at bank and bank overdrafts. 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.

Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

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 plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception

Notes to the Financial Statements for the period ended 31st December 2006

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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.

Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

Revenues earned by the Group are recognised on the following bases :

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

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.

Operating leases

Leases in which 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.

Financial instruments

Financial instruments carried on the balance sheet include investments, trade and other receivables, loan receivable, cash in hand and at bank, preference shares, retirement benefits obligations, obligations under finance lease, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Group is a party are provided in Note 3.

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.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to financial risks mainly on foreign currency exchange rates. The Group'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 Group. Limits are placed on both internal and external exposures. These limits are strictly adhered to and are monitored independently. The Group currently does not deal in forward exchange contracts with external parties.

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

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

Compliance risk

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

Operational risk

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

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

Fair values

The carrying amounts of investments, trade and other receivables, cash in hand and at bank, retirement benefits obligations and trade and other payables approximate their fair values. Loan receivable, preference shares, obligations under finance lease and borrowings are carried at amortised cost.

Currency profile

The currency profiles of the Group's financial assets and liabilities is summarised as follows :

	Financial assets 31st December 2006 USD	Financial liabilities 31st December 2006 USD	Financial assets 31st October 2005 USD	Financial liabilities 31st October 2005 USD
Pound sterling	89,061	—	36,849	—
Euro	432,204	—	114,722	—
United States dollar	209,784	12,758	649,670	558,050
Thai baht	519,479	—	742,429	255,762
Sri Lanka rupee	48,308	—	50,995	—
Mauritian rupee	809,618	755,638	862,000	783,085
Others	42,386	5,799	13,836	8,900
	<u>2,150,840</u>	<u>774,195</u>	<u>2,470,501</u>	<u>1,605,797</u>

Prepayments amounting to USD 28,336 (31st October 2005- USD 18,071) have been excluded from financial assets.

Taxation amounting to USD 69,131 (31st October 2005- USD Nil) has been excluded from financial liabilities.

Currency risk

The Group has assets and liabilities denominated in foreign currencies. Consequently, the Group is exposed to the risk that the exchange rate of the Mauritian rupee relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in foreign currencies.

4. OPERATING PROFIT/(LOSS)

	Group		Company (Restated)	
	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD	Period from 1st November 2005 to 31 December 2006 USD	Year ended 31st October 2005 USD
Operating profit is arrived at after charging/(crediting):				
Depreciation on plant and equipment (Note 8)	48,023	39,393	—	—
Auditors' remuneration:				
- Audit fees	24,520	16,213	9,436	4,165
- Non-audit services	1,283	448	—	—
Operating lease rentals	111,401	102,519	—	—
Staff costs (Note 5)	342,596	181,344	—	—
Import and export charges	30,150	35,897	—	—
Insurance costs	32,933	23,079	—	—
Loss/(profit) on disposal of plant and equipment	631	(67)	—	—
Insurance claim received	(40,526)	(16,561)	—	—

5. STAFF COSTS

	Group		Company	
	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD	Period from 1st November 2005 to 31 December 2006 USD	Year ended 31st October 2005 USD
Wages and Salaries	296,322	143,494	—	—
Other benefits	34,556	27,264	—	—
Social security costs	11,718	10,586	—	—
	<u>342,596</u>	<u>181,344</u>	<u>—</u>	<u>—</u>
The number of employees at the end of the period/year :	45	21	—	—

6. FINANCE INCOME, NET

	Group		Company (Restated)	
	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD	Period from 1st November 2005 to 31 December 2006 USD	Year ended 31st October 2005 USD
Bank interest income	40,372	29,120	639	855
Interest on loan receivable	6,301	2,759	6,301	2,759
Exchange difference & other	62,404	4,450	55,798	1,207
Finance lease charges	(7,251)	(3,736)	—	—
	<u>101,826</u>	<u>32,593</u>	<u>62,738</u>	<u>4,821</u>

Notes to the Financial Statements for the period ended 31st December 2006 (contd.)

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7. TAXATION

	Group			Company (Restated)
	31st December 2006 USD	31st October 2005 USD	31 December 2006 USD	31st October 2005 USD
(a) Charge				
Based on the profit for the period as adjusted for tax purposes	73,039	—	—	—
Movement in deferred taxation account (Note 9)	15,592	10,327	—	—
Charge to the income statement	88,631	10,327	—	—
(b) Liability				
At beginning of period/year	—	—	—	—
Income tax charge for the period	73,039	—	—	—
Exchange differences	(3,908)	—	—	—
At the end of period/year	69,131	—	—	—

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 December 2006, the Company had accumulated tax losses of USD 6,562 (31st October 2005 - USD 12,093) and is therefore not liable to income tax. Capital gains of the Company are exempt from tax in Mauritius.

The Mauritian subsidiaries have been subject to tax at the rate of 22.50% (31st October 2005 - 25.00%) on their taxable income.

A reconciliation between the actual income tax rate of the Group and the Company of 22.33% (Year ended 31st October 2005 - 19.54%) and 0.00% (Year ended 31st October 2005 - 0.00%) respectively and the applicable tax rate of 15.00% (Year ended 31st October 2005 - 15.00%) is as follows :

	Group		Company (Restated)	
	Period from 1st November 2005 to 31st December 2006 %	Year ended 31 31st October 2005 %	Period from 1st November 2005 to 31st December 2006 %	Year ended 31st October 2005 %
Applicable income - tax rate	15.00	15.00	15.00	(15.00)
Impact of :				
Exempt income	(2.42)	(0.59)	(18.41)	(4.91)
Non-allowable expenses	0.07	0.82	—	0.38
Investment allowances	—	(6.62)	—	—
Change in deferred tax rate	1.83	—	—	—
Subsidiary taxed at a different rate	6.14	1.44	—	—
Deferred tax at different rate	0.14	7.81	—	—
Deferred tax asset not recognised	0.39	2.59	3.41	19.53
Subsidiaries not subject to tax	0.91	(0.91)	—	—
Other differences	0.27	—	—	—
Actual tax rate	22.33	19.54	0.00	0.00

8. PLANT AND EQUIPMENT

The Group

	Office equipment USD	Computer equipment USD	Furniture and fittings USD	Motor vehicles USD	Total USD
Cost :					
At 1st November 2004	43,431	59,583	74,157	79,580	256,751
Additions	37,572	27,555	29,158	21,859	116,144
Disposals	—	—	—	(27,760)	(27,760)
Exchange differences	(4,577)	(5,139)	(6,152)	(4,833)	(20,701)
At 31st October 2005	76,426	81,999	97,163	68,846	324,434
Additions	48,339	49,878	22,603	20,006	140,826
Disposals	(933)	—	—	—	(933)
Exchange differences	(8,899)	(9,496)	(9,299)	(6,802)	(34,496)
At 31st December 2006	114,933	122,381	110,467	82,050	429,831

Accumulated depreciation :

At 1st November 2004	10,667	30,141	16,390	18,342	75,540
Charge for the year	3,455	16,926	7,491	11,521	39,393
Disposals	—	—	—	(20,529)	(20,529)
Exchange differences	(851)	(2,742)	(1,409)	(750)	(5,752)
At 31st October 2005	13,271	44,325	22,472	8,584	88,652
Charge for the period	4,489	21,874	6,740	14,920	48,023
Disposals	(302)	—	—	—	(302)
Exchange difference	(1,327)	(4,861)	(2,232)	(1,513)	(9,933)
At 31st December 2006	16,131	61,338	26,980	21,991	126,440

Net book amount :

At 31st December 2006	98,802	61,043	83,487	60,059	303,391
At 31st October 2005	63,155	37,674	74,691	60,262	235,782

At 31st December 2006, motor vehicles acquired under finance leases had a net book value of USD 60,059 (2005 - USD 60,262).

Non-cash transactions

During the period, the Group and the Company acquired motor vehicles by means of finance leases. The amount financed totalled USD 17,499 (2005 - USD 19,119).

Payments made to purchase plant and equipment were as follows :

	Group		Company	
	Period from 1st November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD	Period from 1 November 2005 to 31st December 2006 USD	Year ended 31st October 2005 USD
Additions	140,826	116,144	—	—
New leases taken during the year	(17,499)	(19,119)	—	—
Prepaid assets	(5,113)	5,542	—	—
Amounts due to suppliers	(4,894)	(6,849)	—	—
Payments made	113,320	95,718	—	—

9. DEFERRED TAX ASSETS

The Group

Deferred tax is calculated on all temporary differences under the liability method using an income tax rates ranging from 15% to 20% (2005 - 25%).

	31st December 2006 USD	31st October 2005 USD
At beginning of period/year	29,836	42,397
Charge to income statement (Note 7)	(15,592)	(10,327)
Deconsolidation (Note 21)	(930)	—
Difference on exchange	(720)	(2,234)
At end of period/year	12,594	29,836
The deferred tax assets arise from :		
Accelerated capital allowances	(16,171)	(14,820)
Tax losses	8,897	13,508
Provision for impairment of receivables	19,177	29,836
Retirement benefits obligations	691	1,312
	12,594	29,836

10. INVESTMENTS

The Company

	31st December 2006 USD	31st October 2005 USD
(a) Unquoted at costs		
At beginning of period/year	1,002,599	667,379
Additions	250,000	402,595
Reclassified under current assets	(220,252)	—
Exchange differences	(104,747)	(67,375)
At end of period/year	927,600	1,002,599

Notes to the Financial Statements for the period ended 31st December 2006 (contd.)

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Details of investments held in the subsidiaries are as follows :

Name of subsidiary companies	Country of incorporation	Number of shares	2006 % interest	2005 % interest
Thomas Cook (Mauritius) Operations Co. Limited	Mauritius	268,136	100	100
Thomas Cook (Mauritius) Travel Limited	Mauritius	13,100	100	100
Thomas Cook (Mauritius) Holidays Limited	Mauritius	13,100	100	100
Thomas Cook Travel (Thailand) Limited (See Note (b) below)	Thailand	97,995	—	100
Thomas Cook Lanka Holdings (Private) Limited	Sri Lanka	518,453	100	100

The Group and the Company

(b) Current asset investment

Investment in subsidiary Thomas Cook Travel (Thailand) Limited, amounting to USD 220,252 at 31st December 2006, has been reclassified as current in the period ended 31st December 2006 following the dissolution of the Company on 27th October 2006.

11. TRADE AND OTHER RECEIVABLES

	Group		Company (Restated)	
	31st December 2006 USD	31st October 2005 USD	31st December 2006 USD	31st October 2005 USD
Trade receivables	172,254	132,013	—	—
Less: Provision for impairment	(109,541)	(119,490)	—	—
Trade receivables, net	62,713	12,523	—	—
Amount due by related parties [Note 20(a)]	9,403	—	—	—
Rentals and other deposits	32,184	19,714	—	—
Other receivables and prepayments	30,882	24,356	—	419
Loan interest	9,999	2,628	9,999	2,628
	<u>145,181</u>	<u>59,221</u>	<u>9,999</u>	<u>3,047</u>

12. LOAN RECEIVABLE

	Group		Company (Restated)	
	31st December 2006 USD	31st October 2005 USD	31st December 2006 USD	31st October 2005 USD
At beginning of period/year	249,572	—	249,572	—
Loan granted during the year	—	262,905	—	262,905
Exchange difference	39,656	(13,333)	39,656	(13,333)
At end of period/year	<u>289,228</u>	<u>249,572</u>	<u>289,228</u>	<u>249,572</u>

The loan amount to 10,200,000 Thai Baht, carry interest at 2% per annum and is repayable on demand. The loan is secured on 102,000 preference shares of Thomas Cook (Thailand) Limited, held by the borrowers.

13. SHARE CAPITAL

The Group and the Company

	31st December 2006 Number	31st October 2005 Number	31st December 2006 USD	31st October 2005 USD
Ordinary shares				
Ordinary shares of USD 1 each				
At beginning of period/year	1,355,500	690,000	1,355,500	690,000
Shares issued	300,000	665,500	300,000	665,500
At end of period/year	<u>1,655,500</u>	<u>1,355,500</u>	<u>1,655,500</u>	<u>1,355,500</u>

14. PREFERENCE SHARES

These relate to 102,000 Preference Shares of Thai Baht 100 each issued by Thomas Cook Travel (Thailand) Limited to third parties.

15. RETIREMENT BENEFITS OBLIGATIONS

The Group

The amounts recognised in the Balance Sheet are determined as follows :

	31st December 2006 USD	31st October 2005 USD
At beginning of period/year	5,049	5,396
Exchange difference	(419)	(347)
At end of period/year	<u>4,630</u>	<u>5,049</u>

16. OBLIGATIONS UNDER FINANCE LEASES

The Group

	31st December 2006 USD	31st October 2005 USD
Finance leases due :		
Within one year	17,150	13,669
Between one and five years	40,352	45,090
	<u>57,502</u>	<u>58,759</u>
Finance charges allocated to future periods	(10,082)	(11,428)
	<u>47,420</u>	<u>47,331</u>
Amount falling due :		
Within one year (Note 19)	12,304	9,277
Between one and five years	35,116	38,054
	<u>47,420</u>	<u>47,331</u>

17. TRADE AND OTHER PAYABLES

	Group		Company (Restated)	
	31st December 2006 USD	31st October 2005 USD	31st December 2006 USD	31st October 2005 USD
Trade payables	74,172	—	—	—
Amount due to related parties [Note 20(b)]	7,906	544,018	18,429	55,882
Accruals and other payables	432,147	759,827	12,758	4,322
	<u>514,225</u>	<u>1,303,845</u>	<u>31,187</u>	<u>60,204</u>

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, balances with banks and bank overdraft. Cash and cash equivalents included in the cash flow statement comprise the following Balance Sheet amounts :

	Group		Company (Restated)	
	31st December 2006 USD	31st October 2005 USD	31st December 2006 USD	31st October 2005 USD
Cash at bank and in hand	1,524,515	2,179,779	3,542	3,007
Bank overdraft (Note 19)	(57,635)	—	—	—
	<u>1,466,880</u>	<u>2,179,779</u>	<u>3,542</u>	<u>3,007</u>

19. BORROWINGS

	Group		Company (Restated)	
	31st December 2006 USD	31st October 2005 USD	31st December 2006 USD	31st October 2005 USD
Current				
Short-term loan	150,285	—	—	—
Finance lease obligations (Note 16)	12,304	9,277	—	—
Bank overdraft (Note 18)	57,635	—	—	—
	<u>220,224</u>	<u>9,277</u>	<u>—</u>	<u>—</u>

The short-term loan relates to a money market line obtained from the Hong Kong Shanghai Banking Corporation Limited. The loan is unsecured, carries interest at 10.70% and is repayable within one month.

The Bank overdraft is unsecured.

20. RELATED PARTY TRANSACTIONS

The Company's holding company is Thomas Cook (India) Limited ("TCIL"), a Company incorporated in India. The ultimate holding company of the Company was formerly Thomas Cook AG, incorporated in Germany. On 21st December 2005, Dubai Financial (L.L.C.), which is a subsidiary of Dubai Investment Group (L.L.C.), acquired TCIL and as a result, Dubai Investment Group (L.L.C.) became the Company's ultimate holding company.

Notes to the Financial Statements for the period ended 31st December 2006 (contd.)

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During the period from 1st November 2005 to 31st December 2006, the Group carried out the following transactions with its related parties. The nature, volume of transactions and the balances are as follows :

	31st December 2006 USD	31st October 2005 USD
(a) Amount due by Related Parties :		
Thomas Cook (India) Limited	—	—
At beginning of period/year	9,935	—
Expenses paid by Company	(532)	—
Exchange differences	9,403	—
Amount receivable (Note 11)	—	—
(b) Amount due to Related Parties :		
Thomas Cook (India) Limited	(544,018)	—
At beginning of period/year	(2,108)	(549,975)
Expenses paid on behalf of Company	492,926	5,957
Amount repaid by the Company	45,294	—
Exchange differences	(7,906)	(544,018)
Amount payable (Note 17)	—	—

21. COMMITMENTS

Capital Commitments

The Group and the Company do not have any capital commitments as at 31st December 2006.

Operating lease commitments

The Group 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 rentals are subject to an annual

increase, generally not exceeding 5%. The future aggregate minimum lease payments under non-cancellable operating lease arrangements are as follows :

	31st December 2006 USD	31st October 2005 USD
Not later than 1 year	99,557	88,730
Later than 1 year and not later than 5 years	387,815	202,920
	487,372	291,650

22. DISSOLUTION OF SUBSIDIARY

Thomas Cook Travel (Thailand) Limited, formerly Thomas Cook Travel & Foreign Exchange (Thailand) Limited, a subsidiary incorporated in Thailand to act as guide for tourists. As at 27th October 2006, the subsidiary had not yet commenced operation and was dissolved on 27th October 2006 as authorised by the Ministry of Commerce of Thailand. The financial statements of the subsidiary have been prepared on a dissolution basis and have reflected the recoverability of recorded assets amounts and liabilities in the amount eventually due as at 27th October 2006 (date of dissolution). Nevertheless, the subsidiary may incur expenses after dissolution and income tax on disposal of profits (if any).

23. COMPARATIVES

The current period figures are for a 14-month period from 1st November 2005 to 31st December 2006 whilst the comparative figures are for the year ended 31st October 2005. Therefore, the comparative figures for the income statement, statement of changes in equity, cash flow statement and the related notes are not comparable.

Approved by the Board
and signed on its behalf by :

UDAYAN BOSE	— DIRECTOR
MADHAVAN MENON	— DIRECTOR

Mauritius, 22nd March 2007

[illegible]

[illegible]



Awards

Hospitality India Awards - 2006
Best Outbound & Inbound
Tour Operator of the Year



ABCI Awards - 2006
1st Prize for Thomas Cook (India)
Table Calendar



ABCI Awards - 2006
2nd Prize for Thomas Cook (India)
Internal Magazine Tidings

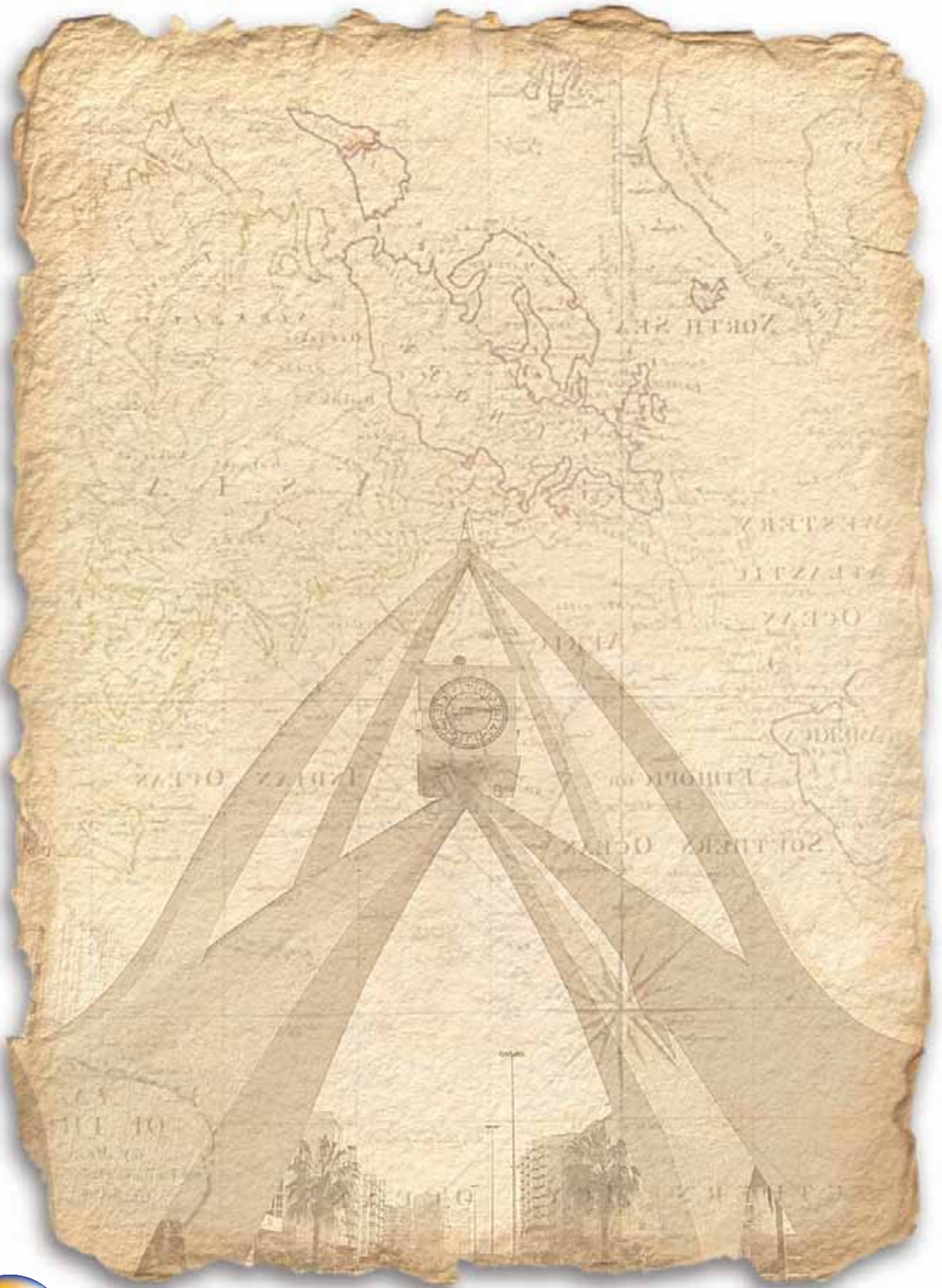


ABCI Awards - 2006
3rd Prize for Thomas Cook (India)
Annual Report



Air India Award
for Outstanding Performance
in Indian Region





NOTICE

NOTICE is hereby given that the Thirtieth 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 Monday, 25th June 2007 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 December 2006, the Profit and Loss Account for the fourteen months ended 31st December 2006, the Report of the Directors and the Auditors thereon.
2. To declare a dividend for the period ended 31st December 2006.
3. To appoint a Director in place of Mr. Dilip De, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. V. Rajwade, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sayanta Basu, who retires by rotation, and being eligible, offers himself for re-appointment.
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 31-12-07 (from 01-01-2007 to 31-12-2007) 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. Vinayak Purohit, who was appointed by the Board of Directors as an Additional Director with effect from 14th May 2007 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 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."



9. **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 269, 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, approval of the Company be and is hereby accorded to the appointment of Mr. Vinayak Purohit as an Executive Director – Finance for a period of three years with effect from 14th May 2007 to 13th May 2010 upon and subject to the terms and conditions including remuneration as are set out in the agreement dated 14th May 2007 entered into between the Company and Mr. Vinayak Purohit, with liberty to the Board of Directors to alter and vary terms and conditions of the said appointment and / or remuneration and / or agreement so as not to exceed the limits specified in Schedule XIII of the Act, including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and / or modification(s) that may hereafter be agreed between the Board and Mr. Vinayak Purohit;

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 Act, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII of the Act or any re-enactment thereof;

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

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

"RESOLVED THAT, Mr. Mahendra Doshi, who was appointed by the Board of Directors as an Additional Director with effect from 7th February 2007 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."

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

"RESOLVED THAT, in partial modification of the ordinary resolution dated 31st August 2006, passed by the Company vide Postal Ballot Notice dated 30th June 2006, and subject to such other approvals of applicable authority(ies), if any, as may be required, under the applicable law, and pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Act, consent and approval of the Company be and is hereby accorded to the variation in the terms and conditions of appointment and remuneration of Mr. Madhavan Menon, Managing Director, as contained in the Agreement dated 30th June 2006 and amended vide Supplemental Service Agreement dated 14th May 2007 entered into between the Company and Mr. Madhavan Menon, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modification(s) that may hereafter be made thereto by the Central



Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Mr. Madhavan Menon;

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 Act, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII of the Act or any re-enactment 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."

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

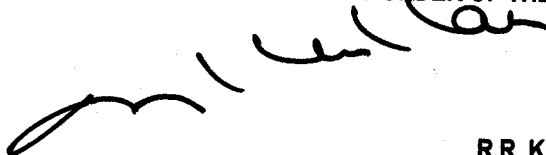
"RESOLVED THAT the Board do hereby note the change of Registered Office and operations of the Company's Registrars and Transfer Agents, M/s. TSR Darashaw Limited, to TSR Darashaw Limited, 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 from its erstwhile address;

RESOLVED FURTHER THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company approves and notifies the following addresses as the places where the Register of Members of the Company would be placed:

1] TSR Darashaw Limited 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011	2] TSR Darashaw Limited Pooja Apartments, Ground Floor, Near Vitrum Glass Factory, L B S Rd., Vikhroli (W), Mumbai 400 079
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RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. R. R. Kenkare, Head of Legal & Company Secretary, Ms. Paromita Basu, Senior Manager – Secretarial be and are hereby authorised severally to do all such acts, deeds, matters and things as may be necessary, expedient, proper or desirable."

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: 14th May 2007



NOTES:

1. 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.
2. The Register of Members and the Share Transfer Register of the Company will remain closed from Friday, 22nd June 2007 to Monday, 25th June 2007 (both days inclusive).
3. The Dividend when declared, will be payable to those shareholders of the Company, holding shares in physical form, whose names appear on the Register of Members on Monday, 25th June 2007 and to those shareholders of the Company, holding shares in electronic form, whose names appear on the Benpos (Beneficiary Position) download of Thursday, 21st June 2007.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed to this Notice.
5. 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.
6. 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.
7. 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.
8. 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.
9. Members may please note that pursuant to the provisions of Section 205(A)(5) of the Companies Act, 1956, dividend for the financial year 1999 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 1999 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 1998, 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.

10. 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 TSR DARASHAW LIMITED, 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011.
11. The Company is conducting a survey and wishes to obtain the feedback of the shareholders. A survey form in the form of a Questionnaire has been attached to the Notice. The shareholders are requested to fill in the details and return their replies.
12. Mr. Dilip De, Mr. Sayanta Basu and Mr. A. V. Rajwade retire by rotation and are eligible for re-appointment at the Annual General Meeting. Mr. Mahendra Doshi and Mr. Vinayak Purohit hold office upto the date of the ensuing Annual General Meeting; notices proposing their candidature have been received from members for their appointment as Directors.

Brief resumes of the aforesaid Directors being appointed/ re-appointed are included in the Corporate Governance Report forming a part of the Annual Report, except for Mr. Vinayak Purohit, whose resume is appended below.

Brief profile of Mr. Vinayak Purohit

Mr. Vinayak Purohit, born on 3rd November 1955, is a Chartered Accountant and a Finance person by profession. He joined Thomas Cook (India) Limited as its Executive Director – Finance with effect from 14th May 2007. Mr. Purohit is a graduate of the Commerce discipline from Mumbai University, as also an Associate of the Institute of Chartered Accountants of India.

Mr. Purohit started his career in 1979 as an Accounts Officer with Nirlon Limited. In 1984, he moved to Britannia Industries Limited where he served for 8 years as Corporate Accounts Manager. In 1992, he joined Marico Industries Limited as General Manager – Finance. From 1997, he has been serving as Chief Financial Officer of Companies such as GE Countrywide Financial Services Limited, Rediff.com India Limited, BPL Mobile Communications Limited, Crest Animation Limited and HT Media Limited.

He joins us from HT Media Limited, New Delhi where he held the position of Chief Financial Officer for a year.



ANNEXURE TO THE NOTICE DATED 14TH MAY 2007 CONVENING THE 30TH 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 14th May 2007.

Item Nos. 8 & 9

Mr. Vinayak Purohit was appointed as an Additional Director on the Board of Directors by a Circular Resolution passed on 14th May 2007. As an Additional Director, Mr. Purohit holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing and deposit of Rs. 500/- under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director liable to retire by rotation. By the Circular Resolution, Mr. Purohit was also appointed as Executive Director – Finance of the Company for a period of three years with effect from 14th May 2007 to 13th May 2010 subject to the approval of members in the ensuing general meeting, on the terms and conditions and remuneration as set out herein below.

REMUNERATION:

Salary:

In the scale of Rs. 2,00,000/- to Rs. 4,00,000/- (Rupees Two Lakh to Four Lakh Only) per month subject to such annual increments as the Board may determine and approve.

Performance Bonus:

Performance linked bonus as the Board may in its absolute discretion determine, 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").

Joining Bonus:

An amount of Rs. 12,00,000/- (Rupees Twelve Lakh Only) will be paid to Mr. Purohit on joining the Company.

Retention Bonus:

An amount of Rs. 20,00,000/- per annum will be paid to Mr. Purohit as Retention Bonus. This payment will be made every year in four equal instalments of Rs. 5,00,000/- (Rupees Five Lakh Only) each per quarter, during the period of this contract.

Structured Compensation:

Per structured Compensation Plan, the Company will pay Mr. Purohit Rs. 16,00,000/- (Rupees Sixteen Lakh only) on joining. However, if Mr. Purohit leaves within a year of joining, then the amount of Rs. 16 Lakh as also the joining bonus of Rs. 12 lakhs will be refunded back to the Company and the Company shall have the right to adjust the same from his final settlement.



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 relating thereto on actual basis.

Perquisites:

Perquisites together with utilities such as medical reimbursement, leave travel allowance for himself and his family, 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. Purohit's annual Basic salary.

Medical Insurance:

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

Mr. Purohit 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, to the extent these are not taxable under the Income Tax Act, 1961.

Use of Car and Telephone:

- a) Provision for reimbursement calculated for one air-conditioned D segment car, as detailed in the Compensation and Benefits sheet attached hereto.
- b) Telephone at residence on a Company owned telephone line, fax machine, and mobile phone (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.

Annual Leave:

Mr. Purohit will be entitled to Annual Leave of 30 days. Administration of this Leave will be in accordance with the Rules and Regulations of the Company.

Other Terms:

The Company may, if it considers necessary for protection of its business interests, trade secrets and confidential information, require of Mr. Purohit 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. Purohit to desist from being engaged in or concerned with any other business, as aforesaid, pay to Mr. Purohit during the said period, compensation every month for a period of six months equal to his last drawn salary.

- (a) Notwithstanding anything herein contained, it is expressly agreed and understood that the total remuneration of Mr. Purohit as Executive Director - Finance including salary, performance bonus and perquisites as aforesaid shall not, unless otherwise approved by the Central Government, exceed the limits prescribed in the Companies Act, 1956, as may be amended from time to time.
- (b) If in any financial year during the term of employment of Mr. Purohit, the Company does not earn any profits or earns inadequate profits, 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 statutory modification or re-enactment from time to time in force.
- (c) Notwithstanding anything herein contained, the Board of Directors may increase, augment and/or enhance or vary the remuneration agreed to be paid from time to time to Mr. Purohit in accordance with the provisions of the Companies Act, 1956 and / or any statutory modification or re-enactment thereof and/or the Guidelines for Managerial Remuneration issued by the Central Government or other appropriate authority in that behalf as in force and as amended from time to time.

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

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

The Directors recommend the passing of the Ordinary Resolutions.

No Director other than Mr. Vinayak Purohit in his respective capacity may be considered to be concerned or interested in the above. This may be considered as an abstract required under Section 302 of the Companies Act, 1956.

Item No. 10

Mr. Mahendra Doshi was appointed as Additional Director on the Board of Directors at the Board Meeting held on 7th February 2007. As Additional Director, he holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing and deposit of Rs. 500/- under Section 257 of the Companies Act, 1956, from a member proposing the candidature of Mr. Mahendra Doshi for the office of a Director liable to retire by rotation.



The Board of Directors, therefore, recommend the passing of the Ordinary Resolution contained in Item No. 10 of the accompanying Notice.

No Director other than Mr. Mahendra Doshi in his respective capacity may be considered to be concerned or interested in the above.

Item No. 11

The members may be aware that the Board of Directors of the Company had, on recommendation of the Recruitment & Remuneration Committee, vide its resolutions passed on 27th April 2006 and 30th June 2006, and vide Service Agreement dated 30th June 2006, approved the appointment of Mr. Madhavan Menon as a Managing Director for a period of three years commencing from 1st May 2006 and expiring on 30th April 2009. This was approved by the shareholders vide their Postal Ballot resolution on 31st August 2006.

The Recruitment & Remuneration Committee and the Board of Directors have now approved the revision in Mr. Menon's terms of appointment, particularly, his salary. Mr. Menon and the Company have mutually agreed to revise the terms, subject to the approval of the members of the Company at the next General Meeting of the Company and subject to such further approvals including that of the Central Government, if any, as may be required under the applicable law. For the purpose, a supplemental agreement has been entered into setting out the modified terms and conditions of his appointment and remuneration.

The details of the revised terms of Mr. Menon are given below:

To add the following paragraph to be numbered as Clause Number 7 A thereby substituting the original Clause Number 7 A of the Service Agreement dated 30th June, 2006.

Clause 7 A) SALARY:

In the scale of Rs. 3,50,000/- to Rs. 5,50,000/- (Rupees Three Lakhs Fifty Thousand to Rupees Five Lakhs Fifty Thousand Only) per month subject to such annual increments as the Board may determine and approve with effect from 1st February, 2007.

Accordingly, his total salary would undergo a change.

The Board of Directors, therefore, recommend the passing of the Ordinary Resolution contained in Item No. 11 of the accompanying Notice.

No Director other than Mr. Madhavan Menon in his respective capacity may be considered to be concerned or interested in the above. This may be considered as an abstract required under Section 302 of the Companies Act, 1956.

Item No. 12

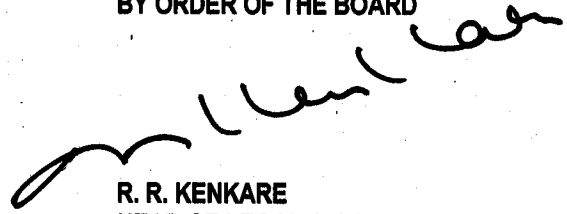
The members may be aware that the Registrars and Transfer Agents of the Company, M/s. TSR Darashaw Limited, have shifted their operations to a new place. Pursuant to Section 163 of the Companies Act, 1956, it is necessary that the shareholders approve the change in place where the register of members is kept by passing a special resolution. For the purpose, it is proposed to seek your approval.

The Board of Directors, therefore, recommend the passing of the Special Resolution contained in Item No. 12 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: 14th May 2007





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 _____ 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.