



## NOTICE

**NOTICE** is hereby given that the Thirty-first 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 Friday, 27th June 2008 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 2007, the Profit and Loss Account for the twelve months ended 31st December 2007, the Report of the Directors and the Auditors thereon.
2.
  - a) To confirm Dividend paid for Class 'A' Cumulative Redeemable Preference Shares.
  - b) To declare Dividend for Class 'B' Preference Shares and Class 'C' Preference Shares.
  - c) To declare dividend for Equity Shares for the year ended 31st December 2007.
3. To appoint a Director in place of Mr. Udayan Bose, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anant Vishnu Rajwade, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Hoshang S. Billimoria, 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 account of the Sri Lanka Branch of the Company for the financial year 01-01-2008 to 31-12-2008 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, in partial modification of the ordinary resolution passed by the Company at its Annual General Meeting held on 25th June 2007, and subject to such approvals including that of the Central Government, 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 (the Act), read with Schedule XIII of the Act, consent of the Company be and is hereby accorded to the variation in terms and conditions of appointment and remuneration of Mr. Vinayak K. Purohit, Executive Director – Finance, contained in the Agreement dated 14th May 2007 (hereinafter referred to as the Original Agreement), as varied by the Agreement dated

30th November 2007 (hereinafter referred to as the Supplemental Agreement, and both agreements referred to as Agreements) with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or Agreements so as not to exceed the limits specified under 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. Vinayak K. Purohit, in the manner hereunder:

**To replace the Clause 18 of the Annexure to the Service Agreement dated 14th May 2007 with the following:**

“18. **Cost to Company for accommodation** (per annum with effect from 1st November 2007): Rs. 26,00,000/-”

All other terms and conditions stated in the Original Agreement shall be applicable accordingly, except as mentioned hereinabove.

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 and/or Mr. R. R. Kenkare, President & Head – Legal & Company Secretary, be and are hereby authorised severally to do such other acts, deeds and things as may be necessary to give effect to this resolution.”

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

“RESOLVED THAT, Mr. Manny Fontenla-Novoa, who was appointed by the Board of Directors as an Additional Director with effect from 30th March 2008 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.”

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

“RESOLVED THAT, Mr. Roland Zeh, who was appointed by the Board of Directors as an Additional Director with effect from 30th March 2008 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.”

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

“RESOLVED THAT, Dr. Juergen Bueser, who was appointed by the Board of Directors as an Additional Director with effect from 30th March 2008 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.”

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

“RESOLVED THAT, Mr. Michael Hallisey, who was appointed by the Board of Directors as an Additional Director with effect from 30th March 2008 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.”

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

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

- (i) Definition of “TCO” in the existing Article 2, be amended as follows:

TCO: for the purposes of this Memorandum and Articles of Association means Thomas Cook UK Limited, a company incorporated in the United Kingdom and having its principal office at Thomas Cook Business Park, Coningsby, Peterborough, PE3 8SB, United Kingdom or such other address notified to the Board of Directors from time to time, which expression shall include its successors, assigns and nominees and its parent, holding, subsidiary company either direct or howsoever removed or associate companies, companies under common control or management, or bodies corporate and any company, corporation or body corporate in which Thomas Cook UK Limited is amalgamated or merged or its parent, subsidiary or associate companies and bodies corporate have merged.

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

BY ORDER OF THE BOARD

R. R. KENKARE

PRESIDENT & HEAD – LEGAL & COMPANY SECRETARY

**Registered Office:**

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

Dated: 31st March 2008

## 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 Monday, 23rd June 2008 to Friday, 27th June 2008 (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 Friday, 27th June 2008 and to those shareholders of the Company, holding shares in electronic form, whose names appear on the Benpos (Beneficiary Position) download of Friday, 20th June 2008.
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 along with 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 2000 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 2000 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 1999, 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 Indl. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011.
11. Mr. Udayan Bose, Mr. Anant Vishnu Rajwade and Mr. Hoshang S. Billimoria retire by rotation and are eligible for re-appointment at the Annual General Meeting.

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

## **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 31st March 2008.

### **Item No. 8**

The Board had, on the recommendation of the Recruitment & Remuneration Committee, vide circular resolution dated 14th May 2007, and Agreement dated 14th May 2007 (hereinafter referred to as the Original Agreement), approved the appointment of Mr. Vinayak Purohit as a Whole-time Director designated as "Executive Director – Finance" for a period of three years commencing from 14th May 2007 and expiring on 13th May, 2010. Further, the shareholders approved his appointment at the Annual General Meeting held on 25th June, 2007.

The Recruitment & Remuneration Committee approved the revision in Mr. Purohit's terms of appointment, particularly, the cost to the Company for his accommodation. Mr. Purohit and the Company have mutually revised the terms vide circular resolution dated 30th November 2007 and Supplemental Service Agreement dated 30th November 2007 (hereinafter referred to as the Supplemental Agreement), subject to the approval of the members of the Company at the 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. The extracts of the revision of the terms of appointment were already mailed to all the shareholders as required under Section 302 of the Companies Act, 1956.

However, for easy reference, the modified terms and conditions of his appointment and remuneration as set out in the Supplemental Agreement are given below:

Replace Clause 18 of the Annexure to the Service Agreement dated 14th May 2007 with the following:

"18. **Cost to Company for accommodation** (per annum with effect from 1st November 2007): Rs. 26,00,000/-"

All other terms and conditions stated in the Original Agreement shall be applicable accordingly, except as mentioned hereinabove.

The Directors recommend the passing of the Ordinary Resolution.

No Director other than Mr. Vinayak Purohit is concerned or interested in the above.

### **Item Nos. 9 to 12**

Mr. Manny Fontenla-Novoa, Dr. Juergen Bueser, Mr. Roland Zeh and Mr. Michael Hallisey were appointed as Additional Directors on the Board of Directors at the Board Meeting held on 30th March 2008. As Additional Directors, they hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received notices in writing under Section 257 of the Companies Act, 1956, from certain members proposing their candidature for the office of a Director liable to retire by rotation.

The Directors recommend the passing of the Ordinary Resolutions.

No Director other than Mr. Manny Fontenla-Novoa, Dr. Juergen Bueser, Mr. Roland Zeh and Mr. Michael Hallisey may be considered to be concerned or interested in the above.

**Item No. 13**

With the takeover of 100% shareholding of TCIM Limited (TCIM) by Thomas Cook UK Ltd. and subsequent Share Purchase Agreement between Dubai Financial Group (LLC) (the erstwhile majority stakeholder in the Company) and Thomas Cook UK Ltd. to take over the 100% shareholding in TCIM by Thomas Cook UK Ltd., it is necessary that a particular clause in respect of the definition of TCO in the Articles of Association of the Company be revised.

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

The Board of Directors, therefore, recommend the passing of the Special Resolution contained in Item No. 13 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  
PRESIDENT & HEAD – LEGAL & COMPANY SECRETARY

**Registered Office:**

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

Dated: 31st March 2008



## 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 **THIRTY-FIRST ANNUAL GENERAL MEETING**  
of the Company to be held on Friday, 27th June 2008 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 \_\_\_\_\_, 2008

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 **THIRTY-FIRST ANNUAL GENERAL MEETING** of THOMAS COOK (INDIA) LIMITED held on Friday, 27th June 2008 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.





## Directors' Report

### TO THE MEMBERS:

Your Directors have pleasure in presenting the Thirty-first Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st December 2007.

Rupees in Million

	Year ended 31st December 2007	Fourteen months ended 31st December 2006
Revenues	2251	2173
Profit before Taxation and Exceptional items	393	603
Provision for Taxation	72	186
Provision for Deferred Taxation	(25)	—
Provision for Fringe Benefit Tax	12	14
Profit after Taxation and before Exceptional item	334	403
Exceptional item, net of taxation	—	18
Profit after Taxation	334	385
Transferred from Reserve U/sec. 80 HHD of the Income Tax Act, 1961	13	18
Transferred to General Reserve	34	38
Proposed Dividend*	124	80
EPS (Basic) after exceptional items	1.76	2.64
EPS (Diluted) after exceptional items	1.71	2.31

\*Includes preference share dividend.

### Operations & Results

Tourism in India has registered significant growth in the recent years. In 1951, international tourist arrivals stood at around 17 thousand which has gone up to 4.42 million in 2006. International tourism revenue grew to USD 6.75 bn, an increase of 14.6% over last year. The upward trend is expected to remain firm in the coming years. Tourism in India is the third largest foreign exchange earner, accounting for 2.5% of GDP. Tourism is also one of the sectors, which employ a large manpower.

The year 2007 saw the synergies flowing in with the acquisitions of LKP Forex Limited and Travel Corporation (India) Limited.

Your Company recorded turnover of Rs. 2,152.20 million, and profits before tax of Rs. 392.85 million with the profit after tax, Rs. 334.11 million for the year ended 31st December 2007. The basic earning per share of the Company is Rs. 1.76.

Thomas Cook (India) Limited, along with its subsidiaries, continues to be the largest integrated travel group with its presence in 158 locations in India and 7 countries outside of India.

### Preferential Issue:

Your Company had issued Preference Shares to LKP Forex Limited consequent upon the amalgamation becoming effective in terms of the Order dated 12th January 2007 of the Hon'ble High Court of Judicature at Bombay, of which Class 'A', 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10/- each, amounting to Rs. 1032.8 million were due for redemption by 1st February 2008. As the Preference Shares can only be redeemed by the capital generated from issue of new shares, hence the Company issued fresh 10,50,00,000 1% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10/- each amounting to Rs. 1050 million.

With the redemption and a fresh issue of preference shares, the Authorised Share Capital and the Issued, Subscribed and Paid-up Share Capital underwent a change. Further, with the sub-division of the equity shares of the Company, the face value has reduced to Re. 1/- from Rs. 10/-.

The current share capital structure is as follows:

	Rs.	Rs.
<i>Authorised Capital:</i>		
Equity:		
34,58,27,060 Equity Shares of Re. 1/- 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	
(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	
(iv) 12,50,00,000 1% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10/- each	1,250,000,000	
		<u>2,750,000,000</u>
<i>Issued, Subscribed and Paid-up Capital:</i>		
Equity:		
16,07,82,330 Equity Shares of Rs. 10/- each	160,782,330	
Preference:		
(i) 3,19,765 Class 'B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10/- each	3,197,650	
(ii) 2,71,800 Class 'C' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10/- each	2,718,000	
(iii) 10,50,00,000 1% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10/- each	1,050,000,000	
		<u>1,216,697,980</u>

#### Employees Stock Option Scheme (ESOP)

With the objective of motivating and retaining key talent in the organisation and fostering ownership, your Company proposed to grant stock options to its employees. Towards achieving this objective, your Company had obtained the approval of the Members of the Company for the Thomas Cook Employees Stock Option Scheme 2007 (the ESOP Scheme) vide Postal Ballot Notice dated 15th January 2007 and approved on 20th March 2007. Further, the ESOP Scheme was amended vide Postal Ballot Notice dated 21st August 2007 and approved on 12th October 2007, for the purposes of recovering the Fringe Benefit Tax (FBT) from the employees and varying certain terms of the ESOP Scheme to make it SEBI compliant.

The Recruitment & Remuneration Committee administers and monitors the scheme. The applicable disclosures under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") are mentioned in the Annexure to the Directors' Report.

None of the employees or Whole-time Directors have received options exceeding 5% of the value of the options issued for the year ending December 2007. Likewise, no employee has been issued share options, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

## Dividend

Your Directors recommend dividend on the Class 'B' & Class 'C' Preference Shares as per their terms as also seek the ratification of the dividend paid to Class 'A' Preference Shareholders on redemption. The Directors are also pleased to recommend a dividend of 50% on the equity share capital.

The proposed dividend on the equity capital and preference capital absorbs Rs. 123.55 million for dividend and Rs. 21 million for Dividend Tax.

## General Reserve

Your Directors have resolved to transfer Rs. 33.5 million to General Reserve out of the profits of the Company. With the transfer, the total reserves stand at Rs. 560.1 million as at 31st December 2007.

## Directors' Responsibility Statement:

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956 pursuant to Section 217 (2AA) and that:

- a) the Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- b) the Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes to the accounts and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The internal auditors have conducted periodic audits to provide reasonable assurances that established policies and procedures of the Company have been followed. However, it must be recognised that there are inherent limitations in weighing the assurances provided by any system on internal controls;
- d) the Directors have prepared the annual accounts on a going concern basis.

## Change in Ownership

### *Thomas Cook Group plc*

Thomas Cook Group plc is a leading international leisure travel group, created by the merger of MyTravel Group plc and Thomas

Cook AG in June 2007. Thomas Cook Group plc is a listed company on the London Stock Exchange.

On 7th March 2008, Thomas Cook UK Limited (TCUK) agreed to acquire 100% of TCIM Limited, from Dubai Financial Group LLC and accordingly an open offer was launched. TCUK acquired 100% holding in TCIM Limited, on 28th March 2008. Thomas Cook (India) Limited is now a part of Thomas Cook Group. It remains as a subsidiary of TCIM Limited, an unlisted private company, incorporated under the laws of England and Wales having its Registered Office at Peterborough, England, U.K. holding 54.42% of the paid-up capital of the Company. Thus, TCUK indirectly holds 54.42% of the paid-up capital of the Company.

## Group

Pursuant to intimation from the promoters, the name of the Promoters and entities comprising the 'group' as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed herein below.

Persons constituting group coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Airtours the Holidaymakers Limited  
 Blue Sea Investments Limited  
 Blue Sea Overseas Investments Limited  
 MyTravel Group plc  
 MyTravel UK Limited  
 Sandbrook Overseas Investments Limited  
 Sandbrook UK Investments Limited  
 Thomas Cook Group plc  
 Thomas Cook Investments (1) Limited  
 Thomas Cook Investments (2) Limited  
 Thomas Cook Overseas Limited  
 Thomas Cook UK Limited

## Thomas Cook (India) Limited

### *Operations in India*

Your Company announced on December 13, 2007, that it has signed a Memorandum of Understanding (MOU) with JTB Corp. Japan, one of the largest travel solutions Companies in the world. The alliance will allow your Company to access the JTB Corp. network across 30 countries along with affiliates spreading over 800 offices. For JTB Corp., the alliance will provide a ready platform to enter the Indian market. Thomas Cook expects to witness growth in areas such as in-bound and out-bound tours. With this alliance, Thomas Cook also expects to see tremendous growth in its corporate travel business as it would now have access to the global relationships of JTB Corp.

The year 2007 has been one of consolidation. With the integration of Travel Corporation (India) Limited (TCI) into the Thomas Cook fold, a larger customer base is now available, coupled with higher buying power with all our vendors.

With increasing frequency of travel amongst frequent travellers, who often combine business and pleasure trips, travellers are willing to explore to newer areas. Short-haul overseas holidays to close-by destinations also find favour with a lot of the corporate customers, in view of the continued high taxation for domestic holidays.

The in-house e-business portal [www.thomascook.in](http://www.thomascook.in) would be an added tool to defend us against the onslaught of multiple websites, which are at present being accessed by customers.

#### *Operations in Mauritius*

This year, the growth in the foreign exchange operations at Mauritius again exceeded expectations. This business continues to expand rapidly geographically with the number of branches now increasing to ten during the period under review. Substantial positive growth is expected to continue in coming years.

Thomas Cook (Mauritius) Travel Limited, which was the General Sales Agent (GSA) of Condor till June 2007, is now selling train tickets, and represents Kingfisher in Mauritius.

The GSA business has continued to remain stagnant following the termination of the GSA agreement by Condor effective July 2007. However, it has been appointed as GSA for Kingfisher and it 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 which started operating as from March 2006 is picking up after a loss made in its first year of operations.

#### *Operations in Thailand & Singapore*

Your Company has closed down operations of the Thailand Company - "THOMAS COOK TRAVEL (THAILAND) LIMITED". Your Company has also closed down operations of the Singapore Company - "THOMAS COOK TRAVEL AND FOREIGN EXCHANGE (SINGAPORE) PTE. LIMITED".

#### *Accolades and Awards:*

Thomas Cook (India) Limited has been the recipient of the following highly prestigious awards:

- Singapore Airlines - Top Passenger Agent 2006-07
- National Tourism Awards - Best MICE Operator 2006-07
- National Tourism Awards - Third Prize - Inbound Operator

#### **Directors**

In accordance with Article 131 of the Articles of Association of the Company, Mr. Udayan Bose, Mr. A. V. Rajwade and Mr. H. S. Billimoria retire by rotation and being eligible, offer themselves for re-appointment to the Board.

Pursuant to the acquisition of Thomas Cook (India) Limited by Thomas Cook UK Limited from Dubai Financial Group LLC, the Board of Directors underwent a change on 30th March 2008. Mr. Sayanta Basu, Mr. AbdulHakeem Kamkar and Ms. Jacqueline Asher resigned from the Board and Mr. Manny Fontenla-Novoa, Dr. Juergen Bueser, Mr. Michael Hallisey and Mr. Roland Zeh were appointed as Additional Directors with effect from 30th March 2008. As Additional Directors, they hold office upto the date of ensuing Annual General Meeting of the Company. The Company has received notices in writing from certain members proposing their candidature for the office of a Director liable to retire by rotation. The Directors recommend their appointment.

Mr. Mahendra Doshi resigned as Director with effect from 30th March 2008.

Mr. Y. Vijayanand ceased to be an SBI Nominee Director with effect from 31st August 2007 and Mrs. Bharati Rao, SBI Nominee was nominated and appointed with effect from 24th November 2007.

The Service Agreement of Mr. Vinayak K. Purohit, who was appointed as Executive Director – Finance, was amended vide Supplemental Service Agreement on 24th November 2007. The same has been included in the Notice convening the Annual General Meeting.

The above appointments and re-appointments form part of the Notice of the Thirty-first Annual General Meeting and the relevant Resolutions are recommended for your approval.

Profiles of these Directors, as required by the Listing Agreement provisions, are given in the Corporate Governance Report forming part of this Annual Report.

#### **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.

Regarding Clause 4(a) of the Auditors' Report, based on legal opinions obtained, the Company has considered non-compete fees paid during the year as an allowable expenditure for computing the provision for tax for the current year. The Company has a reasonable case to claim this item as an allowable expenditure.

### 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 and the Consolidated accounts of Thomas Cook (Mauritius) Holding Company Limited for the year ended 31st December 2007 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

Your Company being in the Tourism hospitality industry, its activities do not involve in any expenditure on Technology and Research and Development and therefore, 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.

During the year, the foreign exchange earnings amounted to Rs. 557.9 million, whereas, the Company has incurred Rs. 45.9 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(i) and 2(g) in the Notes to the accounts.

### Fixed Deposits

Your Company has not accepted deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 and as such no amount principal or interest was outstanding on the date of the Balance Sheet.

### Listing of Shares

Your Company is listed on two Stock Exchanges in India viz. Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Listing Fees for the Financial Year 2007-2008 have been paid to both the Stock Exchanges within the prescribed time limit.

### 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

Your Company continues to be committed to good corporate governance aligned with the best-of-breed corporate practices. It has also complied with various standards set out by SEBI and the Stock Exchanges where it is listed.

The disclosures as required under the Corporate Governance standards have been furnished as a part of this report. Your 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 Annual 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.

### Acknowledgements

Your Directors thank all the Shareholders, Customers, Vendors for their continued support throughout the year. We also thank Ministry of Tourism, Banks, Financial Institutions, Government of India, State Governments, and other Government agencies for the support extended by them and also look forward to their continued support in future.

Your Directors also wish to place on record our appreciation of the contribution made by the Company's employees at all levels but for whose hard work, solidarity and support your Company's consistent growth would not have been even possible.

### FOR AND ON BEHALF OF THE BOARD

UDAYAN BOSE	—	CHAIRMAN
MADHAVAN MENON	—	MANAGING DIRECTOR

Mumbai  
Dated: 31st March 2008

## Annexure to the Directors' Report

Information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st December 2007.

Sr. No.	Name	Age	Designation	Remuneration	Nature of Duties	Qualification	Total Experience	Date of joining	Last Employment
1	Mr. Akshikar Aashutosh #	41	Head of Travel Businesses	408231	Overall responsibility for growth and operations of the Company's Travel Businesses (Corporate & Leisure)	B.A., M.B.A. (Mktg.)	16	1st November 1991	Zenith Computer Ltd.
2	Mr. Banerjee Robin #	52	Executive Director - Finance	176380	Overall responsibility for Finance and Accounting function as also of Administration	M.Com., F.C.A., C.S., A.I.C.W.A.	26	2nd April 2004	TMD Friction Beteiligungs
3	Mr. Bhatia Ajay #	44	Vice President - Foreign Exchange Operations	427488	Responsible for overseeing the operations of the Foreign Exchange branches in India	B.Com.(Hons), PGD in Mktg. & Sales Mgt.	24	12th July 1993	Own Business
4	Mr. Dawe Sohrab #	42	Associate Vice President - Information Technology	2596888	Responsible for developing and managing the Information Technology systems and network for the Company and its subsidiaries in India and overseas	MHRDM, B.Com., Software Application	20	9th April 2007	Lavasa Corporation Limited
5	Ms. Diwan Meera #	44	General Manager - Administration	1651925	Responsible for the Administration function of the Company	Dip in Hotel Mgmt. & Catering Techn., Dip. in Business Mgmt.	23	22nd April 1992	C.R.Y. (Child Relief and You)
6	Mr. Gupta Neeraj #	38	Associate Vice President - Corporate Finance	1780120	Responsible for evaluation of projects pertaining to Mergers and Acquisitions	B.Com., C.S., I.C.W.A., C.A.	11	5th June 2006	Home Solutions Retail India Ltd.
7	Ms. Gupta Nalini #	53	President & Head - Travel Businesses	7498797	Overall responsibility for the growth and operations of the Travel Businesses - Corporate Travel, Leisure - Outbound, Inbound and Domestic. Director on the Board of the subsidiary Company viz. TCI	MMM, B.Com., Dip. in Mass Communication, Dip. in French	31	1st May 2007	South African Airways
8	Mr. Kale Rajeev D. #	38	Associate Vice President - Incentives, Leisure Travel (Outbound)	1813600	Responsible for growth and operations of the MICE (Meetings, Incentives, Conferences & Exhibitions) Division of the Leisure Travel (Outbound) business of the Company	B.Com.	15	1st May 2007	Cox & Kings India Pvt. Ltd.
9	Mr. Kenkare R. R.	42	President & Head - Legal and Company Secretary	6379261	In charge of Legal, Secretarial and related 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.	18	1st December 1998	Blue Dart Express Ltd.
10	Mr. Kochat Narendran #	45	Vice President - Visa Services	1036929	Overall responsible for growth of Visa Services Businesses	B.Com.	21	5th March 2007	Hindustan Cargo Limited
11	Mr. Kotian V. T. (Deceased) #	54	Accounts Clerk	1652082	Assisting the Corporate Accounts team in Mumbai	B.A. (1st year)	33	1st June 1974	Started with Thomas Cook India Ltd.
12	Mr. Mantry Kuldeep	37	Associate Vice President - Internal Audit	2690640	Responsible for the Business Process Improvement & Audit function of the Company on an all India Basis.	B.Com., C.A.,	9	27th July 2006	Syntel Inc.
13	Mr. Mehta Parag	46	President & Head - Foreign Exchange	6239517	Responsible for the Foreign Exchange business of the Company, including the Dealings front office function	B.Sc., Executive Business Management from Harvard	17	1st January 1990	LKP Forex Limited.
14	Mr. Menon Madhavan	52	Managing Director	16361969	Overall responsibility for the operations and financial performance of the Company's operations in India as well as the performance of subsidiaries in India and IOR countries	B.A. (Business) - George Washington University, USA, M.B.A. (Fin. & Intl. Buss.) - George Washington University, USA	29	2nd May 2000	Birla Sun Life Asset Management Company (AMC) Ltd.
15	Ms. Moorthy Jayashree #	49	Executive Assistant to Chairman	1211455	Providing Secretarial support to the Chairman	B.A., Personal Asst. Diploma (JJC)	26	1st January 1997	ABCL Ltd.
16	Mr. Nadkarni Anil #	47	Head of Information Technology	231155	Responsible for developing and managing the Information Technology systems and network for the Company and its subsidiaries in India and overseas	B.Sc., D.C.M.	23	14th May 1997	Cadbury India Ltd.
17	Dr. Nair Prasanth D.	37	President & Head - Human Resources	5448700	Responsible for the Human Resources Function of the Company	B.Tech, Fellow Programme in Management (Doctoral Programme, IIM Ahmedabad)	10	9th May 2005	Wockhardt Ltd.
18	Mr. Nair Suraj #	37	Associate Vice President - Strategy & Planning	1426119	Responsible for strategy and planning (projects) for the Corporate Travel business of the Company	M.B.A., PGDBM, B.Sc., International Dip. in Computer Prog. & Appl.	15	7th June 2007	American Express
19	Mr. Pai Madhav #	45	Vice President - Tour Management & Product Advisor	1936450	Responsible for product development (itineraries for Group Tours) and managing the operations of these Group Tours (Leisure Outbound business)	B.A.	1	24th August 2006	Worked as Freelance as Consultant
20	Mr. Pandey Amitabh #	49	President & Head - E-Business	3341945	Responsible for conceptualising and initiating the E-Business strategy for the Company - resulting in overall growth of business	M.A. (Economics), B.A. Hons. (Economics)	26	1st June 2007	IRCTC Ltd., Ministry of Railways, Govt. of India
21	Ms. Pimenta June	56	Vice President - Foreign Exchange	2825109	Responsible for Process, Compliance and Statutory matters related to the Foreign Exchange business. Holds additional responsibility as Money Laundering Reporting Officer (MLRO) of the Company	B.Sc.	30	22nd January 1979	Film World

Sr. No.	Name	Age	Designation	Remuneration	Nature of Duties	Qualification	Total Experience	Date of joining	Last Employment
22	Ms. Puri Suman #	57	General Manager - Service Delivery, Travel Businesses	1836829	Responsible for managing the Corporate Travel branch at Chennai	B.A., IATA, UFTAA	30	2nd November 1982	Travel Air Pvt. Ltd.
23	Mr. Purohit Vinayak #	52	Executive Director - Finance	9854349	Overall responsibility for Finance and Accounting function of the Company in India as also its subsidiaries in India and overseas. Also oversees the Administration function of the Company	B.Com., A.C.A., TQM, MBR	27	14th May 2007	Hindustan Thomson Media Ltd.
24	Mr. Sengupta Saibal #	42	Associate Vice President - Financial Services	345716	Responsible for business growth of the Financial Services products of the Company	B.Com., Executive Development Prog, Key Account Management	20	15th November 2007	Bharti AXA Life Insurance Company
25	Ms. Seth Sadhana #	53	General Manager - Leisure Travel, Mumbai	2306379	Managing non Thomas Cook Leisure Outbound products (Cosmos, Club Med, Star Cruise etc.)	B.A., Dip. in Textile Design.	29	6th November 1978	Started with Thomas Cook India Ltd.
26	Mr. Sethi Vijay #	47	Associate Vice President - Service Quality & Customer Care	2311027	Responsible for setting up processes and systems, and training interventions for employees through the Company's Service Quality and Customer Care initiative of the Company. Redressal of customer complaints	B.A., 1 Year Dip. in Reception & Booking, Dip. in Management Catering	28	1st May 2007	Jet Airways
27	Mr. Sharma Gautam	41	President & Head - Marketing & Financial Services	8058136	Responsible for the Financial Services (Credit Cards) Division as also the Marketing function, including Product Development for Leisure Outbound products	B.Tech., PGDM, IIM (Ahmedabad)	17	10th July 2006	ING Vysya Life Insurance Co. Pvt. Ltd.
28	Mr. Sharma Vipin Kumar #	38	General Manager - Leisure Travel (Inbound)	158640	Responsible for garnering Leisure Inbound business for the Company, from Japan	B.A., Dip. in Advance Course in French & Japanese Language	12	10th December 2007	Kuoni Travels Ltd. - Japan
29	Mr. Shetty H. N. #	58	Associate Vice President - Dealings Mid-Office	2189586	Responsible for managing the Room mid office	B.Com., L.L.B., CAIIB(1)	32	1st September 1980	Karnataka Bank Ltd.
30	Mr. Srinivasan Anil	46	Chief Operating Officer - Corporate Travel	4600036	Responsible for the growth and operations of the Corporate Travel business in India	B.Com., M.Com., IATA (Adv.), PGDBA	28	16th August 1979	Started his career with Thomas Cook (India) Limited
31	Mr. Suri Vishal	40	Chief Operating Officer - Leisure Travel (Outbound)	4436484	Responsible for growth and operations of the Leisure Travel (Outbound & Domestic) business in India	MSP, B.E.- Electrical	16	7th November 2005	Bharti Tele Venture Ltd.
32	Mr. Suri Sunit #	41	Chief Operating Officer - Leisure Travel (Inbound)	1152855	Responsible for growth and operations of the Leisure Travel Inbound business of the Company through its branches in India and overseas offices	B.Com., Inter I.C.W.A.	18	18th October 2007	Kuoni Travels Ltd.
33	Mr. Tibrewala Sanjay	35	Vice President - Accounts	4348831	Responsible for the Finance and Accounts- Function of the Company in India, as also of its subsidiaries in India and abroad	B.Com., A.C.A., A.C.S., I.C.W.A.	13	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. 2,00,000/- per month.

FOR AND ON BEHALF OF THE BOARD

UDAYAN BOSE	—	CHAIRMAN
MADHAVAN MENON	—	MANAGING DIRECTOR

Mumbai

Dated: 31st March 2008



## Annexure to the Directors' Report

### Disclosures under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Description	ESOP 2007
1. Options Granted	12,46,875
2. Pricing Formula	Higher of 95% of the Market price on BSE & NSE on 24th July 2007, i.e. 95% of Rs. 65.15.
3. Options Vested	None vested so far 1/3 will vest every year on 25th July 2008, 25th July 2009 and 25th July 2010.
4. Options Exercised	0
5. Total number of Ordinary Shares arising as a result of exercise of Options	0
6. Options Lapsed	1,42,750
7. Variations of terms of Options	The ESOP 2007 Scheme was amended vide Postal Ballot Notice dated 21st August 2007 and approved on 12th October 2007, for the purposes of recovering the Fringe Benefit Tax (FBT) from the employees and varying certain terms Scheme to make it SEBI compliant.
8. Money realised by exercise of the Options	N.A.
9. Total number of Options in force	11,04,125
10. i) Details of Options granted to senior managerial personnel	Appendix – A
ii) Any other employee who receives in any One Year of grant of Option amounting to 5% or more of Options granted during the Year	None
iii) Identified employees, who were granted Options, during any One Year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant	None
11. Diluted Earning Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended 31st December 2007	Rs. 1.71 per share
12. i) Method of calculation of employee compensation cost	Intrinsic Value Method
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if fair value of Options had been used	7,862,309 Reported Profits – 334,109,261 Adjusted Profits – 326,246,952 Reported Basic EPS – Rs. 1.76 per share
iii) The impact of difference on profits and EPS of the Company for the year ended 31st December 2007 had fair value Options had been used for accounting Employee Options	Adjusted Basic EPS – Rs. 1.72 per share Reported Diluted EPS – 1.76 Adjusted Diluted EPS - 1.71
13. Weighted Average exercise price equals market price of stock on the grant date (There are no Options granted whose exercise price either exceeds or less than the market price of the stock on the date of grant)	Rs. 61.89
14. A description of method and significant assumptions used during the year to estimate the fair value of Options granted during the year The fair value of options has been calculated by using Black Schole's Method. The assumptions used in the above are:	
15. 1) Risk free Interest Rate	7.50%
2) Expected Life	6 years
3) Expected Volatility based on daily closing Market Price	37.03%
4) Expected Dividend Yield	1.14%
5) The price of underlying share in the market at the time of grant	65.10



**Appendix – A**

<b>Sr. No.</b>	<b>Name of Senior Management Personnel</b>	<b>Designation</b>	<b>No. of Options Granted</b>
1.	Mr. Madhavan Menon	Managing Director	2,05,000
2.	Mr. Vinayak K. Purohit	Executive Director – Finance	1,62,500
3.	Mrs. Nalini Gupta	President & Head – Travel Businesses	1,50,000
4.	Mr. Gautam Sharma	President & Head – Marketing & Financial Services	1,08,750
5.	Mr. Parag Mehta	President & Head – Foreign Exchange	1,08,750
6.	Mr. Amitabh Pandey	President & Head – E-Businesses	63,750
7.	Dr. D. Prasanth Nair	President & Head – Human Resources	56,750
<b>TOTAL</b>			<b>9,19,250</b>

FOR AND ON BEHALF OF THE BOARD

UDAYAN BOSE	–	CHAIRMAN
MADHAVAN MENON	–	MANAGING DIRECTOR

Mumbai

Dated: 31st March 2008

## The Management Discussion and Analysis Report

### OVERVIEW

The growth story of Indian economy is intact. Indian economy grew at annual rate of 8.9%. The developing economy and the resulting improvements in income dynamics alongwith factors like favourable demographics and spending patterns are driving the consumption demand. With rising income, the consumption has also scaled a new height, giving rise to a new middle class, with higher aspiration.

The Indian tourism and hospitality industry is on a high, driven by a huge surge in business and leisure travel by domestic and foreign tourists. The growth of tourist inflows into India was well above world average leading to a rise in foreign tourist

arrivals to India from 0.37% in 2001 to 0.53% in 2006. Tourism is an important industry in the Indian economy. The booming tourism industry has had a cascading effect on the hospitality sector with an increase in the occupancy ratios and average room rates. It is estimated that the hospitality sector is likely to see revenue of US\$ 11.41 billion in the next two years. India is likely to have around 40 international hotel brands by 2011. Alongwith these large-scale expansion plans, international hotel asset management companies are also likely to enter India. The foreign exchange earnings from tourism for the year 2005 were US\$ 5.73 billion\*. These increased to US\$ 6.45 billion\* in the year 2006 achieving an increase of 14.6%. (\*Source: World Tourism Organisation).

### INDIA – HISTORICAL DATA AND FORECASTS, TRAVEL INDUSTRY

	2004	2005	2006	2007e	2008f	2009f	2010f	2011f	2012f
Visitor arrivals (mn)	3.46	3.92	4.43	4.81	5.29	5.87	6.34	6.82	7.34
Tourist departures (mn)	4.90	5.49	6.10	6.52	6.98	7.33	7.77	8.23	8.86
Airline tourist arrivals (mn)	2.88	3.14	3.51	3.83	4.17	4.55	4.82	5.11	5.50
International tourism receipts (US\$bn)	4.77	5.73	6.45	7.23	8.09	9.06	9.97	10.97	11.80

Mn = million; e/f = estimate/forecast. Source: World Tourism Organisation

In recent years, the Indian Government has taken several steps to boost travel and tourism, which have benefited hotel industry in India. These include

- Abolishment of the inland air travel tax of 15%;
- Reduction in excise duty on aviation turbine fuel to 8%;
- Removal of a number of restrictions on outbound chartered flights, including those relating to frequency and size of aircraft.
- Designating 2007 as 'India-China Friendship Through Tourism Year 2007'

India is likely to become a major hub for Medical Tourism, with revenues from the industry estimated to grow from US\$ 333m in 2007 to US\$ 2.2 billion by 2012. India's medical tourism has registered an annual growth rate of 25%. The number of people coming to India for treatment is rising sharply. It is estimated that 500,000 patients travelled to India for medical care in 2005, up from just 150,000 in 2002. The key drivers of the medical tourism industry are its cost effectiveness combined with the attractions of tourism. Medical care, packaged with traditional therapies like yoga, meditation, ayurveda, allopathy and other

traditional systems of medicines, attract high-end tourists, especially from European countries and the Middle East.

Not only medical tourism, but theme travel also has vast potential in India. These include:

Adventure tourism	Golf tourism
Heritage tourism	Eco-tourism
Wellness tourism	Wildlife tourism
Pilgrimage tourism	

With the economy growing consistently at over 9%, increasing disposable incomes, a change in the spending habits, liberalisation of exchange controls, increasing affordability due to numerous holiday packages and cheaper air fares and outbound tourist traffic, has been growing at a rapid pace.

### GOVERNMENT INITIATIVES

The government has announced a new subsidy scheme linked to the number of rooms built by a hotel in a bid to create additional budget hotel room capacity ahead of the Commonwealth Games.

Earlier, the budget hotels were given a lump sum subsidy, based on the star-rating of the hotel. The subsidy scheme, announced by the Ministry of Tourism and Culture, will be extended to budget hotels in the metropolitan cities as well.

#### Proposals put forward by government

- Launch of Incredible India campaign to promote tourism both in domestic and international markets.
- Course of action has been formulated by Department of Ayush, prescribing minimum requirements for Ayurveda and Panchkarma Centres.
- The Ministry of Tourism has tied up with the United Nations Development Programme to promote rural tourism.

#### OUTLOOK FOR TOURISM INDUSTRY

The hospitality industry is poised to grow at a faster rate and reach Rs 826.76 billion by 2010. It is estimated that over the next two years, 70,000-80,000 rooms will be added across different categories throughout the country. The Indian hospitality industry is on a high growth pace as demand is exceeding the industry's supply in terms of infrastructure to support the inflow of foreign tourist arrival and movement of domestic traveller's across the nation. With increasing disposable income, particularly in urban and semi-urban areas, people can afford to travel to different pilgrimage and tourist spots in India. Government's focus on promoting tourism continues to drive tourist arrivals into India. It is anticipated that the arrival of tourists will show a similar upward trend as India is being positioned as a global brand.

#### STRUCTURE OF ACCOMMODATION MARKET

	2004e	2005	2006e	2007e	2008f	2009f	2010f	2011f	2012f
No. of hotels *	1,654	1,962	2,259	2,491	2,763	3,039	3,343	3,677	3,956
No. of rooms	91,000	106,000	122,000	137,000	152,000	167,200	183,920	202,235	217,604
No. of beds	182,200	212,340	244,005	264,200	314,300	345,730	380,303	416,604	448,265
Hotel Occupancy (%)	61	66	67	69	70	71	72	72	72

e/f = estimate/forecast. Source: BMI, World Tourism Organisation

#### Other Industry Trends

- Continued growth in travel sector
  - Expected to be 13% to 15% ^
- Leisure expense growth @ 12% in outbound
  - Growing opportunity for travel players
- Growing number of leisure travellers
  - More than 1 million outbound travellers \*
  - Over 4 million inbound travellers \*
  - About 280 million domestic travellers \*

Hotel industry is being a service industry providing food and accommodation to the visitors. The industry requires human resources on a large-scale and also a wide variety of skills. Hotel industry is inextricably linked to tourism industry and the growth in the Indian tourism industry has fuelled the growth of Indian hotel industry. The thriving economy and increased business opportunities in India have acted as a boon for Indian hotel industry. The arrival of low-cost airlines and the associated price wars have given domestic tourists a host of options. The future scenario of Indian hotel industry looks extremely bright. It is expected that the budget and mid-market hotel segment will witness huge growth and expansion while the luxury segment will continue to perform extremely well over the next few years.

The industry currently has supply of 0.11 million rooms and there is a shortage of 0.15 million rooms, fuelling hotel room rates across India. According to estimates, demand is going to exceed supply by at least 100% over the next two years. With demand-supply disparity, hotel rates in India are likely to rise by 25% annually and occupancy by 80%, over the next two years. This will affect the competitiveness of India as a cost-effective tourist destination. To overcome this shortage, Indian hotel industry is adding about 60,000 quality rooms, currently in different stages of planning and development, which should be ready by 2012. Hotel industry in India is also set to get a fillip, with Delhi hosting 2010 Commonwealth Games. The Government has approved 300 hotel projects, nearly half of which are in the luxury range.

- Overall boost in the travel sector
  - New air carriers and cheaper fares
  - High domestic rates driving consumers towards cheaper overseas options

#### IMPACT OF RISING RUPEE ON THE INBOUND BUSINESS

As a result of the appreciation in the Rupee during 2007, Indian tourists found will find their foreign trips a little less expensive while the opposite was the case for foreign traveller's in India. Hotels have become more expensive. Many hotels,

which used to follow a dual tariff structure, have now shifted to the single tariff structure following the Rupee appreciation. U.S. tour operators who used to book deluxe category hotels are now settling down for first class hotels.

Spiralling hotel tariff as a result of the shortage of rooms combined with an appreciating Rupee could have a negative impact on the industry in the short and medium term.

The Government is taking adequate measures in order to make India an attractive tourist destination. Some States like Kerala, Madhya Pradesh and Rajasthan have taken proactive measures to promote niche tourism. The railways' effort to provide trains with specific themes will go a long way in attracting tourists.

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **TRAVEL & RELATED SERVICES**

This year has been yet another year with a robust growth in the Indian economy leading to increase in the disposable income which in turn has led to people increasing their expenditure on travel.

This year has led to improved yields, enhanced buying power and sustained growth.

In the coming years, the Company will be tapping high volumes, increasing efficiencies through service excellence centre, increasing distribution network through new branches and distribution partners, increasing outbound NRI segment and substantial growth in the MICE (Meeting Incentives, Conferences and Exhibitions) segment.

The outbound leisure market of India grew by 21% in 2005. As airfares became more affordable and holiday packages cheaper, more and more Indians opted for holidaying abroad. Another trend that has been on the increase in India is that of families travelling together. India is a country with close family ties. People find travelling together with families simpler and more cost-effective. As taking time off for family reunions is becoming difficult, travelling together with families is a good way of being able to spend time together.

Better negotiation and strategic alliances between travel partners would be a key to sustaining the higher revenues.

With high degree of comfort of the internet bookings, online business is expected to gain increased momentum and increase in volumes. All Thomas Cook products are available through our website. An exclusive warehouse has been set up to execute all online bookings.

Having received approval from the Board, our new portal [www.thomascook.in](http://www.thomascook.in) has commenced a beta-launch for the

B2B segment. A range of travel related products can be booked with real-time availability and confirmations. On offer are over 440 domestic and international flights - with direct integration with GDS and Low Cost Carriers; Travel Insurance through Tata AIG; Vodaphone Home Calling Cards; Rail Europe; Costa Cruises; international hotels and holidays. This new e-commerce enabled portal is focussed on functionality: an ease in bookings and simple transaction processes coupled with online payment via credit card and internet banking.

Uncertainties such as terror attacks, epidemics, conflicts, natural calamities and the effects of the global business downturns are risks the travel and tourism industry will be susceptible to; these perils cannot be disregarded in the future.

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

### **MEETINGS, INCENTIVES, CONFERENCES AND EXHIBITIONS (MICE)**

MICE or Meetings Incentives Conferences Exhibitions is the fastest growing section of the International tourism market. It caters to various forms of business meetings, employee and stakeholder rewards, International business conferences, conventions, events and exhibitions.

Indian corporates are increasingly looking at overseas destinations in South East Asia, Western Europe, Australia, Middle East, Japan, Canada and Africa for their annual conferences, rewards and events.

The importance of the MICE industry lies in the fact that it converts the annual business meetings and conferences into a glamorous and enjoyable event for the delegates and attendants. Be it a meeting to bring people together either from within one company or from a broader spectrum or an international conference of delegates or product launch party or exhibition, MICE tourism finds itself being inevitable in all the occasions.

Leisure travel is increasingly being used as an incentive tool by many Indian corporations to convey appreciation for recognising achievers (both employees & business partners). It has the dual benefits for providing a holiday that enables the executive to unwind and recharge and serves as a reward for excellence that inspires the team. Our incentive division works closely with the client to tailor make a program best suited to his needs and budgets. These individual programs being created are unique

in nature and normally provide us clients with a long-term relationship. The incentive division amongst other services assists in selection of a destination, providing a choice of airlines using the most economical route and complete logistic support on ground.

We cater to all aspects of conference organising, business meetings, event management, seminars, exhibitions, product launches and incentives. Every event is designed to meet specific requirements right from the pre-event preparations, during the event itself and through to post-event settlements. Our expertise in this segment with extensive planning and considerable research ensures our customers have the most comprehensive travel experience. We have managed and organised conference events for several multinational corporations in the past undertaking the gamut of activities involved therein.

We have been constantly introducing innovative events and suggestions to make every conference eventful and memorable.

#### **DOMESTIC TOURISM**

In line with the general growth in the Industry, the number of domestic tourist visits within India has also grown significantly over the years. Domestic tourist visits have grown at a CAGR of about 14% over the period 1999 to 2004. A much higher growth rate might have been achieved had not many Indians found it cheaper to holiday abroad, owing to cheaper airfares and more affordable holiday packages.

The growth in domestic tourists can be attributed to the growth in the GDP, level of income, disposable income. According to the Department of Tourism, domestic tourism saw a movement of over 380 million Indians. These domestic travellers sustain the travel and tourism business within India. Domestic business travel and visiting family / friends, as well as pilgrimages contributes to the growth in number of trips within the country.

Domestic tourism is growing rapidly and is expected to catch up with outbound travel in the coming years. The Company plans several tour packages to capitalise on the growing demand from the domestic tourism.

Earlier, one had to plan holidays in advance. But now, with improved air-connectivity and more options, one can plan a holiday at short notice and cover long distances. Many destinations are getting a boost due to their tie-ups with airlines. Many domestic travellers are making use of the option. The destinations and packages offered vary according to the season. The travel packages, which were aimed at luring foreigners to India, are also helping boost domestic tourism like ayurveda & spa.

The Company sees huge potential in these segments of business and has focused itself with dedicated team across all major centres to cater to the Corporates and domestic travellers.

#### **FINANCIAL SERVICES**

The Foreign Exchange market witnessed a turbulent 2007 owing to sharp appreciation in Rupee and resultant impact on the foreign exchange market. The consolidation of business, post the LKP Forex Limited merger, helped us penetrate deeper to source market and grow our profitability by increasing our presence in the Retail foreign exchange business.

#### **IMPACT OF APPRECIATION OF THE RUPEE ON THE FOREIGN EXCHANGE BUSINESS**

The year 2007 witnessed a strong rally in the Dollar Rupee rate. The Rupee began to appreciate from January 2007 and the business witnessed sharp appreciation in the months of April, May & June. The Rupee appreciated by almost 12% during the year as compared to 2006. Your Company managed to hedge the above risk due to Rupee volatility by having adequate controls and optimising the strength of our Foreign Exchange Dealing Room.

The shortage of currency inflows particularly during April – July 2007 necessitated imports which we could manage given our global scale and reach and pump the markets with the much needed currencies helping us further bolster our image as the preferred supplier in the market place.

The shortfall in inflow affected the Company's foreign exchange purchase business during the year.

The growing segment of students travelling overseas to pursue higher studies gave us the opportunity to further enhance our position in the market place. The Company launched its product specifically targeted at this market branded as "U-Special", which was a huge success.

The business registered an impressive growth in yields and we expect this zeal to hold good in the coming years too.

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

The business as usual is vulnerable to a limited extent, to the volatility in the foreign exchange market. To achieve its planned numbers, the business continues to focus on growing the business volumes,

maintain the revenue yield and manage costs. The overall economy being buoyant coupled with the growth in the tourist numbers both outbound and inbound bodies well for the business.

### **CARDS BUSINESS**

With both travel spends and credit card penetration increasing rapidly in India, the business is likely to grow at a good pace over the next few years and achieve a critical mass. At present, there is only one variant of the card – Titanium – on the MasterCard platform. Options of launching a higher end product will be explored this year. It has been known from industry sources that some more travel-focused cards are likely to be launched in 2008 by some of our competitors in collaboration with other banks.

### **FINANCIAL PERFORMANCE**

The Company has posted profit before tax (and before exceptional items) of Rs. 392.9 million and the profit after tax (after exceptional items) of Rs. 334.1 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. Three 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.

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. The President and Head - Legal and Company Secretary heads the Compliance function, the Vice-President - Foreign Exchange is the Money Laundering Reporting Officer (MLRO) overseeing the AML Compliance and the Associate Vice-President - Internal Audit, in addition to his role as an Internal Auditor, conducts constant spot checks to ensure that the compliances of all rules and regulations including business processes are met. 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.

### **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 Managing Director, 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 Systems Security Committee (ISSC) which has its quarterly meetings. Minutes of the ISSC are put up in the Risk Committee which approves the recommendations made by the ISSC for implementation. The Risk Committee in turn reports to the Audit Committee, constituted by the Board.

#### **INFORMATION TECHNOLOGY:**

##### **Travel Corporation (India) Limited (TCI):**

Thomas Cook (India) Limited (TCIL) acquired TCI on 28th December 2006 which is now a 100% subsidiary of TCIL. TCI is using in-house developed software encompassing business application and accounting application. During the year, the Company instituted IS audit of the existing applications and implemented the mitigation steps for weaknesses, especially towards security control and access to information. In January 2008, the Company successfully moved from the existing accounting package TRIBS to SAP accounting application, which is also used by parent company TCIL, to have the same platform for unified accounting system and security.

##### **Information Systems Security Committee:**

The Committee consists of members from the Business Process Improvement & Audit department and the President & Head - 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 and control perspective favourably/adversely and on any significant breaches of the security/security policy.

##### **Terms of reference:**

This Committee has overall responsibility for all areas concerning IT security.

#### **HUMAN RESOURCES**

##### *Human Resources Management:*

In keeping with our mission of 'Exceptional Service from Exceptional People', the Human Resources department in Thomas Cook (India) Limited is focused on building a world class service organisation with a high degree of performance orientation by enabling the development of cutting edge leadership competencies, imparting dynamism with a 'bias for action' and endeavouring to enhance the employee engagement levels.

Human Resources, in Thomas Cook strive to enable the organisation to achieve its objectives by constantly aligning the 'people factor' with the 'business needs'. This creates a need for constantly evolving and stimulating the systems and processes in the context of organisational culture. As part of the HR Action plan, we have initiated steps to work on each of key variables that affect human resources, both at a strategic level and at an operational level.

Towards building an organisation geared towards realising future opportunities, 2007 saw the induction of several members at the senior management levels – Executive Director (Finance), President and Head (Travel Businesses), President and Head (e-Businesses), COO (Inbound Business) and Head – Service Quality. An organisation structure designed to align the structures, in the context of coming together of TCIL, LKP and TCI, towards realising synergy was rolled out.

The Performance management system 'X-Factor', launched in 2006 with the objective of building a 'Performance Oriented' organisation with emphasis on enhancing the process quality and establishing a linkage between results and rewards enabled a greater focus on performance. We will continue to strengthen the process based on feedback.

The Company continues to conduct training and development programs at various levels. At the Junior Level, the programs are focused on continuous improvement of functional skills and developing effective interpersonal capabilities. At Middle and Senior Management levels, the interventions are geared towards developing a holistic business perspective. A structured Management Development intervention 'MILE', in association with Indian Institute of Management, Ahmedabad (IIMA) and Indian Institute of Management, Indore (IIMI) was launched this year towards this objective.

A major emphasis is given to quality and time bound recruitment, which ensures that the down time is minimized. The Company continues to nurture talent through TCMLP (Thomas Cook Middle Leadership Program) and TCETP (Thomas Cook Executive Trainee Program) so as to create talent pipeline at various levels in junior and middle management.

In addition, employee activities 'FUNZONE' are undertaken every month towards creating a fun and learning working environment and to enhance bonding.

We realise that the only sustainable competitive advantage in today's dynamic, challenging and rapidly changing context is human resources. Towards that, we are in the process of constantly energising and revitalising our people by equipping them with cutting edge skills, developing a holistic perspective and imparting in them, a drive for excellence, so as to enable them to be the best in class and in turn, facilitate the movement of Thomas Cook India 'From Good to Great'.

## OUR RENEWED FOCUS ON SERVICE QUALITY & CUSTOMER SERVICES

In the last few months, the Service Quality & Customer Care department has been restructured with the Head of the department reporting directly to the Managing Director. The department:

- Now is now an independent, structured entity with an expanded team
- Has an effective complaint management mechanism with improved service recovery process
- Has outlined its objectives and action plans
- Represents the voice of customer to the whole organisation

During the year 2007, the department undertook the following initiatives:

### ENHANCED CUSTOMER RESPONSIVENESS

As part of our endeavour to enhance customer responsiveness and bring about greater efficiency in the complaint redressal mechanism, all complaints are now acknowledged within 24 hours. After detailed investigation, a response is sent to the customer within 2 weeks of receiving the complaint.

### ‘SEAMLESS CUSTOMER SERVICE’

An Internal Customer Service program that gave our colleagues/ Internal Customers an insight into their role in the service chain to the External Customer as also their importance in breaking down internal barriers thereby keeping this chain ‘Seamless’.

### SERVICE QUALITY AUDITS

#### External audit

Independent external agencies conducted audits to gauge the current service levels and compared them with competition to give us an idea of where the Company stands. These audits brought forth the visible aspects of service quality like ambience and grooming as well as soft skills of our frontline staff.

#### INTERNAL AUDIT - ‘SHINE CAMPAIGN’

Internal audits were conducted by our service quality team to evaluate our *‘face to the customer’*, which could be via our facilities, infrastructure or frontline staff appearance etc.

### SERVICE TRACKERS

We created a new set of Service Trackers, intended to enable more objective feedback from customers on various service aspects.

## IMPRESSIONS MANAGEMENT TRAINING

To help our frontline staff build the right communication and behavioural skills, we are conducting ‘Impressions Management’ training with external consultants, TMI India. This training was held as a series of 13 one day workshops, covering over 280 employees across the network, in February 2008.

We will be taking this training ahead for all our employees by having in house trainers, trained by TMI for this initiative, conducting more sessions.

### STEPS AHEAD:

- In order to address internal lapses in communication and procedural loopholes, we are designing process notes, which will clearly state the processes to be followed by the concerned persons in the delivery chain.
- Establish minimum standards for each business, in the form of procedures.
- PERFORMANCE EVALUATION
  - Best practices within the branches
  - Star performers identified as role models
  - Travel and other industry related best practices to be identified and implemented
- CHECKING CONFORMANCE
  - New service trackers and comment forms
  - Shine audits
  - Mystery audits
- VOICE OF CUSTOMER
  - Module on verbatim customer complaints and compliments
  - Complaint resolution and service recovery practices
- CUSTOMER COMMUNITY
  - Meet best customers and seek feedback and suggestions to improve services
  - Periodically get them to meet the Executive Committee
- CRM MODULE
  - Leverage existing database to build lasting relationships
  - Reward loyal customers

While we continue on this path of constant improvement, we strive to make this Company one that “truly delights” the customer this time and every time.



*Employee Strength:*

The financial year end employee strength was 2550 including persons employed at Sri Lanka, Mauritius, TCI and in the Insurance company.

*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, exchange rates, 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: 31st March 2008

## 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'):

#### ***Composition of the Board***

The Board consists of eleven (11) members with two (2) Executive Directors and nine (9) Non-Executive Directors comprising of experts from various fields/professions. The Chairman of the Board is an Independent & Non-Executive Director and is neither a promoter nor is related to promoters or persons occupying management positions at the Board level or at one level below the Board. The composition of the Board of Directors of the Company is in accordance with the provisions of Clause 49 of the Listing Agreement.

#### ***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 ten (10) Board Meetings held during the financial year ended 31st December 2007, namely on 7th February 2007, 26th February 2007, 23rd March 2007, 25th April 2007, 25th June 2007, 25th July 2007, 21st August 2007, 22nd September 2007, 26th October 2007 and 24th November 2007, respectively.

#### ***Membership, Attendance & Other Directorships:***

Membership and Attendance of each Director at the Board of Directors' Meetings held during the year and the last Annual General Meeting and the number of other Directorship and Chairmanship/Membership of Board Committees as on 31st December 2007:

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 [Excluding Thomas Cook (India) Limited] # #	
						Public	Private	Chairmanship	Membership
1.	Mr. Udayan Bose	I & NED	Chairman	8	YES	7	5	1	2
2.	Mr. Sayanta Basu	NED	Dy. Chairman	6	NO	—	—	—	—
3.	Mr. Abdul Hakeem Kamkar	NED	Director	2	NO	—	—	—	—
4.	Ms. Jacqueline Asher	NED	Director	3	NO	—	—	—	—
5.	Mr. Dilip De	I & NED	Director	7	YES	—	4	—	—
6.	Mr. A. V. Rajwade	I & NED	Director	10	YES	6	2	2	5
7.	Mr. Madhavan Menon	MD	Managing Director	10	YES	4	—	—	—
8.	Mr. Vinayak K. Purohit \$	ED	ED – Finance	6	YES	—	—	—	—
9.	Mr. H. S. Billimoria	I & NED	Director	9	YES	3	1	1	4
10.	Mrs. Bharati Rao **	I & NED	State Bank of India – Nominee	0	NA	—	—	—	—
11.	Mr. Mahendra V. Doshi***	I & NED	Director	9	YES	6	4	2	5
12.	Mr. Y. Vijayanand **	I & NED	State Bank of India – Nominee	1	NO	—	—	—	—

\* ED – Executive Director      NED – Non-Executive Director      I – Independent Director      MD - Managing Director

\$ Mr. Vinayak K. Purohit was appointed as an Additional and Executive Director-Finance on 14th May 2007 and regularised at the Annual General Meeting held on 25th June 2007.

\*\* Mrs. Bharati Rao was appointed as Nominee Director of State Bank of India on 24th November 2007 in place of Mr. Y. Vijayanand who ceased to be a Director with effect from 31st August 2007

\*\*\* Mr. Mahendra V. Doshi was appointed as an Additional Director on 7th February 2007 and regularised at the Annual General Meeting held on 25th June 2007.

# In Indian Companies, excluding Section 25 Companies.

# # In Audit, Recruitment & Remuneration and Share Transfer & Shareholders'/Investors' Grievance 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.

#### **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. Udayan Bose, Mr. A. V. Rajwade and Mr. H. S. Billimoria retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Further, pursuant to the change in control of the Company, Mr. Manny Fontenla-Novoa, Dr. Juergen Bueser, Mr. Michael Hallisey and Mr. Roland Zeh were appointed as Additional Directors at the Board Meeting held on 30th March 2008.

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

#### **1. Mr. Udayan Bose**

Mr. Udayan Bose, born on 23rd April 1949, is an international Banker. He joined Thomas Cook (India) Limited as its Non-Executive Chairman with effect from 21st January 2006.

Mr. Bose studied at St. Xavier's School, Kolkata and graduated with 1st class with Chemistry (Hons.) and Mathematics as Majors from Presidency College, Kolkata. He is a Fellow of the Chartered Institute of Bankers, U.K. and has done Advanced Management at Harvard Business School, USA.

He spent his first 11 years with Grindlays Bank in India and U.K. He then joined Deutsche Bank Asia, where he became Regional Director of South Asia. In 1985, he left Deutsche Bank to set up India's first Investment Bank called Creditcapital, which eventually was bought out by Lazard LLC. He was Chairman of Creditcapital/Lazard India from 1985 to 2005 and led some spectacular transactions. He also became Managing Director and General Partner of Lazard LLC (2001-2005), the first Indian to reach that position.

Through 1986 till 1997, Mr. Bose was Advisor to the Union Bank of Switzerland. He has also served on the Advisory Board of The Economic Intelligence Unit of the Economist.

Mr. Bose does not hold any shares in the Company. As on 31st December 2007, he is a member of the Recruitment & Remuneration Committee and the Share Transfer & Shareholders'/Investors' Grievance Committee of the Company. His Directorships and Committee Memberships of other companies in India, as on 31st December 2007, are as follows:

Name of Body Corporate/Firm	Position	Committee Memberships	
		Committee	Position
Thomas Cook Insurance Services (India) Limited	Director	N.A.	N.A.
Thomas Cook Tours Limited	Director	N.A.	N.A.
Indian Horizon Travel and Tours Limited	Director	N.A.	N.A.
Pritish Nandy Communications Limited	Director	Audit Committee	Member
Tamara Capital Advisors Pvt. Ltd.	Chairman	N.A.	N.A.
Creditcapital Finance Limited	Chairman	N.A.	N.A.
Bikrampur Investment & Trading Pvt. Ltd.	Chairman	N.A.	N.A.
Vanshree Holdings Pvt. Ltd.	Chairman	N.A.	N.A.
Earl Investments Pvt. Ltd.	Chairman	N.A.	N.A.
Merwanjee Trading Co. Pvt. Ltd.	Chairman	N.A.	N.A.
J. K. Paper Limited	Director	Audit Committee	Member
The Calcutta Stock Exchange Association Limited	Chairman	N.A.	N.A.

## 2. Mr. A. V. Rajwade

Mr. A. V. Rajwade, born on 29th September 1936, is an independent forex and treasury management consultant for more than two decades 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 with 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 Directors of Thomas Cook (India) Limited w.e.f. 21st January 2006.

Mr. Rajwade does not hold any shares in the Company. As on 31st December 2007, he is a Chairman of the Recruitment & Remuneration Committee and a member of the Share Transfer & Shareholders'/Investors' Grievance Committee and Audit Committee of the Company. His Directorships and Committee Memberships of other companies in India, as on 31st December 2007, are as follows:

Name of Body Corporate/ Firm	Position	Committee Memberships	
		Committee	Position
Cybertech Systems and Software Limited	Director	a. Audit Committee b. Compensation Committee	a. Chairman b. Chairman
The Clearing Corporation of India Limited	Director	Personnel Committee	Member
Royal Sundaram Alliance Insurance Co. Limited	Director	N.A.	N.A.
Reliance Asset Reconstruction Co. Limited	Director	N.A.	N.A.
STCI Primary Dealer Limited	Director	Audit Committee	Member
Zylog Systems Limited	Director	Compensation Committee	Member
Jak Mining Tools Limited	Director	N.A.	N.A.
A. V. Rajwade & Co. Pvt. Ltd.	Director	N.A.	N.A.

### 3. Mr. Hoshang S. Billimoria

Mr. Hoshang Billimoria (Chartered Accountant), born on 7 July 1951, completed his schooling from St. Xavier's High School, Bombay. Following that, he completed his degree in Commerce with Bombay University at Sydenham College. At the Bombay University degree examination, he stood first in the whole University amongst candidates offering Accounting & Auditing as special subjects. Thereafter he completed his articles in London with Ernst & Whinney and qualified as a Chartered Accountant from the Institute of Chartered Accountants of England and Wales. At the Institute examinations, he was twice the winner of the Deloitte Pleinder Prize.

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

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

Mr. Billimoria is also on the board of several companies in the Indian Corporate Sector such as HDFC Asset Management Company Ltd., Gokak Textiles Limited, Travel Corporation (India) Limited, Fenner Conveyor Belting Limited etc. He has been appointed as a Director on the Board of Directors of Thomas Cook (India) Limited w.e.f. 7th December 1983.

Mr. Billimoria does not hold any shares in the Company. As on 31st December 2007, he is a Chairman of the Share Transfer & Shareholders' / Investors' Grievance Committee and Audit Committee of the Company. His Directorships and Committee Memberships of other companies in India, as on 31st December 2007, are as follows:

Name of Body Corporate/Firm	Position	Committee Memberships	
		Committee	Position
Travel Corporation (India) Limited	Chairman	N.A.	N.A.
HDFC Asset Management Co. Limited	Director	a. Audit Committee b. Remuneration Committee	a. Chairman b. Member
Fenner Conveyor Belting Pvt. Ltd.	Dy. Chairman & Director	N.A.	N.A.
Gokak Textiles Limited	Director	a. Audit Committee b. Shareholders & Investors' Grievance Committee	a. Member b. Member

**4. Mr. Manny Fontenla-Novoa**

Mr. Fontenla-Novoa is the Chief Executive Officer for the Thomas Cook Group plc. Thomas Cook Group plc was formed on 19 June 2007 by the merger of Thomas Cook AG and MyTravel Group plc. Prior to his current role, Mr. Fontenla-Novoa held the position of Group CEO, Thomas Cook AG and during his tenure, and as a member of the management board since November 2005, was instrumental in leading a business transformation programme that resulted in the Company achieving a significant €420m financial turnaround. From January 2003 to December 2006, Mr. Fontenla-Novoa held the position of CEO of Thomas Cook UK & Ireland. He has been appointed as an Additional Director on the Board of Directors of Thomas Cook (India) Limited w.e.f. 30th March 2008.

Mr. Fontenla-Novoa does not hold any shares in the Company. He also does not hold any Directorships or Committee Memberships of any other company in India.

**5. Dr. Juergen Bueser**

Following the merger in June 2007 of Thomas Cook AG and MyTravel plc to form Thomas Cook Group plc, Dr. Bueser was appointed as Chief Financial Officer for Thomas Cook UK. In July 2006, he joined Thomas Cook UK Ltd as Chief Financial Officer. Prior to this, he spent 3 years for the German parent company, Thomas Cook AG, as Group Head of Controlling and M & A. During his last 18 months there, Dr. Bueser was responsible for the definition and successful execution of a large scale, international divestiture programme aimed at focussing on the Group's core business. Prior to joining Thomas Cook, Dr. Bueser collected 9 years of experience in the Financial Service arena working as Head of Operations Europe for Siemens Financial Services debt operations; in the Financial Service Practice of the international consulting firm Booz Allen & Hamilton; and in the Risk Support & Control Westdeutsche Landesbank, Germany's largest public sector bank.

Dr. Bueser holds a Ph.D. in Mathematics and Theoretical Physics.

He has been appointed as an Additional Director on the Board of Directors of Thomas Cook (India) Limited w.e.f. 30th March 2008.

Dr. Bueser does not hold any shares in the Company. He also does not hold any Directorships or Committee Memberships of any other company in India. However, he is on the board of several companies worldwide.

**6. Mr. Michael Hallisey**

Mr. Michael Hallisey was appointed Executive Director - Legal for Thomas Cook Group UK & Ireland in June 2007 having previously held the position of Legal Counsel for Thomas Cook UK & Ireland since September 1992. In this role, Mr. Hallisey has overall responsibility for all legal matters impacting the Company's activities. He co-ordinates external legal counsel and his role encompasses all company secretarial activities for Thomas Cook UK & Ireland, as well as managing the legal staff. Mr. Hallisey is on the Thomas Cook UK & Ireland Executive Board.

Mr. Hallisey qualified from Hull University with an LLB (Honours) degree and went on to become a qualified solicitor passing the Law Society Part II examinations with Honours in May 1976. His career began as an assistant solicitor with Stamp Jackson & Proctor, a general commercial firm of Solicitors in Hull. Mr. Hallisey held subsequent Legal Adviser positions with Cementation Ltd. (a subsidiary of the Trafalgar House Group), and the TSB Group. He has been appointed as an Additional Director on the Board of Directors of Thomas Cook (India) Limited w.e.f. 30th March 2008.

Mr. Hallisey does not hold any shares in the Company. He also does not hold any Directorships or Committee Memberships of any other company in India. However, he is on the board of several companies worldwide.

**7. Mr. Roland Zeh**

Mr. Roland Zeh was appointed Director Finance Integration for Thomas Cook Group UK & Ireland in November 2007 having previously held the position of Vice President Portfolio Management/Mergers & Acquisitions for Thomas Cook AG since January 2005. In this role, Mr. Zeh has responsibility for the integration of the finance processes and systems following the merger between Thomas Cook and MyTravel for the UK operations.

In his previous role as Vice President Portfolio Management/Mergers & Acquisitions, Mr. Zeh managed various disposal and acquisition projects, including the merger between Thomas Cook and MyTravel in June 2007 with the completion of the listing of the shares in the holding company Thomas Cook Group plc on the London Stock Exchange. Mr. Zeh started as Head of Group Planning, Value Based Management, Investment Controlling and Risk Management with Thomas Cook in April 2003.

Mr. Zeh qualified from Johann-Wolfgang-Goethe University with a MBA degree. He has been appointed as an Additional Director on the Board of Directors of Thomas Cook (India) Limited w.e.f. 30th March 2008.

Mr. Zeh does not hold any shares in the Company. He also does not hold any Directorships or Committee Memberships of any other company in India.

### 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 on 31st December 2007.

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 President and Head-Legal and Company Secretary acts as the secretary to the Committee.

#### Terms of Reference

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

- Appointment and remuneration of Statutory and Internal auditors
- Scope of Internal Audit
- Compliance with legal and statutory requirements
- Periodical and yearly financial results of the Company before submission to the Board.
- 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 powers and terms of reference of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement.

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

#### Composition and attendance during the financial year ended 31st December 2007:

The Committee met seven (7) times during the year under review. The said meetings were held on 9th March 2007, 23rd March 2007, 25th April 2007, 25th July 2007, 21st August 2007, 22nd September 2007 and 26th October 2007, respectively.

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	4
3.	Mr. Sayanta Basu	Member	NED	4
4.	Mr. A. V. Rajwade	Member	I & NED	7
5.	Ms. Jacqueline Asher	Member	NED	3
6.	Mr. Madhavan Menon	Managing Director	Permanent Invitee	NA
7.	Mr. Vinayak K. Purohit	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 25th June 2007 in terms of Clause 49(II) of the Listing Agreement.

**(ii) Recruitment & Remuneration Committee:**

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

As per amended guidelines of the law, the Committee comprises of 2 Non-Executive and Independent Directors and 1 Non-Executive Director as on 31st December 2007.

**Terms of Reference**

The Committee has a 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 Recruitment & Remuneration Committee makes regular appraisal of the employees' performance. The compensation policy and strategy of the Company is to be competitive by following scientific methods in determining performance and compensation structures. The key components of the Company's Remuneration Policy, as approved by the Recruitment & Remuneration Committee are:

- Compensation is an important element to retain talent.
- Compensation will be competitive and would factor in, the market compensation levels.
- There will be a variable component in the total Compensation, and that will be linked to the individual, business and organisation performance.
- Compensation will be transparent, fair and simple to administer.
- Compensation will be fully Legal and Tax compliant, as per the relevant laws in place.

The shareholders approve 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 recommended 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. The actual amount of commission payable to each Non-Executive Director is decided by the Board based on the overall contribution and role of such Directors. The role and the involvement of the Non-Executive Directors as members of the Board and its Committees has undergone qualitative changes pursuant to more stringent accounting standards and corporate governance norms. Further, in view of the scale and expertise required for the Company's business, they are expected to provide adequate time for the Company.

**Composition and attendance during the year ended 31st December 2007:**

The Committee met three (3) times during the year under review. The three (3) meetings were held on 22nd March 2007, 25th July 2007 and 26th October 2007, respectively.

Sr. No.	Name of the Director	Designation	Category*	No. of meetings attended
1.	Mr. A.V. Rajwade	Chairman	I & NED	3
2.	Mr. Udayan Bose	Member	I & NED	3
3.	Mr. Sayanta Basu	Member	NED	1

NED – Non Executive Director

I – Independent Director



**Details of Remuneration to all the Directors for the financial year ended 31st December 2007****Executive Directors**

Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. M. Menon	4,507,875	8,414,094	3,440,000	—	16,361,969
Mr. Vinayak K. Purohit	1,933,065	6,091,284	1,830,000	—	9,854,349
Mr. Robin Banerjee	70,968	105,412	—	—	176,380
Sub – Total (a)	6,511,908	14,610,790	5,270,000	—	26,392,698

**Non-Executive Directors**

Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. H. S. Billimoria	—	—	458,891	395,000	853,891
Mr. Dilip De	—	—	458,891	110,000	568,891
Mr. Mahendra Doshi	—	—	412,373	150,000	562,373
Mr. Udayan Bose	—	—	458,891	200,000	658,891
Mr. A. V. Rajwade	—	—	458,891	415,000	873,891
SBI Director	—	—	353,283	10,000	363,283
Sub – Total (b)	—	—	2,601,220	1,280,000	3,881,220
<b>Total (Rs.) (a+b)</b>	<b>6,511,908</b>	<b>14,610,790</b>	<b>7,871,220</b>	<b>1,280,000</b>	<b>30,273,918</b>

- With effect from May 2005, Commission to the Executive Directors will be paid on the Return on Equity (ROE) formula.
- None of the Directors hold any shares in the Company.

**Details of Service Contracts, Notice Period, etc. of all the Directors for the financial year ended 31st December 2007**

Name of Director	Service Contract	Period	Notice Period	Severance fees, if any
Mr. M. Menon	Yes	1st May 2006 to 30th April 2009	3 months	As decided by the management
Mr. V. K. Purohit	Yes	14th May 2007 to 13th May 2010	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 on 31st December 2007 comprises of 3 Non-Executive Directors and 2 Executive Directors.

**Composition of the Committee and attendance during the financial year ended 31st December 2007:**

Pursuant to Clause 49(VI) of the Listing Agreement, the Committee met twenty-seven (27) times during the year under review i.e. once in a fortnight to approve matters related to Shares, etc.

Sr. No.	Name of the Director	Designation	Category*	No. of meetings attended
1.	Mr. H. S. Billimoria	Chairman	I & NED	24
2.	Mr. A. V. Rajwade	Member	I & NED	25
3.	Mr. Madhavan Menon	Member	ED	20
4.	Mr. Vinayak K. Purohit	Member	ED	16
5.	Mr. Udayan Bose	Member	I & NED	14
6.	Mr. Robin Banerjee **	Member	ED	01

\* ED – Executive Director

NED – Non-Executive Director

I – Independent Director

\*\* Upto 12th January 2007

**Name and Designation of Compliance Officer:**

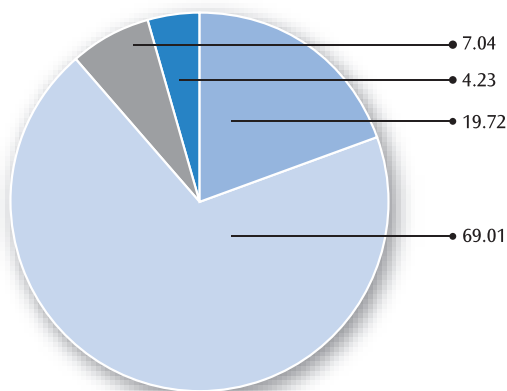
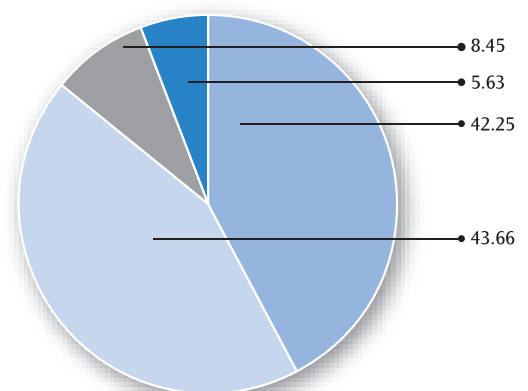
Mr. R. R. Kenkare, President & Head - Legal & Company Secretary

**Shareholders' Feedback Survey:**

Along with the last year's Annual Report, the Company sent shareholder's feedback form seeking shareholders' view on various matters relating to the Annual Report and investors services.

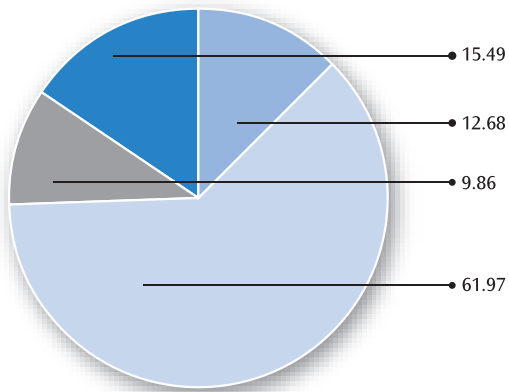
The shareholders were requested to rate the services on four parameters viz; (1) Exceeds Expectations, (2) Meets Expectations, (3) Needs Improvements and (4) Not Experienced.

Many shareholders participated and sent their feedback to the Company during the year. An analysis of the feedback received from the shareholders is given hereunder (unit in %):

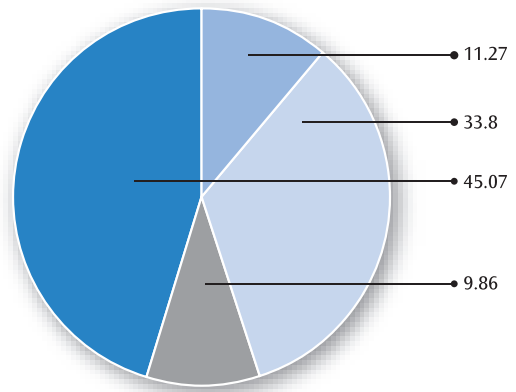
**Timely Receipt of Annual Report****Quality & Contents of Annual Report**

Meets Expectation Exceeds Expectation Needs Improvement Not Experienced

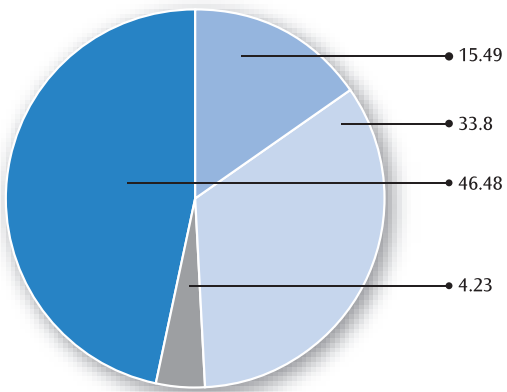
Timely Receipt of Dividend Warrants



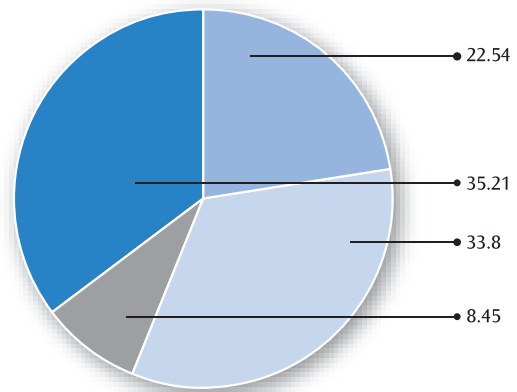
Accuracy & Responses received from Registrar



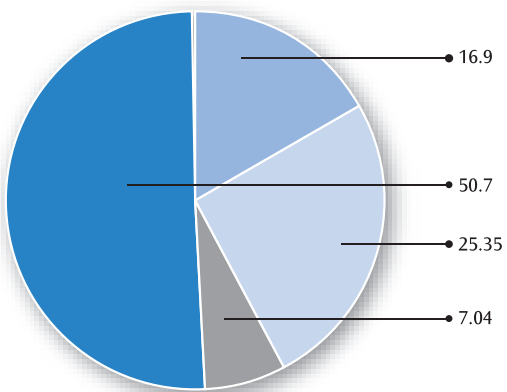
Quality & responsiveness of the Secretarial Dept. of the Company



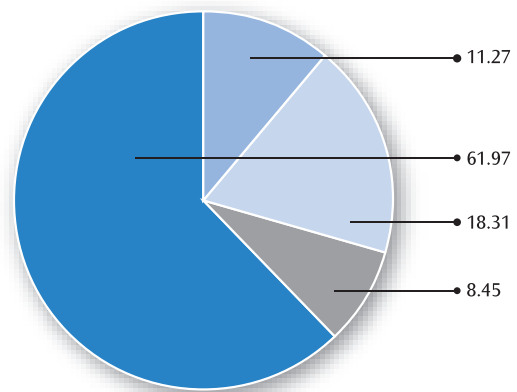
Quality and responsiveness of TSR Darashaw Ltd.



Quality of website www.thomascook.co.in



Quality of website www.tsrdarashaw.com



Meets Expectation Exceeds Expectation

Needs Improvement

Not Experienced

**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	11	11	0	0	0	0	
(2)	Letters received from SEBI and other Statutory Bodies	0	0	0	0	0	0	
(3)	Loss of Shares	46	46	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	68	68	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	45	45	0	0	0	0	
	(C) Reply sent giving warrant details (Reconciliation in process)	5	5	0	0	0	0	
	(D) Misc. queries in connection with payment	13	13	0	0	0	0	
(2)	Inquiry of dematerialisation of shares	7	7	0	0	0	0	
(3)	Name correction	1	1	0	0	0	0	
(4)	Change of address	63	63	0	0	0	0	
(5)	ECS/Mandate Registration	25	25	0	0	0	0	
(6)	Split/ Consolidation/ Renewal/ Duplicate issue of share certificates	1	1	0	0	0	0	
(7)	Request for nomination forms	0	0	0	0	0	0	
(8)	Tax exemption forms received/updated	0	0	0	0	0	0	
(9)	Transmission of Securities	7	7	0	0	0	0	
(10)	Exchange/Sub-division of old shares	30	30	0	0	0	0	
(11)	Dividend/interest queries including request for changes on live warrants	114	114	0	0	0	0	
(12)	Document registration	12	12	0	0	0	0	
(13)	Queries related to Bonus issues	1	1	0	0	0	0	
(14)	Redemption	0	0	0	0	0	0	
(15)	Others (Miscellaneous)	82	82	0	0	0	0	
	<b>Total (I+II)</b>	<b>468</b>	<b>468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**(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 on 31st December 2007, comprises of 4 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

Mr. Mahendra Doshi – Non-Executive Director

**Attendance**

The Sub-Committee meets once in a month or as and when required. During the year, the Committee met four(4) times to review the operations of the Company.

Sr. No.	Name of the Director	Designation	Category*	No. of meetings attended
1.	Mr. Udayan Bose	Chairman	I & NED	4
2.	Mr. Sayanta Basu	Member	NED	3
3.	Mr. A. V. Rajwade	Member	I & NED	3
4.	Mr. Mahendra Doshi	Member	I & NED	3
5.	Mr. Madhavan Menon	Invitee	MD	4

\* MD – Managing 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 on 31st December 2007, comprises of 2 Executive Directors.

**Composition**

The members of the Management Committee of the Board are:

Mr. Madhavan Menon – Managing Director

Mr. Vinayak K. Purohit – Executive Director - Finance

**Attendance**

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

Sr. No.	Name of the Director	Designation	Category*	No. of meetings attended
1.	Mr. Madhavan Menon	Member	MD	13
2.	Mr. Udayan Bose #	Member	I & NED	6
3.	Mr. Vinayak K. Purohit #	Member	ED	7
4.	Mr. Robin Banerjee ##	Member	ED	1

\* ED – Executive Director

\*\* MD – Managing Director

# - Mr. Vinayak Purohit was appointed as Member of the Management Committee in place of Mr. Udayan Bose w.e.f 21.05.2007.

## - Mr. Robin Banerjee completed his term as Executive Director on 12.01.2007.

#### 4. Management Committees:

##### (i) Group Leadership Team

A Group Leadership Team was formed in 2007 consisting of the Managing Director, Executive Director and Presidents of all business and functions. This is a strategic decision making body, and is responsible for evolving and executing a holistic business plan.

##### (ii) 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. It meets once a week to discuss all the policy issues relating to the day-to-day affairs of the businesses.

##### (iii) Risk Committee:

The Managing Director chairs the meetings of the Risk Committee and the Associate Vice President - Internal Audit acts as Rapporteur for this Committee. Other members of the Committee are the Executive Directors, the President and Head - Travel Businesses and the President and Head - 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.

#### 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 monetarily to various charity institutes as well as 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.
- Center of Learning, COL is a new initiative from Thomas Cook (India) Limited to develop talent for the organization as well as for the industry. We have several programmes which helped the organization in creating a talent pool for the organization as well as for the industry. One such programme is the Certificate Course in World Tour Management, a three month part time programme, which enables the participant to join TCIL/other travel companies as Tour Managers. We have successfully conducted two such batches in the year 2007 and trained more than 30 participants for the role of a Tour Manager and most of them got placed in various travel companies as Tour Managers. This programme is a revenue generating model for TCIL as well as a service to the industry by creating a talent pool of Tour Managers. COL is in the process of rolling out several other initiatives.

**(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.in](http://www.thomascook.in). An affirmation of the Managing Director regarding compliance with the Code of Conduct by all the Directors and Senior Management Personnel of the Company is annexed to this report.

**6. Subsidiary Companies**

Travel Corporation (India) Limited is a material non-listed subsidiary company of Thomas Cook (India) Limited with effect from the immediately preceding accounting period ended 31st December 2006. The Company monitors the performance of all its subsidiaries, inter alia, by the following means:

- The financial statements, in particular, the investments made by the unlisted subsidiary company are reviewed by the Audit Committee of the Company as and when required.
- The minutes of the Board Meetings of the subsidiaries are noted at the Board Meetings of the Company.

**7. 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	17th March 2005	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.
Rama Watumull Auditorium K. C. College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020	25th June 2007	3.30 p.m.

**Special resolutions passed at last three Annual General Meetings (AGM)**

1. 28th AGM held on 17th March 2005: NONE
2. 29th AGM held on 28th March 2006:
  - a) Approving the variation in the terms and conditions of appointment of Mr. Madhavan Menon, a Whole-time Director.
  - b) Approving the variation in the terms and conditions of appointment of Mr. Robin Banerjee, a Whole-time Director.
3. 30th AGM held on 25th June 2007: Approving the change of place where the Register of Members of the Company would be placed, pursuant to Section 163 of the Companies Act, 1956.

**Resolutions put through postal ballot during the last year and details of voting pattern:**

For the financial year ended 31st December 2007, the following ordinary and/or special resolutions were passed by the Company's Shareholders through postal ballot.

1. Postal Ballot Notice dated 15th January 2007 in respect of the following matters:

- a) Alteration of Articles of Association for inclusion of Power to Issue Shares under ESOS/ESOPs
- b) Issue of ESOPs to employees of Thomas Cook (India) Limited
- c) Issue of ESOPs to employees of the subsidiaries

M/s. Desai & Diwanji, Advocates, Solicitors and Notaries, were appointed as the Scrutinizer for conducting the Postal Ballot process. Based on the report of the Scrutinizer dated 20th March 2007, the results of voting by Postal Ballot were declared on 23rd March 2007. The same is summarised as under.

Particulars	Resolution No. 1		Resolution No. 2		Resolution No. 3	
	Alteration of Articles of Association		Issue of ESOPs to employees of the Company		Issue of ESOPs to employees of subsidiaries	
	No. of Ballots	No. of Votes	No. of Ballots	No. of Votes	No. of Ballots	No. of Votes
Valid Ballots/Votes	643	10071424	631	10070682	629	10070709
In Favour	595	10055980	573	10052975	560	10048892
%age		9985%		9982%		99.78%
Against	48	15444	58	17707	69	21817
%age		015%		018%		0.22%
Invalid Ballots/Votes	71	31510	83	31933	85	31940

2. Notice dated 26th February 2007 in respect of sub-division of Equity Share Capital of the Company.

Special Resolution for Sub-Division of the Company's Equity Shares amount than fixed by the Memorandum & Articles of Association.

M/s. Desai & Diwanji, Advocates, Solicitors and Notaries, were appointed as the Scrutinizer for conducting the Postal Ballot process. Based on the report of the Scrutinizer dated 28th April 2007, the results of voting by Postal Ballot were declared on 30th April 2007. The same is summarised as under.

Particulars	Special Resolution for Sub-Division of the Company's Equity Shares	
	No. of Ballots	No. of Shares
Valid Ballots/Votes	1090	10168769
In Favour	1052	10159372
%age		9991%
Against	38	9397
%age		0.09%
Invalid Ballots/Votes	125	53179

3. Notice dated 21st August 2007 in respect of variation of ESOP (2007)

Special Resolution for Amendment to the Thomas Cook Employees' Stock Option Plan 2007

M/s. Parikh Parekh & Associates, Company Secretaries, were appointed as the Scrutinizer for conducting the Postal Ballot process. Based on the report of the Scrutinizer dated 10th October 2007, the results of voting by Postal Ballot were declared on 12th October 2007. The same is summarised as under.



Particulars	Special Resolution for Amendment to the Thomas Cook Employees' Stock Option Plan 2007	
	No. of Ballots	No. of Shares
Valid Ballots / Votes	717	115613397
In Favour	669	115513877
%age		99.91%
Against	48	99520
%age		0.09%
Invalid Ballots/Votes	71	94992

**8. Disclosures:**

- The Company does not have any related party transactions that may have any potential conflict with the interest of the Company at large.
- The Company has complied with all the requirements of regulatory authorities on capital markets and no penalties, strictures have been imposed against it.
- The Company has formulated a Policy on Ethics and Integrity, which is binding on all the employees of the Company and acts as a Whistleblower Policy and no personnel has been denied access to the Audit Committee.

**9. 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 alongwith the detailed press release is published within 48 hours in the media ensuring wider publicity. As the audited annual results are published within the stipulated period of three months from the close of the financial year as required by the Listing Agreement with the Stock Exchanges, the unaudited results for the last quarter of the financial year are not published.
- Quarterly results are published in English and in Marathi in various newspapers. The Audited Financial Results of the Company are published in Business Standard/Financial Express (English) & Sakal (Marathi).
- Quarterly results have also been hosted on the Company's website [www.thomascook.in](http://www.thomascook.in).
- As per requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, etc. is required to be provided to the special website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) within the timeframe prescribed in this regard. However, due to the change in the financial year of the Company not being updated by the site, the Company has been unable to upload the financial results on the special website.
- 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 Report forms part of the Corporate Governance Report and is attached.

**9. General Shareholder information:**

<b>Annual General Meeting</b>	: 31st Annual General Meeting
<b>Date</b>	: Friday, 27th June 2008
<b>Time</b>	: 3.30 p.m.
<b>Venue</b>	: Rama Watumull Auditorium K. C. College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020

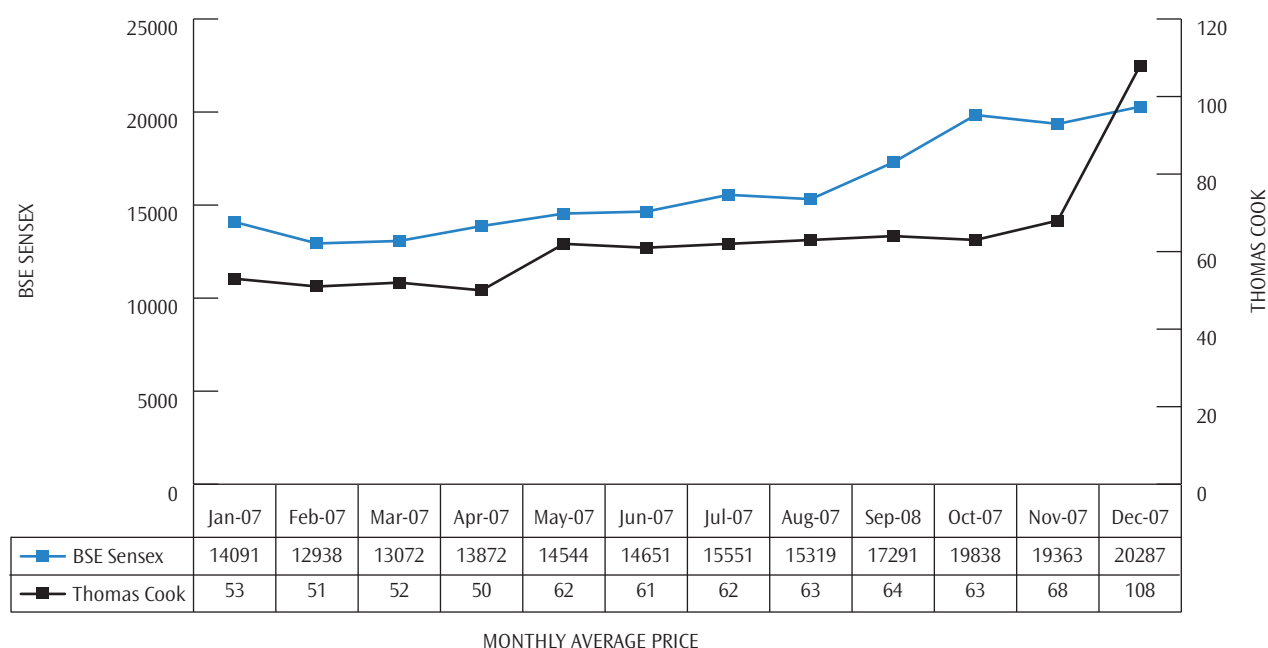
<b>Financial Year</b>	:	1st January to 31st December
<b>Book Closure</b>	:	Monday, 23rd June 2008 to Friday, 27th June 2008 (both days inclusive)
<b>Dividend payment date</b>	:	11th July 2008
<b>Listing on Stock Exchanges</b>	:	Bombay Stock Exchange Limited 1st Floor, New Trading Ring, Rotunda Building, 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
<b>Stock Code</b>	:	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
<b>ISIN</b>	:	INE332A01027
<b>Market Price Data</b>	:	High, Low and Volume (in shares) during each month for the financial year ended on 31st December 2007

**The Bombay Stock Exchange Limited (BSE):**

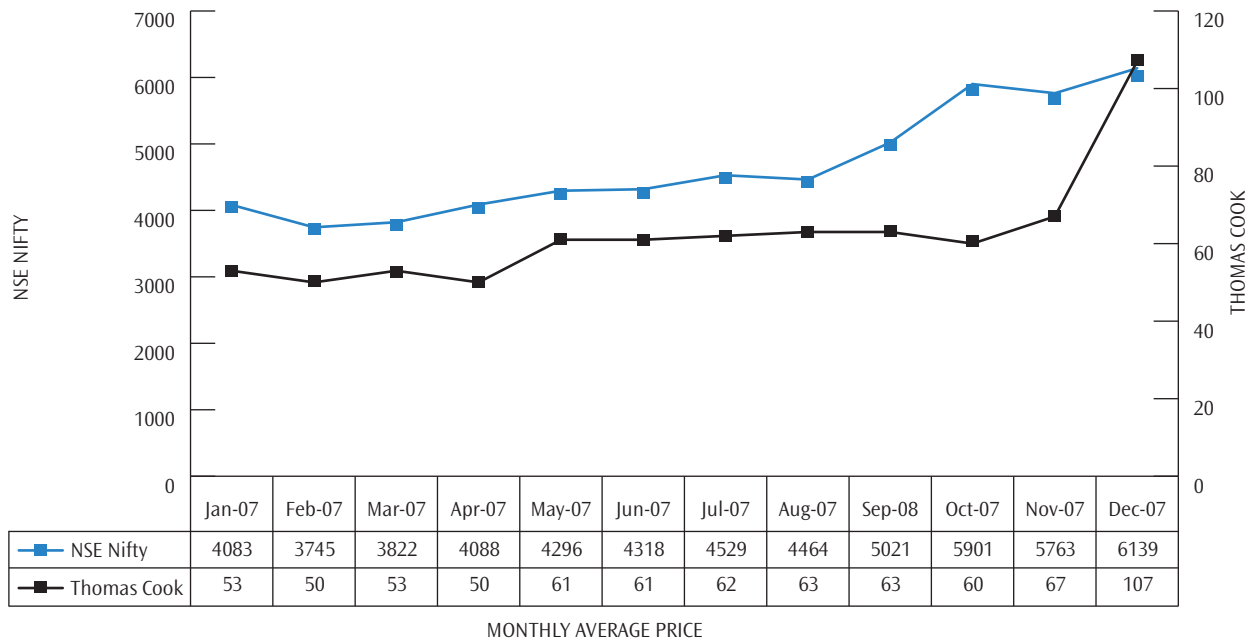
Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume (Shares)
1	January 2007	559.00	508.25	37454
2	February 2007	558.90	459.00	65910
3	March 2007	560.00	487.00	58498
4	April 2007	514.75	490.00	20991
5	May 2007 (Pre-Split)	644.15	500.00	169874
	May 2007 (Post-Split)	71.65	58.80	1722730
6	June 2007	64.80	56.65	562398
7	July 2007	66.80	57.20	693912
8	August 2007	66.40	59.75	354686
9	September 2007	66.90	62.00	403893
10	October 2007	64.95	55.65	418568
11	November 2007	80.50	55.10	2282018
12	December 2007	143.95	72.00	11504392

**The National Stock Exchange of India Limited (NSE):**

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume (Shares)
1	January 2007	543.95	510.00	30407
2	February 2007	559.00	450.00	69634
3	March 2007	560.00	490.00	77767
4	April 2007	515.00	477.00	25110
5	May 2007 (Pre-Split)	646.80	496.50	288647
	May 2007 (Post-Split)	72.05	58.25	3495682
6	June 2007	65.00	57.50	1365867
7	July 2007	67.00	57.50	1187744
8	August 2007	66.00	59.65	497829
9	September 2007	66.65	60.15	515750
10	October 2007	64.80	56.05	521899
11	November 2007	80.00	54.15	3536071
12	December 2007	142.45	71.70	14,294154

**Performance in comparison to broad-based indices such as BSE Sensex, Nifty Index etc.****Performance of TCIL Share Price vis-à-vis BSE Index**

\* The nominal value of Equity Shares was sub-divided into Re. 1/- each from a nominal value of Rs. 10/- each with effect from 14th May 2007 (Record Date: 21st May 2007). The prices for the period 1st January 2007 to 14th May 2007 have been adjusted for change in the face value of the equity shares.

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

\* The nominal value of Equity Shares was sub-divided into Re. 1/- each from a nominal value of Rs. 10/- each with effect from 14th May 2007 (Record Date: 21st May 2007). The prices for the period 1st January 2007 to 14th May 2007 have been adjusted for change in the face value of the equity shares.

**Registrar & Transfer Agents** : TSR Darashaw Limited,  
6-10, Haji Moosa Patrawala Indl. Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai - 400 011  
  
Tel. No.: 91-22- 6656 8484  
Fax No.: 91-22- 6656 8494  
E-mail Id: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
Website: [www.tsrdarashaw.com](http://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. 0.23 million being unclaimed dividend and due for payment for the financial year ended 31st December 1999, 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.

**I. (a) Distribution of Equity shareholding (as on 31st December 2007):**

Range of Holding	No. of Shares	Amount (Rs.)	% to Capital	No. of Shareholders	% to Shareholders
1 TO 5000	11701281	11,701,281	7.28	22095	94.17
5001 TO 10000	5370802	5,370,802	3.34	775	3.30
10001 TO 20000	5648150	5,648,150	3.51	468	1.99
20001 TO 30000	1525475	1,525,475	0.96	64	0.27
30001 TO 40000	855831	855,831	0.53	25	0.11
40001 TO 50000	312453	312,453	0.19	7	0.03
50001 TO 100000	1241619	1,241,619	0.77	17	0.07
GREATER THAN 100000	134126719	134,126,719	83.42	13	0.06
<b>TOTAL</b>	<b>160782330</b>	<b>160,782,330</b>	<b>100.00</b>	<b>23464</b>	<b>100.00</b>

**(b) Categories of Shareholders (as on 31st December 2007):**

Sr. No.	Shares held by	No. of shares held	Percentage of Shareholding
1	Foreign Holdings		
	a. Foreign Collaborators	87500000	54.42
	b. Foreign Institutional Investors	310395	0.19
	c. Overseas Corporate Bodies	11834910	7.36
	d. Other NRI's	433582	0.27
	Total (a+b+c+d)	100078887	62.24
2	Govt. / Govt. Sponsored Financial Institutions / Nationalised Banks	12110170	7.53
3	Foreign Banks	1210	0.00
4	Other Banks	1000	0.00
5	Mutual funds	3531400	2.20
6	Insurance Company	354475	0.22
7	Bodies Corporate	20555000	12.78
8	Directors & their Relatives	0	0.00
9	Trusts	1000	0.00
10	Other Resident Individuals	24149188	15.02
	<b>Grand Total (1+2+3+4+5+6+7+8+9+10) :</b>	<b>160782330</b>	<b>100.00</b>

**(c) Dematerialisation of shares and liquidity:**

Status of dematerialisation as on 31st December 2007:

Particulars	No. of shares	% to Capital	No. of Accounts
National Securities Depository Limited	153209885	95.29	16643
Central Depository Securities Limited	3432835	2.14	5174
Total Dematted (A)	156642720	97.43	21817
Physical (B)	4139610	2.57	1647
<b>Total (A + B)</b>	<b>160782330</b>	<b>100.00</b>	<b>23464</b>

**(d) Top 10 Shareholders (as on 31st December 2007)**

(Other than Promoters, Directors, their relatives and Associates)

Name(s) of Shareholders	Category (as per Depository)	Shares	% to Capital
LKP Merchant Financing Ltd.	Bodies Corporate	14949000	9.30
State Bank of India	Nationalised Banks	12096540	7.52
UTI Master Value Fund	Mutual Funds	2700000	1.68
Hotel Hans Pvt. Limited	Bodies Corporate	2801770	1.74
Kotak Securities Limited	Bodies Corporate	505341	0.31
UTI - Mid Cap Fund	Mutual Funds	450000	0.28
UTI - India Lifestyle Fund	Mutual Funds	375000	0.23
Mr. Neeraj Batra	Resident Individual	358603	0.22
The Oriental Insurance Company Ltd.	Insurance Company	354475	0.22
Mr. Bharat Rasiklal Ashra	Resident Individual	201380	0.13
<b>TOTAL</b>		<b>34792109</b>	<b>21.64</b>

**II. (a) Distribution of shareholding of Class 'A' Preference Shares (as on 31st December 2007):**

Range of Holding	No. of Shares	Amount (Rs.)	% to Capital	No. of Shareholders	% to Shareholders
1 TO 5000	0	0	0.00	0	0.00
5001 TO 10000	0	0	0.00	0	0.00
10001 TO 20000	0	0	0.00	0	0.00
20001 TO 30000	0	0	0.00	0	0.00
30001 TO 40000	0	0	0.00	0	0.00
40001 TO 50000	0	0	0.00	0	0.00
50001 TO 100000	0	0	0.00	0	0.00
GREATER THAN 100000	103284000	1,032,840,000	100.00	2	100.00
<b>TOTAL</b>	<b>103284000</b>	<b>1,032,840,000</b>	<b>100.00</b>	<b>2</b>	<b>100.00</b>

**(b) Distribution of shareholding of Class 'A' Preference Shares (as on 31st December 2007):**

Sr. No.	Shares held by	No. of shares held	Percentage of Shareholding
1	Foreign Holdings		
	a. Foreign Collaborators	0	0.00
	b. Foreign Institutional Investors	0	0.00
	c. Overseas Corporate Bodies	0	0.00
	d. Other NRI's	0	0.00
	Total (a+b+c+d)	0	0.00
2	Govt. /Govt. Sponsored Financial Institutions / Nationalised Banks	0	0.00
3	Foreign Banks	0	0.00
4	Other Banks	0	0.00
5	Mutual funds	0	0.00
6	Insurance Company	0	0.00
7	Bodies Corporate	103284000	100.00
8	Directors & their Relatives	0	0.00
9	Trusts	0	0.00
10	Other Resident Individuals	0	0.00
	<b>Grand Total (1+2+3+4+5+6+7+8+9+10) :</b>	<b>103284000</b>	<b>100.00</b>

**(c) Dematerialisation of shares and liquidity:**

Status of dematerialisation as on 31st December 2007:

Particulars	No. of shares	% to Capital	No. of Accounts
National Securities Depository Limited	103284000	100.00	2
Central Depository Securities Limited	0	0.00	0
Total Dematted (A)	103284000	100.00	2
Physical (B)	0	0.00	0
<b>Total (A + B)</b>	<b>103284000</b>	<b>100.00</b>	<b>2</b>

**(d) Top 10 Shareholders (as on 31st December, 2007)**

(Other than Promoters, Directors, their relatives and Associates)

Name(s) of Shareholders	Category (as per Depository)	Shares	% to Capital
LKP Merchant Financing Ltd.	Bodies Corporate	94854000	91.84
ILFS Ltd.	Bodies Corporate	8430000	8.16
<b>TOTAL</b>		<b>103284000</b>	<b>100.00</b>

**III. (a) Distribution of shareholding of Class 'B' Preference Shares (as on 31st December 2007):**

Range of Holding	No. of Shares	Amount (Rs.)	% to Capital	No. of Shareholders	% to Shareholders
1 TO 5000	0	0	0.00	0	0.00
5001 TO 10000	0	0	0.00	0	0.00
10001 TO 20000	0	0	0.00	0	0.00
20001 TO 30000	0	0	0.00	0	0.00
30001 TO 40000	0	0	0.00	0	0.00
40001 TO 50000	0	0	0.00	0	0.00
50001 TO 100000	0	0	0.00	0	0.00
GREATER THAN 100000	319765	3,197,650	100.00	1	100.00
<b>TOTAL</b>	<b>319765</b>	<b>3,197,650</b>	<b>100.00</b>	<b>1</b>	<b>100.00</b>

**(b) Distribution of shareholding of Class 'B' Preference Shares (as on 31st December 2007):**

Sr. No.	Shares held by	No. of shares held	Percentage of Shareholding
1	Foreign Holdings		
	a. Foreign Collaborators	0	0.00
	b. Foreign Institutional Investors	0	0.00
	c. Overseas Corporate Bodies	0	0.00
	d. Other NRI's	0	0.00
	Total (a+b+c+d)	0	0.00
2	Govt. / Govt. Sponsored Financial Institutions / Nationalised Banks	0	0.00
3	Foreign Banks	0	0.00
4	Other Banks	0	0.00
5	Mutual funds	0	0.00
6	Insurance Company	0	0.00
7	Bodies Corporate	319765	100.00
8	Directors & their Relatives	0	0.00
9	Trusts	0	0.00
10	Other Resident Individuals	0	0.00
	<b>Grand Total (1+2+3+4+5+6+7+8+9+10) :</b>	<b>319765</b>	<b>100.00</b>



**(c) Dematerialisation of shares and liquidity:**

Status of dematerialisation as on 31st December 2007:

Particulars	No. of shares	% to Capital	No. of Accounts
National Securities Depository Limited	319765	100.00	1
Central Depository Securities Limited	0	0.00	0
Total Dematted (A)	319765	100.00	1
Physical (B)	0	0.00	0
<b>Total (A + B)</b>	<b>319765</b>	<b>100.00</b>	<b>1</b>

**(d) Top 10 Shareholders (as on 31st December 2007)**

(Other than Promoters, Directors, their relatives and Associates)

Name(s) of Shareholders	Category (as per Depository)	Shares	% to Capital
LKP Merchant Financing Ltd.	Bodies Corporate	319765	100.00
<b>TOTAL</b>		<b>319765</b>	<b>100.00</b>

**IV. (a) Distribution of shareholding of Class 'C' Preference Shares (as on 31st December 2007):**

Range of Holding	No. of Shares	Amount (Rs.)	% to Capital	No. of Shareholders	% to Shareholders
1 TO 5000	0	0	0.00	0	0.00
5001 TO 10000	0	0	0.00	0	0.00
10001 TO 20000	0	0	0.00	0	0.00
20001 TO 30000	0	0	0.00	0	0.00
30001 TO 40000	0	0	0.00	0	0.00
40001 TO 50000	0	0	0.00	0	0.00
50001 TO 100000	0	0	0.00	0	0.00
GREATER THAN 100000	271800	2,718,000	100.00	1	100.00
<b>TOTAL</b>	<b>271800</b>	<b>2,718,000</b>	<b>100.00</b>	<b>1</b>	<b>100.00</b>

**(b) Distribution of shareholding of Class 'C' Preference Shares (as on 31st December 2007):**

Sr. No.	Shares held by	No. of shares held	Percentage of Shareholding
1	Foreign Holdings		
	a. Foreign Collaborators	0	0.00
	b. Foreign Institutional Investors	0	0.00
	c. Overseas Corporate Bodies	0	0.00
	d. Other NRI's	0	0.00
	Total (a+b+c+d)	0	0.00
2	Govt. / Govt. Sponsored Financial Institutions / Nationalised Banks	0	0.00
3	Foreign Banks	0	0.00
4	Other Banks	0	0.00
5	Mutual funds	0	0.00
6	Insurance Company	0	0.00
7	Bodies Corporate	271800	100.00
8	Directors & their Relatives	0	0.00
9	Trusts	0	0.00
10	Other Resident Individuals	0	0.00
	<b>Grand Total (1+2+3+4+5+6+7+8+9+10) :</b>	<b>271800</b>	<b>100.00</b>

**(c) Dematerialisation of shares and liquidity:**

Status of dematerialisation as on 31st December 2007:

Particulars	No. of shares	% to Capital	No. of Accounts
National Securities Depository Limited	271800	100.00	1
Central Depository Securities Limited	0	0.00	0
Total Dematted (A)	271800	100.00	1
Physical (B)	0	0.00	0
<b>Total (A + B)</b>	<b>271800</b>	<b>100.00</b>	<b>1</b>

**(d) Top 10 Shareholders (as on 31st December 2007)**

(Other than Promoters, Directors, their relatives and Associates)

Name(s) of Shareholders	Category (as per Depository)	Shares	% to Capital
LKP Merchant Financing Ltd.	Bodies Corporate	271800	100.00
<b>TOTAL</b>		<b>271800</b>	<b>100.00</b>

**Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity:****(a) Employee Stock Options:**

A total of 11,04,125 Options at the rate of Rs. 61.89 are outstanding. Each stock option, upon exercise of the same, would give rise to one equity share of Re. 1/- each fully paid-up. The exercise would be at a price calculated as per the norms specified in the scheme which is Rs. 61.89 per share plus taxes as may be levied on the Company in this regard. Therefore, issuance of equity shares pursuant to exercise of stock option will not affect the profit and loss account of the Company. Subject to the terms of the Plan and the SEBI ESOP Guidelines, the option holder will have a period of 10 years from the date on which the options are granted, within which the vested options can be exercised. The vesting of options shall take place as 1/3rd of the total options granted on the first anniversary of the grant date, next 1/3rd of the total options granted shall vest on the second anniversary of the grant date, next 1/3rd of the total options granted shall vest on the third anniversary of the grant date.

**(b) Convertible Preference Shares**

Outstanding Preference Shares as on 31st December 2007 were 3,55,294 Class 'B' 0.001 % Cumulative Convertible/ Redeemable Preference Shares of Rs. 10/- each and 3,02,000 Class 'C' 0.001 % Cumulative Convertible/ Redeemable Preference Shares of Rs. 10/- each. As per the terms of issue of these shares, the Class 'B' 0.001 % Cumulative Convertible/ Redeemable Preference Shares of Rs. 10/- each can be converted into an equivalent number of Equity Shares, if the EPS of the Company exceeds 3.03 per share. Similarly, Class 'C' 0.001 % Cumulative Convertible/ Redeemable Preference Shares of Rs. 10/- each can be converted into an equivalent number of Equity Shares, if the EPS of the Company exceeds 3.64 per share.

**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

Tel.: (022) 2204 8556 /7 /8

Facsimile: (022) 2287 1069

For grievance redressal/for registering complaints by investors/ shareholders,  
please contact:

E-mail: [shareddept@in.thomascook.com](mailto:shareddept@in.thomascook.com)

FOR AND ON BEHALF OF THE BOARD

MUMBAI

Dated: 31st March 2008

UDAYAN BOSE – CHAIRMAN

MADHAVAN MENON – MANAGING DIRECTOR

## 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

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

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

The Committee has, inter alia, overseen the Company's financial reporting system and the disclosure of financial information. The Committee reviewed the independence of both the internal and statutory auditors. The Committee 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 control 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 2008. The Committee also recommends the appointment of internal auditors along with their scope of work.

Mumbai  
19th March 2008

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 27 times during the year ended 31st December 2007. 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. V. Rajwade  
Mr. Udayan Bose  
Mr. M. Menon  
Mr. Vinayak K. Purohit  
Mr. R. Banerjee

Mr. R. R. Kenkare, President & Head - 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 2007, comprised of 3 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	468
No. of correspondence attended to	468
No. of correspondence pending	—

HOSHANG S. BILLIMORIA

Mumbai

Chairman

11th March 2008

Share Transfer & Shareholders'/Investors' Grievance Committee

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

The Sub-Committee of the Board met 4 times during the year ended 31st December 2007. The requisite quorum was present from among the following members of the Committee:

Mr. Udayan Bose  
 Mr. Sayanta Basu  
 Mr. A. V. Rajwade  
 Mr. Mahendra Doshi \*  
 Mr. Madhavan Menon (Invitee)

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

(\* With effect from 7th February 2007)

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, Mr. A. V. Rajwade, a Non-Executive Independent Director and Mr. Mahendra Doshi, a Non-Executive Independent Director. The Sub-Committee meets once in a month or as and when required.

UDAYAN BOSE

Mumbai

Chairman

19th March 2008

Sub-Committee of the Board

**Report of the Recruitment & Remuneration Committee to the Members:**

The Recruitment & Remuneration Committee met 3 times during the year under review i.e. January to December 2007, and the requisite quorum was always present from among the following members of the Committee:

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

Dr. D. Prasanth Nair, President & Head - 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 approved the compensation for the Group Leadership Team. The Committee will endeavour to constantly benchmark the Compensation and Benefits payable to the Group Leadership Team 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 Group Leadership Team for the performance year January to December 2007 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 2007 for Thomas Cook (India) Limited and its subsidiaries.

2007	Days	Rate	Amount (Rs)
<b>Thomas Cook (India) Limited</b>			
Mr. Udayan Bose	365	0.11536	458,891
Mr. H. S. Billimoria	365	0.11536	458,891
SBI nominee	281	0.08881	353,283
Mr. Mahendra Doshi	328	0.10367	412,373
Mr. Dilip De	365	0.11536	458,891
Mr. A. V. Rajwade	365	0.11536	458,891
<b>Total</b>		<b>0.65392</b>	<b>2,601,220</b>
<b>Travel Corporation (India) Limited</b>			
Mr. H. S. Billimoria	365	0.11536	2,39,625
Mr. Pradip Madhavji	365	0.11536	2,39,625
<b>Total</b>		<b>0.23072</b>	<b>4,79,250</b>

The following Directors representing Dubai Group, have waived their entitlement to their share of the Commission:

Ms. Jacqueline Asher  
Mr. Sayanta Basu  
Mr. AbdulHakeem Kamkar

The following Non-Executive Directors of Travel Corporation (India) Limited, have waived their entitlement to their share of the Commission:

Mr. Madhavan Menon  
Mr. Jehangir Katgara  
Mrs. Nalini Gupta

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  
7th March 2008

A. V. RAJWADE  
Chairman  
Recruitment & Remuneration Committee

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## Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)

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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 year ended 31st December, 2007, 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 Company's Management. Our examination was carried out in accordance with 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.

Mumbai  
31st March 2008

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

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

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) We have reviewed the Financial Statements and the Cash Flow Statement for the year 2007 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain 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 our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated, wherever applicable, to the auditors and Audit Committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, 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 we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- (e) We affirm that we have not denied any personal access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
- (f) We further declare that all Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the current year.

MADHAVAN MENON  
Managing Director  
Thomas Cook (India) Limited

Mumbai, 19th March 2008

VINAYAK K. PUROHIT  
Executive Director - Finance  
Thomas Cook (India) Limited

Mumbai, 19th March 2008



## AUDITORS' REPORT

### To the Members of Thomas Cook (India) Limited

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1. We have audited the attached Balance Sheet of Thomas Cook (India) Limited, as at 31st December, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 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) The Company has considered Non Compete Fees paid during the year as an allowable expenditure for the purpose of computing the provision for current tax for the year, based on legal opinion (refer note 2(d) on Schedule "Q")
  - (b) 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;
  - (c) 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;
  - (d) 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;
  - (e) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (f) 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;
  - (g) On the basis of written representations received from the Directors, as on 31st December, 2007 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (h) In our opinion and to the best of our information and according to the explanations given to us, subject to our comments in paragraph 4 (a) above, 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, 2007;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants

Mumbai, 19th March, 2008

## Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Thomas Cook (India) Limited on the financial statements for the year ended 31st December, 2007]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. There are no purchases of inventory and sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that section. Accordingly, clause (v)(b) of paragraph 4 of the Order is not applicable to the Company for the current year.
5. The Company has not accepted any deposits from the public within the meaning of sections 58A & 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (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, 2007 which have not been deposited on account of a dispute, are as follows –

## Annexure to the Auditors' Report

Name of the statute	Nature of dues	Amount Rupees	Year 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
Foreign Trade Development & Regulation Act, 1992	Redemption of the EPCG License	13,789,235	1999-2004	Additional Director General of Foreign Trade

8. The Company has no accumulated losses as at 31st December, 2007 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
13. In our opinion and according to the information and explanations given to us, the terms and conditions of a guarantee given by the Company, for the credit facilities extended by a bank to a wholly owned foreign Subsidiary Company during the year, are not prejudicial to the interest of the Company.
14. In our opinion, the Company has not obtained any term loans that were not applied for the purposes for which these were raised.
15. 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. 729,170,505 raised on short-term basis for long-term investment.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
17. The Company has not issued any debentures.
18. The Company has not raised any money by public issues during the year.
19. During the course of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
20. According to the information and explanations given to us and taking into consideration the nature of business of the Company, the matters specified in clauses (ii) and (viii) of paragraph 4 of the Order are not applicable to the Company.

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants

Mumbai, 19th March, 2008

## Balance Sheet as at 31st December, 2007

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	Schedule	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
Capital	A	1,199,537,980	145,833,330
Share Capital Suspense	A1	—	1,053,704,650
Reserves and Surplus	B	560,110,419	369,577,963
		1,759,648,399	1,569,115,943
LOAN FUNDS			
Secured Loans	C	673,788	4,543,100
Unsecured Loans	D	2,831,746,857	2,454,386,653
DEFERRED TAXATION (NET)			
Deferred Tax Liability	E	70,350,178	74,923,649
Less : Deferred Tax Assets		36,903,131	16,558,058
		33,447,047	58,365,591
<b>TOTAL</b>		<b>4,625,516,091</b>	<b>4,086,411,287</b>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	F	1,057,147,591	1,001,031,143
Less : Depreciation		499,288,428	447,549,599
Net Block		557,859,163	553,481,544
Advances for Capital Expenditure		37,707,642	5,828,315
		595,566,805	559,309,859
INVESTMENTS			
	G	1,926,699,146	2,024,571,600
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	H	1,403,148,650	1,108,982,338
Cash and Bank Balances	I	1,459,154,071	1,606,401,763
Loans and Advances	J	773,287,914	520,155,698
		3,635,590,635	3,235,539,799
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	K	1,361,354,520	1,603,969,991
Provisions	L	170,985,975	129,039,980
		1,532,340,495	1,733,009,971
<b>NET CURRENT ASSETS</b>		<b>2,103,250,140</b>	<b>1,502,529,828</b>
<b>TOTAL</b>		<b>4,625,516,091</b>	<b>4,086,411,287</b>
Notes to the Financial Statements Schedules "A" to "L" and "Q" referred to above form an integral part of the Balance Sheet.	Q		

In terms of our report of even date

SHARMILA A. KARVE

Partner

Membership No. 43229

For and on behalf of

LOVELOCK &amp; LEWES

Chartered Accountants

Mumbai, 19th March, 2008

For and on behalf of the Board

UDAYAN BOSE

— CHAIRMAN

MADHAVAN MENON

— MANAGING DIRECTOR

VINAYAK PUROHIT

— EXECUTIVE DIRECTOR – FINANCE

R. R. KENKARE

— PRESIDENT & HEAD – LEGAL &  
COMPANY SECRETARY

Mumbai, 19th March, 2008

## Profit and Loss Account for the year ended 31st December, 2007

	Schedule	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>INCOME</b>			
Turnover [Refer Note 2(n) of Schedule "Q"]		2,152,204,943	1,961,471,747
Other Income	M	99,086,618	211,363,255
		2,251,291,561	2,172,835,002
<b>EXPENDITURE</b>			
Personnel Cost	N	656,768,803	618,654,086
Advertisement and Business Promotion		166,772,045	137,289,403
Other Expenses	O	676,439,032	646,064,878
Interest	P	279,902,618	57,270,751
Depreciation	F	78,557,255	110,107,682
		1,858,439,753	1,569,386,800
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS</b>		392,851,808	603,448,202
Provision for Taxation			
Current Tax		71,800,000	186,413,072
Fringe Benefit Tax		11,861,091	14,050,583
Deferred Tax		(24,918,544)	(151,365)
		58,742,547	200,312,290
<b>PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEM</b>		334,109,261	403,135,912
Exceptional item, net of taxation		—	18,354,304
Net profit		334,109,261	384,781,608
Add : Transfer from Reserve created under Section 80HHD of the Income-tax Act, 1961		13,000,000	18,000,000
		347,109,261	402,781,608
Balance brought forward from previous period		270,599,802	739,764,001
		617,709,063	1,142,545,609
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		33,500,000	38,478,161
Proposed Dividend		80,391,165	80,391,165
Proposed Preference Dividend		43,158,617	—
Corporate Dividend Tax		20,997,285	13,662,478
Balance carried to Balance Sheet		439,661,996	1,010,013,805
		617,709,063	1,142,545,609
Earnings per Share - Basic		1.76	2.64
Earnings per Share - Diluted		1.71	2.31
[Rs. per Equity Share of Re. 1 each]			
[Refer Note 2(l) 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 &amp; LEWES

Chartered Accountants

Mumbai, 19th March, 2008

For and on behalf of the Board

UDAYAN BOSE

— CHAIRMAN

MADHAVAN MENON

— MANAGING DIRECTOR

VINAYAK PUROHIT

— EXECUTIVE DIRECTOR – FINANCE

R. R. KENKARE

— PRESIDENT & HEAD – LEGAL &  
COMPANY SECRETARY

Mumbai, 19th March, 2008

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "A" : CAPITAL</b>		
Authorised		
345,827,060 Equity Shares of Re.1 each ( <i>Previous period 20,000,000 Equity Shares of Rs. 10 each</i> )	345,827,060	200,000,000
114,760,000 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each	1,147,600,000	—
355,294 'Class B' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each	3,552,940	—
302,000 'Class C' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each	3,020,000	—
	<u>1,500,000,000</u>	<u>200,000,000</u>
Issued and Subscribed		
160,782,330 Equity Shares of Re. 1 each fully paid-up ( <i>Previous period 14,583,333 Equity Shares of Rs. 10 each fully paid-up</i> )	160,782,330	145,833,330
103,284,000 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each	1,032,840,000	—
319,765 'Class B' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each	3,197,650	—
271,800 'Class C' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each	2,718,000	—
	<u>1,199,537,980</u>	<u>145,833,330</u>
Of the above :		
(a) 2,799,930* Equity Shares were allotted pursuant to a contract without payment being received in cash.		
(b) 138,833,330* Equity Shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve and Capital Reserve.		
(c) 87,500,000* Equity Shares are held by the holding company, TCIM Limited, U.K.		
(d) 11,834,610* Equity Shares are held by Dubai Financial (LLC) the Holding Company of TCIM Limited, U.K.		
(e) Following shares allotted to the erstwhile shareholders of LKP Forex Limited pursuant to its merger with the Company effective April 1, 2006		
(i) 103,284,000 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each		
(ii) 319,765 'Class B' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each		
(iii) 271,800 'Class C' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each		
(iv) 14,949,000* Equity Shares of Re. 1 each		
*Consequent upon sub-division of Equity Shares from Rs. 10 to Re. 1 with effect from 21st May 2007.		
Note : The company has granted share options under the Company's Employees Stock Option plan and share options outstanding as at 31st December 2007 are 1,104,125 ( <i>Previous period – Nil</i> ). Of these 368,042 option will vest in 2008, 368,042 in 2009 and 368,041 in 2010.		

## Schedules forming part of the Balance Sheet as at 31st December, 2007

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	As at 31st December, 2007 Rupees		As at 31st December, 2006 Rupees	
<b>SCHEDULE "A1" : SHARE CAPITAL SUSPENSE</b>				
Shares to be allotted to the erstwhile shareholders of LKP Forex Limited pursuant to its merger with the Company effective April 1, 2006				
Nil (Previous period 1,494,900) Equity Shares of Rs. 10 each		—		14,949,000
Nil (Previous period 103,284,000) 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each		—		1,032,840,000
Nil (Previous period 319,765) 'Class B' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each		—		3,197,650
Nil (Previous period 271,800) 'Class C' 0.001% Cumulative Convertible/Redeemable Preference Shares of Rs. 10 each		—		2,718,000
		—		1,053,704,650
<b>SCHEDULE "B" : RESERVES AND SURPLUS</b>				
<b>Reserve as required under Section 80HHD of the Income-tax Act, 1961</b>				
Balance as per last Balance Sheet	60,500,000		78,500,000	
Less : Transfer to Profit and Loss Account	13,000,000		18,000,000	
		47,500,000		60,500,000
<b>General Reserve</b>				
Balance as per last Balance Sheet	38,478,161		669,360,301	
Less : Transferred as per Scheme of Amalgamation	—		(669,360,301)	
Add : Transfer from Profit and Loss Account	33,500,000		38,478,161	
		71,978,161		38,478,161
<b>Profit and Loss Account</b>	439,661,996		1,010,013,805	
Less : Transferred as per Scheme of Amalgamation	—		(739,414,003)	
		439,661,996		270,599,802
<b>Employee Stock Options</b>				
Employee Stock Options Outstanding	970,262		—	
Less: Deferred Employee Compensation	—		—	
		970,262		—
		560,110,419		369,577,963
<b>SCHEDULE "C" : SECURED LOANS</b>				
Finance Lease Liability		673,788		4,543,100
(Secured by charge on vehicles purchased)		673,788		4,543,100
<b>SCHEDULE "D" : UNSECURED LOANS</b>				
Short-term Loan from Banks		2,717,050,925		2,272,238,550
Bank Overdrafts		114,695,932		32,148,103
Others		—		150,000,000
		2,831,746,857		2,454,386,653
<b>SCHEDULE "E" : DEFERRED TAXATION (NET)</b>				
Deferred Tax Liability - On Fiscal Allowances on Fixed Assets		70,350,178		74,923,649
Less : Deferred Tax Assets				
On Provisions Allowable for tax purposes when paid	10,039,911		9,667,626	
On Provision for Doubtful Debts and Advances	13,924,592		6,890,432	
On Unamortised Expenditure	12,938,628		—	
		36,903,131		16,558,058
		33,447,047		58,365,591

## Schedule forming part of the Balance Sheet as at 31st December, 2007

### SCHEDULE "F" : FIXED ASSETS

Description	Gross Block (at cost)			Depreciation/Amortisation				Net Block	
	As at 1st January, 2007	Additions	Deductions	As at 31st December, 2007	For the year	On Deductions	As at 31st December, 2007	As at 31st December, 2007	As at 31st December, 2006
<b>Intangible Assets</b>									
Goodwill	8,831,169	—	—	8,831,169	—	—	8,831,169	—	—
Software	123,911,067	55,437,493	1,631,317	177,717,243	33,856,531	6,317	99,744,899	77,972,344	58,016,382
<b>Tangible Assets</b>									
Leasehold Properties	56,466,898	9,844	4,078,479	52,398,263	1,153,282	2,031,396	38,834,179	13,564,084	16,754,605
Freehold Properties	252,319,418	—	47,101,994	205,217,424	3,891,172	8,713,963	36,772,688	168,444,736	210,723,939
Strong Room	674,425	—	—	674,425	14,633	—	571,102	103,323	117,956
Furniture and Fittings	199,930,257	29,442,668	14,520,686	214,852,239	13,171,761	7,431,208	85,658,637	129,193,602	120,012,173
Computers	155,799,838	38,528,461	2,669,487	191,658,812	11,843,683	2,669,488	152,477,998	39,180,814	12,496,035
Office Equipment	163,978,041	16,395,593	5,056,904	175,316,730	9,804,128	1,939,796	59,777,814	115,538,916	112,064,559
Vehicles	39,120,030	331,062	8,969,806	30,481,286	4,822,065	4,026,258	16,619,942	13,861,344	23,295,895
<b>TOTAL</b>	<b>1,001,031,143</b>	<b>140,145,121</b>	<b>84,028,673</b>	<b>1,057,147,591</b>	<b>78,557,255</b>	<b>26,818,426</b>	<b>499,288,428</b>	<b>557,859,163</b>	<b>553,481,544</b>
<i>Previous Period</i>	<i>995,404,790</i>	<i>172,912,123</i>	<i>167,285,770</i>	<i>1,001,031,143</i>	<i>110,107,682</i>	<i>71,667,640</i>	<i>447,549,599</i>	<i>553,481,544</i>	<i>—</i>

#### NOTES :

- Intangible Assets are other than internally generated.
- Cost of Freehold Properties includes:
  - 75 (*Previous period - 150*) unquoted fully paid-up Shares of Rs. 4,000 (*Previous period Rs. 7,750*) in various Co-operative Societies.
  - Share application money of Rs. 2,040 (*Previous period Rs. 2,040*) to various Co-operative Society.
  - Premises of Rs. 15,431,718 (*Previous period 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 period Rs. 144,506,670*) where the Co-operative Society is yet to be formed.
- Gross block and Net block of vehicles includes Rs. 2,063,171 (*Previous period Rs. 10,821,189*) and Rs. 1,522,621 (*Previous period Rs. 8,579,458*) respectively in respect of vehicles acquired under Finance Leases.



## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE G : INVESTMENTS</b>		
(Unquoted unless otherwise stated)		
Current - Non Trade		
In fully paid-up Units of Mutual Funds		
– Nil ( <i>Previous period 10,002,811</i> ) Units of Rs. 10 each Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend)	–	100,035,109
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
– 1,655,500 fully paid-up Equity Shares of USD 1 each of Thomas Cook (Mauritius) Holding Company Limited	73,248,730	73,248,730
– 1,576,698 fully paid-up Equity Shares of Rs. 10 each of Travel Corporation (India) Limited	1,848,427,470	1,848,427,470
	1,923,176,200	1,923,176,200
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
– 1,222 ( <i>Previous period Nil</i> ) fully paid-up Class AP Common Stock of USD 0.0001 each of Visa Inc.	2,200,000	–
In fully paid-up Ordinary Shares - Non Trade		
– 100 fully paid-up Equity Shares of Rs. 10 each ( <i>Previous period 1,000 fully paid-up Equity Shares of</i> <i>Re. 1 each</i> ) of JIK Industries Limited - Quoted	18,000	18,000
– 100 fully paid-up Equity Shares of Rs. 10 each of Weizmann Limited - Quoted	2,000	2,000
In fully paid-up Debentures - Trade		
– Zero coupon fully paid-up Redeemable Debentures of SLR 100 each of Tangerine Beach Hotel Limited	39,857	77,202
	1,926,715,681	2,024,588,135
Less : Provision for diminution in value of investment	16,535	16,535
	1,926,699,146	2,024,571,600
Aggregate amount of Quoted Investments	1,283,089	1,283,089
Aggregate amount of Unquoted Investments	1,925,416,057	2,023,288,511
	1,926,699,146	2,024,571,600
Aggregate Market Value of Quoted Investments	2,114,206	2,363,908

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees		As at 31st December, 2006 Rupees	
<b>SCHEDULE "G" (Contd.)</b>		<u>Units</u>		<u>Units</u>
Investments purchased and sold during the year/period				
– Units of Rs. 10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend		49,912,137		258,902,018
– Units of Rs. 10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend		–		43,485,654
– Units of Rs. 10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend		60,397,432		195,212,744
– Units of Rs. 10 each of Grindlays Mutual Fund - Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend		11,001,585		130,282,174
– Units of Rs. 10 each of LIC Mutual Fund - LIC Mutual Fund Liquid Fund - Dividend Plan		8,197,752		83,812,870
– Units of Rs. 10 each of SBI Mutual Fund - Magnum Institutional Income - Savings - Dividend		13,958,355		156,068,984
– Units of Rs. 10 each of Prudential ICICI Mutual Fund - Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend		55,009,402		94,017,851
– Units of Rs. 1,000 each of Franklin Templeton - Templeton India Treasury Management Account - Institutional Plan - Daily Dividend Reinvestment		–		399,961
– Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend		75,011,154		294,543,192
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>SCHEDULE "H" : SUNDRY DEBTORS</b>				
Unsecured, Considered Good				
Outstanding exceeding six months	116,743,103		30,634,642	
Others	1,286,405,547		1,078,347,696	
		1,403,148,650		1,108,982,338
Unsecured, Considered Doubtful				
Outstanding exceeding six months	31,282,610		17,916,127	
Less : Provision for Doubtful Debts	31,282,610		17,916,127	
		–		–
		<u>1,403,148,650</u>		<u>1,108,982,338</u>

## Schedules forming part of the Balance Sheet as at 31st December, 2007

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	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "I" : CASH AND BANK BALANCES</b>		
Cash and Cheques on Hand (including Foreign Currencies - Notes and paid documents)	333,469,732	464,559,468
Remittances in Transit Foreign Currencies - Notes and paid documents	625,441,664	825,104,141
Balances with Scheduled Banks		
On Current Accounts	353,620,141	235,797,651
On Deposit Accounts	18,912,062	18,977,848
(on lien with various authorities)	372,532,203	254,775,499
Balances with Non-Scheduled Banks		
On Current Accounts		
Credit Suisse, Zurich, Switzerland (maximum balance during the year Rs. 20,421,824 - Previous period Rs. 17,707,920)	7,131,896	7,651,386
Deutsche Bank AG, Frankfurt, Germany (maximum balance during the year Rs. 350,199,553 - Previous period Rs. 313,321,796)	110,497,564	39,262,833
Bank of Nova Scotia, Canada (maximum balance during the year Rs. 53,783,096 - Previous period Rs. 13,744,450)	7,877,527	10,022,756
ANZ National Bank Limited, New Zealand (maximum balance during the year Rs. 6,998,433 - Previous period Rs. 9,045,803)	—	263,767
Commercial Bank, Sri Lanka (maximum balance during the year Rs. 9,293,973 - Previous period Rs. 5,109,020)	1,072,067	1,185,221
HSBC, Sri Lanka (maximum balance during the year Rs. 291,793 - Previous period Rs. 245,413)	—	134,059
Deutsche Bank, Sri Lanka (maximum balance during the year Rs. 856,675 - Previous period Rs. 29,052)	—	27,439
Pan Asia Bank, Sri Lanka (maximum balance during the year Rs. 3,493,707 - Previous period Rs. 1,009,920)	—	227,915

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "I" : (Contd.)</b>		
Hatton National Bank, Sri Lanka (maximum balance during the year Rs. 13,975 - Previous period Rs. 291,777)	—	15,406
	<u>126,579,054</u>	<u>58,790,782</u>
On Deposit Accounts		
HSBC, Sri Lanka (maximum balance during the year Rs. 58 - Previous period Rs. 68)	—	64
NDB Bank, Sri Lanka (maximum balance during the year Rs. 972,704 - Previous period Rs. 18,040,920)	1,131,418	1,659,550
Standard Chartered Grindlays Bank, Sri Lanka (maximum balance during the year Rs. 1,418,955 - Previous period Rs. 22,753,553)	—	1,512,259
	<u>1,131,418</u>	<u>3,171,873</u>
	127,710,472	61,962,655
	<u>1,459,154,071</u>	<u>1,606,401,763</u>
<b>SCHEDULE "J" : LOANS AND ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Advances to Subsidiary Companies	28,344,168	21,484,419
Receivable on sale of Subsidiary Company	—	82,600,000
Advances recoverable in cash or in kind or for value to be received		
Considered Good	513,391,849	412,432,296
Considered Doubtful	9,711,576	9,711,576
	523,103,425	422,143,872
Less : Provision for Doubtful Advances	9,711,576	9,711,576
	<u>513,391,849</u>	<u>412,432,296</u>
Tax Payments less Provisions	231,551,897	3,638,983
	<u>773,287,914</u>	<u>520,155,698</u>

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE “K” : LIABILITIES</b>		
Sundry Creditors other than Micro, Small and Medium Scale		
Business Entities* [Refer Note 2(e) of Schedule “Q”]	1,177,695,089	1,379,504,933
Payable to Subsidiary Companies	8,362,523	—
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)	137,105,394	163,411,243
Unpaid Dividend@	2,298,131	6,418,845
Interest accrued but not due	18,100,360	13,239,006
Fractional Entitlement on Bonus Shares Refund Accounts	49,066	49,066
Other Liabilities	12,941,957	36,544,898
	<u>1,361,354,520</u>	<u>1,603,969,991</u>
*Includes Book Overdrafts aggregating to Rs. 591,062,226 (Previous period Rs. 171,736,417).		
@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>SCHEDULE “L” : PROVISIONS</b>		
Proposed Dividend	80,391,165	80,391,165
Proposed Preference Dividend	43,158,617	—
Corporate Dividend Tax	20,997,285	13,662,478
Provision for Leave Encashment	5,195,825	23,544,580
Provision for Gratuity	21,243,083	11,441,757
	<u>170,985,975</u>	<u>129,039,980</u>

## Schedules forming part of the Profit and Loss Account for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>SCHEDULE "M" : OTHER INCOME</b>		
Interest		
On Deposits with Banks (Gross) [Tax Deducted at Source Rs. 148,533 (Previous period Rs. 237,385) ]	6,578,033	6,456,352
On Income-tax Refund	2,797,466	2,555,418
On Others	175,883	931,928
	9,551,382	9,943,698
Dividend on Current Investments - Non Trade - On Units of Mutual Funds	459,324	2,822,738
Rent	377,632	1,508,087
Profit on Sale of Fixed Assets (Net)	38,969,098	55,913,097
Exchange Variation (Net) other than in the normal course of business as Foreign Exchange Authorised Dealers	8,221,424	8,633,099
Profit on Sale of Subsidiary Company	—	82,416,400
Profit on Redemption of Long-term Investment	22,637	26,355
Provision for Doubtful Debts and Advances no longer required written back (Net)	—	9,981,722
Insurance Claim	—	2,308,775
Liabilities no longer required written back	37,958,494	33,877,543
Miscellaneous Income	3,526,627	3,931,741
	<u>99,086,618</u>	<u>211,363,255</u>
<b>SCHEDULE "N" : PERSONNEL COST</b>		
Salaries, Wages and Bonus (*)	460,228,053	438,962,456
Contribution to Provident and Other Funds	39,787,779	36,653,418
Premium on / Provision for Gratuity-cum-Life Assurance Policy	18,160,358	17,152,782
Staff Welfare Expenses	64,281,710	56,453,302
Staff Training, Recruitment and Other Costs	24,460,903	24,429,403
Incentive / Commission to Staff and Directors	49,850,000	45,002,725
	<u>656,768,803</u>	<u>618,654,086</u>

(\*) Includes Rs. 970,262 (Previous period - Nil)  
on account of discounting charges on Employee Stock Options.

## Schedules forming part of the Profit and Loss Account for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>SCHEDULE "O" : OTHER EXPENSES</b>		
Rent	173,623,240	119,536,420
Rates and Taxes	3,513,931	5,580,398
Insurance	8,815,215	11,404,997
Repairs and Maintenance		
Buildings	348,718	4,519,091
Others	44,470,014	44,554,781
	44,818,732	49,073,872
Electricity	32,432,863	29,518,423
Printing and Stationery	20,040,659	24,403,670
Postage, Telegrams, Telex and Telephones	69,390,608	68,700,684
Freight Currency Shipment	16,564,572	21,466,887
Legal and Professional Charges	76,489,428	83,299,243
Auditors' Remuneration		
Audit Fees	4,750,000	6,227,050
Reports under the provisions of the Income-tax Act, 1961	2,500,000	1,500,000
Miscellaneous Reports	15,000	70,000
Reimbursement of Expenses	119,665	139,595
	7,384,665	7,936,645
Branch Auditors' Remuneration - Audit Fees	212,161	266,746
	7,596,826	8,203,391
Bank Charges including Handling Charges on Remittances	37,841,873	50,215,889
Travelling and Conveyance	62,644,122	69,983,032
Directors' Fees	1,280,000	745,000
Security Services	17,072,803	14,782,703
Vehicle Running and Maintenance	29,646,694	23,728,562
Licence Fees	15,543,692	13,816,250
Bad Debts and advances written off	20,885,315	21,532,125
Provision for Doubtful Debts (Net)	12,753,016	—
Donations	166,115	25,849
Miscellaneous Expenses	25,319,328	30,047,483
	676,439,032	646,064,878
<b>Schedule "P" : Interest</b>		
On Short-term Loans from Banks	265,400,618	34,061,242
On Bank Overdrafts	14,502,000	6,943,120
On Others	—	16,266,389
	279,902,618	57,270,751

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### 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 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.

(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 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.

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.

(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.



## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "Q" (contd.)

#### (e) Retirement Benefits

Contributions to Defined Contribution schemes such as provident fund and superannuation are charged to the profit and loss account as incurred. Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. 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 leave encashment benefits on the basis of valuations, as at the balance sheet date, made by independent actuaries.

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

#### (f) Employee Stock Option plan

Stock options granted to the employees under the stock option schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to profit and loss account on graded vesting period of the options.

#### (g) 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 (net of brokerages paid) 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.

#### (h) 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.

#### (i) Leases

Assets acquired under finance lease arrangements are capitalised at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals are allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Lease rentals in respect of operating lease arrangements are charged to the Profit and Loss Account.

#### (j) Taxes on Income

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

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

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "Q" (contd.)

#### 2. NOTES TO THE ACCOUNTS

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 4,826,034 (Previous period Rs. 6,377,456).

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
(b) Contingent Liabilities		
(i) Claims against the Company not acknowledged as debts:		
- Demand from Bombay Electricity Supply and Transport (BEST) for Electricity	1,961,083	1,961,083
- Disputed Demand from DGFT, Mumbai under EPCG Licence	13,789,235	—
(ii) Disputed Income-tax Demands	7,485,557	7,485,557
(iii) Disputed Demand for increase in rent raised by Brihanmumbai Municipal Corporation	33,076,960	28,942,340
(iv) Corporate Guarantee given to a bank for the credit facilities extended by the said bank to Thomas Cook (Mauritius) Operations Company Limited	59,122,500	66,390,000

**Note :**

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

- (c) The tax year for the Company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the three months ended 31st March, 2007 and the provision based on the figures for the remaining nine months up to 31st December, 2007, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2007 to 31st March, 2008.
- (d) The Company has considered Non Compete Fees paid during the year as an allowable expenditure for the purpose of computing the provision for current tax for the year, based on legal opinion. The assessment proceedings for the relevant assessment year have not been completed.
- (e) Micro, Small and Medium Scale Business Entities

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st December 2007. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

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**SCHEDULE “Q” (contd.)**

	Year ended 31st December, 2007 Rupees	Rupees	Period ended 31st December, 2006 Rupees	Rupees
(f) Managerial Remuneration under Section 198 of the Act to Whole time Directors (excluding gratuity contributed for the Company as a whole)				
Salaries		6,511,908		5,854,717
House Rent Allowance/Perquisite		2,997,604		2,285,000
Commission/Bonus		5,270,000		6,279,997
Contribution to Provident and Other Funds		1,758,215		1,580,774
Perquisites in cash and in kind		9,854,971		7,683,974
		<u>26,392,698</u>		<u>23,684,462</u>
Commission to Non Executive Directors		2,601,220		3,143,479
		<u>28,993,918</u>		<u>26,827,941</u>
Directors' Fees		1,280,000		745,000
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		392,851,808		603,448,202
Add :				
Remuneration to Directors	28,993,918		26,827,941	
Directors' Fees	1,280,000		745,000	
Depreciation as per Profit and Loss Account	78,557,255		110,107,682	
Profit on Sale of Fixed Assets as per Section 350 of the Act	10,053,170		46,388,808	
		<u>118,884,343</u>		<u>184,069,431</u>
		511,736,151		787,517,633
Less :				
Depreciation as per Section 350 of the Act	60,720,969		83,601,934	
Loss on Sale/write off of Fixed Assets as per Section 350 of the Act	10,256,591		12,453,863	
Profit on Sale of Fixed Assets (Net) as per Profit and Loss Account	38,969,098		55,913,097	
Profit on Sale of Investments (Net) / Subsidiary Company as per Profit and Loss Account	22,637		82,442,755	
		<u>109,969,295</u>		<u>234,411,649</u>
Net Profit		<u>401,766,856</u>		<u>553,105,984</u>
Commission to Non Executive Directors @ 1%		4,017,669		5,531,060
Commission to Executive Directors @ 10%		40,176,686		55,310,598
Commission payable to Directors, restricted by the Board of Directors to		2,601,220		3,983,476
(g) Expenditure in Foreign Currency				
(Other than in normal course of the business as foreign exchange authorised dealers)				
Interest and Bank Charges		21,290,389		24,385,054
Professional Fees		1,058,792		2,104,813
Licence fees		15,543,692		13,816,250
Travelling, Subscription and Others		7,997,064		10,806,096

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

SCHEDULE "Q" (contd.)		Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
(h) Remittance of Dividend to Non-resident Shareholders	Number of Shareholders	2**	1*
	Number of Equity Shares held	99,334,610	87,500,000
	Amount remitted	49,667,305	32,812,500
	Period/ Year to which the dividend related	31st December, 2006	31st October, 2005
	*TCIM Limited, U.K. ** TCIM Limited, U.K. & Dubai Financial LLC.		
(i) 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	5,032,275	4,609,777
	Communication Charges	3,476	10,016
	Receipts from Independent Tours and Travel	506,748,176	581,887,507
	Commission on Travellers Cheques	38,036,444	26,903,342
	Cash Passport	2,712,754	3,228,160
	Incentive on Exports Volume	5,351,850	6,757,400
(j) Related Party Disclosures			
(A) Enterprises where control exists			
(i) Holding Company	TCIM Limited, UK holds 54.42% of Equity Shares of the Company. Dubai Financial (LLC), the Holding Company of TCIM owns 7.36% of the Company. Dubai Financial (LLC) is a wholly owned subsidiary of Dubai Group, the Global investment arm of Dubai Holdings.		
(ii) Subsidiary Companies	Thomas Cook Insurance Services (India) Limited Travel Corporation (India) Limited Indian Horizon Travel and Tours Limited Thomas Cook Tours Limited Thomas Cook (Mauritius) Holding Company Limited Thomas Cook (Mauritius) Operations Company Limited Thomas Cook (Mauritius) Holidays Limited Thomas Cook (Mauritius) Travel Limited Thomas Cook Lanka Holdings (Private) Limited Airline Services Lanka (Private) Limited Thomas Cook Travel (Thailand) Limited (dissolved w.e.f. 24th July 2007) Thomas Cook Travel and Foreign Exchange (Singapore) Pte. Limited (dissolved w.e.f. 6th May 2007)		
(B) Other Related Parties with whom the Company had transactions during the year			
(i) Fellow Subsidiaries	Thomas Cook Overseas Limited, Egypt		
(ii) Key Management Personnel	Madhavan Menon Vinayak Purohit (from 14th May 2007) Robin Banerjee (upto 12th January 2007) Nalini Gupta (from 1st May 2007) Parag Mehta (from 1st February 2007) Gautam Sharma Amitabh Pandey (from 1st June 2007) Dr. Prasanth Nair R. R. Kenkare		

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

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### SCHEDULE "Q" (contd.)

- (iii) Relatives of Key Management Personnel Lili Menon
- (iv) Company in which a Director has significant influence LKP Merchant Financing Limited

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

	Year ended 31st December, 2007		Period ended 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
(i) Holding Company				
Sale of Services*				
Thomas Cook AG, Germany**		—		41,425,644
Licence Fees paid				
Thomas Cook UK Limited**		—		13,816,250
Dividend remitted				
TCIM Limited, U.K.		43,750,000		32,812,500
Dubai Financial LLC		5,917,305		—
(ii) Subsidiary Companies				
Sale of Services*				
Hindustan Cargo Limited**	—	—	530,448	530,448
Reimbursement of Expenses				
Thomas Cook Insurance Services (India) Limited		10,160,321		31,476,340
Travel Corporation (India) Limited		7,896,127		—
Export of Foreign Currencies*				
Thomas Cook (Mauritius)				
Operations Company Limited		318,186,553		272,941,542
Services Availed				
Hindustan Cargo Limited**		—		13,400,393
Thomas Cook Insurance Services (India) Limited		420,000		—
Thomas Cook (Mauritius) Holidays Limited		22,171,318		—
Thomas Cook (Mauritius) Travel Limited		2,532,758		—
Subscription to Share Capital				
Thomas Cook (Mauritius) Holding Company Limited		—		13,755,000
Balances as at the year / period end -				
Outstanding Receivables				
Thomas Cook Insurance Services (India) Limited	19,173,154		20,132,204	
Indian Horizon Travel and Tours Limited	61,060		56,060	
Thomas Cook Tours Limited	60,895		55,895	
Hindustan Cargo Limited**	—		1,325,646	
Thomas Cook (Mauritius) Operations Company Limited	9,049,059		1,225,732	
		28,344,168		22,795,537

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

SCHEDULE "Q" (contd.)	Year ended 31st December, 2007		Period ended 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
Outstanding Payables				
Travel Corporation (India) Limited		2,160,191		—
Thomas Cook (Mauritius) Holidays Limited		6,065,042		—
Thomas Cook (Mauritius) Travel Limited		137,290		—
(iii) Fellow Subsidiaries				
Sale of Services*				
Thomas Cook Tour Operations Limited, UK**	—		137,831,893	
Thomas Cook Overseas Limited, Egypt	474,755		—	
Others**	—		27,034,312	
		474,755		164,866,205
Services Availed				
Thomas Cook Overseas Limited, Egypt		5,852,756		—
Balances as at the year / period end -				
Outstanding Payables				
Thomas Cook Overseas Limited, Egypt		2,465,865		—
*Sale value of transactions				
** The figures for the current year have not been disclosed, since they have ceased to be related parties.				
(iv) Key Management Personnel				
Remuneration#				
A. M. Kakkar	—		31,818,281	
Madhavan Menon	16,361,969		10,922,938	
Vinayak Purohit	9,854,349		—	
Robin Banerjee	176,380		8,610,268	
Nalini Gupta	7,498,797		—	
Parag Mehta	6,239,517		—	
Gautam Sharma	8,058,136		2,749,387	
Others	15,169,906		18,539,985	
		63,359,054		72,640,859
#Excludes gratuity contributed as the same is arrived at on an overall basis.				
(v) Relative of Key Management Personnel				
Rent Expense				
M. V. Kakkar		—		60,000
Balance as at the year/period end -				
Deposit Receivable				
Lili Menon		3,500,000		—
(vi) Company in which a Director has significant influence				
Rent and Professional Charges				
Tamara Capital Advisors Private Limited		—		3,178,620
LKP Merchant Financing Limited		27,955,901		—

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

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SCHEDULE "Q" (contd.)	Year ended 31st December, 2007		Period ended 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
(k) Disclosures for Leases				
(A) Finance Leases - Vehicles				
(i) Minimum Lease Payments payable				
– Not later than one year		590,186		2,768,975
– Later than one year but not later than five years		118,974		2,279,736
		<u>709,160</u>		<u>5,048,711</u>
(ii) Present Value of Minimum Lease Payments payable				
– Not later than one year		561,084		3,118,327
– Later than one year but not later than five years		112,704		1,424,773
		<u>673,788</u>		<u>4,543,100</u>
(iii) Reconciliation of Minimum Lease Payments and their Present Value				
– Minimum Lease Payments Payable as per (i) above		709,160		5,048,711
– Less: Finance Charges to be recognised in subsequent years		35,372		505,611
– Present Value of Minimum Lease Payments payable as per (ii) above		<u>673,788</u>		<u>4,543,100</u>
(iv) Finance Charges recognised in the Profit and Loss Account		296,768		414,489
(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		194,362,960		129,923,813
(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.				

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

SCHEDULE "Q" (contd.)	Year ended 31st December, 2007		Period ended 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
(iii) Future minimum lease payments under non-cancellable agreements				
– Not later than one year		34,656,852		42,898,864
– Later than one year and not later than five years		24,268,226		50,376,314
– Later than five years		—		—
(l) 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 attributable to Equity Shareholders *		283,615,837		384,781,608
Weighted average number of shares - Basic		160,782,330		145,833,330
Weighted average number of shares - Diluted		166,738,325		166,697,980
Basic Earnings per Share (Rs. per Equity Share of Re. 1 each)		1.76		2.64
Diluted Earnings per Share (Rs. per Equity Share of Re. 1 each)		1.71		2.31
* The Company has preference shares of Rs. 1,038,755,650. Dividend amount of Rs. 50,493,424 (including Corporate Dividend Tax) on these preference shares has been considered in determining the EPS for the year ended 31st December, 2007.				
(m) Employee Benefits				
The disclosures as required under the revised AS 15 in respect of gratuity, a defined benefit scheme (based on Actuarial Valuation) is as follows -				
This does not include gratuity liability of Rs. 901,068 and charge of Rs. 113,141 in respect of Sri Lanka branch.				



## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "Q" (contd.)

(i) The Following table sets forth the funded status of gratuity benefit plan, during the year ended 31st December 2007 :

	Year ended 31st December, 2007 Rupees
Present Value of Funded Obligations	52,110,984
Fair Value of Plan Assets	(31,768,969)
Present Value of Unfunded Obligations	—
Unrecognised Past Service Cost	—
Amount not Recognised as an Asset	—
Net Liability	20,342,015
Amounts in Balance Sheet	
Liability	20,342,015
Assets	—
Net Liability	20,342,015

(ii) The amount recognised in the statement of profit and loss are as follows :

Current Service Cost	4,923,713
Interest Cost	3,313,744
Expected return on Plan Assets	(2,864,187)
Net Actuarial Gains / (Losses) Recognised in the year	16,289,246
Past Service Cost	—
Gains / (Losses) on Curtailments & Settlements	—
Gains / (Losses) on Acquisition & Divestiture	—
Total Expense	21,662,516
Actual Return on Plan Assets	3,159,085

(iii) Changes in the present value of the defined benefit obligation :

#### Change in Defined Benefit Obligation

Defined Benefit Obligation as at 1st January, 2007	43,070,396
Current Service Cost	4,923,713
Interest Cost	3,313,744
Actuarial Gains / (Losses)	16,584,144
Past Service Cost	—
Actuarial Gains / (Losses) due to Curtailment	—
Liabilities Extinguished on Settlement	—
Liabilities Extinguished on Acquisition / (Settled on Divestiture)	—
Exchange Difference on Foreign Plans	—
Benefits Paid	(15,781,013)
Defined Benefit Obligation as at 31st December, 2007	52,110,984

(iv) Change in Fair Value of Plan Assets

Fair Value of Plan Assets as at 1st January, 2007	37,337,758
Expected Return on Plan Assets	2,864,187
Actuarial Losses / (Gain)	294,898
Assets Distributed on Settlements	—
Contribution by Employer	7,053,139
Assets Acquired on Acquisition / (Distributed on Divestiture)	—
Exchange Difference on Foreign Plans	—
Benefits Paid	(15,781,013)
Fair Value of Plan Assets as at 31st December, 2007	31,768,969

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "Q" (contd.)

- (v) The major categories of plan assets as a percentage of fair value of total plan assets:

Insurer Managed Funds

100.00%

- (vi) Principal Actuarial Assumptions as at the balance sheet date:

Discount Rate (p.a.)\*

7.85%

Expected Rate of Return on Assets (p.a.)\*\*

7.50%

Salary Escalation Rate (p.a.)\*\*\*

5.50%

\* The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

\*\* The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

\*\*\* The estimates of the future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Note : In view of first time adoption of AS - 15 (revised), previous period figures have not been given.

- (n) Turnover includes

(i) Brokerage and Incentives paid netted off Rs. 229,822,495 (*Previous Period Rs. 256,792,336*)

(ii) Exchange loss on derivative contracts used for hedging Rs. 29,847,000 (*Previous period Rs. 3,197,500*)

(iii) Exchange loss on revaluation of Nostro and other Bank Accounts used for holding foreign currency for travel business Rs. 24,882,000 (*Previous period profit Rs. 5,134,000*).

- (o) On 7th March 2008, Thomas Cook Group plc announced that it has agreed to acquire 54.9% of the paid up equity share capital of the Company and will also make an open offer to acquire upto a further 20% of the equity share capital of the Company. This transaction is expected to close by end of May 2008.

- (p) Derivative Instruments

The Company uses Forward Exchange Contracts to hedge against its foreign currency exposures related to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st December, 2007 are as under:

(Rupees)

Currency Exchange	USD/INR	USD/AUD	USD/CAD	USD/EURO	USD/JPY	USD/NZD	USD/GBP	USD/SWF	AUD/USD	EURO/USD	SWF/USD	INR/AUD
(i) Number of 'buy' contracts	4 (2)	-	4 (7)	35 (54)	4 (8)	- (1)	17 (39)	4 (3)	-	-	-	-
(ii) Aggregate amount	240,423,026 (153,759,240)	-	57,381,069 (27,775,812)	344,288,513 (248,149,664)	12,155,498 (13,079,603)	- (1,553,927)	135,715,530 (196,977,123)	14,516,028 (9,979,751)	-	-	-	-
(iii) Number of 'sale' contracts	37 (48)	- (8)	-	-	-	-	- (3)	-	4	- (1)	1	- (1)
(iv) Aggregate amount	742,993,464 (865,402,107)	- (144,051,562)	-	-	-	-	- (29,683,887)	-	210,439,719	- (10,486,606)	6,130,539	- (87,431,250)

(figures in brackets pertain to period 2006)

- (q) The results for the year ended 31st December, 2007 are not comparable with the previous period due to

(i) The amalgamation of LKP Forex Ltd with the Company, effective 1st April, 2006

(ii) During the previous period ended on 31st December, 2006, the Company has changed its accounting year from October to December. Consequently the previous financial period is for fourteen months i.e. November 2005 to December 2006. Hence the figures for current year are not comparable with the previous period.

- (r) Previous period figures have been regrouped where necessary.

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

**SCHEDULE "Q" (contd.)****(s) Balance Sheet abstract and Company's General Business profile****I. Registration Details**

Registration No.

2 0 7 1 7 / T A

State Code

1 1

Balance Sheet Date

3	1	1	2	2	0	0	7
Date		Month		Year			

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

Public Issue

- - - - - N I L

Rights Issue

- - - - - N I L

Bonus Issue

- - - - - N I L

Private Placement

- - - - - N I L

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

Total Liabilities\*

- 4 6 2 5 5 1 6

Total Assets

- 4 6 2 5 5 1 6

**Sources of Funds**

Paid-up Capital

- 1 1 9 9 5 3 8

Reserves &amp; Surplus

- - 5 6 0 1 1 0

Secured Loans

- - - - - 6 7 4

Unsecured Loans

- 2 8 3 1 7 4 7

\* Total Liabilities includes Deferred Taxation (Net) of Rs. 33,447 thousands.

**Application of Funds**

Net Fixed Assets

- - 5 9 5 5 6 7

Investments

- 1 9 2 6 6 9 9

Net Current Assets

- 2 1 0 3 2 5 0

Miscellaneous Expenditure

- - - - - N I L

Accumulated Losses

- - - - - N I L

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

Turnover

- 2 1 5 2 2 0 5

Total Expenditure

- 1 8 5 8 4 4 0

+ -

Profit/Loss before tax

- - 3 9 2 8 5 2

+ -

Profit/Loss after tax

- - 3 3 4 1 0 9

✓

✓

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

Earning per Share in Rs.

- - - - 1 . 7 6

Dividend Rate %

- - 5 0

Basic (EPS)

- - - - 1 . 7 1

Diluted (EPS)

- - - - 1 . 7 1

**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

Item Code No.

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

(ITC Code)

Product Description

T O U R O P E R A T O R S

Signatures to Schedule "A" to "Q"

For and on behalf of the Board

UDAYAN BOSE

- CHAIRMAN

MADHAVAN MENON

- MANAGING DIRECTOR

VINAYAK PUROHIT

- EXECUTIVE DIRECTOR – FINANCE

R. R. KENKARE

- PRESIDENT & HEAD – LEGAL &  
COMPANY SECRETARY

## Cash Flow Statement for the year ended 31st December, 2007

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	Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT BEFORE TAXATION AFTER EXCEPTIONAL ITEM</b>		392,851,808		585,093,898
Adjustments for -				
Depreciation	78,557,255		110,107,682	
Discounting charge for Employee Stock Option	970,262		—	
Interest Income	(9,551,382)		(9,943,698)	
Dividend Income	(459,324)		(2,822,738)	
Profit on Sale of Fixed Assets (Net)	(38,969,098)		(55,913,097)	
Profit on Sale of Subsidiary Company	—		(82,416,400)	
Profit on Redemption of Long-term Investment	(22,637)		(26,355)	
Interest Expense	279,902,618		57,270,751	
		310,427,694		16,256,145
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		703,279,502		601,350,043
Adjustments for -				
Trade and Other Receivables	(292,667,340)		(258,948,139)	
Trade and Other Payables	(251,903,540)		330,219,432	
		(544,570,880)		71,271,293
<b>CASH GENERATED FROM OPERATIONS</b>		158,708,622		672,621,336
Direct Taxes paid (Net of refund of taxes)	(311,574,005)		(167,317,741)	
		(311,574,005)		(167,317,741)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		(152,665,383)		505,303,595
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(172,024,448)		(149,951,412)	
Sale of Fixed Assets	68,379,345		136,158,114	
Purchase of Investment in Subsidiary Company	—		(1,862,182,470)	
Outflow on account of Amalgamation with LKP Forex Limited	—		(503,562,119)	
Sale of Investment in Subsidiary Company	—		84,916,400	
Sale of Investments	100,095,091		26,044,015	
Interest Received	8,433,108		15,146,103	
Dividend Received	459,324		2,822,738	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		5,342,420		(2,250,608,631)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings (Net)	377,360,204		2,356,232,767	
Payment of Finance Lease liability	(3,869,312)		(4,854,014)	
Interest Paid	(275,041,264)		(44,031,745)	
Dividend Paid	(84,511,879)		(50,264,643)	
Tax on Dividend Paid	(13,662,478)		(7,669,922)	
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>		275,271		2,249,412,443
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		(147,247,692)		504,107,407
Cash and Cash Equivalents - Opening Balance		1,606,401,763		850,732,356
Add: Cash and Bank balance taken over on Amalgamation of LKP Forex Limited		—		251,562,000
Cash and Cash Equivalents - Closing Balance		1,459,154,071		1,606,401,763

**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 period 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, 19th March, 2008

For and on behalf of the Board

UDAYAN BOSE – CHAIRMAN

MADHAVAN MENON – MANAGING DIRECTOR

VINAYAK PUROHIT – EXECUTIVE DIRECTOR – FINANCE

R. R. KENKARE – PRESIDENT &amp; HEAD – LEGAL &amp; COMPANY SECRETARY

Mumbai, 19th March, 2008

## 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, 2007, and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.
3. (a) We did not audit the financial statements of the Sri Lanka branch of the Company, Thomas Cook (Mauritius) Holding Company Limited, Thomas Cook (Mauritius) Operations Company Limited, Thomas Cook (Mauritius) Travel Limited and Thomas Cook (Mauritius) Holidays Limited whose financial statements reflect total assets of Rs. 167,320,595 as at 31st December, 2007 and total revenues of Rs. 95,823,764 for the year 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 Travel (Thailand) Limited, Thomas Cook Lanka Holdings (Private) Limited and Airline Services Lanka (Private) Limited whose unaudited financial statements reflect total assets of Rs. NIL as at 31st December, 2007 and total loss of Rs. 463,365 for the year then ended. These subsidiaries have been consolidated on the basis of such unaudited financial statements.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard – 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Thomas Cook (India) Limited and its subsidiaries included in the consolidated financial statements, other than the subsidiaries referred to in paragraph 3(b) above which have been consolidated on the basis of unaudited financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Thomas Cook (India) Limited and its subsidiaries, other than the subsidiaries referred to in paragraph 3(b) above which have been consolidated on the basis of unaudited financial statements, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Thomas Cook (India) Limited and its subsidiaries as at 31st December, 2007;
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Thomas Cook (India) Limited and its subsidiaries for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Thomas Cook (India) Limited and its subsidiaries for the year ended on that date.

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants

Mumbai, 19th March, 2008

## Consolidated Balance Sheet as at 31st December, 2007

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	Schedule	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	A	1,199,537,980	145,833,330
Share Capital Suspense	A1	—	1,053,704,650
Reserves and Surplus	B	754,963,180	379,394,476
		1,954,501,160	1,578,932,456
<b>MINORITY INTEREST</b>		—	11,471,838
<b>LOAN FUNDS</b>			
Secured Loans	C	25,406,936	61,427,494
Unsecured Loans	D	2,831,746,857	2,462,990,101
<b>DEFERRED TAXATION (NET)</b>	E		
Deferred Tax Liability		81,775,032	83,328,590
Less : Deferred Tax Assets		56,301,528	35,992,792
		25,473,504	47,335,798
<b>TOTAL</b>		<u>4,837,128,457</u>	<u>4,162,157,687</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	F		
Gross Block		2,807,580,519	2,768,989,656
Less : Depreciation		672,574,365	635,481,590
Net Block		2,135,006,154	2,133,508,066
Advances for Capital Expenditure		37,707,642	5,828,315
		2,172,713,796	2,139,336,381
<b>INVESTMENTS</b>	G	7,029,560	125,348,614
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>			
Sundry Debtors	H	1,988,259,088	1,806,201,192
Cash and Bank Balances	I	1,723,873,552	1,917,063,334
Loans and Advances	J	914,437,161	600,455,462
		4,626,569,801	4,323,719,988
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	K	1,778,245,103	2,264,816,810
Provisions	L	191,061,672	161,542,561
		1,969,306,775	2,426,359,371
<b>NET CURRENT ASSETS</b>		2,657,263,026	1,897,360,617
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)			
Preliminary and Pre-operative Expenses		122,075	112,075
<b>TOTAL</b>		<u>4,837,128,457</u>	<u>4,162,157,687</u>
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, 19th March, 2008

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN  
MADHAVAN MENON — MANAGING DIRECTOR  
VINAYAK PUROHIT — EXECUTIVE DIRECTOR – FINANCE  
R. R. KENKARE — PRESIDENT & HEAD – LEGAL & COMPANY SECRETARY

Mumbai, 19th March, 2008

## Consolidated Profit and Loss Account for the year ended 31st December, 2007

	Schedule	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>INCOME</b>			
Turnover [Refer Note 3(l) of Schedule Q]		2,862,396,781	2,090,420,410
Other Income	M	204,985,419	204,113,143
		3,067,382,200	2,294,533,553
<b>EXPENDITURE</b>			
Personnel Cost	N	957,705,748	666,879,407
Advertisement and Business Promotion		216,406,427	157,927,634
Other Expenses	O	862,987,365	711,573,285
Interest	P	285,853,500	57,777,993
Depreciation	F	88,437,895	115,432,239
		2,411,390,935	1,709,590,558
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM</b>		655,991,265	584,942,995
Provision for Taxation			
Current Tax		145,013,095	199,888,463
(Excess)/Short Provision of Income Tax for Earlier year		(2,708,742)	—
Fringe Benefit Tax		16,403,697	15,274,019
Deferred Tax		(21,862,294)	(8,048,312)
		136,845,756	207,114,170
<b>PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEM</b>		519,145,509	377,828,825
Exceptional item, net of taxation		—	18,354,304
Net profit		519,145,509	359,474,521
Add : Transfer from Reserve created under Section 80HHD of the Income-tax Act, 1961		13,000,000	18,000,000
		532,145,509	377,474,521
Balance brought forward from previous period		277,620,283	772,091,569
		809,765,792	1,149,566,090
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		33,500,000	38,478,161
Proposed Dividend		80,391,165	80,391,165
Proposed Preference Dividend		43,158,617	—
Corporate Dividend Tax		20,997,285	13,662,478
Balance carried to Balance Sheet		631,718,725	1,017,034,286
		809,765,792	1,149,566,090
Earnings per Share - Basic		2.91	2.47
Earnings per Share - Diluted		2.82	2.16
[Rs. per Equity Share of Rs. 10 each] [Refer Note 3(k) 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, 19th March, 2008

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN  
MADHAVAN MENON — MANAGING DIRECTOR  
VINAYAK PUROHIT — EXECUTIVE DIRECTOR – FINANCE  
R. R. KENKARE — PRESIDENT & HEAD – LEGAL &  
COMPANY SECRETARY

Mumbai, 19th March, 2008

## Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "A" : CAPITAL</b>		
Authorised		
345,827,060 Equity Shares of Re.1 each <i>(Previous period 20,000,000 Equity Shares of Rs.10 each)</i>	345,827,060	200,000,000
114,760,000 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each	1,147,600,000	—
355,294 'Class B' 0.001% Cumulative Convertible/ Redeemable Preference Shares of Rs. 10 each	3,552,940	—
302,000 'Class C' 0.001% Cumulative Convertible/ Redeemable Preference Shares of Rs. 10 each	3,020,000	—
	<u>1,500,000,000</u>	<u>200,000,000</u>
Issued and Subscribed		
160,782,330 Equity Shares of Re. 1 each fully paid-up <i>(Previous period 14,583,333 Equity Shares of Rs. 10 each fully paid-up)</i>	160,782,330	145,833,330
103,284,000 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each	1,032,840,000	—
319,765 'Class B' 0.001% Cumulative Convertible/ Redeemable Preference Shares of Rs. 10 each	3,197,650	—
271,800 'Class C' 0.001% Cumulative Convertible/ Redeemable Preference Shares of Rs. 10 each	2,718,000	—
	<u>1,199,537,980</u>	<u>145,833,330</u>
Of the above :		
(a) 2,799,930* shares were allotted pursuant to a contract without payment being received in cash		
(b) 138,833,330* shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve and Capital Reserve		
(c) 87,500,000* shares are held by the holding company, TCIM Limited, U.K.		
(d) 11,834,610* shares are held by Dubai Financial (LLC) the Holding Company of TCIM Limited U.K.		
(e) Following shares allotted to the erstwhile shareholders of LKP Forex Limited pursuant to its merger with the Company effective 1st April, 2006		
(i) 103,284,000 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each		



## Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "A" (contd.)</b>		
(ii) 319,765 'Class B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each		
(iii) 271,800 'Class C' 0.001% Cumulative Convertible/ Redeemable Preference Shares of Rs. 10 each		
(iv) 14,949,000* Equity Shares of Re. 1 each		
* Consequent upon sub-division of Equity Shares from Rs. 10 to Re. 1 with effect from 21st May 2007.		
<b>Note :</b> The Company has granted share options under the Company's Employees Stock Option plan and share options outstanding as at 31st December 2007 are 1,104,125 ( <i>Previous period – Nil</i> ). Of these 368,042 option will vest in 2008, 368,042 in 2009 and 368,041 in 2010.		
<b>SCHEDULE "A1" : SHARE CAPITAL SUSPENSE</b>		
Shares to be allotted to the erstwhile shareholders of LKP Forex Limited pursuant to its merger with the Company effective April 1, 2006		
Nil ( <i>Previous period 1,494,900</i> ) Equity Shares of Rs. 10 each	–	14,949,000
Nil ( <i>Previous period 103,284,000</i> ) 'Class A' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each	–	1,032,840,000
Nil ( <i>Previous period 319,765</i> ) 'Class B' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each	–	3,197,650
Nil ( <i>Previous period 271,800</i> ) 'Class C' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each	–	2,718,000
	–	1,053,704,650
	–	–
	–	–

## Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "B" : RESERVES AND SURPLUS</b>		
<b>Reserve as required under Section 80HHD of the Income-tax Act, 1961</b>		
Balance as per last Balance Sheet	60,500,000	78,500,000
Less: Transfer to Profit and Loss Account	<u>13,000,000</u>	<u>18,000,000</u>
	47,500,000	60,500,000
<b>General Reserve</b>		
Balance as per last Balance Sheet	41,274,193	672,156,333
Less: Transferred as per Scheme of Amalgamation	—	(669,360,301)
Add: Transfer from Profit and Loss Account	<u>33,500,000</u>	<u>38,478,161</u>
	74,774,193	41,274,193
<b>Profit and Loss Account</b>	631,718,725	1,017,034,286
Less: Transferred as per Scheme of Amalgamation	<u>—</u>	<u>(739,414,003)</u>
	631,718,725	277,620,283
<b>Employee Stock Options</b>		
Employee Stock Options Outstanding	970,262	—
Less: Deferred Employee Compensation	<u>—</u>	<u>—</u>
	970,262	—
	<u>754,963,180</u>	<u>379,394,476</u>
<b>SCHEDULE "C" : SECURED LOANS</b>		
Finance Lease Liability	4,985,364	7,051,186
Cash Credit Account with Banks	18,391,812	49,801,155
Hire Purchase Loan	2,104,364	4,911,380
Less: Unmatured Finance Charges	<u>74,604</u>	<u>336,227</u>
	2,029,760	4,575,153
	<u>25,406,936</u>	<u>61,427,494</u>
(Secured by hypothecation of book debts, pledge of fixed deposit receipts of the bank and lien on vehicle purchased)		
<b>SCHEDULE "D" : UNSECURED LOANS</b>		
Short-term Loan from Banks	2,717,050,925	2,278,778,460
Bank Overdrafts	114,695,932	34,211,641
Others	—	150,000,000
	<u>2,831,746,857</u>	<u>2,462,990,101</u>
<b>SCHEDULE "E" : DEFERRED TAXATION (NET)</b>		
Deferred Tax Liability - On Fiscal Allowances on Fixed Assets	81,775,032	83,328,590
Less: Deferred Tax Assets		
On Unabsorbed business loss	178,503	387,162
On Provisions Allowable for tax purposes when paid	14,368,694	13,541,971
On Provision for Doubtful Debts and Advances	28,815,703	22,063,659
On Unamortised Expenditure	<u>12,938,628</u>	<u>—</u>
	56,301,528	35,992,792
	<u>25,473,504</u>	<u>47,335,798</u>

# Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

## SCHEDULE "F" : FIXED ASSETS

(Rupees)

Description	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 1st January, 2007	Additions	Deductions	As at 1st January, 2007	For the year	On Deductions	As at 31st December, 2007	As at 31st December, 2006
Intangible Assets								
Goodwill	8,831,169	—	—	8,831,169	—	—	—	—
Goodwill on Consolidation	1,453,969,274	—	—	—	—	—	1,453,969,274	1,453,969,274
Software	132,733,150	58,245,493	1,631,317	72,242,842	35,215,764	6,317	81,895,037	60,490,308
Tangible Assets								
Leasehold Properties	55,948,887	1,573,093	4,078,479	53,443,501	2,676,266	2,031,396	13,355,962	16,506,218
Freehold Properties	325,674,247	—	53,223,082	272,451,165	14,230,343	12,475,035	200,629,806	255,608,196
Strong Room	674,425	—	—	674,425	14,633	—	103,323	117,956
Furniture and Fittings	240,484,158	32,050,427	17,049,203	255,485,382	9,800,689	9,688,311	147,315,937	132,427,091
Computers	212,885,800	40,166,163	6,133,403	246,918,560	18,312,347	6,040,234	51,601,444	29,840,797
Office Equipment	208,922,068	19,622,672	11,738,381	216,806,359	2,987,143	6,594,433	141,355,946	129,864,365
Vehicles	128,866,478	3,543,017	22,756,137	109,653,358	5,200,710	14,509,394	44,779,425	54,683,861
TOTAL	2,768,989,656	155,200,865	116,610,002	2,807,580,519	88,437,895	51,345,120	2,135,006,154	2,133,508,066
Previous Period	2,771,269,371	185,141,078	187,420,793	2,768,989,656	115,432,239	80,673,007	2,133,508,066	—

### NOTES :

- Intangible Assets are other than internally generated.
- Cost of Freehold Properties includes:
  - 75 (Previous period - 150) unquoted fully paid-up Shares of Rs. 4,000 (Previous period Rs.7,750) in various Co-operative Societies.
  - Share application money of Rs. 2,040 (Previous period Rs. 2,040) to various Co-operative Societies.
  - Premises of Rs. 15,431,718 (Previous period 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 period Rs.144,506,670) where the Co-operative Society is yet to be formed.
  - Rs. 1,21,00,000 being cost of 65 debenture 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. 92,850 (Previous period 154,061) unquoted fully paid-up Shares of Rs. 100 in various Co-operative housing societies.
- Addition to vehicle include Rs. Nil (Previous period Rs. 8,423,539) being cost of new cars and coaches purchased towards utilisation of Reserve under Section 80 HHD of Income Tax Act, 1961.
- Gross block and Net block of vehicles includes Rs. 16,978,887 (Previous period Rs. 23,456,911) and Rs. 11,577,036 (Previous period Rs. 16,179,862) respectively in respect of vehicles acquired under finance leases.

## Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "G" : INVESTMENTS</b>		
(Unquoted unless otherwise stated)		
Current - Non Trade		
In fully paid-up Units of Mutual Funds		
- Nil ( <i>Previous period 10,002,811</i> ) Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option-Institutional Premium Plan - Daily Dividend	—	100,035,109
- 201,041 ( <i>Previous period - 191,569</i> ) Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	2,127,393	2,027,160
- 125,565 ( <i>Previous period - 1,996,844</i> ) Units of Rs. 10 each of LIC Mutual Fund Liquid Fund - Daily Dividend Plan	1,378,721	21,925,554
	3,506,114	123,987,823
Long-term (at cost)		
In Government Securities (Face value Rs. 500)	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
- 1,222 ( <i>Previous period - Nil</i> ) fully paid-up class AP common stock of USD 0.0001 each of Visa Inc.	2,200,000	—
In fully paid-up Ordinary Shares - Non Trade		
- 100 fully paid-up Equity Shares of Rs. 10 each ( <i>Previous period 1,000 fully paid-up Equity Share of Re. 1 each</i> ) of JIK Industries Limited (Quoted)	18,000	18,000
- 100 fully paid-up Equity Shares of Rs. 10 each of Weizmann Limited (Quoted)	2,000	2,000
In fully paid-up Debentures - Trade		
Zero coupon fully paid-up Redeemable Debentures of SLR 100 each of Tangerine Beach Hotel Limited	39,857	77,202
	7,046,095	125,365,149
Less : Provision for diminution in value of investment	16,535	16,535
	7,029,560	125,348,614
Aggregate amount of Quoted Investments	1,283,089	1,283,089
Aggregate amount of Unquoted Investments	5,746,471	124,065,525
	7,029,560	125,348,614
Aggregate Market Value of Quoted Investments	2,114,206	2,363,908

## Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

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	As at 31st December, 2007 Units	As at 31st December, 2006 Units
<b>SCHEDULE "G" (contd.)</b>		
Investments purchased and sold during the year / period		
- Units of Rs. 10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend	49,912,137	258,902,018
- Units of Rs. 10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend	—	43,485,654
- Units of Rs. 10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend	60,397,432	195,212,744
- Units of Rs. 10 each of Grindlays Mutual Fund Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend	11,001,585	130,282,174
- Units of Rs. 10 each of LIC Mutual Fund - LIC Mutual Fund Liquid Fund - Dividend Plan	39,989,307	83,812,870
- Units of Rs. 10 each of SBI Mutual Fund - Magnum Institutional Income - Savings - Dividend	13,958,355	156,068,984
- Units of Rs. 10 each of Prudential ICICI Mutual Fund - Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend	55,009,402	94,017,851
- Units of Rs. 1,000 each of Franklin Templeton - Templeton India Treasury Management Account - Institutional Plan - Daily Dividend Reinvestment	—	399,961
- Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend	75,011,154	294,543,192
- Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Plan - Daily Dividend	—	1,399
- Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	—	85,414
- Units of Rs. 10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Regular Dividend Option	—	88,835
- Units of Rs. 10 each of Birla Sunlife Mutual Fund - Birla Cash Plus Retail Plan - Dividend Reinvestment	—	61,446
- Units of Rs. 1,512 each of Templeton India Treasury Management Account - Regular Plan - Daily Dividend Reinvestment	—	6

## Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees		As at 31st December, 2006 Rupees	
<b>SCHEDULE "H" : SUNDRY DEBTORS</b>				
Unsecured, Considered Good				
Outstanding exceeding six months	130,599,429		35,680,011	
Others	1,857,659,659		1,770,521,181	
		1,988,259,088		1,806,201,192
Unsecured, Considered Doubtful				
Outstanding exceeding six months	72,396,365		64,569,617	
Others	—		480,000	
	72,396,365		65,049,617	
Less: Provision for Doubtful Debts	72,396,365		65,049,617	
		—		—
		1,988,259,088		1,806,201,192
<b>SCHEDULE "I" : CASH AND BANK BALANCES</b>				
Cash and Cheques on Hand (including Foreign Currencies - Notes and paid documents)		387,180,015		507,003,807
Remittances in Transit - Foreign Currencies - Notes and paid documents		659,053,014		849,688,841
Balances with Scheduled Banks				
on Current Accounts	443,341,342		362,830,860	
on Deposit Accounts	40,658,142		83,700,867	
(Rs. 40,658,142 ( <i>Previous period</i> - Rs. 62,677,848) has been given as deposit/is on lien with various authorities)		483,999,484		446,531,727
Balances with Non-Scheduled Banks				
On Current Accounts				
Credit Suisse, Zurich, Switzerland	7,131,896		7,651,386	
Deutsche Bank AG Frankfurt, Germany	110,497,564		39,262,833	
Bank of Nova Scotia, Canada	7,877,527		10,022,756	
ANZ National Bank Limited, Wellington, New Zealand	—		263,767	
HSBC, Mauritius	35,190,211		2,860,453	
IOIB, Mauritius	796,183		1,395,763	
HSBC, Sri Lanka	—		218,355	
HSBC, Thailand	—		17,334,905	
Barclays Bank, Mauritius	1,419,181		222,080	
Barclays Bank, Mauritius, CHF	1,480,413		—	
State Bank, Mauritius	5,177,342		2,304,794	
MCB, Mauritius	2,880,294		30,391	
IOIB, Mauritius	29,945		644,542	
MPCB, Mauritius	1,044,001		1,395,719	
SEAB, Mauritius	260,671		—	
Deutsche Bank, Germany	566,995		809,905	
Deutsche Bank, United Kingdom	3,376,745		1,288,550	
Deutsche Bank, New York	6,596,012		2,613,604	
Standard Chartered Grindlays Bank, Sri Lanka	—		2,102,194	
Commercial Bank, Sri Lanka	1,072,067		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	148,708		592,074	
JP Morgan Chase Bank, New York, USA	5,053,513		4,657,887	
Hatton National Bank, Sri Lanka	—		15,406	
	190,599,268		97,261,998	
On Deposit Accounts				
HSBC, Sri Lanka	—		64	
NDB Bank, Sri Lanka	1,131,418		1,659,550	
Standard Chartered Grindlays Bank, Sri Lanka	—		1,512,259	
IOIB, Mauritius	1,910,353		8,327,267	
HSBC, Thailand	—		5,077,821	
	3,041,771		16,576,961	
		193,641,039		113,838,959
		1,723,873,552		1,917,063,334

## Schedules forming part of the Consolidated Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "J" : LOANS AND ADVANCES</b> (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	654,211,276	504,974,828
Considered Doubtful	9,711,576	9,765,251
	663,922,852	514,740,079
Less: Provision for Doubtful Advances	9,711,576	9,765,251
	654,211,276	504,974,828
Loans Receivable - Secured	—	12,880,634
Tax Payments less Provisions	260,225,885	—
	914,437,161	600,455,462
<b>SCHEDULE "K" : LIABILITIES</b>		
Sundry Creditors other than Micro, Small and Medium Scale Business Entities* [Refer Note 3(e) of Schedule Q]	1,520,351,267	1,914,156,410
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)	208,229,987	275,240,008
Unpaid Dividend@	2,298,131	6,418,845
Interest accrued but not due	18,100,360	13,239,006
Fractional Entitlement on Bonus Shares Refund Accounts	49,066	49,066
Tax Provisions less Payments	—	2,840,105
Other Liabilities	24,414,292	48,071,370
	1,778,245,103	2,264,816,810
*Includes Book Overdrafts aggregating to Rs. 615,489,917 (Previous period Rs. 253,937,107).		
@There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>SCHEDULE "L" : PROVISIONS</b>		
Proposed Dividend	80,391,165	80,391,165
Proposed Preference Dividend	43,158,617	—
Corporate Dividend Tax	20,997,285	13,662,478
Provision for Leave Encashment	10,379,557	32,854,822
Provision for Gratuity	36,135,048	34,634,096
	191,061,672	161,542,561

## Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>SCHEDULE "M" : OTHER INCOME</b>				
Interest				
On Deposits with Banks (Gross) [Tax Deducted at Source Rs. 777,788 - Previous period Rs. 822,522]	10,214,732		7,704,948	
On Income-tax Refund	2,952,093		2,690,778	
On Others	193,578		2,460,256	
		13,360,403		12,855,982
Dividend on Current Investments - Non Trade - On Units of Mutual Funds		1,012,722		2,886,193
Rent		2,489,512		1,508,087
Profit on Sale of Fixed Assets (Net)		48,602,271		55,662,892
Exchange Variation (Net) other than in the normal course of business as Foreign Exchange Authorised Dealers		12,249,503		9,510,606
Profit on Sale of Current Investments		-		2,614
Profit on Sale of Subsidiary Company		-		50,263,595
Profit on Redemption of Long-term Investment		22,637		26,355
Provision for Doubtful Debts and Advances no longer required written back		7,580,747		-
Liabilities no longer required written back		80,045,512		33,877,543
Miscellaneous Income		39,622,112		37,519,276
		<u>204,985,419</u>		<u>204,113,143</u>
<b>SCHEDULE "N" : PERSONNEL COST</b>				
Salaries, Wages and Bonus (*)		708,490,342		477,941,304
Contribution to Provident and Other Funds		54,507,877		38,877,975
Premium on/Provision for Gratuity-cum-Life Assurance Policy		26,983,013		17,152,782
Staff Welfare Expenses		81,106,827		63,414,321
Staff Training, Recruitment and Other Costs		25,767,689		24,490,300
Incentive/Commission to Staff and Directors		60,850,000		45,002,725
		<u>957,705,748</u>		<u>666,879,407</u>

(\*) Includes Rs. 970,262 (Previous period - Nil) on account of discounting charges on Employee Stock Options



## Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>SCHEDULE "O" : OTHER EXPENSES</b>				
Rent		192,210,964		128,324,218
Rates and Taxes		6,578,739		5,819,664
Insurance		12,650,274		12,970,363
Repairs and Maintenance				
Buildings	5,364,106		4,519,091	
Others	53,099,572		48,665,322	
		58,463,678		53,184,413
Electricity		44,429,834		31,269,831
Printing and Stationery		28,631,430		27,047,795
Postage, Telegrams, Telex and Telephones		96,643,352		74,408,589
Freight Currency Shipment		17,103,723		21,203,412
Legal and Professional Charges		115,504,518		86,953,481
Auditors' Remuneration				
Audit Fees	7,272,472		7,434,743	
Reports under the provisions of the Income-tax Act, 1961	2,522,472		1,623,464	
Miscellaneous Reports	15,000		226,990	
Reimbursement of Expenses	119,665		139,595	
	9,929,609		9,424,792	
Branch Auditors' Remuneration - Audit Fees	212,161		266,746	
		10,141,770		9,691,538
Bank Charges including Handling Charges on Remittances		42,855,835		52,144,228
Travelling and Conveyance		87,377,117		79,422,815
Directors' Fees		1,467,737		1,203,932
Security Services		19,144,029		15,510,985
Vehicle Running and Maintenance		36,932,023		25,398,226
Licence Fees		16,364,434		14,235,034
Bad Debts and advances written off		26,969,165		21,532,125
Provision for Doubtful Debts and Advances		13,304,817		15,818,950
Donations		166,115		25,849
Miscellaneous Expenses		36,047,811		35,407,837
		862,987,365		711,573,285
<b>SCHEDULE "P" : INTEREST</b>				
Short-term Loans from Banks		265,400,618		34,061,242
Bank Overdrafts		17,105,709		7,123,993
Others		3,347,173		16,592,758
		285,853,500		57,777,993

## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

### 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%
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#		

# Thomas Cook Travel (Thailand) Limited (TCTL) was considered as a subsidiary company as the voting power held by the company in TCTL was 83%. The company has been dissolved on 24th July, 2007.

@ These companies have been consolidated on the basis of unaudited financial statements up to 31st December, 2007.

- (b) 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 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.

## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

### SCHEDULE "Q" (contd.)

- (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 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 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.

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 Defined Contribution schemes such as provident fund and superannuation are charged to the Profit and Loss account as incurred. Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. 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 leave encashment benefits on the basis of valuations, as at the balance sheet date, made by independent actuaries.

Retirement benefits of Sri Lanka branch and Mauritius operations are provided for on the basis of the local laws.
- (f) Employee Stock Option Plan
 

Stock options granted to the employees under the stock option schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to Profit and Loss account on graded vesting period of the options.
- (g) 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 year ended 31st December, 2007

### SCHEDULE "Q" (contd.)

#### (h) 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 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.

#### (i) Leases

Assets acquired under finance lease arrangements are capitalised at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals are allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Lease rentals in respect of operating lease arrangements are charged to the Profit and Loss Account.

#### (j) Taxes on Income

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

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

### 3. NOTES TO THE ACCOUNTS

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 4,826,034 (*Previous period Rs. 6,852,456*).

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
(b) Contingent Liabilities		
(i) Claims against the company not acknowledged as debts		
- Demand from Bombay Electricity Supply and Transport (BEST) for Electricity	1,961,083	1,961,083
- Disputed Demand from DGFT, Mumbai under EPCG Licence	13,789,235	—
- Various Miscellaneous Claims	175,359	—
(ii) Disputed Income-tax Demands	153,660,330	153,660,330
(iii) Disputed Demand for increase in rent raised by Brihanmumbai Municipal Corporation	33,076,960	28,942,340
(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.

- (c) The tax year for the company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the three months ended 31st March, 2007 and the provision based on the figures for the remaining nine months upto 31st December, 2007, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2007 to 31st March, 2008.
- (d) The Company has considered Non Compete Fees paid during the year as an allowable expenditure for the purpose of computing the provision for current tax for the year, based on legal opinion. The assessment proceedings for the relevant assessment year have not been completed.

## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

### SCHEDULE "Q" (contd.)

(e) Micro, Small and Medium Scale Business Entities

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st December, 2007. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(f) During the year ended 31st December, 2007, one of the subsidiaries, Travel Corporation (India) Limited has changed the method of providing depreciation on fixed assets from Written Down Value (WDV) method to Straight Line Method (SLM) with effect from 1st January, 2007. Accordingly, depreciation has been recalculated in accordance with SLM from the date the assets were put to use and surplus of Rs. 18,134,971 in respect of earlier years has been netted off from the depreciation charge for the year. Consequent to such change in the method, the depreciation charge for the year is lower by Rs. 18,134,971 with corresponding impact on the profit for the year.

(g) During the year ended 31st December, 2007, one of the subsidiaries, Travel Corporation (India) Limited has written back old credit balances pertaining to completed tours, to the extent of Rs. 42,087,018 which in the opinion of the management were no longer payable.

(h) 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 (upto 31st December, 2006)

(ii) Geographical Segments

- India Include revenue from customers within India
- Rest of the world Include revenue from customers outside India

	Year ended 31st December, 2007		Period ended 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
(I) Information in respect of Primary Segments				
(a) Segment Revenue				
Financial Services		355,183,216		428,984,377
Travel and Related Services	2,507,213,565		1,601,379,382	
Less: Inter Segment Revenue	—		26,522	
		2,507,213,565		1,601,352,860
Others			61,691,220	
Less: Inter Segment Revenue	—		1,608,047	
		—		60,083,173
		<u>2,862,396,781</u>		<u>2,090,420,410</u>
(b) Segment Result				
Financial Services	203,419,718		240,159,661	
Travel and Related Services	1,048,740,342		599,957,399	
Others	—		(17,930,676)	
		1,252,160,060		822,186,384
Less : Interest	285,853,500		57,777,993	
Other Common Expenses	310,315,295		179,465,396	
		596,168,795		237,243,389
Profit before Taxation and Exceptional items		<u>655,991,265</u>		<u>584,942,995</u>

## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

		Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
SCHEDULE "Q" (contd.)					
(c)	Other Information				
(i)	Segment Assets				
	Financial Services	1,083,066,630		1,156,474,479	
	Travel and Related Services	<u>3,675,613,134</u>		<u>3,476,828,330</u>	
			4,758,679,764		4,633,302,809
	Add: Common Assets		<u>2,047,633,393</u>		<u>1,955,102,174</u>
			<u>6,806,313,157</u>		<u>6,588,404,983</u>
(ii)	Segment Liabilities				
	Financial Services	227,572,168		369,004,928	
	Travel and Related Services	<u>1,652,480,708</u>		<u>1,851,624,175</u>	
			1,880,052,876		2,220,629,103
	Add: Common Liabilities		<u>2,971,881,196</u>		<u>2,788,955,499</u>
			<u>4,851,934,072</u>		<u>5,009,584,602</u>
(iii)	Segment Capital Employed (Segment Assets less Segment Liabilities)				
	Financial Services	855,494,462		787,469,551	
	Travel and Related Services	<u>2,023,132,426</u>		<u>1,625,204,155</u>	
			2,878,626,888		2,412,673,706
	Add : Common Capital Employed		<u>(924,247,803)</u>		<u>(833,853,325)</u>
			<u>1,954,379,085</u>		<u>1,578,820,381</u>
(iv)	Capital Expenditure				
	Financial Services	40,042,529		40,129,184	
	Travel and Related Services	<u>76,213,282</u>		<u>71,177,652</u>	
	Others	—		<u>5,671,106</u>	
			116,255,811		116,977,942
	Add: Common Capital Expenditure		<u>38,945,054</u>		<u>68,163,136</u>
			<u>155,200,865</u>		<u>185,141,078</u>
(v)	Depreciation / Amortisation				
	Financial Services	20,368,745		26,954,014	
	Travel and Related Services	<u>45,669,868</u>		<u>52,631,153</u>	
	Others	—		<u>3,029,088</u>	
			66,038,613		82,614,255
	Add: Common Depreciation and Amortisation		<u>22,399,282</u>		<u>32,817,984</u>
			<u>88,437,895</u>		<u>115,432,239</u>
(vi)	Significant Non Cash Expenditure				
	Financial Services	20,315,354		22,198,293	
	Travel and Related Services	<u>59,028,076</u>		<u>71,082,339</u>	
	Others	—		<u>5,152,573</u>	
			79,343,430		98,433,205
	Add: Common Non Cash Expenditure		<u>22,399,282</u>		<u>32,817,984</u>
			<u>101,742,712</u>		<u>131,251,189</u>
(II)	Information in respect of Secondary Segments				
(a)	Segment Revenue				
	India	2,687,918,536		1,917,093,040	
	Rest of the World	<u>174,478,245</u>		<u>173,327,370</u>	
			2,862,396,781		2,090,420,410

## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

		Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>SCHEDULE “Q” (contd.)</b>					
(b)	Carrying amount of Segment Assets				
	India	4,467,658,912		4,315,331,423	
	Rest of the World	291,020,851		317,971,386	
			4,758,679,763		4,633,302,809
	Add: Common Assets		2,047,633,394		1,955,102,174
			6,806,313,157		6,588,404,983
(c)	Capital Expenditure				
	India	107,493,616		107,848,223	
	Rest of the World	8,762,195		9,129,719	
			116,255,811		116,977,942
	Add: Common Capital Expenditure		38,945,054		68,163,136
			155,200,865		185,141,078
(i)	Related Party Disclosures				
(A)	Enterprises where control exists				
(i)	Holding Company	TCIM Limited, UK holds 54.42% of Equity Shares of the Company. Dubai Financial (LLC), the Holding Company of TCIM owns 7.36% of the Company. Dubai Financial (LLC) is a wholly owned subsidiary of Dubai Group, the Global investment arm of Dubai Holdings.			
(B)	Other Related Parties with whom the Company had transactions during the year				
(i)	Fellow Subsidiaries	Thomas Cook Overseas Limited, Egypt			
(ii)	Key Management Personnel	Madhavan Menon Vinayak Purohit (from 14th May 2007) Robin Banerjee (upto 12th January 2007) Nalini Gupta (from 1st May 2007) Parag Mehta (from 1st February 2007) Gautam Sharma Amitabh Pandey (from 1st June 2007) Dr. Prasanth Nair R. R. Kenkare			
(iii)	Relatives of Key Management Personnel	Lili Menon			
(iv)	Company in which a Director has significant influence	LKP Merchant Financing Limited			
(C)	Disclosure of transactions between the Company and related parties and outstanding balances as at the year/period end:				
		Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
(i)	Holding Company				
	Sale of Services*				
	Thomas Cook AG, Germany**		—		41,425,644
	Licence Fees paid				
	Thomas Cook UK Limited**		—		13,816,250
	Dividend Remitted				
	TCIM Limited, U.K.		43,750,000		32,812,500
	Dubai Financial LLC		5,917,305		—

## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>SCHEDULE “Q” (contd.)</b>				
(ii)	Fellow Subsidiaries			
	Sale of Services*			
	Thomas Cook Tour Operations Limited, UK**		137,831,893	
	474,755		—	
	Thomas Cook Overseas Limited, Egypt			
	—		27,034,312	
		474,755		164,866,205
	Services Availed			
	Thomas Cook Overseas Limited, Egypt		5,852,756	—
	Balances as at the year / period end -			
	Outstanding Payables			
	Thomas Cook Overseas Limited, Egypt		2,465,865	—
	*Sale value of transactions			
	** The figures for the current year have not been disclosed, since they have ceased to be related parties.			
(iii)	Key Management Personnel			
	Remuneration#			
	Ashwini Kakkar		31,818,281	
	16,361,969		10,922,938	
	Madhavan Menon			
	9,854,349		—	
	Vinayak Purohit			
	176,380		8,610,268	
	Robin Banerjee			
	7,498,797		—	
	Nalini Gupta			
	6,239,517		—	
	Parag Mehta			
	8,058,136		2,749,387	
	Gautam Sharma			
	15,169,906		20,551,747	
		63,359,054		74,652,621
	#Excludes gratuity contributed as the same is arrived at on an overall basis.			
(iv)	Relative of Key Management Personnel			
	Rent Expense			
	M. V. Kakkar		—	60,000
	Balance as at the year / period end -			
	Deposit Receivable			
	Lili Menon		3,500,000	—
(v)	Company in which a Director has significant influence			
	Rent and Professional Charges			
	Tamara Capital Advisors Private Limited		—	3,178,620
	LKP Merchant Financing Limited		27,955,901	—
(j)	Disclosures for Leases			
A)	Finance Leases - Vehicles			
(i)	Minimum Lease Payments payable			
	- Not later than one year		2,207,521	6,322,303
	- Later than one year but not later than five years		4,250,319	6,140,076
			6,457,840	12,462,379
(ii)	Present Value of Minimum Lease Payments payable			
	- Not later than one year		1,705,002	6,199,111



## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>SCHEDULE "Q" (contd.)</b>		
- Later than one year but not later than five years	3,280,364	4,982,680
	<u>4,985,366</u>	<u>11,181,791</u>
(iii) Reconciliation of Minimum Lease Payments and their Present Value		
- Minimum Lease Payments Payable as per (i) above	6,457,840	12,462,379
- Less: Finance Charges to be recognised in subsequent years	1,472,474	1,280,588
- Present Value of Minimum Lease Payments payable as per (ii) above	<u>4,985,366</u>	<u>11,181,791</u>
(iv) Finance Charges recognised in the Profit and Loss Account	1,007,727	740,858
(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	211,967,427	130,474,926
(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	40,554,696	43,352,033
- Later than one year and not later than five years	48,733,459	51,735,820
(k) 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 year/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 attributable to Equity Shareholders *	<u>468,652,085</u>	<u>359,474,521</u>
Weighted average number of shares - Basic	160,782,330	145,833,330
Weighted average number of shares - Diluted	166,738,325	166,697,980

## Schedules forming part of the Consolidated Financial Statements for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>SCHEDULE "Q" (contd.)</b>		
Basic Earnings per Share (Rs. per Equity Share of Re. 1 each)	2.91	2.47
Diluted Earnings per Share (Rs. per Equity Share of Re. 1 each)	2.82	2.16
* The Company has preference shares of Rs. 1,038,755,650. Dividend amount of Rs. 50,493,424 (including Corporate Dividend Tax) on these preference shares has been considered in determining the EPS for the year ended 31st December, 2007.		
(l) Turnover includes		
(i) Brokerage and Incentives paid netted off Rs. 229,822,495 ( <i>Previous period Rs. 256,792,336</i> ),		
(ii) Exchange loss on derivative contracts used for hedging Rs. 29,847,000 ( <i>Previous period Rs. 3,197,500</i> ),		
(iii) Exchange loss on revaluation of Nostro and other Bank Accounts used for holding foreign currency for travel business Rs. 24,882,000 ( <i>Previous period profit Rs. 5,134,000</i> ).		
(m) On 7th March 2008, Thomas Cook Group plc. announced that it has agreed to acquire 54.9% of the paid up equity share capital of the Company and will also make an open offer to acquire upto a further 20% of the equity share capital of the Company. This transaction is expected to close by end of May 2008.		
(n) The results for the year ended 31st December, 2007 are not strictly comparable with that of the previous period due to:		
(i) The amalgamation of LKP Forex Ltd 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, and		
(iv) During the previous period ended on 31st December, 2006, the Company has changed its accounting year from October to December. Consequently the previous financial period is for fourteen months i.e. November 2005 to December 2006. Hence the figures for current year are not comparable with the previous period.		
(o) Previous period figures have been regrouped where necessary.		

For and on behalf of the Board

UDAYAN BOSE	—	CHAIRMAN
MADHAVAN MENON	—	MANAGING DIRECTOR
VINAYAK PUROHIT	—	EXECUTIVE DIRECTOR FINANCE
R. R. KENKARE	—	PRESIDENT & HEAD – LEGAL & COMPANY SECRETARY

Mumbai, 19th March, 2008

## Consolidated Cash Flow Statement for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAXATION AFTER EXCEPTIONAL ITEM</b>	655,991,265	566,588,691
Adjustments for -		
Depreciation	88,437,895	115,432,239
Discounting charge for Employee Stock Option	970,262	—
Interest Income	(13,360,403)	(12,855,982)
Dividend Income	(1,012,722)	(2,886,193)
Profit on Sale of Fixed Assets (Net)	(48,602,271)	(55,662,892)
Profit on Sale of Subsidiary Company	—	(50,263,595)
Profit on Redemption of Long-term Investment	(22,637)	(28,969)
Interest Expense	285,853,500	57,777,993
Preliminary expenses incurred	(10,000)	(22,000)
	<u>312,253,624</u>	<u>51,490,601</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	968,244,889	618,079,292
Adjustments for -		
Trade and Other Receivables	(208,988,026)	(1,052,977,967)
Trade and Other Payables	(505,446,555)	1,018,159,154
	<u>(714,434,581)</u>	<u>(34,818,813)</u>
<b>CASH GENERATED FROM OPERATIONS</b>	253,810,308	583,260,479
Direct Taxes paid (Net of refund of taxes)	(421,774,040)	(176,996,751)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	(167,963,732)	406,263,728
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(187,080,192)	(1,727,692,943)
Sale of Fixed Assets	86,067,153	147,037,565
Sale of Investment in Subsidiary Company	—	50,263,595
Consolidation of Thailand Subsidiary	—	22,493,821
Payment to Minority Shareholders	(11,471,838)	—
Purchase of Investments	—	(500)
Outflow on account of Amlagamation with LKP Forex Limited	—	(503,562,119)
Sale of Investments	120,541,691	5,157,201
Interest Received	12,134,719	18,058,387
Dividend Received	1,012,722	2,886,193
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	21,204,255	(1,985,358,800)

## Consolidated Cash Flow Statement for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	340,556,918	2,419,880,977
Payment of Finance Lease liability	(7,820,720)	(5,194,820)
Interest Paid	(280,992,146)	(44,538,987)
Dividend Paid	(84,511,879)	(50,264,643)
Tax on Dividend Paid	(13,662,478)	(7,669,922)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	(46,430,305)	2,312,212,605
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(193,189,782)	733,117,533
Cash and Cash Equivalents - Opening Balance	1,917,063,334	932,383,801
Add : Cash and Bank balance taken over on Amalgamation of LKP Forex Limited	—	251,562,000
Cash and Cash Equivalents - Closing Balance	1,723,873,552	1,917,063,334

**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, 19th March, 2008

For and on behalf of the Board

UDAYAN BOSE	—	CHAIRMAN
MADHAVAN MENON	—	MANAGING DIRECTOR
VINAYAK PUROHIT	—	EXECUTIVE DIRECTOR – FINANCE
R. R. KENKARE	—	PRESIDENT & HEAD – LEGAL & COMPANY SECRETARY

Mumbai, 19th March, 2008

## Directors' Report

### TO THE MEMBERS OF: TRAVEL CORPORATION (INDIA) LIMITED

The Directors present their Forty-Seventh Annual Report together with the Audited Statement of Accounts for the financial year ended 31st December 2007.

#### FINANCIAL RESULTS:

The financial results of the Company are summarised below:

	Year ended 31st December 2007 (Rs.)	Period ended 31st December 2006 (Rs.)
Profit before Depreciation & Taxation	209,703,674	63,739,429
Depreciation	7,193,374	21,229,395
Profit for the year	202,510,300	42,510,034
Prior Period items (net)	—	(194,735)
Profit before Taxation	202,510,300	42,315,299
Provision for Taxation	67,131,811	20,001,322
Profit after Taxation	135,378,489	22,313,977
Taxation of Prior Years (net)	(2,531,808)	—
Profit after Taxation	137,910,297	19,301,887
Balance brought forward from Previous year	257,904,071	235,590,094
Transfer from Reserve under S.80HHD of the Income Tax Act, 1961	20,000,000	—
Transfer from Reserve Utilised under S.80HHD of the Income-tax Act, 1961	—	—
Balance carried forward to Balance Sheet	415,814,368	257,904,071

#### OPERATIONS

The Company made good profits, during the financial year ended 31st December 2007.

#### 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

Ms. Nalini Gupta was appointed as an Additional Director of the Company on 11th May 2007 and Mr. Vinayak K. Purohit

was appointed as an Additional Director of the Company on 19th March 2008. By virtue of Section 260 of the Companies Act, 1956 they hold office upto the date of the ensuing Annual General Meeting and in respect of them, the Company has received notices in writing under Section 257 of the Companies Act, 1956 proposing their candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

#### 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. 1,355,127,082/- and outgo was Rs. 56,882,768/- towards legal and professional fees as well as travelling, advertisement, subscription, etc. including expenditure incurred by foreign branches, as disclosed in Schedule "P" Note 2(g) & note 2(h) in the Notes to the accounts.

#### 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 the holding Company;
- 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.

## Directors' Report

### COMPLIANCE CERTIFICATE

A Compliance Certificate from a secretary in whole-time practice under Section 383A of the Companies Act, 1956 in respect of the year ended on 31st December 2007 is attached hereto.

### AUDITORS

The Company has received a letter from M/s. Lovelock Lewes & Company, 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 & Company as auditors of the Company.

FOR AND ON BEHALF OF THE BOARD

MADHAVAN MENON – DIRECTOR

NALINI GUPTA – DIRECTOR

Mumbai

Dated: 19th March 2008

## Annexure to the Directors' Report

**Information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st December 2007**

Sr. No.	Name	Age	Designation	Remuneration	Nature of Duties	Qualification	Total Experience	Date of joining TCI	Last Employment
1	Mr. Gomes Pereira Aravin	52	Chief Operating Officer - Charters & Goa	3,577,240	Responsible for Charters Business	B.A.	25 Yrs.	1-Apr-1987	Holiday Inn
2	Mr. Nayar Sudheer	54	Regional Director - South India	2,475,236	Responsible for South India Branches	M.A. (Economics)	31 Yrs.	10-Jun-1977	Started with Travel Corporation (India) Limited

- 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. The remuneration appearing is for 12 months. The limit is Rs. 2 lakh per month and Rs. 24 lakh for a period of 12 months.

FOR AND ON BEHALF OF THE BOARD

MADHAVAN MENON – DIRECTOR

NALINI GUPTA – DIRECTOR

Mumbai

Dated: 19th March 2008

## Compliance Certificate

Registration No.: U63040MH1961PLC12067

Authorised Capital: 2,00,00,000/-

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 on 26.02.2007) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December, 2007. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been 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 as mentioned in the said annexure.
3. The Company being a public limited company, comments that a private limited company has minimum prescribed capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 6 (Six) times on 02.01.2007, 25.01.2007, 09.03.2007, 24.04.2007, 23.07.2007 and on 24.10.2007 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the year as it was not required to close the same.
6. The Annual General Meeting for the financial year ended on 31st December, 2006 was held on 25.04.2007 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
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 the previous approval of the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment/ transfer/ transmission of securities during the financial year.  
(ii) The Company has not deposited dividend amount in a separate Bank Account as no dividend was declared during the financial year.  
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year. There were no unpaid dividends in the Company.  
(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 additional directors, alternate directors and directors to fill casual vacancies have been duly made.
  15. The Company has not appointed any Managing Director/ Whole-time Directors/ Manager during the financial year.
  16. The Company has not appointed any sole selling agents during the financial year.
  17. The Company has obtained the approval of the Central Government for change of name of the Company effective from 26.02.2007 consequent upon conversion of Company from private limited into public limited.
  18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
  19. The Company has not issued any shares, debentures or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. There was no redemption of Preference Shares/ Debentures during the financial year.
  22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend (except payment of dividend on partly paid shares), rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited/ accepted any Deposit including any unsecured loans falling within the purview of Section 58A during the financial year.
  24. The amount borrowed by the Company from financial institutions, banks and others during the financial year is within the borrowing limits of the Company.
  25. The Company has made investments during the financial year in compliance with the provisions of the Act.
  26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
  27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
  28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
  29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
  30. The Company has not altered its Articles of Association during the year under scrutiny.
  31. There was no prosecution 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 year, for offences under the Act.
  32. The Company has not received any money as security from its employees during the financial year.
  33. The Company has generally deposited both employees' and employer's 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 : 19th March 2008



**Annexure 'A'**

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**Statutory Registers as maintained by the Company:**

1. Register of charges u/s 143 of the Act.
2. Register of Members u/s 150 and Index of Members u/s 151 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 (in loose leaf)
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.
10. Register of loans/ Investments u/s 372A of the Act.

**Other Registers:**

1. Register of transfers, transmission.
2. Attendance Register of Board Meetings.
3. Attendance Register of General Meetings.

Place: Mumbai  
Date : 19th March 2008

For PARIKH & ASSOCIATES

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

## Annexure B

**Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on 31st December 2007**

Sr. No.	Form No/ Return	Filed under section	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid. Yes/No
1.	Form 23 AC and Form 23ACA alongwith Annual Report for the year ended 31.12.2006	220	Approved at the Annual General Meeting held on 25.04.2007	16.05.2007	Yes	N.A
2.	Form 66 Alongwith Compliance Certificate	383A	Financial year ended 31.12.2006	02.08.2007	No	Yes
3.	Form 20B alongwith Annual Return made as on 25.04.2007	159	Annual General Meeting held on 25.04.2007	21.06.2007	Yes	N.A.
4.	Form 32	303	Appointment of Mr. Madhavan Menon, Mr. Hoshang Billimoria and Mr. Pradip Madhavji as Additional Directors on 28.12.2006	19.01.2007	Yes	N.A
5.	Form 32AD	303	Appointment of Mr. Jehangir Katgara as Additional Director on 28.12.2006	19.01.2007	Yes	N.A
6.	Form 32	303	Resignation of Mr. Arvind Parikh, Mr. Pranav Parikh, Mr. Jagdish Parikh, Mr. Bhagwan Kotak and Mr. Naresh Kotak as Directors on 28.12.2006	19.01.2007	Yes	N.A
7.	Form 32AD	303	Resignation of Mr. Krishna Kotak, Mr. Pallan Katgara and Mr. Jehangir Katgara as Directors on 28.12.2006	19.01.2007	Yes	N.A
8.	Form 32	303	Change in designation of Mr. Madhavan Menon, Mr. Hoshang Billimoria and Mr. Pradip Madhavji as Directors on 25.04.2007	09.05.2007	Yes	N.A
9.	Form 32AD	303	Change in Designation of Mr. Jehangir Katgara as Director on 25.04.2007	09.05.2007	Yes	N.A
10.	Form 2	75(1)	Allotment of 6 Equity Shares of Rs. 10 each on 28.12.2006	19.01.2007	Yes	N.A.
11.	Form 62	210	Intimation of change in Accounting Year	19.01.2007	N.A.	N.A
12.	Form 22B	187C(4)	Declaration of beneficial interest in shares of Mr. Madhavan Menon, Mr. Ram Kankare, Mr. Gautam Sharma, Dr. Prasanth Nair and Mr. Anil Srinivasan	20.01.2007	Yes	N.A.
13.	Form 22B	187C(4)	Declaration of beneficial interest in shares of Mr. Vishal Suri	20.01.2007	Yes	N.A.
14.	Form 23	44, 31, 293(1)(d)	Resolutions for Conversion into Public Ltd Company, Adoption of new set of Articles and Borrowing power	25.01.2007	Yes	N.A.
15.	Form 62	Section 44(2)(b))	Statement in Lieu of Prospectus	05.02.2007	Yes	N.A
16.	Form 23	192	Resolution for payment of commission to Directors	12.05.2007	Yes	N.A.
17.	Form 32	303	Resignation of Mr. Firdaus Gandavia as Secretary on 03.05.2007	02.06.2007	Yes	N.A
18.	Form 32	303	Appointment of Ms. Nalini Gupta as Additional Director on 11.05.2007	05.06.2007	Yes	N.A
19.	Form 32	303	Resignation of Mr. Jehangir Katgara as Director on 27.06.2007	06.07.2007	Yes	N.A
20.	Form 1AA	Sec 5(f)	Intimation of acceptance of consent of Ms. Nalini Gupta	30.08.2007	No	Yes
21.	Din-3	266E	Intimation of DIN 2 of Ms. Nalini Gupta	13.07.2007	N.A	N.A.
22.	Din-3	266E	Intimation of DIN2 of Madhavan Menon, Mr. Jehangir Katgara, Mr. Pradip Madhavji and Mr. Hoshang Billimoria	31.01.2007	N.A.	N.A.
23.	Form 8	125	Modification of Charge on 31.5.2007 favouring BNP Paribas	Charge Registered on 14.08.2007	No	Yes

For PARIKH &amp; ASSOCIATES

P. N. PARIKH  
Company Secretary  
C. P. No. : 1228Place : Mumbai  
Date : 19th March 2008

## Auditors' Report

### To the Members of Travel Corporation (India) Limited

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1. We have audited the attached Balance Sheet of Travel Corporation (India) Limited, as at 31st December, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the Company for the period ended 31st December, 2006, were audited and reported by another firm of Chartered Accountants, vide their unqualified report dated 9th March, 2007. The balances as at 31st December, 2006, as per the audited financial statements, regrouped or reclassified wherever necessary, have been considered as opening balances for the purpose of these financial statements.
4. 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.
5. Further to our comments in the Annexure referred to in paragraph 4 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, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2007 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, 2007;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants

Mumbai, 19th March, 2008

## Annexure to the Auditors' Report

[Referred to in paragraph 4 of the Auditors' Report of even date to the members of Travel Corporation (India) Limited on the financial statements for the year ended 31st December, 2007]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. There are no purchases of inventory and sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that section. Accordingly, clause (v)(b) of paragraph 4 of the Order is not applicable to the Company for the current year.
5. The Company has not accepted any deposits from the public within the meaning of sections 58A & 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (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, 2007, which have not been deposited on account of a dispute, are as follows –

Name of the statute	Nature of dues	Amount Rupees	Year to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax on certain disallowances	146,174,773	Assessment year 1995-1996 to Assessment year 2001-2002	Income-tax Appellate Tribunal

## Annexure to the Auditors' Report

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8. The Company has no accumulated losses as at 31st December, 2007 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder.
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. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
14. The Company has not obtained any term loans.
15. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
17. The Company has not issued any debentures.
18. The Company has not raised any money by public issues during the year.
19. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
20. According to the information and explanations given to us and taking into consideration the nature of business of the Company, the matters specified in clauses (ii) and (viii) of paragraph 4 of the Order are not applicable to the Company.

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants  
Mumbai, 19th March, 2008

## Balance Sheet as at 31st December, 2007

	Schedule	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	A	15,766,980	15,766,980
Reserves and Surplus	B	516,601,513	378,691,216
		532,368,493	394,458,196
<b>LOAN FUNDS</b>			
Secured Loans	C	20,421,572	54,376,308
<b>TOTAL</b>		<u>552,790,065</u>	<u>448,834,504</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	D		
Gross Block		267,936,725	293,024,038
Less : Depreciation		164,147,417	181,480,737
Net Block		103,789,308	111,543,301
<b>INVESTMENTS</b>	E	1,379,221	21,926,054
<b>DEFERRED TAXATION (NET)</b>	F		
Deferred Tax Assets		11,044,643	10,135,120
Less : Deferred Tax Liability		10,329,664	7,701,247
		714,979	2,433,873
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	G	563,455,140	679,131,510
Cash and Bank Balances	H	141,987,987	217,234,267
Loans and Advances	I	157,140,368	84,737,390
		<u>862,583,495</u>	<u>981,103,167</u>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	J	396,324,950	635,870,739
Provisions	K	19,351,988	32,301,152
		<u>415,676,938</u>	<u>668,171,891</u>
<b>NET CURRENT ASSETS</b>		446,906,557	312,931,276
<b>TOTAL</b>		<u>552,790,065</u>	<u>448,834,504</u>
Notes to the Financial Statements	P		
Schedules "A" to "K" and "P" referred to above form an integral part of the Balance Sheet.			

In terms of our report of even date

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants  
Mumbai, 19th March, 2008

For and on behalf of the Board of Directors

HOSHANG BILLIMORIA – CHAIRMAN  
MADHAVAN MENON – DIRECTOR

Mumbai, 19th March, 2008

## Profit and Loss Account for the year ended 31st December, 2007

	Schedule	Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>INCOME</b>					
Income from Operations (Net)		600,392,466		357,579,592	
Other Income	L	71,352,321		16,507,026	
			671,744,787		374,086,618
<b>EXPENDITURE</b>					
Personnel Cost	M	271,877,066		176,071,829	
Advertisement and Business Promotion		31,194,559		15,010,888	
Other Expenses	N	156,110,424		113,053,759	
Interest	O	2,859,064		6,210,713	
Depreciation	D	7,193,374		21,229,395	
			469,234,487		331,576,584
<b>PROFIT BEFORE TAXATION AND PRIOR PERIOD ITEMS</b>			202,510,300		42,510,034
Prior Period Items (Net)			—		194,735
<b>PROFIT BEFORE TAXATION</b>			202,510,300		42,315,299
Provision for Taxation					
Current Tax		61,000,000		19,000,000	
(Excess) / Short Provision of Income Tax for earlier years		(2,531,808)		—	
Fringe Benefit Tax		4,312,917		3,107,385	
Wealth Tax		100,000		300,000	
Deferred Tax		1,718,894		(2,406,063)	
			64,600,003		20,001,322
<b>PROFIT AFTER TAXATION</b>			137,910,297		22,313,977
Add: Transfer from Reserve created under Section 80HHD of the Income-tax Act, 1961					
			20,000,000		—
Balance brought forward			257,904,071		235,590,094
			415,814,368		257,904,071
<b>APPROPRIATIONS</b>					
Transfer to General Reserve			—		—
Balance carried to Balance Sheet			415,814,368		257,904,071
			415,814,368		257,904,071
Earnings per Share - Basic and Diluted			87.47		14.15
[Rs. per Equity Share of Rs. 10 each]					
[Refer Note 2(k) of Schedule “P”]					
Notes to the Financial Statements	P				
Schedules “D” and “L” to “P” referred to above form an integral part of the Profit and Loss Account.					

In terms of our report of even date

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants  
Mumbai, 19th March, 2008

For and on behalf of the Board of Directors

HOSHANG BILLIMORIA — CHAIRMAN  
MADHAVAN MENON — DIRECTOR

Mumbai, 19th March, 2008

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "A" : Capital</b>		
Authorised		
2,000,000 Equity Shares of Rs. 10 each	20,000,000	20,000,000
Issued and Subscribed		
1,576,698 Equity Shares of Rs. 10 each	15,766,980	15,766,980
Of the above:		
(a) 41,660 shares were allotted pursuant to a contract without payment being received in cash		
(b) 1,462,504 shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve		
<b>SCHEDULE "B" : Reserves and Surplus</b>		
Reserve as required under Section 80HHD of the Income-tax Act, 1961		
Balance as per last Balance Sheet	20,000,000	20,000,000
Less: Transfer to Profit and Loss Account	20,000,000	—
		20,000,000
<b>General Reserve</b>		
Balance as per last Balance Sheet	100,627,008	108,494,008
Less : Adjustment in respect of provision for employee benefits relating to past services	—	7,867,000
	100,627,008	100,627,008
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	160,137	160,137
<b>Profit and Loss Account</b>	415,814,368	257,904,071
	516,601,513	378,691,216
<b>SCHEDULE "C" : Secured Loans</b>		
Cash Credit Account with Banks (Secured by Hypothecation of Book Debts)	18,391,812	49,801,155
Hire Purchase Loan	2,104,364	4,911,380
Less : Unmatured Finance Charges	(74,604)	(336,227)
[Principal amount payable within one year Rs. 1,904,301 (Previous Period - Rs. 2,545,393)]	2,029,760	4,575,153
	20,421,572	54,376,308
[Hire purchase loan is secured by a lien on said vehicles]		



## Schedules forming part of the Balance Sheet as at 31st December, 2007

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### SCHEDULE "D" : Fixed Assets

(Rupees)

Description	GROSS BLOCK – AT COST				DEPRECIATION				NET BLOCK	
	As at 1st January, 2007	Additions during the year	Deductions	As at 31st December, 2007	As at 1st January, 2007	For the year	Deductions	As at 31st December, 2007	As at 31st December, 2007	As at 31st December, 2006
Intangible Assets										
Software	9,609,685	2,808,000	–	12,417,685	6,465,770	1,359,233	–	7,825,003	4,592,682	3,143,915
Tangible Assets										
Buildings	73,354,829	–	6,121,088	67,233,741	28,470,570	10,339,171	3,761,073	35,048,668	32,185,073	44,884,259
Leasehold Improvements	810,217	1,563,249	–	2,373,466	113,263	1,522,984	–	1,636,247	737,219	696,954
Furniture & Fixtures	33,235,600	1,101,038	2,528,517	31,808,121	26,361,800	(3,702,172)	2,257,102	20,402,526	11,405,595	6,873,800
Computers	50,282,152	959,443	3,463,916	47,777,679	36,518,566	5,362,639	3,370,746	38,510,459	9,267,220	13,763,586
Office Machines & Electric Equipments	39,202,199	1,059,835	6,681,477	33,580,557	26,291,345	(7,106,544)	4,654,637	14,530,164	19,050,393	12,910,854
Vehicles	86,529,356	2,450	13,786,330	72,745,476	57,259,423	(581,937)	10,483,136	46,194,350	26,551,126	29,269,933
<b>TOTAL</b>	<b>293,024,038</b>	<b>7,494,015</b>	<b>32,581,328</b>	<b>267,936,725</b>	<b>181,480,737</b>	<b>7,193,374</b>	<b>24,526,694</b>	<b>164,147,417</b>	<b>103,789,308</b>	<b>111,543,301</b>
<i>Previous Period</i>	<i>303,835,044</i>	<i>16,770,228</i>	<i>27,581,234</i>	<i>293,024,038</i>	<i>177,982,962</i>	<i>21,229,395</i>	<i>17,731,620</i>	<i>181,480,737</i>	<i>111,543,301</i>	<i>–</i>

#### NOTES :

- Buildings include :
  - Rs. 12,100,000 (*Previous period Rs. 12,100,000*) being cost of 65 Debentures of the face value for 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.
  - 92,850 (*Previous period 154,061*) unquoted fully paid-up shares of Rs. 100 in various co-operative housing societies.
- Additions to vehicles include Rs. Nil (*Previous period Rs. 8,423,539*) being the cost of new cars and coaches purchased towards utilisation of Reserve under Section 80HHD of Income-tax Act, 1961
- Cost of vehicles includes Rs. 8,489,119 (*Previous period Rs. 8,489,119*) being cost of Assets purchased on hire purchase basis on which the vendors have a lien.

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees		As at 31st December, 2006 Rupees	
<b>SCHEDULE "E" : Investments</b>				
(Non-Trade, Unquoted, Fully paid)				
Long-term (at cost)				
In Government Securities of face value of Rs. 500 each		500		500
Current Investment				
– 125,565 (Previous Period - 1,996,844) Units of Rs. 10 each of LIC Mutual Fund Liquid Fund - Daily Dividend Plan		1,378,721		21,925,554
		<u>1,379,221</u>		<u>21,926,054</u>
		Units		Units
Investments purchased and sold during the year				
– Units of Rs. 10 each of LIC Mutual Fund Liquid Fund – Daily Dividend Plan		31,791,555		66,457,045
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>SCHEDULE "F" : Deferred Taxation (Net)</b>				
Deferred Tax Assets				
On Provisions Allowable for tax purposes when paid	6,843,235		3,844,261	
On Provision for Doubtful Debts and Advances	<u>4,201,408</u>		<u>6,290,859</u>	
		11,044,643		10,135,120
Less : Deferred Tax Liability				
On Fiscal Allowances on Fixed Assets		10,329,664		7,701,247
		<u>714,979</u>		<u>2,433,873</u>
<b>SCHEDULE "G" : Sundry Debtors</b>				
Unsecured, Considered Good				
Outstanding exceeding six months	12,474,201		2,117,439	
Others*	<u>550,980,939</u>		<u>677,014,071</u>	
		563,455,140		679,131,510
Unsecured, Considered Doubtful				
Outstanding exceeding six months	12,360,717		18,689,421	
Less : Provision for Doubtful Debts	<u>12,360,717</u>		<u>18,689,421</u>	
		–		–
		<u>563,455,140</u>		<u>679,131,510</u>
* Due by firms in which a director of the Company is a partner [Maximum outstanding during the year Rs. 1,807,943 – Previous period Rs. 1,807,943]		–		1,807,943

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "H" : Cash and Bank Balances</b>		
Cash and Cheques on Hand	3,178,038	1,422,178
Remittances in Transit	33,611,350	21,937,847
Balances with Scheduled Banks		
on Current Accounts	78,250,298	123,901,262
on Deposit Accounts	21,746,080	64,723,019
(on lien with various authorities)	99,996,378	188,624,281
Balances with Non-Scheduled Banks		
Lloyds Bank London, London	148,708	40,876
(maximum balance during the year Rs. 149,105 - <i>Previous period Rs. 41,958</i> )		
JP Morgan Chase Bank, New York	5,053,513	4,657,887
(maximum balance during the year Rs. 26,327,854 - <i>Previous period Rs. 49,706,041</i> )		
Lloyds Bank London, London	—	551,198
(maximum balance during the year Rs. 671,752 - <i>Previous period Rs. 1,026,778</i> )		
	5,202,221	5,249,961
	141,987,987	217,234,267
<b>SCHEDULE "I" : Loans and Advances</b>		
(Unsecured, Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	126,661,136	84,624,776
Considered Doubtful	—	53,675
	126,661,136	84,678,451
Less: Provision for Doubtful Advances	—	53,675
	126,661,136	84,624,776
Tax Payments less Provisions	30,479,232	112,614
	157,140,368	84,737,390
<b>SCHEDULE "J" : Liabilities</b>		
Sundry Creditors other than Micro and Small Scale Business Entities* [Refer Note 2(f) of Schedule P]	319,190,721	528,366,742
Advance Payments from Customers for which value is still to be given	71,124,593	96,049,092
Other Liabilities	6,009,636	11,454,905
	396,324,950	635,870,739
*Includes Book Overdrafts aggregating to Rs. 24,425,684 ( <i>Previous period Rs. 82,198,684</i> ).		
<b>SCHEDULE "K" : Provisions</b>		
Provision for Leave Encashment	5,183,732	9,310,242
Provision for Gratuity	14,168,256	22,990,910
	19,351,988	32,301,152

## Schedules forming part of the Profit and Loss Account for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>SCHEDULE "L" : Other Income</b>		
Interest		
On Deposits with Banks (Gross) [Tax Deducted at Source Rs. 627,248 ( <i>Previous period</i> Rs. 583,131) ]	2,458,485	2,748,427
On Others	17,695	17,695
	2,476,180	2,766,122
Dividend on Current Investments - Non Trade	453,165	751,256
Rent	2,111,880	173,858
Foreign Exchange Gain	2,104,811	1,782,243
Profit on Sale of Fixed Assets (Net)	8,620,749	1,817,072
Profit on Sale of Current Investments - Non Trade	—	47,322
Provision for Doubtful Debts and Advances no longer required written back (Net)	7,028,946	73,156
Provision for Leave Encashment written back (Net)	3,398,613	—
Liabilities no longer required written back	42,087,018	3,771,254
Miscellaneous Income	3,070,959	5,324,743
	<u>71,352,321</u>	<u>16,507,026</u>
<b>SCHEDULE "M" : Personnel Cost</b>		
Salaries, Wages and Bonus	232,698,423	147,539,736
Contribution to Provident and Other Funds	14,090,097	9,608,620
Premium on/Provision for Gratuity-cum-Life Assurance Policy	8,822,655	5,109,571
Staff Welfare Expenses	15,316,948	13,584,870
Staff Training, Recruitment and Other Costs	948,943	229,032
	<u>271,877,066</u>	<u>176,071,829</u>

## Schedules forming part of the Profit and Loss Account for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>SCHEDULE "N" : Other Expenses</b>		
Rent	12,909,611	9,448,196
Rates and Taxes	2,782,526	1,945,038
Insurance	2,982,278	1,809,491
Repairs and Maintenance		
Buildings	5,015,388	4,035,610
Others	7,360,148	5,536,426
	12,375,536	9,572,036
Electricity	11,078,736	7,907,081
Printing and Stationery	7,688,114	6,072,358
Postage, Telegrams, Telex and Telephones	24,191,764	18,148,329
Freight Currency Shipment	96,254	4,142
Legal and Professional Charges	36,543,093	10,439,188
Auditors' Remuneration		
Audit Fees	2,500,000	1,600,000
Reports under the provisions of the Income-tax Act, 1961	—	675,000
	2,500,000	2,275,000
Bank Charges	3,312,615	2,584,604
Travelling and Conveyance	21,586,186	16,906,846
Directors' Fees	126,000	50,000
Security Services	424,096	340,560
Vehicle Running and Maintenance	5,740,535	6,237,590
Bad Debts and advances written off	5,071,427	2,202,673
Provision for Doubtful Debts (Net)	—	10,451,806
Miscellaneous Expenses	6,701,653	6,658,821
	156,110,424	113,053,759
<b>SCHEDULE "O" : Interest</b>		
Bank Overdrafts	2,603,709	4,465,507
Others	255,355	1,745,206
	2,859,064	6,210,713

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "P" : Notes to the Financial Statements

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of 'The Companies Act, 1956' of India (the 'Act'). The significant accounting policies are as follows -

##### (a) Basis of Accounting

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

##### (b) Fixed Assets and Depreciation

- (i) The gross block of fixed assets is stated at the purchase price of acquisition of such fixed assets 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%
Vehicles	15%

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

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

##### (c) Foreign Currency Transactions

All the monetary items denominated in foreign currency are valued at the Foreign Exchange Dealers Association of India rate (FEDAI) and the exchange variations arising out of settlement/conversion at the FEDAI rate are recognised in the Profit and Loss Account.

##### (d) Investments

Current Investments are stated at lower of cost or fair value.

##### (e) Retirement Benefits

Contributions to defined contribution schemes such as provident fund are charged to the Profit and Loss Account as incurred. Provident fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Contributions to gratuity scheme 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 leave encashment benefits on the basis of valuations, as at the Balance Sheet date, made by independent actuaries.

## Schedules forming part of the Financial Statements for the period ended 31st December, 2007

### SCHEDULE "P" (Contd.)

#### (f) Turnover

Turnover comprises of net commissions earned on travel management, service agency charges including profit or loss in respect of tours.

#### (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 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) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (*Previous period Rs. 475,000*).

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
(b) Contingent Liabilities		
(i) Claims against the Company not acknowledged as debts		
Potential income tax liability	146,174,773	146,174,773
Disputed claims made by clients	175,359	175,359
(ii) Employees' State Insurance claims disputed by the Company	—	7,402

#### Note :

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

- (c) 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 three months ended 31st March, 2007 and the provision based on the figures for the remaining nine months upto 31st December, 2007, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2007 to 31st March, 2008.

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Rupees	Period ended 31st December, 2006 Rupees	Rupees
<b>SCHEDULE "P" (Contd.)</b>				
(d) Managerial Remuneration under Section 198 of the Act to Whole time Directors (excluding gratuity contributed for the Company as a whole)				
Salaries		—		5,865,148
House Rent Allowance/Perquisite		—		—
Commission/Bonus		—		—
Contribution to Provident and Other Funds		—		72,387
Perquisites in cash and in kind		—		32,000
		—		5,969,535
Commission to Non Executive Directors		479,250		—
		479,250		5,969,535
Directors' Fees		126,000		—
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		202,510,300		—
Add : Remuneration to Directors		479,250		—
Directors' Fees		126,000		—
Depreciation as per Profit and Loss Account		7,193,374		—
Profit on Sale of Fixed Assets as per Section 350 of the Act		4,448,652		—
		12,247,276		
		214,757,576		
Less : Depreciation as per Section 350 of the Act		5,043,340		—
Loss on Sale/write off of Fixed Assets as per Section 350 of the Act		2,785,629		—
Profit on Sale of Fixed Assets (Net) as per Profit and Loss Account		8,620,749		—
		16,449,718		—
Net Profit		198,307,858		—
Commission to Non Executive Directors @ 1%		1,983,079		—
Commission to Non Executive Directors @ 10%		19,830,786		—
Commission payable to Directors, restricted by the Board of Directors to		479,250		—

(e) Segment Information

The Company has only one reportable segment which is 'travel and related services'. Accordingly, the figures appearing in these accounts relates to 'travel and related services' segment.



## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "P" (Contd.)

(f) Micro and Small Scale Business Entities

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st December 2007. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

(g) Expenditure in Foreign Currency (on remittable basis) on account of:

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
Legal & Professional Fees	796,483	814,175
Travelling, Advertisement, Subscription etc. including expenditure incurred by foreign branches.	56,086,285	61,572,348

(h) Earnings in Foreign Exchange

Receipts from Independent Tours and Travel	1,326,782,730	969,390,458
Commission etc.	28,344,352	16,213,518

(i) Related Party Disclosures

(A) Enterprises where control exists

- (i) Holding Company Thomas Cook (India) Limited, India holds 100% of Equity Shares of the Company. TCIM Limited, UK holds 54.42% of Equity Shares of the Thomas Cook (India) Limited. Dubai Financial (LLC), the Holding Company of TCIM owns 7.36% of the Company. Dubai Financial (LLC) is a wholly owned subsidiary of Dubai group, the Global investment arm of Dubai Holdings.

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

- (i) Fellow Subsidiary Thomas Cook (Mauritius) Holidays Company Limited
- (ii) Key Management Personnel Mr. Jehangir Katgara (upto 27th June 2007)  
Ms. Nalini Gupta (From 11th May 2007)
- (iii) Entities in which a Director has significant influence Silver Complex Private Limited (upto 27th June 2007)  
Jeena & Company Private Limited (upto 27th June 2007)  
A & N Enterprises Limited (upto 27th June 2007)  
Jeena & Co. Private Limited (upto 27th June 2007)  
Katgara Brothers (upto 27th June 2007)  
Water Maker India Private Limited (upto 27th June 2007)  
Fenner Conveyor Belting Private Limited (upto 27th June 2007)

## Schedules forming part of the Financial Statements for the Year ended 31st December, 2007

### SCHEDULE "P" (Contd.)

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

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
(i) Holding Company		
Reimbursement of Expenses		
Thomas Cook (India) Limited	7,896,127	—
Balances as at the year/period end -		
Outstanding receivables		
Thomas Cook (India) Limited	2,160,191	—
(ii) Fellow Subsidiary		
Purchase of Services*	4,873,063	—
Balances as at the year/period end -		
Outstanding payables		
Thomas Cook (Mauritius) Holidays Company Limited	1,515,385	—
*Purchase value of transactions		
(iii) Entities in which a Director has significant influence (refer note below)		
Rent		
Jeena & Co. Private Limited	170,500	220,500
Silver Complex Private Limited	1,452,000	1,361,250
Sale of Air/ Rail Tickets		
Jeena & Co. Private Limited	6,202,202	5,588,532
Watermaker India Private Limited	259,853	873,523
Fenner Conveyer Belting Private Limited	756,396	—
Sale of Assets		
Jeena & Co. Private Limited	—	505,662
Watermaker India Private Limited	—	330,134

Note : Outstanding payable / receivable to the erstwhile entities have not been disclosed as they have ceased to be related parties before the year end.

- (j) Disclosures for Leases

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
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	12,909,611	9,448,196
(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 five 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	—	—
- Later than one year and not later than five years	—	—
- Later than five years	—	—
(k) Earnings Per Share has been computed as under		
Profit after Taxation	137,910,297	22,313,977
Weighted average number of shares	1,576,698	1,576,698
Basic and Diluted Earnings per Share (Rs. per Equity Share of Rs. 10 each)	87.47	14.15

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "P" (Contd.)

#### (I) Employee Benefits

The disclosures as required under the revised AS 15 in respect of gratuity, a defined benefit scheme (based on Actuarial Valuation) is as follows -

##### (i) Net Asset/(Liability) recognised in Balance Sheet as at 31st December, 2007

	Year ended 31st December, 2007 Rupees
(a) Present Value of Funded Obligations as at 31st December, 2007	38,658,848
(b) Fair Value of Plan Assets as at 31st December, 2007	(24,490,592)
(c) (Asset)/Liability recognised in the Balance Sheet	14,168,256
(ii) Components of Employer Expense	
(a) Current Service Cost	3,221,538
(b) Interest Cost	2,869,201
(c) Expected return on Plan Assets	(1,371,814)
(d) Net Actuarial Losses /(Gains) Recognised in the year	3,661,114
(e) Past Service Cost	—
(f) Losses /(Gains) on Curtailments & Settlements	—
(g) Losses /(Gains) on Acquisition & Divestiture	—
(h) Total Expense recognised in the Profit and Loss Account	8,380,039
(i) Actual Return on Plan Assets	4,072,211
(iii) Changes in Defined Benefit Obligation (DBO) during the year ended 31st December, 2007	
(a) Defined Benefit Obligation as at 1st January, 2007	38,800,275
(b) Current Service Cost	3,221,538
(c) Interest Cost	2,869,201
(d) Actuarial Losses/(Gain)	6,361,511
(e) Past Service Cost	—
(f) Actuarial Losses/(Gain) due to Curtailment	—
(g) Liabilities Extinguished on Settlement	—
(h) Liabilities Extinguished on Acquisition/(Settled on Divestiture)	—
(i) Exchange Difference on Foreign Plans	—
(j) Benefits Paid	(12,593,677)
(k) Defined Benefit Obligation as at 31st December, 2007	38,658,848

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "P" (Contd.)

(iv) Changes in the Fair Value of Plan Assets

	Year ended 31st December, 2007 Rupees
(a) Fair Value of Plan Assets as at 1st January, 2007	17,934,164
(b) Expected Return on Plan Assets	1,371,814
(c) Actuarial Losses/(Gain)	2,700,397
(d) Assets Distributed on Settlements	—
(e) Contribution by Employer	15,077,894
(f) Assets Acquired on Acquisition/(Distributed on Divestiture)	—
(g) Exchange Difference on Foreign Plans	—
(h) Benefits Paid	(12,593,677)
(i) Fair Value of Plan Assets as at 31st December, 2007	24,490,592
(v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st December, 2007	
(a) Government of India Securities	—
(b) Corporate Bonds	—
(c) Bank Deposits	—
(d) Insurer Managed Funds	100%
(e) Others	—
(vi) Principal Actuarial Assumptions as at 31st December, 2007	
(a) Discount Rate (p.a.)*	7.9%
(b) Expected Rate of Return on Assets (p.a.)**	7.5%
(c) Salary Escalation Rate (p.a.)***	5.5%

\* The discount rate is based on the prevailing market yields of Indian government securities as at the Balance Sheet date for the estimated term of the obligations.

\*\* The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

\*\*\* The estimates of the future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Note: In view of first time adoption of AS – 15 (revised), previous period figures are not determinable.

- (m) During the period the Company has written back old credit balances pertaining to completed tours, to the extent of Rs. 42,087,018 which in the opinion of the management are no longer payable.
- (n) The Company has changed the method of providing depreciation on fixed assets from Written Down Value (WDV) method to Straight Line Method (SLM) with effect from 1st January, 2007. Accordingly, depreciation has been recalculated in accordance with SLM from the date the assets were put to use and surplus of Rs. 18,134,971 in respect of earlier years has been netted off from the depreciation charge for the year. Consequent to such change in the method, the depreciation charge for the year is lower by Rs. 18,134,971 with corresponding impact on the profit for the year.
- (o) The figures for the previous period are for nine months i.e. April 2006 to December 2006, whereas the figures for the current year are for twelve months. Hence they are not comparable.
- (p) Previous period figures have been regrouped where necessary.

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "P" (Contd.)

#### (q) Balance Sheet Abstract and Company's General Business Profile

##### I. Registration Details

Registration No.

—	—	—	1	2	0	6	7
---	---	---	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1	1	2	2	0	0	7
---	---	---	---	---	---	---	---

Date

Month

Year

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

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

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

Total Liabilities							
—	—	5	5	2	7	9	0

##### Sources of Funds

Paid-up Capital							
—	—	—	1	5	7	6	7

Secured Loans							
—	—	—	2	0	4	2	2

##### Application of Funds

Net Fixed Assets							
—	—	1	0	3	7	8	9
Net Current Assets*							
—	—	4	4	7	6	2	2
Accumulated Losses							
—	—	N	I	L	—	—	—

\*Net Current Assets includes Deferred Taxation (Net) of Rs. 715 thousands.

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

Turnover								Total Expenditure							
—	—	6	0	0	3	9	2	—	—	4	6	9	2	3	5
Profit/Loss before tax								Profit/Loss after tax							
—	—	2	0	2	5	1	0	—	—	1	3	7	9	1	0

+	—
✓	

+	—
✓	

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

##### Earning per Share in Rs.

Basic (EPS)	8	7	.	4	7
Diluted (EPS)	8	7	.	4	7

##### Dividend rate %

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

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

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

Signatures to Schedules "A" to "P"

For and behalf of the Board

HOSHANG BILLIMORIA	—	CHAIRMAN
MADHAVAN MENON	—	DIRECTOR

## Cash Flow Statement for the year ended 31st December, 2007

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Schedule	Year ended 31st December, 2007 Rupees	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees	Period ended 31st December, 2006 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Taxation		202,510,300		42,315,299
Adjustments for -				
Depreciation	7,193,374		21,229,395	
Interest Income	(2,476,180)		(2,766,122)	
Dividend Income	(453,165)		(751,256)	
Profit on Sale of Fixed Assets (Net)	(8,620,749)		(1,817,072)	
Profit on Redemption of Long-term Investment	—		(47,322)	
Interest Expense	2,859,064		6,210,713	
		(1,497,656)		22,058,336
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		201,012,644		64,373,635
Adjustments for -				
Trade and Other Receivables	73,747,421		(9,220,904)	
Trade and Other Payables	(252,494,953)		(61,513,964)	
		(178,747,532)		(70,734,868)
<b>CASH GENERATED FROM OPERATIONS</b>		22,265,112		(6,361,233)
Direct Taxes paid (Net of refund of taxes)	(93,247,727)		(38,770,478)	
		(93,247,727)		(38,770,478)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		(70,982,615)		(45,131,711)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(7,494,015)		(16,770,228)	
Sale of Fixed Assets	16,675,382		11,666,686	
Purchase of Investments (Net)	—		(8,667,255)	
Sale of Investments (Net)	20,546,833		—	
Interest Received	2,368,770		2,766,122	
Dividend Received	453,165		751,256	
Net cash used in investing activities		32,550,135		(10,253,419)
<b>C. Cash flow from financing activities</b>				
Issue of Share Capital	—		60	
Repayment of Borrowings/Cash Credit (Net)	(31,409,343)		(24,133,056)	
Interest Paid	(2,859,064)		(6,210,713)	
Payment of Hire Purchase Loan	(2,545,393)		(4,617,309)	
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		(36,813,800)		(34,961,018)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(75,246,280)		(90,346,148)
Cash and Cash Equivalents - Opening Balance		217,234,267		307,580,415
Cash and Cash Equivalents - Closing Balance		141,987,987		217,234,267

**Note :**

- 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 period 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, 19th March, 2008

For and on behalf of the Board of Directors

HOSHANG BILLIMORIA — CHAIRMAN  
MADHAVAN MENON — DIRECTOR

Mumbai, 19th March, 2008

## Directors' Report

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### TO THE MEMBERS:

Your Directors have pleasure in presenting the Nineteenth Annual Report and the Balance Sheet and Profit & Loss Account for the financial year ended 31st December 2007.

### OPERATIONS:

The Company continues to show satisfactory results with consolidation of its business. 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 meet the needs of students, corporates and emigrants in addition to the leisure travellers. The product for domestic travellers has been launched this year.

The Company focused on increasing in-house sale and initiated a special drive where the sale and profits of the Company improved.

The Company also launched Home Calling Cards with Vodafone as a value addition for its travelling customers.

The Company continued to promote TRAVEL CARE & SCHOLAR CARE, the co-branded products.

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)	
	Year ended 31st December 2007	14 months ended 31st December 2006
Profit before Taxation	18.2	(13.6)
Provision for Taxation	(6.1)	4.5
Provision for Fringe Benefit Tax	(0.2)	0.3
Profit after Taxation	11.9	(9.4)
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. Udayan Bose retires by rotation and being eligible offers himself for re-appointment.

### AUDITORS:

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

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

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 along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes to the accounts and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The internal auditors have conducted periodic audits to provide reasonable assurances that established policies and procedures of the Company have been followed. However, it must be recognised that there are inherent limitations in weighing the assurances provided by any system on internal controls;
- the Directors have prepared the annual accounts on a going concern basis.

### FOR AND ON BEHALF OF THE BOARD

MADHAVAN MENON — DIRECTOR  
R. R. KENKARE — DIRECTOR  
Mumbai  
Dated: 18th March 2008

## Auditors' Report

### To the Members of Thomas Cook Insurance Service (India) Limited

1. We have audited the attached Balance Sheet of Thomas Cook Insurance Services (India) Limited, as at 31st December, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 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, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2007, 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, 2007;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARMILA A. KARVE  
Partner  
Membership No. 43229  
For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants  
Mumbai, 19th March, 2008



## Annexure to the Auditors' Report

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[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Thomas Cook Insurance Services (India) Limited on the financial statements for the year ended 31st December, 2007]

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 year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
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 year that need to be entered in the register maintained under that Section. Accordingly, clause (v)(b) of paragraph 4 of the Order is not applicable to the company for the current year.
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, service tax 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, 2007 and has not incurred any cash losses in the financial year 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 year.
13. The Company has not obtained any term loans.
14. On the basis of an overall examination of the Balance Sheet of the Company, 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 under Section 301 of the Act during the year.
16. The Company has not issued any debentures.
17. The Company has not raised any money by public issues during the year.
18. During the course of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
19. According to the information and explanations given to us and taking into consideration the nature of business of the Company, the matters specified in clauses (i), (ii) and (viii) of paragraph 4 of the Order are not applicable to the Company.

SHARMILA A. KARVE  
Partner  
Membership No. 43229  
For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants  
Mumbai, 19th March, 2008

## Balance Sheet as at 31st December, 2007

	Schedule	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
Capital	A	500,000	500,000
Reserves and Surplus	B	19,261,635	7,368,671
<b>TOTAL</b>		<b>19,761,635</b>	<b>7,868,671</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS	C	2,127,393	2,027,160
DEFERRED TAX ASSET	D	8,081,560	8,047,876
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	E	13,738,528	15,358,308
Cash and Bank Balances	F	10,485,068	2,325,653
Loans and Advances	G	7,457,958	3,944,544
		<b>31,681,554</b>	<b>21,628,505</b>
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	H	22,029,772	23,834,870
Provision	I	99,100	—
		<b>22,128,872</b>	<b>23,834,870</b>
NET CURRENT ASSETS		9,552,682	(2,206,365)
<b>TOTAL</b>		<b>19,761,635</b>	<b>7,868,671</b>
Notes to the Financial Statements	N		

Schedules "A" to "I" and "N" 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, 19th March, 2008

For and on behalf of the Board of Directors

MADHAVAN MENON — DIRECTOR  
R. R. KENKARE — DIRECTOR

Mumbai, 19th March, 2008

## Profit and Loss Account for the year ended 31st December, 2007

	Schedule	Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>INCOME</b>					
Turnover	J	17,158,287		17,171,467	
Other Income	K	33,059,180		30,888,555	
			50,217,467		48,060,022
<b>EXPENDITURE</b>					
Personnel Cost	L	9,092,159		8,566,256	
Advertisement and Business Promotion		16,402,923		20,356,558	
Other Expenses	M	6,480,705		32,564,600	
Card Product Expenses		—		203,033	
			31,975,787		61,690,447
<b>PROFIT/(LOSS) BEFORE TAXATION</b>			18,241,680		(13,630,425)
Provision for Taxation					
Current Tax		6,225,000		3,500,000	
Deferred Tax		(33,684)		(8,047,876)	
(Excess)/Short Provision of Income Tax for earlier years		(72,289)		—	
Fringe Benefit Tax		229,689		311,937	
			6,348,716		(4,235,939)
<b>PROFIT/(LOSS) AFTER TAXATION</b>			11,892,964		(9,394,486)
Balance brought forward from previous year			6,898,441		16,292,927
Balance carried to Balance Sheet			18,791,405		6,898,441
Earnings per Share - Basic and Diluted [Rs. per Equity Share of Rs. 10 each] [Refer Note 2(e) of Schedule “N”]			237.86		(187.89)
Notes to the Financial Statements	N				
Schedules “J” to “N” referred to above form an integral part of the Profit and Loss Account.					

Schedules "J" to "N" 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, 19th March, 2008

For and on behalf of the Board of Directors

MADHAVAN MENON — DIRECTOR  
R. R. KENKARE — DIRECTOR

Mumbai, 19th March, 2008

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE "A" : CAPITAL</b>		
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
<b>SCHEDULE "B" : RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Balance Sheet	470,230	470,230
<b>Profit and Loss Account</b>	18,791,405	6,898,441
	19,261,635	7,368,671
<b>SCHEDULE "C" : INVESTMENTS</b>		
(Unquoted, Current, Non-trade)		
In fully paid-up Units of Mutual Funds		
201,041 (Previous year - 191,569) Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	2,127,393	2,027,160
	2,127,393	2,027,160
Investments purchased and sold during the year	Units	Units
– Units of Rs. 10 each of Deutsche Mutual Fund - DWS Insta Cash Plus Fund - Regular Dividend	–	88,835
– Units of Rs. 10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	–	85,414
– Units of Rs. 10 each of Birla Sun Life Mutual Fund - Birla Cash Plus Retail Plan - Daily Dividend	–	61,446
– Units of Rs. 10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Plan - Daily Dividend	–	1,399
– Units of Rs. 1,512 each of Franklin Templeton Mutual Fund - Templeton India Treasury Management Account Regular Plan - Daily Dividend	–	6

## Schedules forming part of the Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SCHEDULE “D” : DEFERRED TAX ASSETS</b>		
On Provision allowable for tax purposes when paid	33,684	—
On Provision for Doubtful Debts	8,047,876	8,047,876
	<u>8,081,560</u>	<u>8,047,876</u>
<b>SCHEDULE “E” : SUNDRY DEBTORS</b>		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	1,382,125	2,927,930
Considered Doubtful	23,677,187	23,197,187
	<u>25,059,312</u>	<u>26,125,117</u>
Other Debts		
Considered Good	12,356,403	12,430,378
Considered Doubtful	—	480,000
	<u>12,356,403</u>	<u>12,910,378</u>
	37,415,715	39,035,495
Less : Provision for Doubtful Debts	<u>(23,677,187)</u>	<u>(23,677,187)</u>
	<u>13,738,528</u>	<u>15,358,308</u>
<b>SCHEDULE “F” : CASH AND BANK BALANCES</b>		
Cash and Cheques on Hand	13,985	193,526
Balances with Scheduled Banks		
on Current Accounts	10,471,083	2,132,127
	<u>10,485,068</u>	<u>2,325,653</u>
<b>SCHEDULE “G” : LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	2,876,199	3,754,854
Tax Payments less Provisions	4,581,759	189,690
	<u>7,457,958</u>	<u>3,944,544</u>
<b>SCHEDULE “H” : LIABILITIES</b>		
Sundry Creditors other than Micro, Small and Medium Scale		
Business Entities [Refer Note 2(b) of Schedule “N”]	21,949,369	23,763,303
Other Liabilities	80,403	71,567
	<u>22,029,772</u>	<u>23,834,870</u>
<b>SCHEDULE “I” : PROVISIONS</b>		
Gratuity Payable	99,100	—
	<u>99,100</u>	<u>—</u>

## Schedules forming part of the Profit and Loss Account for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
<b>SCHEDULE "J" : TURNOVER</b>		
Insurance Commission	17,068,068	16,947,768
Card Product Income	90,219	223,699
	<u>17,158,287</u>	<u>17,171,467</u>
<b>SCHEDULE "K" : OTHER INCOME</b>		
Recovery of Expenses	28,380,705	27,850,605
Referral Income	4,297,514	2,637,084
Interest on Income Tax Refund	154,627	135,360
Dividend on Current Investments - Non Trade	100,233	63,455
Profit on Sale of Current Investments	—	2,614
Miscellaneous Income	126,101	199,437
	<u>33,059,180</u>	<u>30,888,555</u>
<b>SCHEDULE "L" : PERSONNEL COST</b>		
Salaries, Wages and Bonus	7,487,236	5,746,564
Staff Welfare Expenses	777,640	1,595,412
Contribution to Provident and Other Funds	630,001	653,322
Staff Training, Recruitment and Other Costs	197,282	570,958
	<u>9,092,159</u>	<u>8,566,256</u>
<b>SCHEDULE "M" : OTHER EXPENSES</b>		
Rent	1,081,603	832,126
Rates and Taxes	27,910	39,851
Repairs and Maintenance - Others	539,048	752,667
Printing and Stationery	165,585	1,071,524
Postage, Telegrams, Telex and Telephones	867,869	1,071,385
Legal and Professional Charges	686,020	131,209
Service Charges	1,360,085	2,228,086
Auditors' Remuneration		
Audit Fees	22,472	22,448
Reports under the provisions of the Income-tax Act, 1961	22,472	22,448
Reimbursement of Expenses	800	—
	<u>45,744</u>	<u>44,896</u>
Bank Charges	13,578	16,385
Travelling and Subsistence	1,541,112	2,539,376
Provision for Doubtful Debts	—	23,677,187
Security Services	101,767	80,321
Miscellaneous Expenses	50,384	79,587
	<u>6,480,705</u>	<u>32,564,600</u>

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

### SCHEDULE "N" : 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.

(f) Retirement Benefits

The Company has a gratuity retirement scheme for employees. Incremental liability towards this scheme is determined on actuarial basis done at the year end and charged to Profit and Loss Account.

#### 2. NOTES TO THE ACCOUNTS

(a) 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 three months ended 31st March, 2007 and the provision based on the figures for the remaining nine months upto 31st December, 2007, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2007 to 31st March, 2008.

(b) Micro, Small and Medium Scale Business Entities

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st December, 2007. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

(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 year ended 31st December 2007

### SCHEDULE "N" (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, 2007 Rupees	As at 31st December, 2006 Rupees
Reimbursement of Expenses		
Thomas Cook (India) Limited	10,160,321	31,476,340
Sale of services		
Thomas Cook (India) Limited	420,000	—
Balances as at the year end -		
Outstanding Payables		
Thomas Cook (India) Limited	19,173,154	20,132,204

- (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:

	Year ended 31st December, 2007 Rupees	Period ended 31st December, 2006 Rupees
Profit / (Loss) after Taxation	11,892,964	(9,394,486)
Weighted average number of shares	50,000	50,000
Earnings per Share (Rs. per Equity Share of Rs. 10 each) - Basic and Diluted	237.86	(187.89)



## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

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### SCHEDULE "N" (Contd.)

(f) Employee Benefits

The disclosures as required under the revised AS 15 are as follows -

- (i) The following table sets forth the funded status of gratuity benefit plan, during the year ended 31st, December, 2007:-

	Year ended 31st December, 2007 Rupees
Present Value of Funded Obligations	—
Fair Value of Plan Assets	—
Present Value of Unfunded Obligations	99,100
Unrecognised Past Service Cost	—
Amount not Recognised as an Asset	—
Net Liability	99,100
Amounts in Balance Sheet	
Liability	99,100
Assets	—
Net Liability	99,100
(ii) The amount recognised in the statement of profit and loss are as follows:	
Current Service Cost	99,100
Interest on Defined Benefit Obligation	—
Expected return on Plan Assets	—
Net Actuarial Gains / (Losses) Recognised in the year	—
Past Service Cost	—
Gains / (Losses) on "Curtailements & Settlements"	—
Gains / (Losses) on "Acquisition & Divestiture"	—
Total included in "Employee Benefits Expense"	99,100
Actual Return on Plan Assets	—
(iii) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:	
Change in Defined Benefit Obligation	
Opening Defined Benefit Obligation	—
Current Service Cost	99,100
Interest Cost	—
Actuarial Gains / (Losses)	—
Past Service Cost	—
Actuarial Gains / (Losses) due to Curtailment	—
Liabilities Extinguished on Settlement	—
Liabilities Extinguished on Acquisition / (Settled on Divestiture)	—
Exchange Difference on Foreign Plans	—
Benefits Paid	—
Closing Defined Benefit Obligation	99,100
Change in Fair Value of Assets	
Opening Fair Value of Plan Assets	—
Expected Return on Plan Assets	—
Actuarial Gains / (Losses)	—
Assets Distributed on Settlements	—
Contribution by Employer	—
Assets Acquired on Acquisition / (Distributed on Divestiture)	—
Exchange Difference on Foreign Plans	—
Benefits Paid	—
Closing Fair Value of Plan Assets	—
(iv) The major categories of plan assets as a percentage of fair value of total plan assets:	
Insurer Managed Funds	Nil
(v) Principal Actuarial Assumptions at the Balance sheet date :	
Discount Rate (p.a.)*	7.85%
Expected Rate of Return on Assets (p.a.)**	
Salary Escalation Rate (p.a.)***	5.50%

**Note :** This being the first year of disclosure, previous year figures have not been furnished.

- (g) Previous year figures have been regrouped wherever necessary.

- (h) In previous year the Company had changed its accounting year from October to December. Hence the previous financial year was for fourteen months and the current financial year is for twelve months.

## Schedules forming part of the Financial Statements for the year ended 31st December, 2007

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### (I) Balance Sheet Abstract and Company's General Business Profile

#### 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	7
Date		Month		Year			

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

—	—	—	1	9	7	6	2
---	---	---	---	---	---	---	---

Total Assets

—	—	—	1	9	7	6	2
---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

—	—	—	—	—	5	0	0
---	---	---	---	---	---	---	---

Reserves & Surplus

—	—	—	1	9	2	6	2
---	---	---	---	---	---	---	---

Secured Loans

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

Unsecured Loans

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

Application of Funds

Net Fixed Assets

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

Investments

—	—	—	—	2	1	2	8
---	---	---	---	---	---	---	---

Net Current Assets\*

—	—	—	1	7	6	3	4
---	---	---	---	---	---	---	---

Miscellaneous. Expenditure

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

Accumulated Losses

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

\*Net Current Assets includes Deferred Taxation (Net) of Rs. 8,082 thousands.

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

Turnover

—	—	—	5	0	2	1	7
---	---	---	---	---	---	---	---

Total Expenditure

—	—	—	3	1	9	7	6
---	---	---	---	---	---	---	---

+ —

✓	—
---	---

Profit/Loss before tax

—	—	—	1	8	2	4	2
---	---	---	---	---	---	---	---

+ —

✓	—
---	---

Profit/Loss after tax

—	—	1	1	8	9	3
---	---	---	---	---	---	---

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

+ —

✓	—
---	---

Earning per Share in Rs.

2	3	7	.	8	6
---	---	---	---	---	---

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 "N"

For and on behalf of the Board

MADHAVAN MENON — DIRECTOR

R. R. KENKARE — DIRECTOR

## Cash Flow Statement for the year ended 31st December, 2007

	Year ended 31st December, 2007 Rupees		Period ended 31st December, 2006 Rupees	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAXATION		18,241,680		(13,630,425)
Adjustments for –				
Dividend Income	(100,233)		(63,455)	
Profit on Sale of Current Investments	—		(2,614)	
		(100,233)		(66,069)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		18,141,447		(13,696,494)
Adjustments for -				
Trade and Other Receivables	2,498,435		9,393,546	
Trade and Other Payables	(1,705,998)		8,780,243	
		792,437		18,173,789
CASH GENERATED FROM OPERATIONS		18,933,884		4,477,295
Direct Taxes paid		(10,774,469)		(3,605,546)
NET CASH FROM OPERATING ACTIVITIES		8,159,415		871,749
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale/(Purchase) of Investments (Net)	(100,233)		1,038,739	
Dividend Received	100,233		63,455	
Net cash used in investing activities		—		1,102,194
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
NET CASH FROM/USED IN FINANCING ACTIVITIES		—		—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,159,415		1,973,943
Cash and Cash Equivalents - Opening Balance		2,325,653		351,710
Cash and Cash Equivalents - Closing Balance		10,485,068		2,325,653

**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 wherever necessary.

In terms of our report of even date

For and on behalf of the Board

SHARMILA A. KARVE  
Partner

MADHAVAN MENON – DIRECTOR  
R. R. KENKARE – DIRECTOR

Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants

Mumbai, 19th March, 2008

Mumbai, 19th March, 2008

## Directors' Report

### TO THE MEMBERS:

Your Directors have pleasure in presenting the Nineteenth Annual Report and the Balance Sheet as at 31st December 2007.

### OPERATIONS:

There were no business activities carried on throughout the financial year ended 31st December 2007.

### 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. Udayan Bose retires by rotation and being eligible, offers himself for re-appointment.

### AUDITORS:

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

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

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

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT:

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

- In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
- The accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review;
- 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

MADHAVAN MENON — DIRECTOR

R. R. KENKARE — DIRECTOR

Mumbai, 18th March 2008

## 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, 2007, which we have signed under reference to this report. Profit and Loss Account and Cash Flow Statement have not been prepared as there have been no activities during the year ended on that date. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
- We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that the matters specified in paragraphs 4 and 5 of the Order are not applicable to the Company for the current year.
- Further to our comments in paragraph 3 above, we report that :
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - The Balance Sheet dealt with by this report is in agreement with the books of account;
  - In our opinion, the Balance Sheet dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - On the basis of written representations received from the directors, as on 31st December, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2007 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, 2007.

SHARMILA A. KARVE  
Partner  
Membership No. 43229  
For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants

Mumbai, 18th March, 2008

## Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SOURCES OF FUNDS</b>		
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
<b>TOTAL</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>APPLICATION OF FUNDS</b>		
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	60,895	55,895
	60,895	55,895
<b>NET CURRENT ASSETS</b>	<b>439,045</b>	<b>444,045</b>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary and Pre-operative Expenses	60,955	55,955
<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>

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  
For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants  
Mumbai, 18th March, 2008

MADHAVAN MENON — DIRECTOR  
R. R. KENKARE — DIRECTOR  
Mumbai, 18th March, 2008

## Annexure referred to in the Balance Sheet as at 31st December, 2007 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 7	Date Month Year
II. Capital raised during the year (Rupees in Thousands)	
Public Issue - - - N I L - -	Rights Issue - - - N I L - -
Bonus Issue - - - N I L - -	Private Placement - - - N I L - -
III. Position of Mobilisation and Deployment of Funds (Rupees in Thousands)	
Total Liabilities - - - - - 5 0 0	Total Assets - - - - - 5 0 0
Sources of Funds	
Paid-up Capital - - - - - 5 0 0	Reserves & Surplus - - - N I L - -
Secured Loans - - - N I L - -	Unsecured Loans - - - N I L - -
Application of Funds	
Net Fixed Assets - - - N I L - -	Investments - - - N I L - -
Net Current Assets - - - - - 4 3 9	Misc. Expenditure to the extent not written off - - - - - 6 1
Accumulated Losses - - - N I L - -	

Mumbai, 18th March, 2008

For and on behalf of the Board  
MADHAVAN MENON — DIRECTOR  
R. R. KENKARE — DIRECTOR

## Directors' Report

### TO THE MEMBERS:

Your Directors have pleasure in presenting the Nineteenth Annual Report and the Balance Sheet as at 31st December 2007.

### OPERATIONS:

There were no business activities carried on throughout the financial year ended 31st December 2007.

### 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. Udayan Bose retires by rotation and being eligible, offers himself for re-appointment.

### AUDITORS:

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

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

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

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT:

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

- In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
- The accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review;
- 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

MADHAVAN MENON — DIRECTOR

R. R. KENKARE — DIRECTOR

Mumbai, 18th March 2008

## 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, 2007, which we have signed under reference to this report. Profit and Loss Account and Cash Flow Statement have not been prepared as there have been no activities during the year ended on that date. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
- We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that the matters specified in paragraphs 4 and 5 of the Order are not applicable to the Company for the current year.
- Further to our comments in paragraph 3 above, we report that :
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - The Balance Sheet dealt with by this report is in agreement with the books of account;
  - In our opinion, the Balance Sheet dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - On the basis of written representations received from the directors, as on 31st December, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2007 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, 2007.

SHARMILA A. KARVE  
Partner  
Membership No. 43229

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants

Mumbai, 18th March, 2008

## Balance Sheet as at 31st December, 2007

	As at 31st December, 2007 Rupees	As at 31st December, 2006 Rupees
<b>SOURCES OF FUNDS</b>		
<b>SHAREHOLDERS' FUNDS</b>		
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
<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>
<b>APPLICATION OF FUNDS</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Cash and Bank Balances		
Cash on Hand	30	30
Balances with Scheduled Bank		
on Current Account	499,910	499,910
	<b>499,940</b>	<b>499,940</b>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>		
Liabilities		
Sundry Creditors –		
Thomas Cook (India) Limited	61,060	56,060
	<b>61,060</b>	<b>56,060</b>
<b>NET CURRENT ASSETS</b>	<b>438,880</b>	<b>443,880</b>
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Preliminary and Pre-operative Expenses	61,120	56,120
<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>

### 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

MADHAVAN MENON — DIRECTOR

For and on behalf of  
LOVELOCK & LEWES  
Chartered Accountants  
Mumbai, 18th March, 2008

R. R. KENKARE — DIRECTOR  
Mumbai, 18th March, 2008

## Annexure referred to in the Balance Sheet as at 31st December, 2007

### Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	
Registration No. 1 1 - 5 4 7 6 5	State Code 1 1
Balance Sheet Date 3 1 1 2 2 0 0 7	Date Month Year
II. Capital raised during the year (Rupees in Thousands)	
Public Issue - - - N I L - -	Rights Issue - - - N I L - -
Bonus Issue - - - N I L - -	Private Placement - - - N I L - -
III. Position of Mobilisation and Deployment of Funds (Rupees in Thousands)	
Total Liabilities - - - - 5 0 0	Total Assets - - - - 5 0 0
Sources of Funds	
Paid-up Capital - - - - 5 0 0	Reserves & Surplus - - - N I L - -
Secured Loans - - - N I L - -	Unsecured Loans - - - N I L - -
Application of Funds	
Net Fixed Assets - - - N I L - -	Investments - - - N I L - -
Net Current Assets - - - - 4 3 9	Misc. Expenditure to the extent not written off - - - - 6 1
Accumulated Losses - - - N I L - -	

For and on behalf of the Board

MADHAVAN MENON — DIRECTOR

R. R. KENKARE — DIRECTOR

Mumbai, 18th March, 2008

## Directors' Report

The Directors have the pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Holding Company Limited, the "Group" and the "Company", for the year ended 31st December 2007.

### PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

### RESULTS AND DIVIDENDS

The results for the year / period of the Group and the Company are shown in the income statements on 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
Mr. Louis Emmanuel Ng Cheong Tin	19 January, 2000
Mr. Madhavan Menon	06 August, 2001
Mr. Uday Kumar Gujadhur	30 September, 2001
Mr. Udayan Bose	02 February, 2006
Mr. Iqbal Rajabalee	05 October, 2006
Mr. Kapildeo Joory	11 February, 2008

### DIRECTORS AND DIRECTORS' REMUNERATION

No remuneration was paid to full-time executive directors for the period ended 31st December 2007.

### 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 Mauritius 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.

### SIGNIFICANT CONTRACTS

No contracts of significance or loans existed during the year under review between the Group and the Company and its Directors.

### DIRECTORS' SHARE INTEREST

The directors hold no shares in the Company whether directly or indirectly.

### DONATIONS

The Group and the Company made no donations for the year under review (period ended 31st December, 2006 - Nil).

### AUDITORS

The auditors, Kemp Chatteris Deloitte, have indicated their willingness to continue in office.

Auditors' remunerations were as follows :

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
Audit services	17,600	24,520	4,000	11,040
Other services	2,100	1,283	600	—
	<u>19,700</u>	<u>25,803</u>	<u>4,600</u>	<u>11,040</u>

By Order of the Board  
UDAY KUMAR GUJADHUR — DIRECTOR  
LOUIS EMMANUEL NG CHEONG TIN — DIRECTOR  
Mauritius, 4th March, 2008

## Secretary's Certificate under Section 166(d) of the Companies Act 2001 for the year ended 31st December, 2007

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of Thomas Cook (Mauritius) Holding Company Limited under the Mauritius Companies Act 2001 for the financial year ended 31st December 2007.

Multiconsult Limited

Corporate Secretary

Mauritius, 4th March 2008

## Auditor's Report

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

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on the Financial Statements

We have audited the financial statements of Thomas Cook (Mauritius) Holding Company Limited which comprise the Balance Sheets as at 31st December 2007 and the Income Statements, Statements of Changes in Equity and Cash Flow Statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibilities for the Financial Statements

The 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 Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and the Financial Reporting Act 2004. 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

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.

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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The financial statements for the period ended 31st December, 2006 were audited by another auditor who expressed an unqualified opinion thereon on 22nd March, 2007.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31st December, 2007, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and the Financial Reporting Act 2004.

### Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows :

- we have no relationship with, or interests in, the Company and any of its subsidiaries other than in our capacities as auditors and tax advisors;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

KEMP CHATTERIS DELOITTE  
TWALAB BUTONKEE  
Partner

Mauritius, 4th March, 2008

## Balance Sheet at 31st December, 2007

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
<b>Assets</b>				
<b>NON-CURRENT Assets</b>				
Plant and equipment (Note 10)	519,567	303,391	—	—
Deferred tax Assets (Note 9)	—	12,594	—	—
Investments (Note 11)	—	—	1,179,792	927,600
	<u>519,567</u>	<u>315,985</u>	<u>1,179,792</u>	<u>927,600</u>
<b>CURRENT Assets</b>				
Investment held for sale (Note 11)	—	220,252	—	220,252
Trade and other receivables (Note 12)	766,930	145,181	—	9,999
Loan receivable (Note 13)	—	289,228	—	289,228
Cash at bank and in hand (Note 18)	2,924,714	1,524,515	512,808	3,542
	<u>3,691,644</u>	<u>2,179,176</u>	<u>512,808</u>	<u>523,021</u>
<b>TOTAL Assets</b>	<u>4,211,211</u>	<u>2,495,161</u>	<u>1,692,600</u>	<u>1,450,621</u>
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL AND RESERVES</b>				
Stated Capital (Note 14)	1,655,500	1,655,500	1,655,500	1,655,500
Retained earnings	1,032,033	277,650	(39,311)	38,821
Currency translation reserves	237,852	(281,315)	36,087	(274,887)
	<u>2,925,385</u>	<u>1,651,835</u>	<u>1,652,276</u>	<u>1,419,434</u>
<b>NON-CURRENT LIABILITIES</b>				
Retirement benefit obligations (Note 15)	16,549	4,630	—	—
Obligations under finance leases (Note 16)	83,926	35,116	—	—
Deferred tax liabilities (Note 9)	21,805	—	—	—
	<u>122,280</u>	<u>39,746</u>	<u>—</u>	<u>—</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables (Note 17)	964,018	514,225	40,324	31,187
Borrowings (Note 19)	—	207,920	—	—
Obligations under finance leases (Note 16)	30,308	12,304	—	—
Current income tax (Note 9)	169,220	69,131	—	—
	<u>1,163,546</u>	<u>803,580</u>	<u>40,324</u>	<u>31,187</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>4,211,211</u>	<u>2,495,161</u>	<u>1,692,600</u>	<u>1,450,621</u>
The accounting policies and notes form an integral part of the financial statements				

Aproved by the Board  
and signed on his behalf by :

KEMP CHATTERIS DELOITTE  
TWALAB BUTONKEE - DIRECTOR  
Partner  
Mauritius, 4th, March, 2008

UDAY KUMAR GUJADHUR - DIRECTOR  
LOUIS EMMANEL NG CHEONG TIN - DIRECTOR  
Mauritius, 4th March, 2008

## Income Statements for the year ended 31st December, 2007

	Group		Company	
	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Net gains / (losses) arising from dealing in foreign currencies	1,875,629	1,173,772	(76,838)	55,798
Commission received	258,346	72,802	—	—
Other income (Note 5)	48,693	7,494	—	—
Occupancy expenses	(117,953)	(114,200)	—	—
Administrative expenses	(1,084,044)	(782,289)	(10,305)	(16,758)
Net finance (cost) / income (Note 6)	(22,759)	39,422	9,011	6,940
Profit/(loss) before taxation	<u>957,912</u>	<u>397,001</u>	<u>(78,132)</u>	<u>45,980</u>
Taxation (Note 9)	<u>(203,529)</u>	<u>(88,631)</u>	<u>—</u>	<u>—</u>
Profit/(loss) for the year / period (Note 7)	<u>754,383</u>	<u>308,370</u>	<u>(78,132)</u>	<u>45,980</u>

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

Aproved by the Board  
and signed on his behalf by :

KEMP CHATTERIS DELOITTE  
TWALAB BUTONKEE - DIRECTOR  
Partner  
Mauritius, 4th, March, 2008

UDAY KUMAR GUJADHUR - DIRECTOR  
KAPILDEO JOORY - DIRECTOR  
Mauritius, 4th March, 2008

## Statements of Changes in Equity for the year ended 31st December, 2007

The Group	Share capital USD	Retained earnings USD	Currency translation reserves USD	Total USD
At 1st November, 2005	1,355,500	(60,746)	(146,361)	1,148,393
Movement during the period	—	—	(135,487)	(135,487)
Deconsolidation	—	30,026	533	30,559
Profit for the period	—	308,370	—	308,370
Total recognised income and expense	—	338,396	(134,954)	203,442
Issue of shares	300,000	—	—	300,000
At 31st December, 2006	1,655,500	277,650	(281,315)	1,651,835
Movement during the year	—	—	519,167	519,167
Profit for the year	—	754,383	—	754,383
Total recognised income and expense	—	754,383	519,167	1,273,550
At 31st December, 2007	<u>1,655,500</u>	<u>1,032,033</u>	<u>237,852</u>	<u>2,925,385</u>

The Company	Share capital USD	Retained earnings USD	Currency translation reserves USD	Total USD
At 1st November, 2005	1,355,500	(7,159)	(150,320)	1,198,021
Movement during the period	—	—	(124,567)	(124,567)
Profit for the period	—	45,980	—	45,980
Total recognised income and expense	—	45,980	(124,567)	(78,587)
Issue of shares	300,000	—	—	300,000
At 31st December, 2006	1,655,500	38,821	(274,887)	1,419,434
Movement during the year	—	—	310,974	310,974
Profit for the year	—	(78,132)	—	(78,132)
Total recognised income and expense	—	(78,132)	310,974	232,842
At 31st December, 2007	<u>1,655,500</u>	<u>(39,311)</u>	<u>36,087</u>	<u>1,652,276</u>



## Cash Flow Statement for the year ended 31st December, 2007

## Notes to the Financial Statements for the year ended 31st December, 2007

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	Group		Company	
	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>PROFIT BEFORE TAXATION</b>	957,912	397,001	(78,132)	45,980
Adjustments for :				
Depreciation of plant and equipment	58,902	48,023	—	—
Interest expense	60,571	7,251	—	—
Retirement benefit obligations	9,399	—	—	—
Loss on disposal	—	631	—	—
Interest income	(37,812)	(46,673)	(9,011)	(6,940)
Effect of exchange differences	462,458	(205,091)	79,299	(64,327)
Operating Profit / (Loss) before working capital changes	1,511,430	201,142	(7,844)	(25,287)
(Increase) / decrease in trade and other receivables	(621,749)	(109,493)	9,999	419
Increase / (decrease) in trade and other payables	449,793	(687,807)	9,137	(31,537)
	1,339,474	(595,158)	11,292	(56,405)
Interest received	37,812	46,673	9,011	6,940
Interest paid	(60,571)	(7,251)	—	—
Tax paid	(70,854)	—	—	—
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1,245,861</b>	<b>(556,736)</b>	<b>20,303</b>	<b>(49,465)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale / (purchase) of investment	238,312	—	284,735	(250,000)
Purchase of plant and equipment	(135,445)	(113,320)	—	—
Proceeds received from loan repayment	289,228	—	289,228	—
Investment in subsidiary	—	—	(85,000)	—
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>392,095</b>	<b>(113,320)</b>	<b>488,963</b>	<b>(250,000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of finance lease obligations	(20,531)	(13,470)	—	—
Short term loan received	—	158,781	—	—
Repayment of short-term loan	(159,591)	—	—	—
Issue of shares	—	300,000	—	300,000
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(180,122)</b>	<b>445,311</b>	<b>—</b>	<b>300,000</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>1,457,834</b>	<b>(224,745)</b>	<b>509,266</b>	<b>535</b>
Deconsolidation of subsidiary's cash balances	—	(488,154)	—	—
Cash and cash equivalents at start of period	1,466,880	2,179,779	3,542	3,007
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 18)</b>	<b>2,924,714</b>	<b>1,466,880</b>	<b>512,808</b>	<b>3,542</b>

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

KEMP CHATTERIS DELOITTE  
TWALAB BUTONKEE  
Partner  
Mauritius, 4th, March, 2008

Approved by the Board  
and signed on his behalf by :  
UDAY KUMAR GUJADHUR - DIRECTOR  
LOUIS EMMANUEL NG CHEONG TIN - DIRECTOR  
Mauritius, 4th March, 2008

### 1. INCORPORATION AND ACTIVITIES

Thomas Cook (Mauritius) Holding Ltd, "the Company", was incorporated in Mauritius as a private Company with limited liability. The Company's registered office and principal place of business are situated at 10, Frère 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 Act 2007.

The Company holds 100% of the issued share capital in the following subsidiaries:

- Thomas Cook (Mauritius) Operations Co. Ltd, a subsidiary, incorporated in Mauritius, and whose principal activity is to act as a foreign exchange dealer. The subsidiary was operational during the year ended 31st December, 2007;
- Thomas Cook (Mauritius) Travel Ltd, a subsidiary, incorporated in Mauritius, and whose principal activity is to act as a General Sales Agent. The subsidiary was operational during the period year 31st December, 2007;
- Thomas Cook (Mauritius) Holidays Ltd, 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 year ended 31st December, 2007;
- Thomas Cook Travel (Thailand) Ltd, formerly Thomas Cook Travel & Foreign Exchange (Thailand) Ltd, a subsidiary incorporated in Thailand to act as guide for tourists. As at 27th of October, 2006, the subsidiary had not yet commenced operation and was dissolved on 27th of October, 2006 as authorised by the Ministry of Commerce of Thailand.
- Thomas Cook Lanka Holdings (Private) Limited, a subsidiary, incorporated in Sri Lanka. The subsidiary was dormant and only shares have been issued. During the year under review, the Company disinvested and has no more investment in Sri Lanka.

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Company has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1st January, 2007. The adoption of these new and revised standards and interpretations has not resulted in any changes to the Company's accounting policies that would affect the amounts reported for the current or prior years.

The company has adopted IFRS 7 Financial Instruments : Disclosures which is effective for annual reporting periods beginning on or after 1st January, 2007 and the consequential amendments to IAS 1 Presentation of financial statements. The impact of the adoption of IFRS and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding financial instruments.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective :

- |          |  |
|----------|--|
| IAS 1    | Presentation of Financial Statements - <i>Comprehensive revision including requiring a statement of comprehensive income</i>                   |
| IAS 1    | Presentation of Financial Statements - <i>Amendments relating to disclosure of puttable instruments and obligations arising on liquidation</i> |
| IAS 23   | Amendments to IAS 23: <i>Capitalisation of Borrowing costs</i>   |
| IAS 27   | Consolidate and Separate Financial Statements - <i>Consequential amendments arising from amendments to IFRS 3</i>                              |
| IAS 28   | Investments in Associates - <i>Consequential amendments arising from amendments to IFRS 3</i>  |
| IAS 31   | Investments in Joint Ventures - <i>Consequential amendments arising from amendments to IFRS 3</i>  |
| IAS 32   | Financial Instruments: Presentation - <i>Amendments relating to puttable instruments and obligations arising on liquidation</i>                |
| IFRS 2   | Share-Based Payment - <i>Amendment relating to vesting conditions and cancellations</i>  |
| IFRS 3   | Business Combinations - <i>Comprehensive revision on applying the acquisition method</i>   |
| IFRS 8   | Operating segments   |
| IFRIC 11 | Group and Share Treasury Transactions  |
| IFRIC 12 | Service Concession Arrangements  |
| IFRIC 13 | Customer Loyalty Programme   |
| IFRIC 14 | IAS 19 - <i>The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>                                       |

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.



## Notes to the Financial Statements for the year ended 31st December, 2007

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### 3. 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 under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS").

#### **Basis of consolidation**

The Consolidated accounts include the results of the Company and of its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income statements from the date of their acquisition or up to the date of their disposal. Inter-group transactions are eliminated on consolidation.

Minority interests in the net Assets of Consolidated Subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The Consolidated Financial Statements incorporate the accounts of the Company and all its subsidiaries.

#### **Business combinations**

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies are consolidated.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of Assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable Assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable Assets, Liabilities and Contingent Liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable Assets, Liabilities and Contingent Liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

#### **Investments in subsidiaries**

In the Company's financial statements, investments in subsidiaries are stated at cost. The carrying amount is reduced if there is any indication of impairment in value.

#### **Foreign currency translations**

The Company's functional currency is Mauritian Rupee (MUR) and its presentation currency is United States Dollar (USD). Transactions denominated in foreign currencies are recorded in MUR at the rates of exchange ruling at the dates of the transactions. Exchange gains and losses are dealt with through the income statement. Monetary Assets and Liabilities at the Balance Sheet date, denominated in the functional currencies are translated into USD at the rates of exchange ruling at that date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognised as translation reserve.

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in US Dollar, which is the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each Balance Sheet date, monetary Assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing on the Balance Sheet date.

Exchange differences arising on the settlement and the retranslation of monetary items are recognised in the income statement.

For the purpose of presenting Consolidated Financial Statements, the Assets and Liabilities of foreign operations are expressed in US Dollar using exchange rates prevailing on the Balance Sheet date. Their results for the period are translated into US Dollar at average exchange rates for the period. The exchange differences arising from translation of the foreign operations are taken to the group's translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed off.

#### **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 their cost 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.

#### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

#### **Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of Assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax Assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax Assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax Assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. The measurement of deferred tax liabilities and Assets reflects the tax consequences that would follow from the manner in which the group and the Company expect, at the reporting date, to recover or settle the carrying amount of its Assets and liabilities.

Deferred tax Assets and liabilities are offset when there is a legally enforceable right to set off current tax Assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group and the Company intend to settle its current tax Assets and liabilities on a net basis.

#### **Cash and cash equivalents**

Cash comprises cash at bank and in hand and demand deposits net of bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash 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 group's and the Company's shareholders.

#### **Retirement benefit obligations**

##### **Under Labour Act**

The present value of retirement benefits under Labour Act is recognised in the Balance Sheet as a non-current liability. The rate used to discount the retirement benefit is assumed to be the same as that which reflects future salary increases.

##### **Under state plan**

Contributions to the National Pension Scheme are expensed to the income statement in the year in which it falls due.

#### **Related parties**

For the purposes of these financial statements, parties are considered to be related to the group if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company, are subject to common control. Related parties may be individual or other entities.

#### **Leasing**

##### **The company as lessee**

Assets held under finance leases are initially recognised as Assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income statements, unless they are directly attributable to qualifying Assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### **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.

## Notes to the Financial Statements for the year ended 31st December, 2007

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Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

### Provisions

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

### Impairment of Assets

At each Balance Sheet date, the group reviews the carrying amounts of its Assets to determine whether there is any indication that those Assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

### Financial instruments

Financial Assets and liabilities are recognised on the Balance Sheet when the group and the Company has become party to the contractual provisions of the financial instruments. Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:-

#### (i) Accounts receivables

Accounts receivables originated by the group are stated at cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at Balance Sheet date. Bad debts are written off during the period in which they are identified.

#### (ii) Cash and cash equivalents

Cash and cash equivalents are measured at fair values, based on the relevant exchange rates at Balance Sheet date.

#### (iii) Accounts payables

Accounts payables are stated at amortised cost.

#### (iii) Borrowings

Interest bearing loans and overdrafts are measured at amortised cost, using the effective interest rate method.

### Comparative figures

Where necessary, comparative figures have been restated or reclassified to conform to the current year's presentation.

## 4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of Assets and liabilities within the next financial year.

## 5. OTHER INCOME

	Group		Company	
	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Transport revenue	12,416	—	—	—
Commission received	22,773	—	—	—
Handling and other fees	13,504	7,494	—	—
	<u>48,693</u>	<u>7,494</u>	<u>—</u>	<u>—</u>

## 6. NET FINANCE (COSTS) / INCOME

	Group		Company	
	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Bank and other interest income	37,812	46,673	9,011	6,940
Finance lease charges	(17,379)	—	—	—
Interest on bank loan	(36,888)	(7,251)	—	—
Interest on loan from related company	(6,304)	—	—	—
	<u>(22,759)</u>	<u>39,422</u>	<u>9,011</u>	<u>6,940</u>

## 7. PROFIT / (LOSS) FOR THE YEAR / PERIOD

	Group		Company	
	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Profit / (loss) for the year / period is arrived at after charging:				
Depreciation on plant and equipment	58,902	48,023	—	—
Operating lease rentals	117,953	114,200	—	—
Staff costs (Note 6)	535,509	342,596	—	—
Loss on disposal of plant and equipment	—	631	—	—

## 8. STAFF COSTS

	Group		Company	
	Year ended 31 December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD	Year ended 31 December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Salaries and allowances	518,267	330,878	—	—
Social security costs	17,243	11,718	—	—
	<u>535,509</u>	<u>342,596</u>	<u>—</u>	<u>—</u>

## 9. TAXATION

### Company

The Company is subject to income tax in Mauritius on its chargeable income at 15% (2006: 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. No provision has been made in the financial statements as the Company has accumulated tax losses of USD101,211 (2006 USD 21,503) available for future offset.

### Group

#### Income tax

In respect of the subsidiaries, income tax is calculated at the rate of 15% (2006: 22.50%) on the profit for the year as adjusted for income tax purposes.

	2007 USD	2006 USD
Current tax liabilities	169,220	69,131

#### Current tax expense

	Year ended 31st December 2007 USD	Period from 1st November 2005 to 31st December 2006 USD
Current tax	169,220	69,131
Exchange difference	—	3,908
Overprovision in income tax	(2,957)	—
Deferred tax movement	37,266	15,592
	<u>203,529</u>	<u>88,631</u>

### Group

The tax of the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2007 USD	2006 USD
Profit before tax	957,912	397,001
Tax at 15% (2006: 22.5%)	143,687	89,325
Tax effect of:		
- Exempt income	—	(9,607)
- Expenses non-deductible for tax purposes	33	278
- Deferred tax not recognised	5,067	1,548
- Tax rate differential	7	3,475
- Overprovision in income tax in previous year	(2,957)	—
- Underprovision in deferred tax in previous years	21,716	—
- Exchange difference	22,427	—
- Tax loss not utilised	13,549	3,612
	<u>203,529</u>	<u>88,631</u>

## Notes to the Financial Statements for the year ended 31st December, 2007

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### Deferred tax

	2007 Rs.	2006 Rs.
Balance at start of year/period	(12,594)	(29,836)
Exchange difference	(2,867)	1,650
Movement during the year	37,266	15,592
Balance at end of year/period	21,805	(12,594)

Deferred tax (Assets)/liabilities arise from the following:

	At 1st January, 2007 Rs.	Charge to income statement Rs.	At 31st December, 2007 Rs.
<b>Deferred tax liabilities</b>			
Accelerated capital allowances	16,171	12,845	29,016
<b>Deferred tax Assets</b>			
Tax losses	(8,898)	4,169	(4,729)
Provision for doubtful debts	(19,176)	19,176	-
Retirement benefit obligations	(691)	(1,791)	(2,482)
Net deferred tax Assets	(12,594)	34,399	21,805

### 10. PLANT AND EQUIPMENT

#### Group

	Office equipment USD	Computer Equipment USD	Furniture and fittings USD	Motor vehicles USD	Total USD
<b>Cost</b>					
At 1 November, 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 difference	(8,899)	(9,496)	(9,299)	(6,802)	(34,496)
At 31st December, 2006	114,933	122,381	110,467	82,050	429,831
Reclassification	2,456	(2,456)	-	-	-
Additions	61,313	19,319	42,178	92,387	215,197
Exchange difference	26,166	27,864	25,152	18,680	97,862
At 31st December, 2007	204,868	167,108	177,797	193,117	742,890
<b>Depreciation</b>					
At 1st November 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
Reclassification	1,591	(1,591)	-	-	-
Charge for the period	6,372	24,084	6,946	21,501	58,902
Exchange difference	4,667	17,724	7,227	8,363	37,981
At 31st December, 2007	28,761	101,555	41,152	51,855	223,323
<b>Net book value</b>					
At 31st December, 2007	176,107	65,553	136,645	141,262	519,567
At 31st December, 2006	98,802	61,044	83,487	60,059	303,391

At 31st December, 2007, motor vehicles acquired under finance leases had a net book value of USD 141,262 (2006 - USD 60,059).

#### Non-cash transactions

Payments made to purchase plant and equipment were as follows:

	Group		Company	
	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Additions	215,197	140,826	-	-
New finance lease	(79,752)	(17,499)	-	-
Prepaid Assets	-	(5,113)	-	-
Amounts due to suppliers	-	(4,894)	-	-
Payments made	135,445	113,320	-	-

### 11. INVESTMENTS

#### Company

	2007 USD	2006 USD
Unquoted at cost		
At 1st January, 2007	927,600	1,002,599
Additions	85,000	250,000
Reclassified under current Assets	220,252	(220,252)
Disposal of investment	(220,252)	-
Redemption of investment- Sri Lanka	(42,891)	-
Exchange difference	210,083	(104,747)
At 31st December, 2007	1,179,792	927,600

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

	Country of incorporation	Number of shares	2007 and 2006 % interest	Activity
Thomas Cook (Mauritius) Operations Co. Ltd.	Mauritius	268,136	100	Foreign exchange dealer
Thomas Cook (Mauritius) Travel Ltd.	Mauritius	13,100	100	General Sales Agent
Thomas Cook (Mauritius) Holidays Ltd.	Mauritius	13,100	100	Tour operator and travel agent

Investment in Thomas Cook Travel (Thailand) Ltd amounted to Rs220,252 was classified as current Assets held for sale following the dissolution of the company on 27 October 2006.

### 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
Trade receivables	344,232	172,254	-	-
Less: Allowance for doubtful debts	(134,482)	(109,541)	-	-
Trade receivables, net	209,750	62,713	-	-
Amount due by related parties (Note 21)	199,707	9,403	-	-
Rentals and other deposits	28,883	32,184	-	-
Other receivables and prepayments	328,590	30,882	-	-
Loan interest	-	9,999	-	9,999
	766,930	145,181	-	9,999

The average credit period on sales of air tickets and holiday packages is 45 days. No credit facilities are given to customers in foreign currency dealings.

Of the trade receivables balance at the end of the year, USD 30,227 (2006: Nil) is due from Le Meridien and Le Voyageur Travel Ltd, the group's largest customers. There are no other customers who represent more than 5% of the total balance of trade receivables.

Included in trade receivables balance are debtors with a carrying amount of USD 90,351 (2006: USD 34,872) which are past due and for which no provision has been made as the amounts are still considered recoverable.

#### Ageing of past due but not impaired :

	2007 USD	2006 USD
45-90 days	40,873	34,872
90-120 days	27,412	-
More than 120 days	22,066	-
	90,351	34,872

#### Movement in the allowance for doubtful debts

	2007 USD	2006 USD
Balance at beginning of year / period	109,541	119,490
Exchange difference	24,941	(9,949)
Balance at end of year / period	134,482	109,541

The group has provided fully for two customers which are due for more than 120 days.

Notes to the Financial Statements for the year ended 31st December, 2007

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13. LOAN RECEIVABLE

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
At beginning of year/period	289,228	249,572	289,228	249,572
Amount received during the year	(289,228)	—	(289,228)	—
Exchange difference	—	39,656	—	39,656
At end of year/period	<u>—</u>	<u>289,228</u>	<u>—</u>	<u>289,228</u>

The loans amounted to 10,200,000 Thai Baht, carried interest at 2% per annum and was repayable on demand. The loans have been repaid during the year under review and there is no balance outstanding on this loan.

14. SHARE CAPITAL

	2007 USD	2006 USD
At beginning of year/period: 1,655,500 Ordinary shares of USD 1 each (2006: 1,355,500 Ordinary shares of Rs100 each)	1,655,500	1,355,500
New issue: 300,000 Ordinary shares of USD 1 each	—	300,000
At end of year/period: 1,655,500 Ordinary shares of USD 1 each	<u>1,655,500</u>	<u>1,655,500</u>

15. RETIREMENT BENEFIT OBLIGATIONS

(a) Under Labour Act

Amount recognised in the Balance Sheet:

	2007 USD	2006 USD
At start of year/period	4,630	5,049
Movement during the year/period	9,399	—
Exchange difference	2,520	(419)
At end of year/period	<u>16,549</u>	<u>4,630</u>

Amount recognised in the income statement:

	Year ended 31st December 2007 USD	Period from 1st November 2005 to 31st December 2006 USD
Total included in staff costs (note 8)	<u>9,399</u>	<u>—</u>

(b) State Pension Plan

	Year ended 31 December 2007 USD	Period from 1 November 2005 to 31 December 2006 USD
National Pension Scheme Contribution expensed	<u>17,243</u>	<u>11,718</u>

16. OBLIGATIONS UNDER FINANCE LEASES

Leasing arrangement

Finance leases relate to motor vehicles with lease terms of 5 years. The Company has options to purchase the vehicles for a nominal amount at the conclusion of the lease agreements. The Company's obligations under finance leases are secured by the lessors' title to the leased Assets.

Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2007 USD	2006 USD	2007 USD	2006 USD
Within one year	42,850	17,150	30,308	12,304
Between two and five years	109,458	40,352	83,926	35,116
	<u>152,308</u>	<u>57,502</u>	<u>114,234</u>	<u>47,420</u>
Less future finance charges	(38,074)	(10,082)	—	—
Present value of minimum lease payments	<u>114,234</u>	<u>47,420</u>	<u>114,234</u>	<u>47,420</u>
			2007 USD	2006 USD
Included in the financial statements as:				
- Current borrowings			30,308	12,304
- Non-current borrowings			83,926	35,116
			<u>114,234</u>	<u>47,420</u>

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
Trade payables	574,171	74,172	—	—
Amount due to related parties (Note 21)	239,750	7,906	33,757	18,249
Accruals and other payables	150,097	432,147	6,567	12,758
	<u>964,018</u>	<u>514,225</u>	<u>40,324</u>	<u>31,007</u>

The average credit period on purchase of air tickets is 60 days. Amount due in respect of telegraphic transfer transactions are settled the following day. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts:

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
Cash in hand and at bank	2,924,714	1,524,515	512,808	3,542
Bank overdraft (Note 19)	—	(57,635)	—	—
	<u>2,924,714</u>	<u>1,466,880</u>	<u>512,808</u>	<u>3,542</u>

19. BORROWINGS

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
Current	—	150,285	—	—
Short-term loan	—	57,635	—	—
Bank overdraft (Note 18)	—	207,920	—	—

The short-term loan related to a credit facility obtained from the Hong Kong Shanghai Banking Corporation Limited. The loan was unsecured, carried interest at 10.70% and was repayable within one month.

The bank overdraft was unsecured.

20. HOLDING COMPANY

The Company's holding company is Thomas Cook (India) Ltd, a company incorporated in India. The ultimate holding company of the Company is Dubai Investment Group (L.L.C.).

21. RELATED PARTY TRANSACTIONS

The Group is making the following disclosures in accordance with IAS 24 (Related Party Disclosures):

Amount due by related parties :

	2007 USD	2006 USD
(i) Thomas Cook (India) Limited		
At beginning of year/period	9,403	—
Receipts on behalf of the Company	134,394	—
Expenses paid by the Company	—	9,935
Exchange difference	55,910	(532)
At end of year / period	<u>199,707</u>	<u>9,403</u>

Amount due to related parties:

	2007 USD	2006 USD
(i) Thomas Cook (India) Limited		
At beginning of year / period	7,906	544,018
Expenses paid on behalf of the Company	5,308	2,108
Amount repaid by the Company	—	(492,926)
Purchase of currencies by the Company	226,494	—
Exchange difference	42	(45,294)
At end of year/period	<u>239,750</u>	<u>7,906</u>

## Notes to the Financial Statements for the year ended 31st December, 2007

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### Purchase of foreign currencies:

	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Thomas Cook (India) Limited	8,605,223	5,706,166

### Compensation paid to key management personnel

The remuneration of directors and other members of key management during the year/period were as follows:

	Year ended 31st December, 2007 USD	Period from 1st November, 2005 to 31st December, 2006 USD
Short term benefits	105,431	47,878

## 22 COMMITMENTS

### Capital commitments

The company has capital commitments amounting to USD15,000 and relating to additional investment in Thomas Cook (Mauritius) Holidays Ltd.

The subsidiaries do not have any capital commitments as at 31st December 2007.

### 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:

	2007 USD	2006 USD
Not later than 1 year	156,260	99,557
Later than 1 year and not later than 5 years	648,194	387,815
	804,454	487,372

## 23 DISSOLUTION OF SUBSIDIARY

Thomas Cook Travel (Thailand) Ltd, formerly Thomas Cook Travel & Foreign Exchange (Thailand) Ltd, was a subsidiary incorporated in Thailand to act as guide for tourists. As at 27th of October 2006, the subsidiary had not yet commenced operation and was dissolved on 27th of October 2006 as authorised by the Ministry of Commerce of Thailand. The financial statements of the subsidiary, period ended 31st December 2006, 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 of October 2006 (date of dissolution).

## 24 FINANCIAL INSTRUMENTS

In its ordinary operations, the Group and the Company are exposed to various risks such as capital risk, foreign currency risks, interest rate risks, credit risks and liquidity risks.

### Capital risk management

The Group and the Company manage its capital to ensure that the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's and the company's overall strategy remains unchanged from 2006.

The capital structure of the Group and the Company consists of debt, which includes the borrowings disclosed in Notes 16 and 19, cash and cash equivalents and equity comprising issued capital, and retained earnings.

### Gearing ratio

The Group reviews the capital structure on a regular basis and as part of this review, management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year end was as follows:

	Group	
	2007 USD	2006 USD
Debt (i)	114,234	255,340
Cash and cash equivalents	(2,924,714)	(1,524,515)
Net debt	(2,810,480)	(1,269,175)
Equity (ii)	2,925,385	1,651,835

(i) Debt is defined as long and short-term borrowings, as detailed in Notes 16 and 19.

(ii) Equity includes capital and reserves of the group.

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in Notes 3 to the financial statements.

### Fair values

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial Assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

### Categories of financial instruments

	Group		Company	
	2007 USD	2006 USD	2007 USD	2006 USD
<b>Financial Assets</b>				
Investment held for sale	—	220,252	—	220,252
Loan receivable	—	289,228	—	289,228
Trade and other receivables	683,335	118,831	—	9,999
Cash in hand and at bank	2,924,714	1,524,515	512,808	3,542
	3,608,049	2,152,826	512,808	523,021
<b>Financial liabilities</b>				
Trade and other payables	964,018	514,225	40,324	31,187
Borrowings	—	150,285	—	—
Obligation under finance leases	114,234	47,420	—	—
Bank overdraft	—	57,635	—	—
	1,078,252	769,565	40,324	31,187

### Currency risk

The Group and the Company are exposed to the risk that the exchange rate of the United States Dollar relative to the currencies listed below may change in a manner which has a material effect on the reported values of its Assets and liabilities.

### Currency profile

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

	Financial Assets		Financial liabilities	
	2007 USD	2006 USD	2007 USD	2006 USD
Currency				
Mauritian Rupee	1,851,630	859,997	798,178	732,580
United States Dollar	948,165	219,697	40,324	31,187
Pound Sterling	282,166	89,061	226,494	—
Euro	383,564	432,204	—	—
Thai Baht	—	509,480	—	—
Others	142,524	42,387	13,256	5,798
	3,608,049	2,152,826	1,078,252	769,565

### Company

	Financial Assets		Financial liabilities	
	2007 USD	2006 USD	2007 USD	2006 USD
Currency				
United States Dollar	512,808	13,541	40,324	31,187
Thai Baht	—	509,480	—	—
	512,808	523,021	40,324	31,187

### Foreign currency sensitivity analysis

The Group is mainly exposed to Euro, Great Britain Pounds and United States Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the Mauritian Rupee against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where the Mauritian Rupee strengthens 10% against the relevant currency. For a 10% weakening of the Mauritian Rupee against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

### Impact of 10% increase of the Mauritius Rupee against the relevant currencies:

	2007 USD	2006 USD
<b>Euro :</b>		
Profit	(21,565)	(29,681)
<b>Great Britain Pounds :</b>		
Profit	(3,130)	(6,116)
<b>United States Dollar :</b>		
Profit	(15,443)	(14,163)

The above is mainly attributable to the Company exposure outstanding on receivables and exposure on cash and cash equivalents.

## Notes to the Financial Statements for the year ended 31st December, 2007

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In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

### Compliance risk

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

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Group and the Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

The group's and the Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and represents the company's maximum exposure to credit risk.

The Group and the Company do not have significant concentration of risks.

### Interest rate risk

The group and the company are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by the group and the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the financial Assets and financial liabilities at 31st December, was :

### Financial Assets

	Balance with bank - floating interest rate	
	2007	2006
Mauritian rupee	6% p.a.	5.5% p.a.

### Financial liabilities

	Loan from related company - fixed interest rate		Finance leases - floating interest rate
	2007	2006	2007 and 2006
Mauritian Rupee	6% p.a.	5.5% p.a.	Prime Lending Rate + (1.25%) p.a.

### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for the non-derivative instruments at the Balance Sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the Balance Sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31st December, 2007 would decrease/increase by USD 6,951 (2006: decrease/increase by USD 2,358). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

### Liquidity risk management

The Group and the Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial Assets and liabilities.

The maturity profile of the financial instruments is summarised as follows :

### Group

### 2007

	Less than 1 months USD	1-3 months USD	3 months to 1 year USD	1-5 years USD	Total USD
<b>Financial Assets</b>					
Trade and other receivables	273,726	409,609	—	—	683,335
Cash and cash equivalents	2,924,714	—	—	—	2,924,714
	<u>3,198,440</u>	<u>409,609</u>	<u>—</u>	<u>—</u>	<u>3,608,049</u>
<b>Financial liabilities</b>					
Trade and other payables	604,989	359,029	—	—	964,018
Obligation under finance leases	2,526	5,051	22,731	83,926	114,234
	<u>607,515</u>	<u>364,080</u>	<u>22,731</u>	<u>83,926</u>	<u>1,078,252</u>

### Liquidity risk Management (Contd.)

### 2006

	Less than 1 month USD	1-3 months USD	3 months to 1 year USD	1-5 years USD	Total USD
<b>Financial Assets</b>					
Investment held for sale	—	—	220,252	—	220,252
Loan receivable	—	—	289,228	—	289,228
Trade and other receivables	46,589	62,243	9,999	—	118,831
Cash and cash equivalents	1,524,515	—	—	—	1,524,515
	<u>1,571,104</u>	<u>62,243</u>	<u>519,479</u>	<u>—</u>	<u>2,152,826</u>
<b>Financial liabilities</b>					
Trade and other payables	100,562	413,663	—	—	514,225
Obligation under finance leases	1,009	3,088	8,744	34,579	47,420
Borrowings	150,285	—	—	—	150,285
Bank overdraft	57,635	—	—	—	57,635
	<u>309,491</u>	<u>416,751</u>	<u>8,744</u>	<u>34,579</u>	<u>769,565</u>

### Company

### 2007

	Less than 1 month USD	3 months to 1 year USD	Total USD
<b>Financial Assets</b>			
Cash and cash equivalents	512,808	—	512,808
<b>Financial liabilities</b>			
Trade and other payables	40,324	—	40,324

### 2006

	Less than 1 month USD	3 months to 1 year USD	Total USD
<b>Financial Assets</b>			
Investment held for sale	—	220,252	220,252
Loan receivable	—	289,228	289,228
Trade and other receivables	—	9,999	9,999
Cash and cash equivalents	3,542	—	3,542
	<u>3,542</u>	<u>519,479</u>	<u>523,021</u>
<b>Financial liabilities</b>			
Trade and other payables	31,187	—	31,187

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### COMPARATIVES

The current period figures are for a 12-month period from 01st January 2007 to 31st December 2007 whilst the comparative figures are for the 14-month period ended 31st December 2006. Therefore, the comparative figures for the Income Statement, statement of Changes in equity, Cash Flow Statement and the related notes are not comparable.



## 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, 2007	For the Subsidiary Company's previous financial years	For the Subsidiary Company's financial period ended 31st December, 2007	For the Subsidiary Company's previous financial years
Travel Corporation (India) Limited	31.12.2007	1,576,698	100%	INR 137,910,297	—	—	—
Thomas Cook Tours Limited	31.12.2007	50,000	100%	—	—	—	—
Thomas Cook Insurance Services (India) Limited	31.12.2007	50,000	100%	INR 11,892,964	INR (9,394,486)	—	—
Indian Horizon Travel and Tours Limited	31.12.2007	50,000	100%	—	—	—	—
Thomas Cook (Mauritius) Holding Company Limited	31.12.2007	1,655,500	100%	USD (78,132)	USD 45,980	—	—
Thomas Cook (Mauritius) Operations Company Limited*	31.12.2007	268,136	100%	MUR 26,982,931	MUR 9,717,650	—	—
Thomas Cook (Mauritius) Travel Limited*	31.12.2007	13,100	100%	MUR (89,076)	MUR (226,208)	—	—
Thomas Cook (Mauritius) Holidays Limited*	31.12.2007	13,100	100%	MUR 49,713	MUR (466,393)	—	—
Thomas Cook Lanka Holdings (Private) Limited*	31.12.2007	—	100%	—	MUR 180,204	—	—
Airline Services Lanka (Private) Limited@	31.12.2007	—	—	—	—	—	—
Thomas Cook Travel (Thailand) Limited*	**	—	—	BAHT (881,021)	BAHT (1,079,681)	—	—

\* All the shares are held by Thomas Cook (Mauritius) Holding Co. Limited

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

\*\* The Company has been dissolved on 24th July, 2007

For and on behalf of the Board

UDAYAN BOSE — CHAIRMAN

MADHAVAN MENON — MANAGING DIRECTOR

VINAYAK PUROHIT — EXECUTIVE DIRECTOR – FINANCE

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

Mumbai, 19th March, 2008

## Consolidated Five Financial Years' Performance

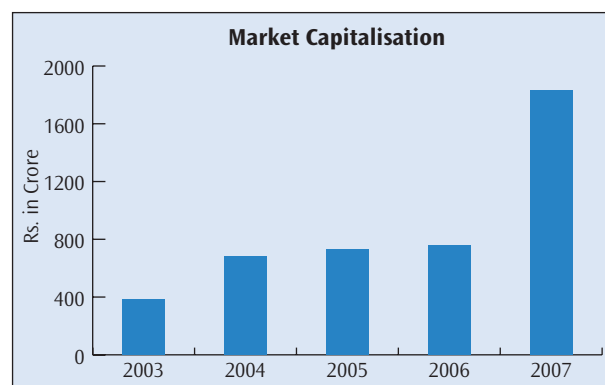
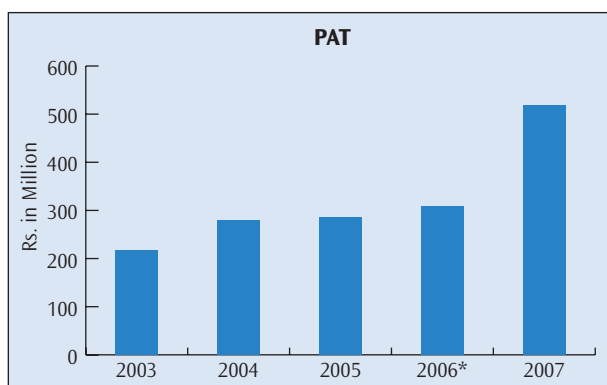
(Rupees in Million)

	2007	2006	2005	2004	2003
	(14 Months)				
Total Income	3,067.4	2,294.5	1,419.7	1,401.6	1,141.4
Total Expenditure	2,411.4	1,709.6	978.2	962.5	798.4
Profit Before Taxation	656.0	584.9	441.5	439.1	343.0
Profit After Taxation (After Tax & Adjustments for prior years, if any)	519.1	359.5	284.8	280.4	217.8
Dividend Paid / Payable	80.4	80.4	54.7	54.7	54.7
Dividend Tax	21.0	13.7	7.7	7.1	7.9
Dividend (%)	50.0	50.0	37.5	37.5	37.5
Earning per Share - Basic (Rs. Per Equity Share of Rs. 1 each)	2.91	2.47	1.95	1.92	1.49
Fixed Assets	2,172.7	2,139.3	555.7	540.6	480.9
Investments	7.0	125.3	141.4	6.1	49.0
Net Current Assets #	2,631.9	1,850.1	973.5	1,054.7	701.4
Misc. Expenditure	0.1	0.1	0.1	0.1	0.1
Minority Interest	0.0	11.5	0.0	0.0	0.0
Total Application of Funds	4,811.7	4,103.3	1,670.7	1,601.5	1,231.4
Share Capital	1,199.5\$	1,199.5@	145.8	145.8	145.8
Reserves	755.0	379.4	1,522.7	1,300.3	1,081.8
Shareholders' Funds	1,954.5	1,578.9	1,668.5	1,446.1	1,227.6
Loan Funds	2,857.2	2,524.4	2.2	155.4	3.8
Total Source of Funds	4,811.7	4,103.3	1,670.7	1,601.5	1,231.4

# Net of Deferred Tax Liability.

@ Includes Share Capital Suspense amount of Rs. 1,053.7 (Million)

\$ Including Preference Shares amounting to Rs.1,038.7(Million)



\*Annualised

**Note :**

1. The above Graphs are based on Consolidated Financial Figures.
2. The Market Capitalisation is based on accounting year end prices.