

B R I D G I N G T H E W O R L D

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The Golden Gate Bridge, USA

With a length spanning 1.2 miles, the Golden Gate Bridge connects San Francisco with Marin County.

This amazing bridge has a 4,200 foot long suspension span, a world record that remained unbroken for 27 years. The two towers of the bridge rise 746 feet and straddle the Golden Gate Strait, which is 400 feet deep. The main cables between the towers are reinforced by 80,000 miles of steel wire, enough to circle the equator three times over.

Initially known as the 'bridge that couldn't be built', the Golden Gate Bridge stands as a testimony to the indomitable spirit of the human will.

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BOARD OF DIRECTORS

P. P. MADHAVJI*Chairman***A. M. KAKKAR***Chief Executive Officer
& Managing Director***MADHAVAN MENON***Executive Director – Foreign Exchange***P. SREEKUMAR***Executive Director – Finance***R. SUNDARAMAN***(till 5-12-2002)***K. S. V. KRISHNAMA CHARI***(w.e.f. 5-12-2002)***M. L. APTE****H. S. BILLIMORIA****K. DIGVIJAY SINGH****STEFAN PICHLER***(w.e.f. 16-01-2003)***ALAN STEWART****IAN AILLES****LESTER PORTER****SECRETARY :****R. R. KENKARE***Head of Legal &
Company Secretary***Auditors**

Lovelock & Lewes

Advocates & Solicitors

Crawford Bayley & Co.

Desai & Diwanji

Principal Bankers

The Hongkong & Shanghai

Banking Corporation Ltd.

State Bank of Bikaner & Jaipur

State Bank of India

Standard Chartered Bank

Registered Office

Thomas Cook Building,

Dr. Dadabhai Naoroji Road,

Fort, Mumbai 400 001

Registrar and Share**Transfer Agents**

Tata Share Registry Ltd.

Army & Navy Building,

148, M. G. Road,

Fort, Mumbai 400 001

Websitewww.thomascook.co.in

Thomas Cook (India) Limited

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Twenty-Sixth Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st October, 2002.

Operations & Results

The difficulties faced by the industry, during the last year and the consequences of various macroeconomic problems is well known. We are happy to report a successful year with a revenue growth of 36% over the previous period and profit after tax growth of 112%. The proactive and sustained efforts of the Company in managing costs and protecting revenue yielded these results.

Your Company's income was Rs 1008.5 millions compared to Rs 743.9 millions in the previous year. Profits before tax was Rs 301.6 millions and the profit after tax was Rs. 193.2 millions. The earning per share of the Company is Rs. 13.3

compared to Rs. 6.3 for the previous year. On a twelve month comparable basis the net profit after tax of the Company grew 88%.

Dividend

Your Directors are pleased to recommend a dividend of 33 %. The proposed dividend absorbs Rs. 48,125,000/-.

General Reserve

Your Directors have resolved to transfer Rs. 19,323,574/- to General Reserve out of the profits of the Company. In view of the transfers, the total reserves are at Rs. 913,951,880/- as at the year ended 31st October, 2002.

Directors Responsibility Statement

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

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper

explanation relating to material departures.

- b) that the Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes to the accounts and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The internal auditors have conducted periodic audits to provide reasonable assurances that established policies and procedures of the Company have been followed. However it must be recognized 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.

Rebranding of the Thomas Cook Logo

The new logo for the Company featuring the 'holiday colours' of Thomas Cook AG (Blue, Yellow and White) was rolled out in a phased manner across the country. This process would be completed during the forthcoming financial year.

Thomas Cook (I) Limited (TCIL) Financial Results

	Consolidated figures for the year ended 31 st October, 2002	Consolidated figures for the 10 months ended 31 st October, 2001	Year ended 31 st October, 2002	10 months Jan/Oct (2001)
(Rupees in millions)				
Revenues	1055	775	1009	744
Profit before Exceptional item and Taxation	310	162	301	162
Provision for Taxation	120	71	117	68
Provision for Deferred Taxation	(9)	3	(9)	3
Profit after Taxation	199	88	193	91
Transferred to Reserve U/sec. 80 HHD of the Income Tax Act, 1961	15	18	15	18
Transferred to General Reserve	19	9	19	9
Proposed Dividend	48	41	48	41
EPS (Rs.)	13.6	6.1	13.3	6.3

Thomas Cook Group

Thomas Cook (India) Ltd. is a part of Thomas Cook Group. It is a subsidiary of Thomas Cook Overseas Ltd. (TCOL), an unlisted private company incorporated under the laws of England and Wales having its Registered Office at Peterborough, England, U.K. TCOL holds 60% of the paid-up capital of the Company. It is a wholly owned subsidiary of Thomas Cook UK Ltd. which in turn is a 100% subsidiary of Thomas Cook AG, a company incorporated in Germany. Thomas Cook AG, its subsidiaries and affiliates form the Thomas Cook Group. This information is given pursuant to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended up to date.

Thomas Cook (India) Ltd.

Operations in Mauritius

It earned a profit before tax of MUR 1,257,232/-. The Company has plans to expand its presence in this market during the current year.

Operations in India

The Company has taken a big leap in charter flights. The in-bound charter flights average 12 a week, mostly to Goa, a few being to Kerala. The Government's approval for long-pending request to start out-bound charter flights is awaited. The in-bound charters to India, at present operated from London and Frankfurt, will be broadbased to include Brussels, Amsterdam and Munich as well.

With opening up of insurance sector in the year 2000, many private sector insurance companies either on their own or along with a foreign joint venture partner have entered into the non-life insurance market.

Your Company was one of the first movers to recognize the potential of Insurance business in India. Thomas Cook Insurance Services (India) Limited, a 100% subsidiary of Thomas Cook (India) Limited, was given the corporate agency license of TATA – AIG General Insurance Company in April 2002. The Company promotes and sells tailor-made niche Insurance Products in Travel Insurance segment from Tata-AIG from February 2002 which was another step forward in the direction of making Thomas Cook "a one stop travel shop." The Company has fared exceedingly well in terms of sales. In a span of less than 8 months, not only it has managed to break-even but also has surpassed the targets by over 25%. It is also heartening to share with you that this Company is the top corporate selling agent for Tata-AIG in travel insurance segment.

This summer, your Company launched Indian Holidays Group Tours in association with Indian Railways. With the tremendous response for these tours, the Company has made an impression in the Domestic Leisure Travel segment. In continuation of the rail tours, the Company is launching various packages for Himachal, Kumaon, Uttaranchal, Kerala, Rajasthan & Goa from various cities in India like Mumbai, Ahmedabad, Delhi, Bangalore, Chennai & Hyderabad.

Awards

Your Company has been awarded the Golden Peacock Award for Excellence in Corporate Governance. This prestigious Golden Peacock National Award has been initiated by the Institute of Directors (IOD), a non-profit organization, in association with World Environment

Foundation (WEF), Federation of Indian Chamber of Commerce and Industry (FICCI), World Council for Corporate Governance (WCFCG) and Centre for Corporate Governance.

The criteria for the award include transparency, excellence in conducting business at various levels of management, social and environmental responsibility, ethical business practice and consistent creation of value for all the stakeholders.

Thomas Cook was selected as the Runner Up for this internationally recognised award by a panel of judges headed by Justice A M Ahmed, former Chief Justice Supreme Court of India.

This award provides an added dimension to Thomas Cook (India) Ltd which has also been winning the TTG Best Travel Agency - India award, a part of Pacific Asia Travel Association (PATA) programme, for fourth consecutive year.

Directors

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

Thomas Cook Overseas Ltd. (TCOL) in exercise of its powers under Article 115 of the Articles of Association of the Company has, vide its letter dated 6th January, 2003 appointed Mr. Stefan Pichler as a Director who shall be a Non-Retiring Director.

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

Thomas Cook (India) Limited

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. KPMG Ford, Rhodes, Thornton & Co., Sri Lanka are recommended for appointment as Branch Auditors for Thomas Cook (India) Limited in Sri Lanka.

Subsidiary Companies

The audited Statement of Accounts along with the Directors' Report of Hindustan Cargo Ltd., Thomas Cook Insurance Services (India) Ltd. (formerly known as India Alive Ltd.), Thomas Cook Tours Ltd., Indian Horizon Travel & Tours Ltd., Thomas Cook (Mauritius) Holding Co. Limited (formerly known as TC (Mauritius) Holding Co. Limited) and Thomas Cook (Mauritius) Operations Co. Limited (formerly known as TC (Mauritius) Operations Co. Limited) for the year ended 31st October, 2002 are separately attached as required under the provisions of Section 212 of the Companies Act, 1956.

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

The foreign exchange earnings during the year amounted to Rs. 347.1 millions. During the year, the Company has incurred expenditure in foreign currencies towards interest, bank charges, professional fees as well as travelling for promotional activities, subscriptions, etc., as disclosed in

Schedule Q Note K in the Notes to the accounts.

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

Fixed Deposits

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

Listing of Shares

Your Company is listed on two Stock Exchanges in India viz. The Stock Exchange, Mumbai and The National Stock Exchange. The Listing Fees for the Financial Year 2002-2003 are paid to both these Stock Exchanges within the prescribed time limits.

Employees

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

Information pursuant to Section 217(2A) of the Companies Act, 1956

The particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report and have been annexed herewith.

Corporate Governance

The Company has taken the requisite steps to comply with the recommendations concerning the

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

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

BY ORDER OF THE BOARD

P.P. MADHAVJI A. M. KAKKAR
CHAIRMAN CEO & MANAGING
DIRECTOR

MUMBAI

Dated: 16th January, 2003

ANNEXURE TO THE DIRECTORS' REPORT

Information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st October 2002

Sr. Name No.	Age	Designation	Remuneration	Nature of Duties	Qualification	Total Experience	Date of joining TCIL	Last Employment
1 Mr. Kakkar Ashwini	48	Chief Executive Officer & Managing Director	8183006	Overall responsibility for the Company's operations and financial performance.	B.Sc.(Mech. Engg) PGDM- IIM, Calcutta, MBA- European Inst. of Business Admin. (INSEAD), France & LL.B.	24	16th June 1997	IGE India Ltd.
2 Mr. Menon Madhavan	47	Executive Director - Foreign Exchange	5915271	Responsible for all matters pertaining to TCIL's FOREX activities including achievement of planned revenue through the activity's development and growth.	B.A. (Business) - Georgetown University, USA, M.B.A. (Fin. & Intl. Buss.)- George Washington University, USA	23	2nd May 2000	Birla Sun Life Asset Management Company (AMC) Ltd.
3 Mr. Sreekumar P	43	Executive Director - Finance	4933506	Overall responsibility for Finance and Accounting function as also management of Treasury function of the Company. In addition, also oversees the Secretarial and Legal, Business Process Improvement and Audit, Programmes Management and Administration functions of the Company.	B.Com (Hons), DBM, FCA, ACS	18	16th April 2001	Enron India / Dabhol Power Company
4 Mr. Dandapani V. #	57	Head of Travel Management	1152784	Responsible for developing and managing the Travel Business for TCIL.	B.Sc.	34	1st June 1987	Altar Travels, Jeddah
5 Mr. Jain Jeetendra #	36	Head of Credit Cards	643453	Responsible for developing and managing the Credit Card Business for TCIL.	B.E., Post Graduate Diploma in Computer Prog./Engg/ Software/Application	11	3rd September 1999	Countrywide Consumer Financial
6 Mr. Rebello Anthony #	60	Assistant Manager - Travel	483047	Handling Railway Bookings for New Delhi Branches	B.Sc.	38	1st April 1964	-
7 Mr. Subramaniam K. R. ##	52	Senior Executive - Travel	464881	Handling Travel Operations at Rajaji Salai Branch	M.A.	27	1st June 1981	Trade Wings
8 Ms. D' Costa Joan #	55	Telephone Operator	709750	Responsible for operating telephone board for TCIL.	S.S.C	32	4th March 1974	St. Isabel's Hospital

- 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. In case of staff resigning/retiring from the services of the Company, the actual gratuity amount paid has been considered.
 - 4 # Employed for part of the year and in receipt of remuneration aggregating not less than Rs.200000/- per month
 - 5 ## These staff are appearing as they have been paid their full and final settlement dues inclusive of ex-gratia payments, and are in receipt of remuneration aggregating not less than Rs. 200000/- per month.
 - 6 None of the employees mentioned above is a relative of any Director of the Company.

BY ORDER OF THE BOARD

Mumbai
16th January, 2003

P.P.MADHAVJI
CHAIRMAN

A.M.KAKKAR
CEO & MANAGING DIRECTOR

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Travel & Related Services

The travel industry continued to pass through a critical phase last year, after the effect of 9/11 in 2001. The possibility of an Indo-Pak war during the mid-year put off a lot of inbound and outbound travellers, coupled with negative travel advisories issued by various consulates warning their citizens of not travelling to the Sub-Continent region. During times where normalcy prevailed on the external front, internal security and law & order situation created panic in certain parts of the country. The potential US-Iraq war, if it occurs, would have an impact on the holiday businesses, by way of increased costs, lower volumes and cancellations. While it is not possible to quantify the impact at this stage, we would endeavour to offer alternate holiday destinations to offset the diminution, partly, if not in entirety.

The capping of international commission from 9% to 7% which was expected, finally came into effect from January 2002. The domestic airlines also followed suit by reducing their commissions to agents.

Post September 11, some of the major airlines are facing tremendous financial difficulties, and coupled with predominant use of technology, the margins on ticket sales that travel agents earn would be under pressure.

At the same time large corporates have realised the value of specialised travel advise to whom we provide such service. Coupled with the investments in technology, the Company has made, we would be in a position to lower costs and retain reasonable margins in this activity.

Travel related spending by the business has remained flat. The business confidence outlook for the next year is positive and we expect corporate travelling spends to pick up. Any improvement in the current sentiments and the performance of the Company would have a positive impact on the Company. The inbound individual and packaged tours into the country since September 11 was significantly affected and the number of tourist arrivals were much lower than planned. The outbound packaged holiday tours developed by the Company were well received this year too. The growing demand for quality holidays at reasonable prices is a niche segment that your Company is focussing on with success. The tourist inflows into India are likely to be stable with no major increase compared to last year. Along with domestic tourism the outbound tourist traffic is expected to maintain a healthy growth. The shortage of airline seat capacity for outbound travel could be a constraint.

Financial Services

Thomas Cook continues to command the numero uno status in the currency management sector of the foreign exchange market despite competition from other players especially from the segment of money changers.

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

Other businesses

The Company promotes and sells co-branded and niche Insurance Products through its 100% subsidiary which is another step forward in the direction of making Thomas Cook "a one stop travel shop." It is one of the first movers to recognize the potential of Insurance business in India. The Company ended the year as the top corporate selling agent within a short span of 8 months.

Your Company is looking forward to launch new products in the near future particularly domestic Insurance, which research shows has huge market opportunity. The Cargo business is another area of related business that your Company has been conducting successfully through its subsidiary Hindustan Cargo Ltd. This business is expected to see steady growth in the following year. The increasing emphasis that the Company would provide on import shipments would not only diversify the company, but also improve the profitability in the near future.

Results

Despite a difficult year, the Company clocked revenue growth of 16% compared to the previous twelve months. Profit before tax was 66% higher, while profit after tax was 88% higher for the same period. Active management of costs led to

a reduction of 4% compared to the previous year. The earnings per share for the year was Rs.13.3 compared to Rs.6.3 the previous year. The business of the Company was funded mainly through own resources and short term borrowings were resorted to during the year as and when required.

Internal Control, Audit and Systems

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

The systems are subjected to overall control supervised by the Board of Directors and Audit Committee which is inter-alia supported by the Corporate Governance, voluntarily observed since many years and statutorily implemented since year before last. The Company has written policies on ethics and integrity, insider trading, information security, business continuity and other internal control procedures and practices.

Company has a risk committee chaired by MD and CEO which periodically meets to address the risk issues relating to various business and support areas and monitor the critical factors in order to effectively address them. During current year Risk Committee approved the risk mapping for India which lists down major risks faced by Company in India and the mitigation controls put in place to bring down their impact.

Human Resources

Relations with the employees and the recognized Union, viz. The All India Tourist & Travel Employees Association remained cordial through the year. The Management and the Union have both reaffirmed their support to the Vision of the Company and have worked together to achieve the objectives of the Company. The Management wishes to place on record its acknowledgement and appreciation for the support extended by all the employees of the Company.

The Current employee strength is 837. Human capital is a key element of competitive advantage, particularly to a service driven company. During the year, a separate Cell to look after Service Quality issues in the Company was created under the overall umbrella of the HR function.

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

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

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