THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a shareholder(s) of Thomas Cook (India) Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

Thomas Cook UK Limited

a private limited company incorporated under the laws of England

(Registered Office: Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB, United Kingdom

Tel: +44(0)1733 416507; Fax: +44 (0)1733 416484)

MAKES A CASH OFFER AT Rs. 107/- PER FULLY PAID UP EQUITY SHARE TO ACQUIRE

32,795,996 fully paid up equity shares of Rs. 1 each representing approximately 20.4% of the current voting capital (expected to be 20% of the diluted equity capital) of

Thomas Cook (India) Limited

a company incorporated under the Companies Act, 1956

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

Tel.: +91 22 22048556, Fax: +91 22 22871069)

Note:

- This Offer is being made pursuant to and in accordance with regulations 10 and 12 of the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- This Offer is not subject to a minimum level of acceptance by shareholders of Thomas Cook (India) Limited.
- This Offer is subject to the statutory and regulatory approvals and clearances from RBI required to acquire Shares tendered pursuant to this Offer (described in Section VI).
- If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz. May 27, 2008 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer.
- Shareholders, who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement/ Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer viz. June 2, 2008.
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) As the Offer Price cannot be revised during seven working days prior to the closing date of the offers / bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **There has been no competitive bid as on date.**
- A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in).

Manager to the Offer		Registrar to the Offer	
kotak Investment Banking	Kotak Mahindra Capital Company Limited Bakhtawar, 3rd floor, 229, Nariman Point, Mumbai 400 021 Tel: +91 22 6634 1110 Fax: +91 22 2284 0492 Contact Person: Mr. Chandrakant Bhole Email: tcil.offer@kotak.com For investor complaints: kmccredressal@kotak.com		Sharepro Services (India) Private Limited Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099 Tel: +91-22- 6772 0300, 6772 0400 Fax: +91-22- 2859 1568 Contact Person: Mr. Ganesh Rane / Mr. Anand Moolya Email: tcil.offer@shareproservices.com

Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Issue of Public Announcement	08-Mar-08	Saturday	08-Mar-08	Saturday
Specified Date	10-Mar-08	Monday	10-Mar-08	Monday
Last date for a competitive bid, if any	28-Mar-08	Friday	28-Mar-08	Friday
Last date by which Letter of Offer will be dispatched to the Shareholders	18-Apr-08	Friday	13-May-08	Tuesday
Offer Opening Date	22-Apr-08	Tuesday	16-May-08	Friday
Last date for revising the Offer Price/ Offer Size	01-May-08	Thursday	27-May-08	Tuesday
Last date for withdrawing acceptance of the Offer	07-May-08	Wednesday	02-Jun-08	Monday
Offer Closing Date	12-May-08	Monday	05-Jun-08	Thursday
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired Shares and / or the share certificate(s) / demat delivery instruction for the rejected Shares will be dispatched / issued	27-May-08	Tuesday	20-Jun-08	Friday

Risk factors:

Risks related to the transaction:

- The transaction is subject to the terms of the SPA entered into between the Acquirer and the Seller. In accordance with the SPA, transaction shall be completed upon the fulfillment of certain conditions precedents agreed between the Acquirer and the Seller.

Risks related to the Offer:

- The Offer along with any obligation to make payment for, or purchase the shares tendered and accepted is subject to the statutory and regulatory approvals and clearances from RBI required to acquire Shares tendered pursuant to this Offer. For further details see paragraph 94-96 of this Letter of Offer.
- In the event that either (a) a regulatory approval is not received in a timely manner (b) there is a litigation leading to stay on the Offer or (c) SEBI instructs the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of the Target Company whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed.
- The Shares tendered in the Offer will lie to the credit of a designated escrow account, till the completion of the Offer formalities. The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon completion of the Offer, and disclaims any responsibility with respect to any decision by shareholders on whether or not to participate in this Offer.
- In the event of oversubscription in the Offer, the acceptance will be on a proportionate basis and will be contingent on the level of oversubscription.
- The Acquirer does not accept any responsibility for statements made otherwise than in this Letter of Offer / PA and anyone placing reliance on any other source of information (not released by the Acquirer) would be doing so at his/her/their own risk.

Risks related to association with the Acquirer:

- The Acquirer is making this Offer as per regulation 10 and 12 of SEBI (SAST) Regulations as the Acquirer has acquired indirect control of Thomas Cook (India) Limited. There is no assurance with respect to the continuation of the past trend in the financial performance of Thomas Cook (India) Limited.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of Thomas Cook (India) Limited or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of Thomas Cook (India) Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

INDEX

KEY DEFINITIONS

Acquirer	Thomas Cook UK Limited as defined herein below
BPA	Business Purchase Agreements dated March 7, 2008 entered into between Thomas Cook UK Limited and Dubai Financial Group LLC
BSE	Bombay Stock Exchange Limited, Mumbai
Exchange Rates Used	Certain financial details contained in this Letter of Offer are denominated in € (Euro) and GBP (British Pound Sterling). The Rupee equivalent quoted for the Euro is calculated in accordance with RBI Reference rate as on March 5, 2008, namely 1€ = Rs 61.23. The Rupee equivalent quoted for the GBP is calculated in accordance with RBI Reference rate as on March 5, 2008, namely 1GBP = Rs 79.97 (source www.rbi.org.in).
Eligible Shareholders	All shareholders / beneficial owners (registered or otherwise) of the Shares of the Target Company except the Acquirer, parties to the SPA and/or the BPA, and any person deemed to be acting in concert
FEMA	Foreign Exchange Management Act 1999
Form	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
Indirect Acquisition	Share Purchase Agreement ("SPA") dated March 7, 2008 to purchase for cash 100% of the fully paid-up equity share capital of TCIM, along with its control, subject to the fulfillment, inter alia, of certain conditions in the SPA
Letter of Offer	This Letter of Offer dated May 9, 2008
Manager to the Offer	Kotak Mahindra Capital Company Limited, the merchant bankers appointed by the Acquirer pursuant to regulation 13 of the Regulations, having its registered office at Bakhtawar, 3rd Floor, 229 Nariman Point, Mumbai – 400021
NSE	The National Stock Exchange of India Limited
Offer	Offer being made by the Acquirer for 32,795,996 Shares to the public shareholders of the Target Company at the Offer Price payable in cash
Offer Price	Price of Rs.107/ - (Rupees One Hundred and Seven only) per Share
Offer Size	32,795,996 Shares representing approximately 20.4% of the current voting capital (expected to be 20% of the diluted equity capital)
Offer Period	20 day period from the opening of the offer on May 16, 2008 to the closing of the offer on June 05, 2008
Public Announcement/ PA	Announcement of this Offer made on behalf of the Acquirer to the shareholders of the Target Company published on March 08, 2008, which appeared in all editions of Business Standard, all editions of Pratahkal and Mumbai edition of Sakal.
RBI	The Reserve Bank of India
Registrar to the Offer	Sharepro Services (India) Private Limited, the Registrar appointed by the Acquirer (Registered office: Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099 Tel: +91-22- 6772 0300, 6772 0400 Fax: +91-22- 2859 1568)
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
Sellers	Dubai Financial Group LLC
Share	Fully paid up equity share of the Target Company having a face value of Rs.1 each
Shareholders	Shareholders of the Target Company
SPA	Share Purchase Agreement dated March 07, 2008 entered into between Thomas Cook UK Limited, Dubai Financial Group LLC and TCIM Limited for the Indirect Acquisition
Specified Date	March 10, 2008 being the date for the purpose of determining the names of the Shareholders to whom this Letter of Offer will be sent
Stock Exchanges	BSE and NSE

TCG	Thomas Cook Group plc, a public company incorporated on February 8, 2007 under the UK Companies Act 1985
TCIL Direct Shares	Dubai Financial Group LLC direct shareholding of 11,834,610 Shares in the Target Company constituting 7.36% of the equity capital of the Target Company as of the date of the PA
TCIL Purchase Shares	Such number of Direct Shares, which, taken together with the Shares to be acquired by the Acquirer through the Indirect Acquisition and the Shares purchased in the Offer, will take the Acquirer's shareholding in the Target Company to not more than 74.9% of the equity capital of the Target Company
TCIM	TCIM Limited, a company incorporated in the United Kingdom
TCOL	TCO Limited, a company incorporated in the United Kingdom
TCUK	Thomas Cook UK Limited, a private limited company incorporated under the laws of England
Voting Capital	Equity share capital comprising 160,782,330 Shares of the Target Company as on date of the PA (i.e. March 08, 2008)
TCIL / Target Company	Thomas Cook (India) Limited (Registered office: Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai – 400 001 Tel: +91 22 2204 8556 Fax: +91 22 2287 1069)

Note: *1. All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.*

2. *Certain financial details contained in this Letter of Offer are denominated in € (Euro) and GBP (British Pound Sterling). The Rupee equivalent quoted for the Euro is calculated in accordance with RBI Reference rate as on March 5, 2008, namely 1€ = Rs 61.23. The Rupee equivalent quoted for the GBP is calculated in accordance with RBI Reference rate as on March 5, 2008, namely 1GBP = Rs 79.97 (source www.rbi.org.in).*

I. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THOMAS COOK (INDIA) LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER (S), PACs OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER (S) IS (ARE) PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER (S) DULY DISCHARGES ITS (THEIR) RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 19, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER (S) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. DETAILS OF THE OFFER

Background of the Offer

1. This open offer ("Offer") is being made by the Acquirer in compliance with regulations 10 and 12 of the Regulations, triggered by an acquisition of more than 15% of the voting rights of the Target Company and a change in the control of the Target Company under the Share Purchase Agreement as more particularly mentioned in paragraphs 3 and 4 below. This Offer is subject to the receipt of certain approvals as more fully set forth in Section VI.

2. As of the date of the PA, Seller held 100% of the fully paid-up equity capital of TCIM. TCIM in turn holds 87,500,000 fully paid-up Shares, of face value Re.1/- each, in the Target Company constituting 54.42% of the Voting Capital of the Target Company as of the date of the PA. The Seller also directly holds 11,834,610 Shares in the Target Company constituting 7.36% of the Voting Capital of the Target Company as of the date of the PA (the "Direct Shares"). The Seller and TCIM are disclosed as the promoters of the Target Company as per the filings made with the Stock Exchanges for the quarter ended December 31, 2007. Brief details of Seller and TCIM are shown below:

Name	Dubai Financial Group LLC
Address of the Registered/ corporate Office	Emirates Towers, Sheikh Zayed Road, Bur Dubai, Dubai, United Arab Emirates P.O. Box 73311
Fax Number	+971 4 330 3260

Name	TCIM Limited
Address of the Registered/ corporate Office	22 Bedford Row, London WC1R 4JS, United Kingdom
Fax Number	+44 (0) 1733 416484

3. TCUK has executed the following agreements with the Seller:
   a. SPA dated March 7, 2008 to purchase for cash 100% of the fully paid-up equity share capital of TCIM, along with its control, subject to the fulfillment, inter alia, of certain conditions in the SPA. SPA provides for total payment of INR9,362.5Million towards (1) Consideration for 100% ownership of TCIM and (2) Assumption of the debt due from TCIM to the Seller of GBP 49,921,274. This total consideration of INR9,362.5Million, when divided by 87,500,000 (number of shares held by TCIM in TCIL) will amount to the Acquirer indirectly paying Rs.107/- (Rupees One Hundred and Seven only) per equity share of TCIL. The purchase consideration paid is fixed in rupee terms at a price amounting to Rs.107/- per fully paid up share of the Target Company.

      The Acquirer will also purchase from the Seller such number of Direct Shares, which, taken together with the Shares to be acquired by the Acquirer through the Indirect Acquisition and the Shares purchased in the Offer, will take the Acquirer's shareholding in the Target Company to not more than 74.9% of the equity capital of the Target Company (the "TCIL Purchase Shares"). In case any such purchase of TCIL Purchase Shares is carried out, it will be at a price of Rs.107/- (Rupees One Hundred and Seven Only) per Share, and shall be carried out upon the closing of the Offer. Depending upon the extent of response to the open offer, the Shares acquired by the Acquirer from the Seller may constitute between 54.90% to 61.78% of the Voting Capital of the Target Company.

b. Business Purchase Agreements (the “BPA”) dated March 7, 2008 with the Seller, to acquire for cash (i) 100% of the fully paid-up equity share capital of TCO Limited (“TCOL”), a company incorporated in the United Kingdom, (ii) 99.9% of the fully paid-up equity share capital of TC Lebanon S.A.L. (“TCL”), a company incorporated in the Republic of Lebanon. In addition, the BPA also proposes termination of certain intellectual property rights licensed to the Seller in relation to the use of the Thomas Cook brand and name in specified jurisdictions in the Middle East region pursuant to a trade mark licence agreement dated 15 July 2006.

4. The salient features of the SPA include the following:
   a. The purchase consideration paid is fixed in rupee terms at a price amounting to Rs.107/- per fully paid up share of the Target Company. The transaction is based on customary representations, warranties, and indemnities, including a reimbursement to the Acquirer in case the reported profit after tax of the Target Company for the financial year ending December 2007 falls below an agreed level of Rs.51.3 Cr. Since the Target Company has reported profit after tax of more than Rs.51.3 Cr for the financial year ending December 2007, there would not be any reimbursement to the Acquirer. The transaction shall be completed upon the fulfilment of certain conditions precedent agreed between the Acquirer and the Seller, however none of these condition precedents have any implications on this Offer made by the Acquirer to the shareholders of the Target Company.
   b. The Seller has required the Target Company to inform the Reserve Bank of India (“RBI”) about the acquisition of TCIM and the consequent change in control of TCIM and the potential acquisition of Shares of the Target Company pursuant to this Offer.
   c. Under the SPA, Seller has undertaken to cause the resignation or removal of its nominees and representatives and Mr. Mahendra Doshi from the Board of Directors of the Target Company, which shall be effective at the earliest date on which the Acquirer’s nominees may be appointed as directors of the Target Company in accordance with regulation 22(7) of the Regulations. There are no representatives of the Acquirer on the Board of Directors of the Target Company as of the date of the PA.
   d. The SPA contains certain non-compete provisions whereby the Seller has agreed not to compete with the Target Company for a period of 2 (Two) years in the financial services and travel business in India, Mauritius, Bangladesh, Nepal, Sri Lanka, Bhutan, Seychelles, Maldives, Myanmar and Pakistan. There is no separate consideration being paid for the non-compete provision.
   e. Under the SPA, the Seller has undertaken to cause the termination of the shareholders agreement dated February 7, 2007 between the Seller, TCIM and LKP Merchant Financing Limited.
   f. For the period intervening the date of execution of the SPA and TCIM Share Closing Date, the Seller has agreed to cause the business of the Target Company to be operated in ordinary course, subject to certain rights of prior consent granted to the Acquirer in relation to specific matters or material aspects.

   The SPA is part of documents for inspection and is available for inspection by shareholders as per Section VIII of this Letter of Offer.

5. As the Indirect Acquisition and the contingent purchase of TCIL Purchase Shares will result in the Acquirer indirectly or directly acquiring more than 54.42% of the voting equity capital of the Target Company, this Offer is being made in compliance with regulations 10 and 12 of the Regulations pursuant to the Regulations.

6. The Acquirer has deposited an amount of Rs.3,509,171,572 (Rupees Three Billion, Five Hundred and Nine Million One Hundred and Seventy One Thousand Five Hundred and Seventy Two Only) in cash, amounting to 100% of the Maximum Consideration (as defined in paragraph 80 below). Hence, in accordance and in compliance with regulation 22(7) of the Regulations, the Acquirer is entitled to appoint its nominees on the board of directors of the Target Company after a period of 21 days from the date of the PA. The Acquirer has nominated following persons for appointment as directors on the board of directors of the Target Company in its board meeting held on March 30, 2008:

   a. Mr. Manny Fontenla Novoa
   b. Dr. Juergen Bueser
   c. Mr. David Michael Hallisey
   d. Mr. Roland Zeh

   The Acquirer has an ability under regulation 22(7) of the Regulations to nominate such further directors as may be possible, and may in future appoint such directors in accordance with the Companies Act, 1956 and the Articles of Association of the Target Company.

7. The Acquirer, the Seller and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

8. As on the date of the PA, the Acquirer does not hold any Shares in the Target Company.

9. The Manager to the Offer does not hold any Shares in the Target Company, as on the date of the PA.

Details of the proposed Offer

10. In accordance with regulation 14(1) of the Regulations, the Acquirer has made a Public Announcement on March 08, 2008, being within four working days from the date of signing of the SPA of the Indirect Acquisition viz. March 07, 2008, which appeared in all editions of Business Standard, all editions of Pratahkal and Mumbai edition of Sakal. A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in).

11. Pursuant to this Offer, the Acquirer proposes to acquire 32,795,996 Shares of the Target Company representing approximately 20.4% of the Voting Capital (expected to be 20% of the diluted equity capital) of the Target Company at a price of Rs.107/- (Rupees One Hundred and Seven only) for each Share to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance or any differential pricing.

12. Since the date of the Public Announcement to the date of this Letter of Offer, the Acquirer has not acquired any Shares save as in relation to the Indirect Acquisition described in paragraph 3 above, which has been completed on March 28, 2008 in accordance with the SPA. The Acquirer has not acquired any Shares during the 12-month period prior to the date of the PA. The Acquirer shall complete the proposed acquisition of the TCIL Purchase Shares within the offer period i.e. on or before June 20, 2008 in accordance with the SPA.

13. To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

14. There shall be no discrimination in the acceptance of locked-in and non-locked in shares in the Offer. However the Acquirer shall only accept Shares of the Target Company that are fully paid up, free from all liens, charges and encumbrances and will be acquired together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof

15. This Letter of Offer is being sent to those Shareholders of the Target Company whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on March 10, 2008, being the Specified Date, as required under the Regulations.

16. This Offer is made to all shareholders of the Target Company and also to persons who acquire Shares before the closure of the Offer and tender these Shares into the Offer in accordance with the PA on or before June 05, 2008; save and except for the Acquirer, parties to the SPA and/or the BPA, and any person deemed to be acting in concert.

17. As of the date of the PA, the Target Company has Class 'B' 0.001% cumulative convertible/ redeemable preference share capital of Rs.31,97,650 divided into 3,19,765 outstanding preference shares of face value of Re.10/- each, and Class 'C' 0.001% cumulative convertible/ redeemable preference share capital of Rs.27,18,000 divided into 2,71,800 outstanding preference shares of face value of Re.10/- each. The Target Company had approved Employee Stock Option Plan 2007 (the **"ESOP Scheme"**) in its Board Meeting dated November 23, 2006 and superseded by way of circular resolution of the Board dated January 15, 2007 and the Recruitment & Remuneration Committee at its meeting held on July 25, 2007. The maximum number of ESOPs that may be exercised by all eligible employees under the ESOP Scheme is 1,08,00,000. The total ESOPs granted thus far is 12,46,875. The granted ESOPs are yet to vest, with the first tranche of vesting to occur on July 25, 2008. Other than above, there are no outstanding convertible instruments in the Target Company.

Object of the acquisition / Offer

18. As the Indirect Acquisition and the purchase of TCIL Purchase Shares (if any, depending on the response to this Offer) will result in the Acquirer indirectly or directly acquiring more than 54.42% of the Voting Capital of the Target Company, this Offer is being made in compliance with regulations 10 and 12 of the Regulations pursuant to the Regulations. Thus, this is expected to be a substantial acquisition of shares / voting rights accompanied with change in control / management.

19. This acquisition fully supports the Acquirer's strategy to expand into emerging markets that the Acquirer believes represents a great growth potential as well as helps strengthen the Acquirer's financial services business.

    The Target Company employs about 2,500 staff with a total retail network of about 180 outlets across 40 cities. Approximately half of the Target Company's gross revenues are from foreign exchange and the other half are from the travel businesses. In the last two years, the Target Company has significantly expanded its business and strengthened its market position by acquiring LKP Forex, its largest competitor in the foreign exchange business, and Travel Corporation of India, an inbound operator. The Target Company is now the largest foreign exchange operator with approximately 50% market share and the second largest travel group in the high-growth Indian market.

Through acquiring a controlling stake in the Target Company, the Acquirer believes that it will become a leader in one of the fastest growing travel markets in the world. The Acquirer is of the opinion that under its ownership, the Target Company business will grow significantly in a market that the Acquirer believes is already growing at approximately 15% per annum. The Acquirer is of the opinion that this transaction meets the Acquirer's acquisition criteria in terms of it being earnings accretive and exceeding the cost of capital. The Acquirer expects Target Company's profit after tax in excess of Rs.5,143 lacs (approximately Eur8.4 Million) and earnings before interest tax depreciation and amortization (EBITDA) to be around Rs.10,225 lacs (approximately Eur16.7 Million) for the year ended December 31, 2007.

(Exchange rate used is the RBI Reference Rate as on March 5, 2008 i.e. Rs.61.23 / Eur (Source: www.rbi.org.in))

20. The Acquirer provides leisure travel services and also travel related financial services in United Kingdom. The Target Company is in the business of providing travel related services mainly in India, Mauritius and Sri Lanka and operates in 2 divisions (a) Financial Services and (b) Travel Related Services. The Acquirer and the Target Company have a common line of business as providing travel related services and financial services. The Acquirer believes that it can offer local travelers a wider variety of European destinations and also reap other benefits in the form of increased economies of scale. This acquisition not only fits with the Thomas Cook Group's strategy to enter in emerging markets, but also strengthens the group's position in the financial services market. The Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

III. BACKGROUND OF THE ACQUIRER (INCLUDING DISCLOSURE UNDER REGULATION 21(2))

21. Thomas Cook UK Limited, the Acquirer, is a private company incorporated on July 22, 1991 under the UK Companies Act, 1985.

Details of Thomas Cook UK Limited

22. The details of TCUK are provided in the table below

Name	Thomas Cook UK Limited
Address of the Registered/ corporate Office	Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB, United Kingdom (Tel: +44 (0)1733 416507; Fax: +44 (0)1733 416484)
Listing Status	Unlisted
Group	100% indirect subsidiary of Thomas Cook Group plc
Primary Business and Experience	Holding Company for the Thomas Cook group of companies in the UK
Compliance with the applicable provisions of Chapter II of the Regulations/other applicable regulations under the SEBI Act, 1992	Thomas Cook UK Limited has not directly held any Shares in the Target Company since inception and till the date of the PA and hence the provisions of Chapter II of the Regulations do not apply to the Acquirer

History and Major Areas of Operation:

The objects, as mentioned in the charter documents, of TCUK include, inter alia to carry on business as a general commercial company and to carry on any trade or business whatsoever.

TCUK's history dates back to July 22, 1991 when it was founded in the United Kingdom under the name of Trushelfco (No 1728) Limited. After several changes in its structure, it was last renamed from Thomas Cook Holdings Limited to TCUK on the 20th June 2001.

23. The details of the Board of Directors of TCUK are given below:

Name	Date of Appointment	Years of Experience	Designation	Residential Address
Dr. Juergen Bueser	July 1, 2006	18	Director (CFO)	Huntingfield, Huntingdon Road, Girton, Cambridge CBE 0LH. UK
Mr David Michael Hallisey	September 21, 2007	32	Director (Legal)	6 Castlebar Road, Ealing London W5 2DP UK
Dr P. Fankhauser	January 27, 2004	26	Director	Huehnerweg 31a, 60599 Frankfurt Germany
Mr Manny Fontenla-	January 31, 2003	36	Director (CEO)	Brooks Edge, 7 Belfry Lane,

Novoa				Collingtree Park, Northampton NN4 0PB UK
Mr HL Heuberg	January 27, 2004	27	Director	Koernerstrasse 24, Offenbach, 63067 Germany
Mr. R Teckentrup	January 27, 2004	28	Director	Parkstrasse 20, 65189 Wiesbaden Germany

None of these Directors is on the Board of Directors of the Target Company as of the date of the PA. However, as stated in paragraph 6, the Acquirer has nominated Dr. Juergen Bueser, Mr David Michael Hallisey and Mr Manny Fontenla-Novoa on the board of the Target Company in its Board Meeting held on March 30, 2008 in accordance with regulation 22(7) of the Regulations.

The details of experience and qualifications of the Board of Directors of TCUK are given below:

Dr. Juergen Buser (Since July 1, 2006)
Director of the Board of TCUK
Dr. Jürgen Büser is responsible for strategic development, finance, tax, information technology and procurement for Thomas Cook UK Ltd. Prior to this, Dr. Jürgen Büser worked for Thomas Cook AG in Germany for three years as Group head of controlling and M&A. Before joining Thomas Cook, Dr. Jürgen Büser occupied senior positions within Siemens Financial Services international consulting firm, Booz Allen & Hamilton and Westdeutsche Landesbank, Germany's largest public sector bank.

Mr David Michael Hallisey (Since September 21, 2007)
Director of TCUK
Mr Hallisey is responsible for the Legal department for Thomas Cook UK Limited. He qualified as a Solicitor in the UK in 1978 and joined Thomas Cook in September 1992. Prior to that, he was employed as a legal adviser to the TSB Group PLC and also to Midland Bank PLC.

Dr P. Fankhauser (Since January 27, 2004)
Director of the Board of TCUK
Dr Fankhauser began his career with the Swiss travel group Reisebüro Kuoni AG, where he became a director with responsibility for the Swiss sales market. His subsequent roles included Chief Executive Officer of Kuoni Fernreisen GmbH in Germany, Director General and Member of Group Management of Kuoni Reisen Holding AG in Switzerland and Chief Executive Officer of the LTU Group in Germany. In 2003 he was named Chief Product Officer of Thomas Cook and Chief Executive Officer of Thomas Cook Tour Operators Germany.

Mr Manny Fontenla-Novoa (Since January 31, 2003)
Director and Chief Executive Officer of TCUK
Mr Fontenla-Novoa is the Chief Executive Officer of Thomas Cook Group plc. Mr Fontenla-Novoa is also a director of Worldchoice Marketing Limited (a dormant company), Hispano Alemana de Management Hotelero S.A. and Mediterranean Touristic Management S.L. Mr Fontenla-Novoa was previously Chairman of the management board of Thomas Cook and Chief Executive Officer of Thomas Cook UK and Ireland

Mr HL Heuberg (Since January 27, 2004)
Director of TCUK
Mr Heuberg is Chief Financial Officer of Thomas Cook Group plc. Mr Heuberg is also a director of Hispano Alemana de Management Hotelero S.A., Mediterranean Touristic Management S.L. and Viajes Iberoservice S.A. Mr Heuberg was previously Chief Financial Officer of Thomas Cook AG. Before joining Thomas Cook he was head of the supervisory board of Delvag Rück and the CFO of Lufthansa Cargo AG. Prior to this he was CFO of Kolbenschmidt-Pierburg AG and a director of Mauser Waldeck AG.

Mr. R Teckentrup (Since January 27, 2004)
Director of TCUK
Mr. Teckentrup is the Group Chief Executive Officer of the Thomas Cook Group's German airline, Condor. Mr. Teckentrup is also in charge of purchasing and IT for Thomas Cook Germany. He has served on the Board of Thomas Cook AG since 2004. He began his career at Lufthansa AG, where he was closely involved in reorganisation projects and cost-cutting programmes. He joined the airline's executive board in 1992, going on to become Senior Vice President controlling and Executive Vice President for network management and marketing for Lufthansa's passenger business. Following a reorganisation in 2003, he became responsible for the passenger airline's network management, IT, airport infrastructure and purchasing.

24. As on March 4, 2008, the paid up capital of TCUK is 141,026,641 ordinary shares of GBP 1 each (equivalent to Rs.79.97)

25. The standalone financial details of TCUK are as follows:

The financials for the year ended October 31, 2007, 2006 and 2005 are based on audited standalone financials of TCUK.

Profit & Loss Statement	**Year ended October 31, 2007**		**Year ended October 31, 2006**		**Year ended October 31, 2005**	
	GBP Mn	**Rs. Lacs**	**GBP Mn**	**Rs. Lacs**	**GBP Mn**	**Rs. Lacs**
Net sales	0.0	0.0	0.0	0.0	0.0	0.0
Net operating expenses	(0.8)	(640)	(5.4)	(4,318)	(10.2)	(8,182)
Exceptional items	(10.5)	(8,397)	0.0	0.0	0.0	0.0
Operating loss	(11.3)	(9,037)	(5.4)	(4,318)	(10.2)	(8,182)
Profit from sale of business	0.0	0.0	16.1	12,875	0.0	0.0
Interest receivables and similar income	12.4	9,916	40.5	32,388	39.8	31,819
Interest payable and similar charges	(0.7)	(560)	(0.5)	(400)	0.0	0.0
Profit on ordinary activities before taxation	0.4	320	50.7	40,545	29.6	23,638
Tax on profit on ordinary activities	(0.3)	(240)	1.1	880	7.9	6,326
Profit for the financial year	0.1	80	51.8	41,424	37.5	29,964

Balance Sheet Statement	**Year ended October 31, 2007**		**Year ended October 31, 2006**		**Year ended October 31, 2005**	
	GBP Mn	**Rs. Lacs**	**GBP Mn**	**Rs. Lacs**	**GBP Mn**	**Rs. Lacs**
Sources of funds						
Paid up share capital (A)	141.0	112,758	141.0	112,758	141.0	112,758
Reserves and Surplus (excluding revaluation reserves) (B)	29.3	23,431	29.1	23,271	65.8	52,620
Shareholders' Equity (A+B)	170.3	136,189	170.1	136,029	206.8	165,378
Current Liabilities	429.6	343,551	479.4	383,376	464.0	371,061
Non-Current Liabilities	0.8	640	0.8	640	0.0	0.0
Total Liabilities & Equity	600.7	480,380	650.3	520,045	670.8	536,439
Uses of funds						
Investments	182.1	145,625	182.2	145,705	189.9	151,863
Current assets	418.6	334,754	468.1	374,340	480.9	384,576
Total Assets	600.7	480,380	650.3	520,045	670.8	536,439

Other Financial Data	**Year ended October 31, 2007**		**Year ended October 31, 2006**		**Year ended October 31, 2005**	
	GBP	**Rs.**	**GBP**	**Rs.**	**GBP**	**Rs.**
Dividend (%)	0%		84.1%		7.8%	
Earning Per Share [1] (Euro/Rs)	0.0	0.0	0.4	320	0.1	80
Return on Networth[2] (%)	0.1%		30.3%		9.6%	
Book Value Per Share[3] (Euro/Rs.)	1.2	960	1.2	960	1.5	1,200

All financial statements presented above are stated in accordance with International Standard in Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board

[1] *Earnings per share computed as the PAT / Number of outstanding shares as at the end of the year*

[2] *Return on Networth calculated as Profit After Tax/ Networth as at the end of the year.*

[3] *Book Value per share computed as the Networth / Number of outstanding shares as at the end of the year*

Note: For converting its financials from GBP to Rupees we have maintained a uniform exchange rate of Rs. 79.97/GBP, being the RBI reference rate as on March 05, 2008. (Source:www.rbi.org.in)

26. Details of Contingent Liabilities:
    As on October 31, 2007, in consideration of HSBC Bank plc providing credit and banking facilities, TCUK is a joint guarantor of an unlimited multilateral guarantee with certain fellow group companies in favour of HSBC Bank plc.

TCUK has given guarantees and counter indemnities to banks, which includes HSBC, totaling GBP506 Million (Rs.404,648 lacs) in respect of total bonding, letter of credit and guarantee facilities provided to fellow subsidiaries of the UK parent company. TCUK is one of the seven guarantors each of which are jointly liable, in respect of the bonding amounting to GBP420.2 Million (Rs.336,034 lacs).

27. An analysis of the financial performance of TCUK for the last three years is given below:

<u>2007</u>
Sales
TCUK is holding company for the Thomas Cook group of companies in the UK and therefore does not have any sales of its own

Earnings
TCUK witnessed profit before tax of GBP0.4 Million (Rs.320 lacs). Profit during the year were impacted due to an exceptional item of GBP10.5 Million (Rs.8,397 lacs) relating to integration costs following the merger of Thomas Cook AG with MyTravel plc. The principal items contributing to exceptional items were in relation to the exit from contractual arrangements and redundancy costs.

<u>2006</u>
Sales
TCUK is holding company for the Thomas Cook group of companies in the UK and therefore does not have any sales of its own

Earnings
TCUK witnessed profit before tax of GBP50.7 Million (Rs.40,545 lacs) during the year. During the year, TCUK disposed of the following subsidiary undertaking:

(i) Thomas Cook (India) Ltd and its subsidiaries were disposed of on 21 December 2005.
(ii) Thomas Cook Travel Ltd (incorporated in Canada) was disposed of on 31 May 2006.
(iii) Thomas Cook Overseas Ltd was disposed of on 31 July 2006.

This has resulted in profit on sale of business of GBP16.1 Million (Rs.12,875 lacs).

<u>2005</u>
Sales
TCUK is holding company for the Thomas Cook group of companies in the UK and therefore does not have any sales of its own

Earnings
TCUK witnessed profit before tax of GBP29.6 Million (Rs.23,638 lacs) during the year. During the year, TCUK also had tax write back of GBP7.9 Million (Rs.6,326 lacs) giving net profit after tax of GBP37.5 Million (Rs.29,964 lacs)

28. Earlier acquisitions in the Target Company made by TCUK

TCUK has neither acquired nor has been allotted any Shares of the Target Company in the last 12 months period prior to the date of the PA save as in relation to the Indirect Acquisition and the acquisition of the TCIL Purchase Shares which shall be completed in accordance with the SPA

TCUK was the erstwhile owner of TCOL, its then 100% subsidiary, and through TCOL held 60% of the issued equity share capital of the Target Company. On December 5, 2000, Condor & Neckermann Touristic AG now known as Thomas Cook AG ("TCAG"), through its wholly owned subsidiary, Eurocenter Beteiligungs-und Reisevermittlung GmbH ("Eurocenter") entered into an agreement with Carlson Companies Inc., USA to acquire a 100% stake in Thomas Cook Holdings Limited ("TCH") now known as TCUK. On March 29, 2001, TCH became a wholly owned subsidiary of Eurocenter and consequently, the Target Company became a step-down subsidiary of Thomas Cook AG. SEBI had given a conditional exemption from the requirement to make an open offer. Since the Special Resolution was defeated at the shareholders meeting, the open offer had to be made. The open offer opened on October 16, 2001 and closed on November 14, 2001.

The promoter's shareholding was transferred from TCH to TCIM (at that time, a wholly owned subsidiary of Thomas Cook Aktiengesellschaft ("TCAG")) with effect from December 19, 2005. This transaction was exempted from the requirement of an open offer vide SEBI order WTMO/ 18 /CFD/ 12 /2005 dated December 19, 2005. In January 2006, TCAG sold TCIM to the Seller and thereby exited its investment in the Target Company.

On 19 June 2007, MyTravel Group plc and TCAG merged to create a leading international leisure travel group. The merger was effected by Thomas Cook Group plc ("TCG") acquiring both MyTravel Group plc and TCAG. TCUK is the 100% indirect subsidiary of TCG, and other than above, neither TCUK nor TCG owned any shares of the Target

Company prior to the Indirect Acquisition.

29. Significant accounting policies of TCUK

Financial statements of TCUK are prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. A summary of the more important accounting policies, which have been consistently applied and which the directors consider to be most appropriate, is set out below.

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention. The financial statements have been prepared on a going concern basis. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Thomas Cook Group plc.

Administrative expenses
Administrative expenses include finance and general administrative services.

Fixed asset investments
Investments in joint ventures and subsidiaries are carried in the balance sheet and are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value.

Short-term investments
Bank deposits that are not repayable on demand without penalty are treated as short-term investments in accordance with FRS 1 (revised 1996).

Deferred taxation
Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash flow statement and related party transactions
The company's financials are included in the consolidated financial statements of Thomas Cook Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) 'Cash Flow Statements'. The company is also exempt under the terms of FRS8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the Thomas Cook Group plc group or investees of the Thomas Cook Group plc group.

30. Status of Corporate Governance: TCUK is a private company and has no applicable corporate governance requirements.

31. TCUK does not have any material pending litigation matters against it.

32. At November 1, 2006, TCUK was a wholly owned subsidiary of Thomas Cook AG. On February 12, 2007, the board of Thomas Cook AG, the ultimate parent company agreed to the terms of a recommended merger of TCUK with MyTravel Group plc. This transaction was completed on June 19, 2007. Consequently TCUK is 100% indirect subsidiary of TCG plc. Other than above, there were no merger/ demerger / spin offs in last three years in TCUK.

33. Company's Secretary: Mrs Shirley Bradley, c/o Thomas Cook UK Limited, Thomas Cook Business Park, Coningsby Road, Peterborough, PE3 8SB, United Kingdom (Tel: +44 (0)1733 416507; Fax: +44 (0)1733 416484)

34. TCUK is 100% indirect subsidiary of TCG plc as of the date of the PA

35. TCUK has not promoted any company in India other than the Target Company, details of which are more clearly set out in Section IV i.e. Background of the Target Company

<u>Details of Thomas Cook Group plc</u>

Thomas Cook Group plc. is a public company incorporated on February 8, 2007 under the UK Companies Act 1985. TCG is the holding company of the Acquirer.

36. The details of TCG are provided in the table below

Name	Thomas Cook Group plc
Address of the registered/ corporate office	The Thomas Cook Business Park, Coningsby Road, Peterborough. PE3 8SB (Tel: +44(0)1733 416507; Fax: +44 (0)1733 416484)
Listing Status	Listed on London Stock Exchange under the ticker TCG.L
Share price as on May 08, 2008	GBP2.73 (Rs.218.3)
Group	Part of the Thomas Cook group of companies; TCG is the holding company in the Thomas Cook group
Relationship with TCUK	Indirectly holds 100% voting equity shares of TCUK
Primary Business and experience	On 12 February 2007, the boards of MyTravel Group plc and KarstadtQuelle announced the proposed merger of MyTravel Group plc and TCAG to create a leading international leisure travel group. The Merger was effected by TCG acquiring both MyTravel Group plc and TCAG.The origins of Thomas Cook can be traced back to 1841 and was established under its current name in 2001 when Thomas Cook Holdings Ltd was acquired by C&N Touristic AG. MyTravel Group plc business was established in the UK in 1972.

37. Brief History & Major areas of operations

On 12 February 2007 the boards of MyTravel and KarstadtQuelle announced the proposed merger of MyTravel and Thomas Cook to create a leading international leisure travel group. The Merger was effected by TCG (incorporated on February 8, 2007) acquiring both MyTravel Group plc and TCAG. Following the Merger, TCG, became the holding company of the enlarged group.

The merged entity is organised into five geographically based divisions:

(i) UK (comprising the UK and Irish tour operations and UK airlines of MyTravel and Thomas Cook);

(ii) Continental Europe (comprising Thomas Cook's operations in Germany, Austria, France, Belgium, the Netherlands, Hungary and Poland);

(iii) Northern Europe (comprising MyTravel's operations in Sweden, Norway, Denmark and Finland);

(iv) German Airlines (comprising the Condor Flugdienst and Condor Berlin airlines operated by Thomas Cook in Germany); and

(v) North America (comprising MyTravel's operations in Canada and the United States).

The principal brands of the merged entity includes Thomas Cook, Airtours, Neckermann, Condor, Ving, Direct Holidays and Sunquest

The primary business model of TCG is that of vertically integrated charter tour operations, based on airline ownership, committed air capacity and controlled retail distribution, however TCG operates different business models within each of its major markets. Company operates business models in response to local market conditions, including specialist tour operators and distribution and internet businesses

38. The details of the Board of Directors of TCG are given below:

Name	Date of Appointment	Years of Experience	Designation	Residential Address
Dr Thomas Middelhoff	March 28, 2007	32	Non-executive Chairman	Krackser Strasse 35, Bielefeld, 33659 Germany
Michael Beckett	March 28, 2007	48	Non-executive Deputy Chairman	Northcroft, Dulwich Common, London SE21 7EW UK
Manny Fontela-Novoa	March 28, 2007	36	Chief Executive Officer	Brooks Edge, 7 Belfry Lane, Collingtree Park, Northampton NN4 0PB UK
Ludger Heuberg	March 28, 2007	27	Chief Financial Officer	Koernerstrasse 24, Offenbach, 63067 Germany
David Allvey	March 28, 2007	41	Independent non-executive Director	Greenside House, 50 Station Road, London N22 7TP UK.
Roger Burnell	March 28, 2007	36	Independent non-executive Director	Marrayway House, Heath End, Stratford on Avon CV37 0PL UK

Dr Peter Diesch	March 28, 2007	32	Non-executive Director	Unter den Eichen 15, Marxen, 21439 Germany
Dr Angus Porter	March 28, 2007	27	Independent non-executive Director	The Nineteenth, Treadaway Hill, Flackwell Heath, High Wycombe, Buckinghamshire HP10 9PD UK
Bo Lerenius	July 1, 2007	38	Independent non-executive Director	28 Stokenchurch Street, London SW6 3TR. UK
Hemjo Klein	July 1, 2007	43	Independent non-executive Director	2020 Donna Drive, Laguna Beach, , California 92651, USA

None of these Directors is on the Board of Directors of the Target Company as of the date of the PA. However, as stated in paragraph 6, the Acquirer has nominated Mr Manny Fontenla-Novoa on the board of the Target Company in its Board Meeting held on March 30, 2008 in accordance with regulation 22(7) of the Regulations.

Dr Thomas Middelhoff (Since March 28, 2007)
Non Executive Chairman of TCG
Dr Middelhoff is also Chairman of the management board of Arcandor AG (formerly KarstadtQuelle AG) and holds the following chairman and board positions; Chairman of Senator Entertainment AG, Chairman of The Polestar Group Ltd., Chairman of Moneybookers.com Ltd. and a board member of the New York Times Company. Dr Middelhoff was previously Chairman of the supervisory board of Thomas Cook AG. Before joining Arcandor he was Head of Europe for Corporate Investment at Investcorp International and Chairman and Chief Executive Officer of Bertelsmann AG.

Mr Michael Beckett (Since March 28, 2007)
Non-executive Deputy Chairman of TCG
Mr Beckett is also a non-executive director of Egypt Trust Limited, Northam Platinum Ltd (South Africa), Orica Ltd (Australia), Coalcorp Mining Inc, Northern Orion, Mvelaphanda Resources Limited (South Africa) and Endeavour Mining Capital Inc. Mr Beckett was previously Chairman of MyTravel. Before joining MyTravel he was Chairman of London Clubs International plc and WBB Minerals Ltd; Managing Director of Consolidated Gold Fields plc, Minerals Ltd, Oxus Gold plc, Ashanti Goldfields Company Limited and Clarkson plc; and a non-executive director of BPB plc and Foreign and Colonial General Income Growth plc.

Mr Manny Fontela-Novoa (Since March 28, 2007)
Chief Executive Officer of TCG
Mr Fontenla-Novoa is also a director of Worldchoice Marketing Limited (a dormant company), Hispano Alemana de Management Hotelero S.A. and Mediterranean Touristic Management S.L. Mr Fontenla-Novoa was previously Chairman of the management board of Thomas Cook and Chief Executive Officer of Thomas Cook UK and Ireland

Mr Ludger Heuberg (Since March 28, 2007)
Chief Financial Officer of TCG

Mr Heuberg is also a director of Hispano Alemana de Management Hotelero S.A., Mediterranean Touristic Management S.L. and Viajes Iberoservice S.A. Mr Heuberg was previously Chief Financial Officer of Thomas Cook AG. Before joining Thomas Cook he was head of the supervisory board of Delvag Rück and the CFO of Lufthansa Cargo AG. Prior to this he was CFO of Kolbenschmidt-Pierburg AG and a director of Mauser Waldeck AG.

Mr David Allvey (Since March 28, 2007)
Independent non-executive Director of TCG

Mr Allvey is also Chairman of Arena Coventry Ltd and holds non-executive roles at Costain Group plc, Intertek Group plc, Resolution plc and William Hill plc. Mr Allvey was previously a non-executive director of MyTravel. Before joining MyTravel he was Group Finance Director of Barclays Bank plc, BAT Industries plc and Allied Zurich plc and was Chief Operating Officer of Zurich Financial Services AG

Mr Roger Burnell (Since March 28, 2007)
Independent non-executive Director of TCG

Mr Burnell is also Chairman of Home Form Group Limited. Roger Burnell was previously a non-executive director of MyTravel. Before joining MyTravel he was Chief Operating Officer and a Director of Thomson Travel Group plc, Chairman of The First Resort Limited and Chairman of International Life Leisure Group Limited.

Dr Peter Diesch (Since March 28, 2007)

Non-executive Director of TCG

Dr Peter Diesch is also CFO of Arcandor AG (formerly KarstadtQuelle AG). Before joining Arcandor he was CFO and HR Director of Linde AG, CFO and HR Director of Tchibo Holding AG and CFO of Airbus GmbH.

Dr Angus Porter (Since March 28, 2007)
Independent non-executive Director of TCG

Dr Porter is also Global Chief Executive Officer of Added Value Group. Dr Angus Porter was previously a non-executive director of MyTravel. Before joining MyTravel he was an Executive Director, and Chairman of the Customer Board, of Abbey National plc, and Managing Director of British Telecom¿s Consumer Division.

Mr Bo Lerenius (Since July 1, 2007)
Independent non-executive Director of TCG

Mr Lerenius is currently a non-executive director of ABP Holdings PLC, having been its Group Chief Executive until 31 March 2007. Since April 2004, Mr Lerenius has been a non-executive director of G4S plc and since June 2004 has been a non-executive director of Land Securities Group PLC. He is a non-executive director of a Swedish company. Prior to joining ABP, between 1992 and 1998 he was chief executive of listed ferry company Stena Line. Mr Lerenius became chairman of the Swedish Chamber of Commerce for the UK on 15 June 2007.

Mr Hemjo Klein (Since July 1, 2007)
Independent non-executive Director of TCG

Mr Klein is currently chairman and CEO of Live Holding AG and was formerly a member of the Executive Board of Lufthansa AG and was a member of the executive board of Deutsche Bundesbahn and Deutsche Reichsbahn. Mr Klein has also held the position as chairman of the Supervisory Board of each of Sixt AG, DER Deutsches Reiseburo GmbH and Condor Flugdienst GmbH. He was previously chairman of the Board of Directors of Amadeus SA and is a former member of the supervisory board of TUI AG. Mr Klein is a past chairman and president of the German National Tourist Board.

39. The financial details of TCG based upon latest audited financials are as follows:

Profit & Loss Statement	**Year ended October 31, 2007**		**Year ended October 31, 2006**		**Year ended October 31, 2005**	
	Euro Mn	**Rs. Lacs**	**Euro Mn**	**Rs. Lacs**	**Euro Mn**	**Rs. Lacs**
Revenue	9,439	5,779,683	7,780	4,763,816	NA	NA
Cost of providing tourism services	(7,208)	(4,413,213)	(5,967)	(3,653,410)	NA	NA
Gross Profit	**2,232**	**1,366,470**	**1,814**	**1,110,406**	**NA**	**NA**
Other operating income	57	34,656	49	29,697	NA	NA
Personnel expenses	(1,085)	(664,346)	(840)	(514,577)	NA	NA
Depreciation and amortisation	(154)	(94,417)	(157)	(95,947)	NA	NA
Amortisation of business combination intangibles	(43)	(26,390)	-	-	NA	NA
Other operating expenses	(796)	(487,636)	(700)	(428,671)	NA	NA
Profit on disposal of business/ assets	3	1,837	53	32,697	NA	NA
Profit on disposal of non current assets held for sale	15	9,123	-	-	NA	NA
Profit from operations	**227**	**139,298**	**218**	**133,604**	**NA**	**NA**
Share of results of associates and joint ventures	3	1,592	5	3,000	NA	NA
Profit on disposal of associates	52	32,085	20	12,491	NA	NA
Net investment income	3	1,531	1	551	NA	NA
Finance income	109	66,924	76	46,780	NA	NA
Finance costs	(110)	(67,353)	(102)	(62,332)	NA	NA
Profit before tax	**284**	**174,077**	**219**	**134,094**	**NA**	**NA**
Tax	(59)	(36,003)	(39)	(24,002)	NA	NA

Profit for the year	**225**	**138,074**	**180**	**110,092**	**NA**	**NA**

Calculation of profits from operations (pre exceptional operating items and amortisation of business combination intangibles)

	Year ended October 31, 2007		Year ended October 31, 2006		Year ended October 31, 2005	
	Euro Mn	Rs. Lacs	Euro Mn	Rs. Lacs	Euro Mn	Rs. Lacs
Profit from operations (as presented above)	227.5	139,298	218.2	133,604	NA	NA
Exceptional operating items and amortisation of business combination intangibles	(227.9)	(139,543)	37.3	22,839	NA	NA
Profit from operations (Pre exceptional operating items and amortisation of business combination intangibles)	455.4	278,841	180.9	110,765	NA	NA

Balance Sheet Statement	Year ended October 31, 2007		Year ended October 31, 2006		Year ended October 31, 2005	
	Euro Mn	Rs. Lacs	Euro Mn	Rs. Lacs	Euro Mn	Rs. Lacs
Sources of funds						
Called up share capital	97.7	59,822	303.7	185,956	NA	NA
Share premium	10.1	6,184	539.7	330,458	NA	NA
Reserves and surplus	2,922.7	1,789,569	(277.9)	(170,158)	NA	NA
Shareholders' Equity	**3,030.5**	**1,855,575**	**565.5**	**346,256**	**NA**	**NA**
Minority interests	11.9	7,286	32.6	19,961	NA	NA
Current Liabilities	3,737.9	2,288,716	2,077.8	1,272,237	NA	NA
Liabilities related to assets held for sale	9.7	5,939	14.1	8,633	NA	NA
Non-Current Liabilities	1,541.7	943,983	1,252.3	766,783	NA	NA
Total Liabilities & Equity	**8,331.7**	**5,101,500**	**3,942.3**	**2,413,870**	**NA**	**NA**
Uses of funds					NA	NA
Non current assets	6,010.3	3,680,107	2,508.9	1,536,199	NA	NA
Current assets	2,303.2	1,410,249	1,386.2	848,770	NA	NA
Non current assets held for sale	18.2	11,144	47.2	28,901	NA	NA
Total Assets	**8,331.7**	**5,101,500**	**3,942.3**	**2,413,870**	**NA**	**NA**

Notes:

1. Income statement for TCG for the year ended 31 October 2007, includes the full year of trading for TCAG and the trading of My Travel Group plc and TCG plc for the period from 19 June 2007 to 31 October 2007 (Since merger became effective from June 19, 2007); Balance Sheet represents the balance sheet of Thomas Cook AG, My Travel plc and TCG plc (the holding company) at 31 Oct 07
2. TCG plc was incorporated on February 8, 2007 and therefore does not have financials for 2005 and 2006. However, as per the annual report of TCG for 12 months ended October 31, 2007, financials for 2006 have been provided assuming it held 100% of TCAG during the year

Other Financial Data	**Year ended October 31, 2007**		**Year ended October 31, 2006**		**Year ended October 31, 2005**	
	Euro	**Rs.**	**Euro**	**Rs.**	**Euro**	**Rs.**
Dividend [1] (%)	71.6%		NIL		NA	
Earning Per Share [2] (Euro/Rs)	0.33	202	0.35	214	NA	NA
P/E Ratio[3]	13.0		NA		NA	
Return on Networth[4] (%)	-23.0%		-31.1%		NA	
Book Value Per Share[5] (Euro/Rs.)	(1.00)	(612)	(1.14)	(698)	NA	NA

All financials statements presented above are prepared in accordance with IFRS and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to groups reporting under IFRS

[1] *Dividend per share as % of paid up value of fully paid up shares at the end of the year*

[2] *Earnings per share computed as the PAT / Weighted average number of outstanding shares during the year*

[3] *P/E Ratio computed as the closing share price of TCG as on October 31 (or the last working day prior to the same) of the relevant year divided by the Earnings per share for that year.*

[4] *Return on Networth calculated as Profit After Tax/ Networth as at the end of the year*

[5] *Book Value per share computed as the Networth / Number of outstanding shares as at the end of the year.*

Note: For converting its financials from Euro to Rupees we have maintained a uniform exchange rate of Rs.61.23/Euro, being the RBI reference rate as on March 05, 2008. (Source: www.rbi.org.in)

40. An analysis of the financial performance of TCG for the last two years is given below:

2007

Financials for 2007 are not comparable with 2006 financials. Income statement for TCG for the year ended 31 October 2007, includes the full year of trading for TCAG and the trading of My Travel Group plc and TCG plc for the period from 19 June 2007 to 31 October 2007 (Since merger became effective from June 19, 2007), whereas, financials for 2006 have been provided assuming TCG held 100% of TCAG during the year (this is as per the annual report of TCG for 12 months ended October 31, 2007).

To assist investors in understanding the performance of the Group, pro forma financial information has been prepared to show the results of the group as if the two former groups had always been combined. The pro forma financial information has been prepared on an adjusted basis which means before exceptional items, amortisation of intangible assets that arose from the business combination, interest and tax (unless otherwise indicated), and excludes group’s share of the results of associates and joint ventures.

Presented below is pro forma unaudited segmental performance review of TCG

	Year ended October 31, 2007		**Year ended October 31, 2006**		**% Change**
	Euro Mn	**Rs. Lacs**	**Euro Mn**	**Rs. Lacs**	
Revenue*					
- UK	4,714.3	2,886,566	4,736.6	2,900,220	-0.5%
- Northern Europe	1,194.8	731,576	1,151.9	705,308	3.7%
- Continental Europe	4,477.4	2,741,512	4,567.8	2,796,864	-2.0%
- North America	559.8	342,766	684.6	419,181	-18.2%
- Airlines Germany	767.8	470,124	694.4	425,181	10.6%
- Corporate	0.4	245	35.3	21,614	-98.9%
Group revenue	**11,714.5**	**7,172,788**	**11,870.6**	**7,268,368**	**-1.3%**
Profit from operations**					
- UK	121.5	74,394	89.2	54,617	36.2%
- Northern Europe	109.7	67,169	92.6	56,699	18.5%
- Continental Europe	99.5	60,924	99.2	60,740	0.3%
- North America	7.9	4,837	15.7	9,613	-49.7%
- Airlines Germany	68.1	41,698	38.1	23,329	78.7%
- Corporate	(31.4)	(19,226)	(37.1)	(22,716)	15.4%
Group profit from operations	**375.3**	**229,796**	**297.7**	**182,282**	**26.1%**

* Revenue for the Group represents external revenue only.

** Profit from operations is defined as earnings before interest and tax, and has been adjusted to exclude exceptional items and amortisation of business combination intangibles. It also excludes TCG share of the results of associates and joint ventures.

Reconciliation of pro forma and statutory profit from operations

The table below sets out the key reconciling differences in profit from operations on a pro forma basis compared with the statutory basis for 2007 and the comparative period

	Year ended October 31, 2007		Year ended October 31, 2006		Year ended October 31, 2005	
	Euro Mn	Rs. Lacs	Euro Mn	Rs. Lacs	Euro Mn	Rs. Lacs
Pro forms Group profit from operations	**375.3**	**229,796**	**297.7**	**182,282**	**NA**	**NA**
Adjustments						
- Pre - merger operating loss/ (profit) of MyTravel plc	79.1	48,433	(90.7)	(55,536)	NA	NA
- Pre - merger impact of fair value adjustments	(16.7)	(10,225)	(26.1)	(15,981)	NA	NA
- IAS 39 business combination adjustment	17.7	10,838	0	0	NA	NA
Statutory Group profit from operations	**455.4**	**278,841**	**180.9**	**110,765**	**NA**	**NA**

2006
TCG was incorporated on February 8, 2007 and therefore does not have financials for 2005 and 2006. However, as per the annual report of TCG for 12 months ended October 31, 2007, financials for 2006 have been provided assuming it held 100% of TCAG during the year

2005
TCG was incorporated on February 9, 2007 and did not report financials for 2005

41. TCG contingent liabilities primarily comprise counter-guarantees for bank funding and letters of credit. In addition, TCG has outstanding guarantees in relation to uncommitted facilities and other contingent liabilities relating to structured aircraft leases. Total contingent liabilities as at October 31, 2007 were Eur171.2 million (Rs.104,826 lacs).

    TCG complies with all the standards relevant to consumer protection and formal requirements in respect of package tour contracts and has all the necessary licences for the various sales markets. The customer's right to reimbursement of the return travel costs and amounts paid in case of insolvency or bankruptcy on the part of the tour operator or travel agency is guaranteed in all Thomas Cook sales markets in line with local legislation and within the various guarantee systems applied. Customer rights in relation to Thomas Cook Group in Germany, Belgium and Austria are guaranteed via an insolvency insurance system, in Great Britain, Ireland, Scandinavia and France via guarantees provided by banks and insurance companies, and in the Netherlands via a guaranteed fund. In North America, customer payments are held in escrow accounts until the obligations of the tour operator or travel agent have been completed.

42. Earlier acquisitions in the Target Company made by TCG

    TCUK was the erstwhile owner of TCOL, its then 100% subsidiary, and through TCOL held 60% of the issued equity share capital of the Target Company until December 2005, when TCOL transferred its shareholding in the Target Company to TCIM (at that time, a wholly owned subsidiary of Thomas Cook Aktiengesellschaft ("TCAG")). In January 2006, TCAG sold TCIM to the Seller and thereby exited its investment in the Target Company.

    On 19 June 2007, MyTravel Group plc and TCAG merged to create a leading international leisure travel group. The merger was effected by Thomas Cook Group plc ("TCG") acquiring both MyTravel Group plc and TCAG. TCUK is the 100% indirect subsidiary of TCG, and other than above, neither TCUK nor TCG owned any shares of the Target Company prior to the Indirect Acquisition.

43. Significant accounting policies of TCG

    The financial statements have been prepared in accordance with IFRS and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to groups reporting under IFRS. The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

    The only new standard or interpretation adopted during the current period was IFRIC 10 – Interim financial reporting and impairment. This interpretation had no effect on the financial statements for the period or those for the prior period.

    The financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments.

    The principal accounting policies applied in the preparation of the financial information presented in this document are set out below. These policies have been applied consistently to the periods presented.

Basis of preparation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings. The results of subsidiaries acquired or disposed of are consolidated for the periods from or to the date on which control passed. Subsidiaries are entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Acquisitions are accounted for under the purchase method.

Where a transaction is a business combination amongst entities under common control, the requirements of IFRS 3 are applied and the combination is accounted for using the purchase method.

Where audited financial accounts are not coterminous with those of the Group, the financial information has been derived from the last audited accounts available and unaudited management accounts for the period up to the Company's balance sheet date.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

On 19 June 2007, Thomas Cook AG (TCAG) merged with MyTravel Group plc to become Thomas Cook Group plc (TCG plc). For statutory purposes the transaction is treated as a business combination effected by a new parent company, TCG plc. However, for accounting purposes this is a reverse acquisition of TCG plc by TCAG with the overall effect being that TCAG is treated as the acquirer of both TCG plc and MyTravel Group plc. These financial statements therefore include the full year of trading for TCAG and the trading of MyTravel Group plc for the period from 19 June 2007 to 31 October 2007. The comparative information includes the full year of trading for TCAG and none of the MyTravel Group plc results. All of the TCAG financial information has been presented in accordance with the accounting policies set out below.

Following the business combination, TCAG changed its accounting policy for pension accounting and made certain changes to the presentation of financial information from that in the TCAG financial statements for the year ended 31 October 2006. These presentational changes related to certain classifications and had no impact on the income statement or on net assets.

In its financial statements, TCAG had previously applied the corridor method to recognise in the income statement actuarial gains and losses over the expected working lives of employees in the plans. The Group now recognises all actuarial gains and losses arising from defined benefit plans directly in equity. As a consequence of listing in the UK and to bring the Group in line with prevailing practice in the UK, the Directors consider full recognition of the actuarial gains and losses in the Statement of Recognised Income and Expense is more appropriate.

The change in accounting policy has been recognised retrospectively and the 2006 comparatives have been restated from the TCAG financial statements. The impact of the change in policy is shown in the notes to the Statement of Recognised Income and Expense.

Interpretation guidance included within SIC Interpretation 12 "Consolidation – Special Purpose Entities" indicates that certain special purpose entities (SPEs), which are involved in aircraft leasing and other arrangements with the Group, should be interpreted as being controlled by the Group, and therefore subject to consolidation, even though the Group has no direct or indirect equity interest in those entities. As a consequence, the Group has consolidated 12 SPEs.

The Directors consider that the principal functional currency of the Group is the euro and have therefore decided to adopt the euro as the presentational currency.

Associates and joint ventures

Entities, other than subsidiaries, over which the Group exerts significant influence, but not control or joint control, are associates. Entities which the Group jointly controls with one or more other party under a contractual arrangement are joint ventures.

The Group's share of the results of associates and joint ventures is included in the Group income statement using the equity accounting method. Investments in associates and joint ventures are included in the Group balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the entity, after adjustment for goodwill.

Other non-current asset investments

Investments in equity instruments that do not have a quoted market price in an active market are measured at cost. Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Any impairment losses are recognised in the income statement.

Intangible assets – goodwill

Goodwill arising on an acquisition represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is recognised as an asset, and is reviewed for impairment at least annually. Any impairment is recognised immediately in the Group's income statement and is not subsequently reversed.

On disposal of a subsidiary, joint venture or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets – other

Intangible assets, other than goodwill, are carried on the Group's balance sheet at cost less accumulated amortisation. Intangible assets with indefinite useful lives are not amortised. For all other intangible assets amortisation is charged on a straight line basis over the asset's useful life, as follows:

Brands	10 years to indefinite life
Customer relationships	1 to 5 years
Computer software	3 to 10 years

Other acquired intangible assets are assessed separately and useful lives established according to the particular circumstances.

Intangible assets with indefinite useful lives are tested for impairment at least annually by comparing their carrying amount to their recoverable amount. All other intangible assets are assessed at each reporting date for indications of impairment. If such indications exist, the recoverable amount is estimated and compared to the carrying amount. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognised immediately in the income statement.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of straight line depreciation and any provision for impairment. Where costs are incurred as part of the start-up or commissioning of an item of property, plant or equipment, and that item is available for use but incapable of operating in the manner intended by management without such a start-up or commissioning period, then such costs are included within the cost of the item. Costs that are not directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are charged to the income statement as incurred.

Depreciation on property, plant and equipment, other than freehold land, upon which no depreciation is provided, is calculated on a straight line basis and aims to write down their cost to their estimated residual value over their expected useful lives as follows:

Freehold buildings	40 to 50 years
Leasehold properties	Shorter of remaining lease period and 40 years
New aircraft	12 to 20 years (or remaining lease period if shorter)
Aircraft spares	5 to 15 years (or remaining lease period if shorter)
Other fixed assets	3 to 15 years

Estimated residual values and useful lives are reviewed annually.

Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. To be classified as held for sale, the assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for the sale of such assets and their sale must be highly probable. Sale is considered to be highly probable when management are committed to a plan to sell the assets and an active programme to locate a buyer and complete the plan has been initiated, at a price that is reasonable in relation to their current fair value, and there is an expectation that the sale will be completed within one year from the date of classification.

Non-current assets classified as held for sale are carried on the Group's balance sheet at the lower of their carrying amount and fair value less costs to sell.

Aircraft overhaul and maintenance costs

The cost of major overhauls of owned and finance leased engines, auxiliary power units and airframes is capitalised and then amortised over between two and 10 years until the next scheduled major overhaul, except where the maintenance of engines and auxiliary power units is carried out under fixed rate contracts, in which case the cost is spread over the period of the contract. Provision is made for the future costs of major overhauls of leased engines, auxiliary power units and airframes by making appropriate charges to the income statement, calculated by reference to hours flown and/or the expired lease period, as a consequence of obligations placed upon the Group under the terms of certain of the operating leases.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase price. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

Revenue recognition and associated costs

Revenue represents the aggregate amount of gross revenue receivable from inclusive tours, travel agency commissions receivable and other services supplied to customers in the ordinary course of business. Revenue and direct expenses relating to inclusive tours arranged by the Group's leisure travel providers, including travel agency commission, insurance and other incentives, are taken to the income statement on holiday departure. Revenue relating to travel agency commission on third party leisure travel products is also recognised on holiday departure. Other revenue and associated expenses are taken to the income statement as earned or incurred. Revenue and expenses exclude intra-group transactions.

Income statement presentation

Profit or loss from operations includes the results from operating activities of the Group, before its share of the results of associates and joint ventures.

Exceptional items are items that are unusual because of their size, nature or incidence and which the Group's management consider should be disclosed separately to enable a full understanding of the Group's results.

Material business combination intangible assets were acquired as a result of the merger between Thomas Cook AG and MyTravel Group plc. The amortisation of these intangible assets is significant and the Group's management consider that it should be disclosed separately to enable a full understanding of the Group's results.

Tax

Tax represents the sum of tax currently payable and deferred tax. Tax is recognised in the income statement unless it relates to an item recognized directly in equity, in which case the associated tax is also recognised directly in equity.

Tax currently payable is provided on taxable profits based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for deferred tax so as to recognise all temporary differences which have originated but not reversed at the balance sheet date that result in an obligation to pay more tax, or a right to pay less tax, in the future, except as set out below. This is calculated on a non-discounted basis by reference to the average tax rates that are expected to apply in the relevant jurisdictions and for the periods in which the temporary differences are expected to reverse.

Deferred tax assets are assessed at each balance sheet date and are only recognised to the extent that their recovery against future taxable profits is probable. Deferred tax liabilities are recognised for the retained earnings of overseas subsidiaries, joint ventures and associates unless the Group is able to control the timing of the distribution of those earnings and it is probable that they will not be distributed in the foreseeable future.

Pensions

Pension costs charged against profits in respect of the Group's defined contribution schemes represent the amount of the contributions payable to the schemes in respect of the accounting period.

The Group also operates a number of defined benefit schemes. The pension liabilities recognised on the balance sheet in respect of these schemes represent the difference between the present value of the Group's obligations under the schemes and the fair value of those schemes' assets. Actuarial gains or losses are recognised in the period in which they arise within the statement of recognised income and expense. Other movements in the pension liability are recognised in the income statement. Past service costs are recognised immediately in the income statement.

Foreign currency

Average exchange rates are used to translate the results of all subsidiaries, associates and joint ventures that have a functional currency other than the euro. The balance sheets of such entities are translated at period end exchange rates.

The resulting exchange differences are dealt with through a separate component of equity. Transactions in currencies other than the functional currency of an entity are translated at the exchange rate at the date of the transaction.

Foreign currency monetary assets and liabilities held at the period end are translated at period end exchange rates. The resulting exchange gain or loss is dealt with in the income statement.

Leases

Leases under which substantially all of the risk and rewards of ownership are transferred to the Group are finance leases. All other leases are operating leases.

Assets held under finance leases are recognised within property, plant and equipment on the balance sheet and depreciated over the shorter of the lease term or their expected useful lives. The interest element of finance lease payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

Operating lease rentals are charged to the income statement on a straight line basis over the lease term.

Derivative financial instruments

Derivatives are recognised at their fair value. When a derivative does not qualify for hedge accounting as a cash flow hedge, changes in fair value are recognised immediately in the income statement. When a derivative qualifies for hedge accounting as a cash flow hedge, changes in fair value that are determined to be an effective hedge are recognised directly in the hedging reserve. Any ineffective portion of the change in fair value is recognised immediately in the income statement.

If a hedged transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial cost or other carrying amount of the asset or liability. For all other cash flow hedges, the associated cumulative gain or loss is removed from the hedging reserve and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a derivative qualifies for hedge accounting as a fair value hedge, changes in fair value of the derivative are recognised in the income statement when they offset changes in the fair value of the hedged asset or liability, attributable to the hedged risk.

Non-derivative financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group transfers the financial asset or when the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged or cancelled or expires. The measurement of particular financial assets and liabilities is set out below.

Trade receivables

Trade receivables are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method as reduced by allowances for estimated irrecoverable amounts.

Available-for-sale financial assets

Available-for-sale financial assets are recognised and subsequently recorded at their fair value. Gains or losses (except for impairment losses and foreign exchange gains and losses) are recognised directly in equity until the financial asset is derecognised. At this point, the cumulative gain or loss previously recognised in equity is recognised in the income statement. Any impairment losses, foreign exchange gains or losses or dividends receivable are recognised in the income statement.

Held for trading investments

Short-term investments are classified as held for trading and are recognised and subsequently recorded at their fair value. Gains or losses are recognised in the income statement.

Trade payables

Trade payables are recognised at their fair value and subsequently recorded at amortised cost using the effective interest method.

Borrowings

Interest bearing borrowings are recognised at their fair value net of any directly attributable transaction costs. They are subsequently recorded at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are recognised and subsequently recorded at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the provision is discounted to its present value.

Share-based payments

The Group issues share options to certain employees as part of their total remuneration. The fair values of the share options are calculated at the date of grant, using an appropriate option pricing model. These fair values are charged to the income statement on a straight line basis over the expected vesting period of the options, with a corresponding increase in equity reserves.

Insurance contracts and reinsurance contracts

Premiums written relate to business incepted during the year, together with any differences between the booked premiums for prior years and those previously accrued, less cancellations. Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. Premiums are shown after the deduction of commission and premium taxes where relevant.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to policyholders or third parties damaged by policyholders. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. The benefits to which the Group is entitled under its reinsurance contracts held are recognised as receivables from reinsurers. The Group assesses its reinsurance assets for impairment on an annual basis.

Receivables and payables are recognised when due. These include amounts due to and from insurance policyholders.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Residual values of tangible fixed assets

Judgements have been made in respect of the residual values of aircraft included in property, plant and equipment. Those judgements determine the amount of depreciation charged in the income statement.

Recoverable amounts of goodwill and intangible assets with an indefinite life

Judgements have been made in respect of the amounts of future operating cash flows to be generated by certain of the Group's businesses in order to assess whether there has been any impairment of the amounts included in the balance sheet for goodwill or intangible assets with an indefinite life in relation to those businesses.

Special purpose entities

The nature of the relationship with certain SPEs involved in leasing aircraft to the Group shows that they should be interpreted as controlled by the Group, and therefore consolidated, even though the Group has no direct or indirect equity interest in those entities.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill and intangible assets with an indefinite life

Determining whether goodwill or intangible assets with an indefinite life are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amounts of goodwill and intangible assets with an indefinite life at the balance sheet date were €3,550.0 million and €282.4 million respectively. No impairment losses were recorded during the year.

Recoverable amounts of deposits and prepayments

Estimates have been made in respect of the volumes of future trading with hoteliers and the credit-worthiness of those hoteliers in order to assess the recoverable amounts of deposits and prepayments made to those hoteliers.

Aircraft maintenance provisions

Provisions for the cost of maintaining leased aircraft and spares are based on forecast aircraft utilisation, estimates of future maintenance costs and planned rollover and renewal of the aircraft fleet.

Tax

The Group operates in many tax regimes and the tax implications of its operations are complex. It can take several years for tax liabilities to be agreed with the relevant authorities. Tax assets and liabilities represent management's estimates of tax that will be payable or recoverable in the future and may be dependent on estimates of future profitability.

In addition, estimates have been made in respect of the probable future utilisation of tax losses and deferred tax assets have been recognised. The recoverability of these assets is dependent on the agreement of the losses with the relevant authorities and the estimates of future profitability.

44. Shareholding pattern as of date of the PA:
    TCG is a professionally managed and widely held company, with 52% of the holding with Arcandor AG, a widely held German corporation, and 48% being public free float.

45. Provisions of Chapter II of the Regulations are not applicable for TCG

46. TCG has not promoted any company in India.

Disclosure in terms of regulation 16(ix)

47. As of date of the PA, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company and except to the extent already contracted by the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the business opportunities and exigencies from time to time.

48. Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

Option in Terms of regulation 21(2)

49. Upon completion of the Offer, assuming full acceptances in the Offer and together with the Indirect Acquisition and the acquisition of the TCIL Purchase Shares, the Acquirer will hold not more than 74.9% of the then paid up capital of the Target Company. Consequent to this Offer, the public shareholding is not likely to fall to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on continuous basis. Hence, the

provisions of regulation 21(2) of the Regulations are not applicable.

IV. BACKGROUND OF THE TARGET COMPANY

50. The Target Company was originally incorporated in India in the year 1978 under the Companies Act, 1956. The registered office and the corporate office of the Target Company is located at Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai – 400 001. Tel. Ph.: +91 22 22048556, Fax: +91 22 22871069. The Target Company was incorporated in India on October 21, 1978 as a public limited company under the Companies Act, 1956. (Source: Annual Reports of Target Company)

51. Brief History and major areas of operations: The Target Company is involved in providing travel related services mainly in India, Mauritius and Sri Lanka and operates in 2 divisions,
    a. Financial Services - Authorized dealers in foreign exchange focused on providing travel related foreign exchange and payment solutions
    b. Travel Related Services - Services include consumer leisure travel retailing (such as retailing of package tours), corporate travel management services (such as air and hotel reservations), leisure inbound service (services for customers of third party tour operators at their arrival) and general sales agency business

52. As of March 10, 2008, the total paid up share capital of the Target Company was Rs. 160,782,330/- (Rupees Sixteen crore, Seven Lacs, Eighty Two Thousand, Three Hundred and Thirty only) consisting of 160,782,330 fully paid-up Shares. There are no partly paid up Shares in the Target Company. (Source: Information provided by the Target Company, Company filings with Stocks Exchanges). The share capital structure of the Target Company is as follows:

Paid up equity shares of the Target Company	Number of shares / voting rights	% of equity shares / voting rights
Fully paid up equity shares	160,782,330	100
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	160,782,330	100
Total voting rights in the Target Company	160,782,330	100

In addition, the Target Company has issued
a. 105,000,000 redeemable preference shares of face value Rs.10/- each
b. 319,765 convertible / redeemable preference shares of face value Rs.10/- each
c. 271,800 convertible / redeemable preference shares of face value Rs.10/- each

The Target Company informed Stock Exchanges that the Board of Directors, in their meeting dated March 23, 2007, considered proposal for rights issue of Shares of upto Rs.225 crore. As per the clarification made by the Target Company with Stock Exchanges on December 19, 2007, the Target Company has informed that the proposed rights issue, deferred due to technical reasons, is now expected to be offered, subject to regulatory clearances, in the second half of 2008. Subject to such a rights issue of Shares being decided by the then Board of Directors at that time, the Acquirer is committed towards such a rights issue

53. Build-up of the current capital structure of the Company since inception is as under:

Date of Allotment	No. and % of shares issued	Cumulative paid-up share capital	Mode of allotment	Identity of allotees	Status of Compliance
18/02/83	700,000 equity shares of Rs. 10/- each	700,000	IPO	279,993 equity shares to Thomas Cook Overseas Limited for consideration other than cash 105,000 equity shares to State Bank of India 33,000 equity shares to employees in accordance with the Employees Share Purchase Scheme 282,000 equity shares to the public for cash7 equity shares to Thomas Cook Overseas Limited for cash	Complied
01/02/88	3,50,000 equity shares of Rs. 10/- each fully paid 50% of existing cap.	10,50,000	Bonus Issue Ratio of allotment 1:2	All	Complied
27/03/91	5,25,000 equity shares of	15,75,000	Bonus Issue	All	Complied

	Rs. 10/- each fully paid 50% of existing cap.		Ratio of allotment 1:2		
28/12/93	15,75,000 equity shares of Rs. 10/- each fully paid 100% of existing cap.	31,50,000	Bonus Issue Ratio of allotment 1:1	All	Complied
11/10/95	21,00,000 equity shares of Rs. 10/- each fully paid 66.67% of existing cap.	52,50,000	Bonus Issue Ratio of allotment 2:3	All	Complied
12/09/97	35,00,000 equity shares of Rs. 10/- each fully paid 66.67% of existing cap.	87,50,000	Bonus Issue Ratio of allotment 2:3	All	Complied
27/07/00	58,33,333 equity shares of Rs. 10/- each fully paid 66.67% of existing cap.	1,45,83,333	Bonus Issue Ratio of allotment 2:3	All	Complied
February 2007	14,94,900 equity shares of Rs.10/- each fully paid 10.25% of existing cap	16,078,233	Issue of Shares pursuant to merger of LKP Forex Limited and Target Company	LKP Forex promoters	Complied
June 2007		16,07,82,330	Share split from Rs.10/- per share to Rs.1/- per share	All	Complied

54. As of the date of the PA, the Target Company has Class ‘B’ 0.001% cumulative convertible/ redeemable preference share capital of Rs.31,97,650 divided into 3,19,765 outstanding preference shares of face value of Re.10/- each, and Class ‘C’ 0.001% cumulative convertible/ redeemable preference share capital of Rs.27,18,000 divided into 2,71,800 outstanding preference shares of face value of Re.10/- each. The Target Company had approved Employee Stock Option Plan 2007 (the “ESOP Scheme”) in its Board Meeting dated November 23, 2006 and superseded by way of circular resolution of the Board dated January 15, 2007 and the Recruitment & Remuneration Committee at its meeting held on July 25, 2007. The maximum number of ESOPs that may be exercised by all eligible employees under the ESOP Scheme is 1,08,00,000. The total ESOPs granted thus far is 12,46,875. The granted ESOPs are yet to vest, with the first tranche of vesting to occur on July 25, 2008. Other than above
    a. There are no equity-linked instruments, which are outstanding in the Target Company as of the date of the PA
    b. No person, directly or indirectly, is entitled to subscribe to or be allotted any equity share in the Target Company, by virtue of any agreement / option / right.

    It being clarified that there are no convertible instruments, which may be converted into Shares within 15 days after the closure of the Offer i.e. June 20, 2008

55. Post the date of the PA, for the purpose of efficient functioning of the Target Company’s business operations, the Acquirer has issued/ agreed to issue letter of commitments to Banks and other financial institutions to replace the existing letter of commitment from the Seller on terms mutually agreed between the Acquirer and other financial institutions

56. The Shares of the Target Company are listed on BSE and NSE. The Target Company has complied with the listing requirements and trading of the company’s stock has never been suspended from the Exchange. Further, no penal / punitive actions have been taken by the Stock Exchanges.

57. Compliance with Chapter II of the Takeover Code as provided by the Target Company and major shareholders: The Target Company and major shareholders have complied with Chapter II of the Takeover Code by the due date for compliance except for certain delays during the period 1997-2001.

    During that period, the disclosures had been filed by the Target Company and the major shareholders as per the understanding that these disclosures were required to be filed in line with the Target Company’s financial year. Hence, the disclosures were being filed as of 31st December every year from 1997 till 2000. In 2001, the Target Company changed its financial year to end on 31st October every year and accordingly, the annual disclosure was filed in November 2001. However, in the same month, NSE clarified that the annual disclosures were to be filed with reference to the Financial Year April – March every year and not as per the Target Company’s financial year.

In view of this clarification from NSE, the Target Company and major shareholders have started submitting the annual disclosures for the year ending 31st March every year, 2002 onwards.

SEBI vide its letter dated September 10, 2004 gave an opportunity to the Target Company to apply for consent order for regularization of non-compliance with regulation 6 and regulation 8 of the Regulations. In response to this, Target Company vide its letter dated October 8, 2004 agreed for settlement by consent order by learned Adjudicating Officer.

SEBI vide its letter dated September 20, 2006 to TCOL (erstwhile promoter of the Target Company) enquired into the above-mentioned non-compliance with regulation 8 of the Regulations. In response to this, TCUK (100% owner of TCOL during the period of non-compliance) vide its letter dated October 19, 2006 requested SEBI to condone the unintentional omissions on the part of TCOL. In addition, TCUK also made payment of penalty levied for non-compliance in respect of regulation 8 of the Regulations to SEBI on July 31, 2007 vide DD drawn in favor of "SEBI - Penalties remittable to the Government of India"

In case of any non-compliance, SEBI is empowered to initiate suitable action at a later stage.

58. The Target Company has not been prohibited by SEBI from dealing in securities in terms of section 11B of the Securities and Exchange Board of India Act, 1992, as amended.

59. The Target Company Board comprises 11 directors including 2 (two) Whole Time Directors. The details of the Board of Directors of the Target Company, as of the date of the PA, is as under:

Name of director	Residential address	Work experience & profile	Qualifications	Date of appointment
DFG Group Nominees				
Mr. Sayanta Basu	Villa No. 9, Street No. 1 Meadows – 7 Dubai, United Arab Emirates	Responsible for setting up Dubai Financial (DF), a financial services investment holding company. Also responsible for running Dubai Group's entire private equity and hedge funds portfolio for the last 2 years. Part of DG leading both the investment and corporate strategy since its inception in September 2000. Over 17 years of experience in investment management, treasury and strategy. Was also a business consultant with Reuters for a year, providing strategic straight-through-processing (STP) solutions. Worked as chief dealer at Citibank, N.A, Dubai Currently is an Executive Board Member of Marfin Popular Bank (MPB) and Marfin Financial Group; a Board Member of Dubai First PJSC, and Vice-Chairman of Thomas Cook (India) Limited.	Graduate in Electronics Engineering from the Indian Institute of Technology, Kharagpur Masters in Business Administration from the Indian Institute of Management, Bangalore.	21-01-2006
Ms. Jacqueline Asher	Villa B 53 ARENCO Villas Al Sufouh, Dubai	Over 15 years of institutional investment experience Chief Operating Officer with Dubai Investment Group (DIG). Has held positions at Baring Asset Management and HSBC Asset Management in London, managing balanced portfolios for institutional clients with a focus on pension and charity funds.	Fellow member of the Chartered Certified Accountants in the U.K. Member of the Association for Investment Management and Research in the USA	21-01-2006
Mr. AbdulHakeem Kamkar	The Emirates Hills Meadows 5 – Street 6 Villa No. 12 Dubai	Joined Dubai Group in 2000, and was previously the CEO of Dubai Ventures, responsible for equity investments in Asia. Over 20 years of experience in finance and investments Member of the Boards/ Advisory Boards of several companies apart from being a Non-Executive Director at Thomas Cook (India) Limited.	Masters Degree in Urban & Regional Planning from the Graduate School of Public and International Affairs, University of Pittsburgh	21-01-2006
SBI Nominee (Independent)				
Mrs. Bharati Rao	D-4 Kinellan, 100 A, Napean Sea Road, Mumbai 400 006 Maharashtra	Joined State Bank of India in November 1974 as a Probationary Officer and became the Deputy Managing Director & Group Executive (Associates & Subsidiaries) Was Dy. Managing Director & Chief Credit Officer, at corporate center of State Bank of Mumbai (July 2006 to October 2007), Dy. Managing Director & General Executive	Post Graduate in Arts in Economics	24-11-2007

Name of director	Residential address	Work experience & profile	Qualifications	Date of appointment
		(International Banking) (April 2006 to July 2006)		
Whole Time Director				
Mr. Madhavan Menon Managing Director (Executive Director)	3-A, Cosmopolis, New Cosmopolitan Soc. Ltd., Napean Sea Road, Malabar Hill, Mumbai 400 006	Experience of over 24 years and was Chief Operations & Administrative Officer at Birla Sunlife Asset Management Co. (AMC) Ltd. Appointed as an additional and executive director-foreign exchange for 3 years with effect from 1st May, 2000 to 30th April 2003, re-appointed for a further period of 3 years w.e.f. 1st May 2003 to 30th April 2006. Appointed as the Managing Director of Thomas Cook (India) Limited with effect from 27th April 2006.	B.A. (Business) from Georgetown University, USA MBA, Finance & International Business, from George Washington University, (USA)	01-05-2000
Mr. Vinayak K. Purohit Executive Director – Finance (Executive Director)	14, Century Park, Palkiwadi, Prabhadevi, Mumbai 400 025	Joined Marico Industries Limited as General Manager – Finance in 1992. Served as chief financial officer of companies such as GE Countrywide Financial Services Limited, Rediff.com India Limited, BPL Mobile Communications Limited, Crest Animation Limited and HT Media Limited Joined Thomas Cook (India) Limited as its executive director – finance with effect from 14th May 2007.	Graduate of the Commerce discipline from Mumbai University Associate of the Institute of Chartered Accountants of India	14-05-2007
Independent				
Mr. Udayan Bose	34 A Sterling Apartments Pedder Road Mumbai 400 026	11 years with Grindlays Bank in India and U.K Deutsche Bank Asia as regional director of South Asia. Set up Creditcapital in 1985, which was bought out by Lazard LLC. Served as Chairman of Creditcapital/ Lazard India from 1985 to 2005. Advisor to the Union Bank of Switzerland from 1986 till 1997. Managing Director and General Partner of Lazard LLC 2001 – 2005 Also served on the Advisory Board of The Economic Intelligence Unit of the Economist.	Fellow of the Chartered Institute of Bankers, U.K. Advanced Management at Harvard Business School, USA	21-01-2006
Mr. Dilip K. De	51A Maker Tower, Cuffe Parade, Mumbai 400 005	Chairman and Managing Director of RST India Pvt. Ltd Started his career with an American Shipping Company – Everett Steamship Corporation and spent 12 years with the P & O Group, London Vice-President of the Orchid Society of India, affiliated to the Ministry of Science and Technology, Dept. of Biotechnology, Government of India and the Punjab University	Graduation in Commerce from St. Xavier's College, Kolkata	21-01-2006
Mr. Anant Vishnu Rajwade	2. Parshwa Kunj, Malaviya Road, Vile Parle (E), Mumbai 400 057	Independent forex and treasury management consultant for more than two decades. Worked with the State Bank of India from July 1957 to October 1976 Involved in preparing treasury management policies for corporate clients in the public and private sectors and has also done advisory work on treasury-related issues for banks and financial institutions Former member of the supervisory board of India Opportunities Fund, Bermuda and Mauritius Director of CRISIL, India's first credit-rating company	B.Sc. (Hons.) with Major in Statistics Membership of C.A.I.I.B	21-01-2006
Mr. Hoshang Shavaksha Billimoria	4A Jeevan Jyot, Setalwad Lane, Off. Napean Sea Road, Mumbai 400 006	Partner of S.B.Billimoria & Co. since 1979 Deputy chief executive officer of Tata Sons Limited and also involved with Tata Press Limited from May 1990 till August 2004 as a Vice-Chairman & Managing Director Also has been on the board of HDFC Asset Management Company Ltd., ECC Asia Ltd., Fenner Conveyor Belting Limited etc.	Degree in Commerce with Bombay University at Sydenham College Chartered Accountant from the Institute of Chartered Accountants of England and Wales	07-12-1983
Mr. Mahendra Vasantrai	11, Sea Glimpse,	Promoter of LKP Group of Companies. Also an Executive Chairman of LKP Merchant	Masters in Business Administration from USA	07-02-2007

Name of director	Residential address	Work experience & profile	Qualifications	Date of appointment
Doshi	Worli Hill, Worli, Mumbai 400 018	Financing Limited, Chairman of LKP Forex Limited, which has now merged with Thomas Cook (India) Limited. Experience of over 30 years in the field of business, finance, corporate planning and management		

Note: None of the Directors are representatives of the TCUK

60. The Target Company announced the merger of LKP Forex Limited, the foreign exchange arm of the LKP Group with the Target Company through a scheme of amalgamation on June 30, 2006. The merger scheme was approved by the Hon'ble Bombay High Court on January 12, 2007. The swap ratio for the scheme was as follows:
    a. Eleven equity shares of the face value of ten each in the Target Company for every twenty equity shares of the face value of ten each in LKP Forex
    b. Thirty eight Class A preference shares of the Target Company for every one equity shares of the face value of ten each in LKP Forex

    As further consideration for the scheme, the following shares were also issued to the shareholders of LKP Forex:
    a. Two Class "B" preference shares of TCIL for every seventeen equity shares of the face value of ten each in LKP Forex
    b. One Class "C" preference shares of TCIL for every Ten equity shares of the face value of ten each in LKP Forex.

    Other than above, there were no mergers, demergers and / or spin-offs involving the Target Company during the last three years.

61. There has not been any non-listing of any Shares of the Target Company at any of the stock exchanges in India.

62. The Target Company does not have any listed subsidiaries as of the date of the PA

63. The financials of the Target Company are as follows:

Data for the years FY 2007, FY 2006 and FY 2005 are based on audited consolidated financials of the Target Company

Profit & Loss Statement (All figures in Rs. lacs, rounded off, except per share data)	**12 months ended December 2007**	**14 months ended December 31, 2006***	**Year ended October 31, 2005**	**Year ended October 31, 2004**
Turnover	28,624.0	20,904.2	13,086.3	13,208.8
Other Income	2,049.8	2,041.1	1,109.8	807.8
Total Income	30,673.8	22,945.3	14,196.1	14,016.6
Personnel cost	(9,577.0)	(6,668.8)	(3,451.5)	(3,298.6)
Advertisement and business promotion	(2,164.1)	(1,579.3)	(988.6)	(913.9)
Other expenses	(8,629.9)	(7,115.7)	(4,594.6)	(4,773.9)
Interest	(2,858.5)	(577.8)	(63.0)	(63.3)
Depreciation	(884.4)	(1,154.3)	(683.8)	(575.6)
Profit before tax and exceptional items	6,559.9	5,849.4	4,414.5	4,391.4
Provision for tax	(1,368.5)	(2,071.1)	(1,566.5)	(1,587.7)
Profit after tax and before exceptional items	5,191.4	3,778.3	2,848.1	2,803.7
Exceptional items, net of taxation		(183.5)		
Net profit	5,191.4	3,594.8	2,848.1	2,803.7

** Corresponding figures for previous year have been regrouped and/ or rearranged to confirm with current year's grouping*

Balance Sheet Statement (All figures in Rs. lacs, rounded off, except per share data)	**As on December 31, 2007**	**As on December 31, 2006***	**As on October 31, 2005**	**As on October 31, 2004**
Source of funds				
Paid up share capital	11,995.4	1,458.3	1,458.3	1,458.3
Share capital suspense**	-	10,537.0		
Reserves and surplus (net of miscellaneous exp not w/ off)	7,548.4	3,792.8	15,226.6	13,002.1

Balance Sheet Statement (All figures in Rs. lacs, rounded off, except per share data)	**As on December 31, 2007**	**As on December 31, 2006***	**As on October 31, 2005**	**As on October 31, 2004**
Shareholder's funds	**19,543.8**	**15,788.2**	**16,684.9**	**14,460.5**
Minority interest		114.7		
Secured loans	254.1	614.3	21.8	1,553.9
Unsecured loans	28,317.5	24,629.9		
Deferred tax	254.7	473.4	538.9	512.0
Total	**48,370.1**	**41,620.4**	**17,245.6**	**16,526.3**
Uses of funds				
Net fixed assets	21,727.1	21,393.4	5,557.3	5,406.1
Investments	70.3	1,253.5	1,414.9	60.8
Net current assets	26,572.7	18,973.6	10,273.4	11,059.4
Total	**48,370.1**	**41,620.4**	**17,245.6**	**16,526.3**

** In 2006, Thomas Cook (India) Limited acquired Travel Corporation of India and merged with LKP Forex, therefore financials for the year 2006 are not comparable with 2005*

*** Shares allotted to the erstwhile shareholders of LKP Forex Limited pursuant to its merger with the Company effective April 1, 2006 includes 103,284,000 '(Class A)' 4.65% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each, 319,765 '(Class B)' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each, 271,800 '(Class C)' 0.001% Cumulative Convertible / Redeemable Preference Shares of Rs. 10 each and 1,494,900 Shares of Rs. 10 each credited as fully paid up to the shareholders of LKP Forex Limited.*

Source: Annual Reports of the Target Company

Other Financial Data	**As on December 31, 2007**	**As on December 31, 2006**	**As on October 31, 2005**	**As on October 31, 2004**
Dividend (%)	50%	55.1%	37.5%	37.5%
Basic Earning Per Share (Rs.)	2.91	24.65	19.53	19.23
Diluted Earning Per Share (Rs.)	2.82	21.56	19.53	19.23
Basic Earning Per Share (Rs.) – Adjusted for share split	2.91	2.47	1.95	1.92
Diluted Earning Per Share (Rs.) – Adjusted for share split	2.82	2.16	1.95	1.92
Return on Networth[1] (%)	26.6%	23.9%	17.1%	19.4%
Book Value Per Share[2] (Rs.)	5.70	36.01	114.41	99.16
Book value per share adjusted for share split (Rs.)	5.70	3.60	11.44	9.92
Book value per share assuming issue of share to LKP Forex pursuant to merger (relevant for 2006) (Rs.)	NA	3.36	NA	NA

[1] *Return on Networth calculated as: Profit after Tax/ Closing Networth*

[2] *Book Value per Share calculated as: Networth/ Total number of shares*

64. An analysis of financial performance for the last 3 years is given below:

<u>FY 2007</u>

The current year (12 months) performance is not comparable with last period (14 Months) due to following reasons amongst others: (a) Change in period of accounting (14 months results in 2006 vis-à-vis 12 months results in 2007) (b) Merger with LKP Forex with effect from April 1, 2006 and (c) Acquisition of TCI on December 28, 2006 and consequent consolidation of TCI results. During the year Net Profit margin improved from 15.7% for 14 months ended December 2006 to 16.9% for 12 months ended December 2007

<u>FY 2006</u>

In 2006, Thomas Cook (India) Limited sold 100% stake in Hindustan Cargo Limited, acquired Travel Corporation of India and merged with LKP Forex. Also the Target Company changed its reporting from October to December and therefore 2006 results were for 14 months ended December 2006. As a consequence financials for the year 2006 are not comparable with 2005. For 14 months ended December 2006, total consolidated income was Rs.25,513.3 lacs and profit after tax (PAT) was Rs.3,778.3 lacs (before exceptional items)

<u>FY 2005</u>

For the year ended October 31, 2005, consolidated income was Rs.14,196.1 lacs and profit after tax (PAT) was Rs.2,848.1 lacs, as compared to a sales of Rs.14,016.6 lacs and a PAT of Rs.2,803.7 lacs in 2004, an increase of 1.28% in Income and

1.58% in PAT. The flat increase in income and profit was attributable to a number of natural disasters in India during the year, including a Tsunami in South India and unprecedented rains in Mumbai, Bangalore and Chennai. This affected the world travel sentiment against India, as travel advisories were also issued against India due to the adverse weather conditions. The Financial Services business bore the brunt of nature and other economic factors including lower inflow of foreign exchange on account of lower prevailing interest rates in FC accounts. The lower income from the Financial Services business was substantially offset by the relatively better performance of the Travel and Related Services Business and the Cargo and Insurance Business.

<u>FY 2004</u>
For the year ended October 31, 2004, the company reported a consolidated income of Rs.14,016.6 lacs and PAT of Rs.2,803.7 lacs as compared to income of Rs.11,414.1 lacs and PAT of Rs.2,177.9 lacs at the end of 2003, an increase of 22.8% in income and 28.7% in PAT. The company performed exceptionally well in all its business and recorded significant growth in both volumes and profits, which translated into higher income and consequent higher profits.

65. Pre and post Offer share holding pattern of the Target Company as on the date of the PA is as follows:

Shareholders' category	**Shareholding & voting rights prior to the agreement/ acquisition and offer**		**Shares /voting rights agreed to be acquired which triggered off the Regulations**		**Shares/voting rights to be acquired in open offer (Assuming full acceptances)**		**Contingent purchase of TCIL Purchase Shares (Assuming full acceptances in Offer)**		**Share holding / voting rights after the acquisition and offer. i.e.**	
	(A)		**(B)**		**(C)**		**(D)**		**=(A)+(B)+(C)+(D)**	
	No.	%*	No.	%*	No.	%*	No.	%*	No.	%*
1. Promoter Group										
(a) Parties to the SPA (Seller)	11,834,610	7.36%	-	-	-	-	-	-	**	**
(b) Parties to the SPA (TCIM)	87,500,000	54.42%	-	-	-	-	-	-	-	-
(c) Promoters other than (a) above	-	-	-	-	-	-	-	-	-	-
Total 1 (a+b+c)	99,334,610	61.78%	-	-	-	-	-	-	-	-
2. Acquirer	-	-	87,500,000	54.42%	32,795,996	20.40%	129,969	0.08%	120,425,965	74.90%
3. Parties to the SPA other than 1(a), 1(b) and 2 above	-	-	-	-	-	-	-	-	-	-
4. Public (other than parties to the SPA and Acquirer)										
(a) FIs/ MFs/ FIIs/ Banks/ SFIs/ Insurance Companies	16,308,950	10.14%							This will depend upon response from and within each category of 4. No. of Shares: 40,356,365** % Shareholding: 25.10%	
(b) Others	45,138,770	28.07%								
Total 4 (a+b)	61,447,720	38.22%								
Grand Total	160,782,330	100.00%							160,782,330	100.00%

As set out in para 3, the Acquirer will purchase from the Seller such number of Direct Shares, which, taken together with the Shares to be acquired by the Acquirer through the Indirect Acquisition and the Shares purchased in the Offer, will take the Acquirer's shareholding in the Target Company to not more than 74.9% of the equity capital of the Target Company. The shareholding of the Acquirer will therefore not exceed 75% of the equity shares in the Target Company

* % shareholding calculated on the basis of the Voting Capital of the Target Company

** Remnant TCIL Direct Shareholding (after sale of TCIL Purchase Shares to the Acquirer in accordance with the SPA) is included in Public Shareholding

66. There are 26,431 public shareholders holding 61,447,720 shares of the Target Company as on March 10, 2008.

67. Corporate Governance: The Target Company is in compliance with the Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges.

68. The Target Company has duly complied with all the provisions of Corporate Governance and there is no material litigation pending against the Target Company except as disclosed below and provided for by the Target Company as part of contingent liabilities as disclosed in the Annual Report as on December 31, 2007, as below:

S. No.	Nature of Contingent Liability	As on December 31, 2007
1	Claims against the Company not acknowledged as debts - Demand from Bombay Electricity Supply and Transport (BEST) for Electricity - Various Miscellaneous Claims	 1,961,083 175,359
2	Disputed income tax demands	153,660,330
3	Disputed Demand for increase in rent raised by Brihanmumbai Municipal Corporation	33,076,960

69. Compliance Officer:
Mr. R. R. Kenkare
President & Head of Legal & Company Secretary
Thomas Cook (India) Limited
Thomas Cook Building
2nd Floor, Dr. D.N. Road,
Fort, Mumbai – 400 001
Tel.: +91 22 22048556, Fax: +91 22 22871069

70. The change in shareholding of the promoters of the Target Company since 1983 is detailed below:

a. On December 5, 2000, Condor & Neckermann Touristic AG now known as Thomas Cook AG (“TCAG”), through its wholly owned subsidiary, Eurocenter Beteiligungs-und Reisevermittlung GmbH (“Eurocenter”) entered into an agreement with Carlson Companies Inc., USA to acquire a 100% stake in Thomas Cook Holdings Limited (“TCH”) now known as Thomas Cook U.K. Limited. On March 29, 2001, TCH became a wholly owned subsidiary of Eurocenter and consequently, the Target Company became a step-down subsidiary of Thomas Cook AG. SEBI had given a conditional exemption from the requirement to make an open offer. Since the Special Resolution was defeated at the shareholders meeting, the open offer had to be made. The open offer opened on October 16, 2001 and closed on November 14, 2001.

   The promoter’s shareholding was transferred from TCH to TCIM with effect from December 19, 2005. This transaction was exempted from the requirement of an open offer vide SEBI order WTMO/ 18 /CFD/ 12 /2005 dated December 19, 2005.

b. On December 21, 2005, TCAG executed a share purchase agreement with Dubai Financial Group LLC, to sell 100% of the fully paid-up equity share capital of TCIM and thereby ceased to be the Promoter of the Target Company. Pursuant to this acquisition, Dubai Financial Group LLC made an open offer vide public announcement dated December 22, 2005 to the public shareholders of the Target Company in terms of regulations 10 and 12 of the Regulations. Consequent to the open offer, Dubai Financial Group LLC acquired 11,834,610 equity shares (adjusted for stock split) of Re.1 (Rupee One only) face value each, constituting approximately 8.12% of the then issued equity share capital of the Target Company.

   Dubai Financial Group LLC and TCIM were disclosed as the promoters of the Target Company as per the filings made with the Stock Exchanges for the quarter ended December 31, 2007.

c. On February 7, 2007 pursuant to the issue of Shares of the Target Company to LKP Forex Promoters as a result of merger of the Target Company and LKP Forex, as more fully set out in paragraph 60, the aggregate shareholding of Dubai Financial Group LLC and TCIM (disclosed as the promoters of the Target Company) in the Target Company was diluted from 68.12% to 61.78%.

   The aggregate shareholding of Dubai Financial Group LLC and TCIM as of the date of the PA is 99,334,610 Shares constituting approximately 61.78% of the current issued equity share capital of the Target Company.

In this regard, the Target Company has complied with the applicable provisions of the SEBI (SAST) Regulations.

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

71. The Shares of the Target Company are listed on BSE and the NSE. The Shares of the Target Company are not infrequently traded on the BSE and on the NSE as on the date of the PA within the meaning of regulation 20(5) of the Regulations.

72. **Pricing with reference to the PA for the Target Company:** The Acquirer has made a Public Announcement on March 08, 2008. The annualised trading turnover based on the trading volume in the shares of the Target Company on each of the above mentioned stock exchanges during September 2007 to February 2008 (6 calendar months preceding the month in which the PA is made) is as under:

Name of Stock Exchange(s)	Total no. of shares traded during the 6 calendar months prior to the month in which PA is made	Total No. of listed Shares	Annualized Trading turnover (as a % to total listed shares)
BSE	17,445,582	160,782,330	21.70%
NSE	23,482,916	160,782,330	29.21%

Source: BSE and NSE Websites

As the annualized trading turnover (by number of Shares) on BSE and on NSE is more than 5% of the total number of listed Shares of the Target Company, the Shares of the Target Company are deemed to be not infrequently traded as per the explanation to regulation 20(5) of the Regulations. As the annualized trading turnover on the NSE is higher than that of the BSE, the Shares of the Target Company are deemed to be "most frequently traded" on the NSE in terms of Explanaton (i) to regulation 20(5) of the Regulations.

73. **Justification for pricing based on norms for frequently traded stocks:** Based on the parameters set out in the Regulations for frequently traded stocks, as per the date of the PA, the Offer Price is justified, as it is higher than:

a)	The average of the high and low of the closing prices on the NSE for every week for the last 26-weeks prior to the date of the PA	Rs.76.0
b)	The average of the daily high and low of the intra-day trading prices on the NSE for the last 2-weeks prior to the date of the PA	Rs.80.0
c)	The negotiated price*	Rs.107.0
d)	The highest price paid by the Acquirer or persons acting in concert with them for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the last 26 weeks	Not Applicable

** Since the Acquirer would be acquiring the Target Company through the Indirect Acquisition, the price paid for the purchase of the Equity Shares of TCIM is not relevant for the purpose of determining the offer price of this Offer. However, by way of abundant caution, it may be mentioned that the consideration paid for 100% of TCIM (including the assumption of the debt due from TCIM to the Seller of GBP 49,921,274) will amount to the Acquirer indirectly paying Rs.107/- (Rupees One Hundred and Seven only) per Equity Share of the Target Company. The said consideration is fixed in rupee terms*

Note: There has been no acquisition or allotment of Shares by/to the Acquirer during the last 12 months prior to the date of the PA.

74. The Offer price of Rs.107/- (Rupees One Hundred and Seven only) being the highest of the above is justified.

75. The details of closing prices and volume on NSE for the 26-week period prior to March 08, 2008 are as under:

Week Number	Week-ending	Week High (Rs.)	Week Low (Rs.)	Average (Rs.)	Total Volume (Number of Shares)
1	14-Sep-07	66.00	63.55	64.78	111,612
2	21-Sep-07	65.05	62.75	63.90	117,888
3	28-Sep-07	65.00	63.45	64.23	161,361
4	5-Oct-07	63.35	60.90	62.13	103,792
5	12-Oct-07	61.50	60.10	60.80	83,157
6	19-Oct-07	61.00	58.40	59.70	124,815
7	26-Oct-07	60.85	59.50	60.18	100,294
8	2-Nov-07	59.90	57.05	58.48	144,549
9	9-Nov-07	57.95	55.45	56.70	49,102
10	16-Nov-07	57.95	56.30	57.13	110,903
11	23-Nov-07	74.20	62.55	68.38	2,559,889
12	30-Nov-07	77.25	72.10	74.68	781,469
13	7-Dec-07	75.70	72.90	74.30	495,790
14	14-Dec-07	89.85	73.45	81.65	1,783,525
15	20-Dec-07	135.30	102.75	119.03	7,910,285
16	28-Dec-07	120.50	109.65	115.08	3,874,500
17	4-Jan-08	115.50	109.70	112.60	1,361,574

Week Number	Week-ending	Week High (Rs.)	Week Low (Rs.)	Average (Rs.)	Total Volume (Number of Shares)
18	11-Jan-08	107.60	95.60	101.60	1,000,960
19	18-Jan-08	97.45	89.50	93.48	472,501
20	25-Jan-08	80.55	68.65	74.60	560,288
21	1-Feb-08	78.20	69.75	73.98	346,484
22	8-Feb-08	77.60	72.25	74.93	355,574
23	15-Feb-08	69.50	63.00	66.25	213,843
24	22-Feb-08	77.00	73.00	75.00	238,822
25	29-Feb-08	81.55	75.95	78.75	295,050
26	7-Mar-08	88.55	78.90	83.73	461,610
			Average	76.00	

Source: NSE Website

The details of intra-day price and volume on NSE for the 2-week period prior to March 08, 2008 are as under:

Day No.	Date	Daily High (Rs)	Daily Low (Rs)	Average (Rs)	Volume (Number of Shares)
1	25-Feb-08	78.95	75.50	77.23	29,782
2	26-Feb-08	77.70	75.05	76.38	30,421
3	27-Feb-08	79.80	75.25	77.53	81,477
4	28-Feb-08	82.70	80.05	81.38	95,643
5	29-Feb-08	81.90	77.60	79.75	57,727
6	3-Mar-08	80.95	76.15	78.55	84,358
7	4-Mar-08	81.00	77.15	79.08	101,692
8	5-Mar-08	84.30	80.20	82.25	77,045
9	7-Mar-08	88.55	87.00	87.78	198,515
			Average	80.00	

Source: NSE Website

76. The Seller has entered into non compete arrangement with the Acquirer, for which no separate consideration has been paid to the Seller.

77. Based on the above and in the opinion of the Managers to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

78. As per the Regulations, the Acquirer can revise the Offer Price upwards up to 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the Public Announcement has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.

79. If the Acquirer acquires the Shares of the Target Company after the date of the PA and this Letter of Offer and up to 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid applications received under the Offer. Further, the Acquirer shall not acquire any Shares of the Target Company during the last seven working days prior to the closure of the Offer, except those accepted in the Offer.

Financial Arrangements

80. The total financial resources required for this Offer, assuming full acceptance will be Rs.3,509,171,572 (Rupees Three Billion, Five Hundred and Nine Million One Hundred and Seventy One Thousand Five Hundred and Seventy Two Only) ("Maximum Consideration"). The Acquirer proposes to fund its obligations under the SPA and the Offer from internal resources including those of the parent group. The Acquirer has made firm financing arrangements for the Offer by way of a cash deposit equivalent to the Maximum Consideration as detailed in paragraph 81 below. Mr. Narendra Y. Kadav membership no. 38947, Partner of M/s V.C. Shah & Co. Chartered Accountants (Rajgir Chambers, 3rd Floor, 12-14, Shahid Bhagat Singh Road, Opp. Old Custom House, Mumbai - 400 001.) Ph. No. +91 22 2263 4021; Fax No. +91 22 2266 2667 ("Accountants"), have confirmed vide their letter dated March 7, 2008 ("Fund Sufficiency Certificate") that the Acquirer has adequate financial resources available for meeting its obligations under the Regulations for a value up to the Maximum Consideration.

81. In accordance with regulation 28 of the Regulations, an escrow account has been created in the form of a cash deposit for an amount of Rs.3,509,171,572 (Rupees Three Billion, Five Hundred and Nine Million One Hundred and Seventy One Thousand Five Hundred and Seventy Two Only) (the "Cash Deposit") placed with Kotak Mahindra Bank Limited, Mittal Court Branch, Nariman Point, Mumbai – 400 021 ("Deposit Bank"), for the performance of its obligations under

the Regulations. The Cash Deposit represents 100% of the Maximum Consideration in accordance with the Regulations. The Manager to the Offer is empowered to instruct the Deposit Bank to issue bankers cheques or demand drafts for amounts as provided in the Regulations.

82. On the basis of the aforesaid financial arrangements and based on the confirmations received from the Deposit Bank and the certificate received from the Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer in full.

VI. TERMS AND CONDITIONS OF THE OFFER

83. This Offer is made to all shareholders of the Target Company and also to persons who acquire Shares before the closure of the Offer and tender these Shares into the Offer in accordance with the PA on or before June 05, 2008; save and except for the Acquirer, parties to the SPA and/or the BPA, and any person deemed to be acting in concert.

84. There shall be no discrimination in the acceptance of locked-in and non-locked in shares in the Offer. However the Acquirer shall only accept Shares of the Target Company that are fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

85. This Letter of Offer specifying the detailed terms and conditions of this Offer along with the Form of Acceptance cum Acknowledgement ("Form of Acceptance") and Form of Withdrawal will be mailed to all the shareholders, except the Acquirer, parties to the SPA and/or the BPA, and any person deemed to be acting in concert, whose names appear on the Register of Members of the Target Company at the close of business hours on March 10, 2008 ("Specified Date"). A copy of this Letter of Offer (including Form of Acceptance) is expected to be available on SEBI's website (http://www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the site.

86. To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by TCUK.

87. The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to seven working days prior to the closure of the Offer viz. up to May 27, 2008 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirer for all the Shares that are validly tendered pursuant to the Offer.

88. Each shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

89. Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer entitled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers, mentioned under paragraph 106 of this Letter of Offer, either by hand delivery during Business Hours or by registered post so that the same are received on or before the closing date i.e. June 05, 2008.

90. In respect of dematerialised Shares the credit for the Shares tendered must be received in the special account (as specified in paragraph 98 on or before 5 p.m. Indian Standard Time on June 05, 2008. If the Shareholders hold their Shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the Special Depository Account with NSDL as mentioned in paragraph 98 below.

91. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

92. In case of non-receipt of this Letter of Offer, the Eligible Shareholder may send his consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, distinctive numbers, folio number, number of Shares offered, along with the necessary documents (as mentioned in paragraph 98) so as to reach the Registrar to the Offer on or before the closure of the Offer.

93. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of this Letter of Offer.

Statutory Approvals and Other Approvals required for this Offer

94. This Offer is subject to the Acquirer's obtaining all necessary approvals including approvals from the Reserve Bank of India (the "RBI") under the Foreign Exchange Management Act, 1999, as amended from time to time, for the acquisition / transfer of the Shares tendered pursuant to this Offer, if required. The Acquirer has made an application to RBI vide letter dated April 2, 2008 to obtain their approval for the acquisition / transfer of Shares validly tendered pursuant to this Offer. The Acquirer and the Target Company will make the requisite application to RBI to obtain their approvals for the acquisition / transfer of Shares validly tendered pursuant to this Offer. As of the date of the PA, to the best of the knowledge of the Acquirer, there are no other statutory approvals required to acquire the Shares that are validly tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event any statutory approval indicated herein is not obtained in terms of regulation 27 of the Regulations.

95. Any consents required from Banks and financial Institutions, pursuant to any outstanding loan agreements shall be obtained before the Offer Opening Date.

96. It may be noted that in case of non-receipt of statutory approvals within time, the Securities and Exchange Board of India (the "SEBI") has a power to grant an extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations. Further, if the delay occurs due to willful default of the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Regulations will become applicable

VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

97. The Shareholders of the Target Company, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by Registered Post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Center at the address mentioned in paragraph 106 before 3:00 pm Indian Standard Time on June 05, 2008 or such other extended date in case there is any competitive bid. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect otherwise the same is liable to be rejected. In the case of dematerialized Shares, the shareholders are advised to ensure that their Shares are credited in favour of the special depository account, on or before 5 p.m. Indian Standard Time on June 05, 2008. The Form of Acceptance-cum-Acknowledgment of such dematerialised Shares not credited in favour of the special depository account on or before 5 p.m. Indian Standard Time on June 05, 2008 is liable to be rejected.

98. Documents to be delivered by all shareholders

    (a) For Shares held in the DEMATERIALIZED FORM

        (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").

        (ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP. The details of the special depository account are as follows:

Depository Name	National Securities Depository Ltd. (NSDL)
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Depository Name	Sharepro Services - Escrow A/C - TCIL Open Offer
Beneficiary Account Number	20000424
ISIN	INE332A01019
Market	Off-Market
Date of Credit	On or before June 05, 2008

** Shareholders should ensure that the Shares are credited in the aforementioned account on or before 5 p.m. Indian Standard Time on June 05, 2008.*

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.
(ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not

been credited to the above special account or for shares that are credited in the above special account but the corresponding Form of Acceptance has not been received as on the date of closure of the Offer.

(b) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
(ii) Original equity share certificate(s); and
(iii) Valid equity share transfer form(s) duly signed by transferor (by all the equity shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

(c) In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;
(ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and
(iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.
(iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).
(v) No indemnity is required from persons not registered as Shareholders.

99. Non-resident Shareholders should, in addition to above, enclose copy(ies) of permission(s) received from Reserve Bank of India to acquire Shares held by them in the Target Company.

100. Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the shareholder should be received on or before 5 p.m. Indian Standard Time on June 05, 2008, else the application will be rejected.

101. In case of non-receipt of this Letter of Offer, the Eligible Shareholders may obtain a copy of this Letter of Offer from the SEBI website “www.sebi.gov.in”, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:

(a) In case Shares are held in the dematerialized form by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 3:00 p.m. Indian Standard Time on June 05, 2008, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in “Off-market” mode, duly acknowledged by the DP, in favour of “Sharepro Services - Escrow A/C - TCIL Open Offer” filled as specified in paragraph 98 above. No indemnity would be required from unregistered Shareholders.

(b) In case of Shares held in the physical mode by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in paragraph 98, as applicable, above), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 3:00 p.m. Indian Standard Time on June 05, 2008.

102. Applications in respect of Shares of the Target Company that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the Shares during the pendency of the said litigation are liable to be rejected if the directions / orders regarding these Shares are not received together with the Shares tendered under the Offer. This Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

103. All the shareholders should provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorisations (including board and/or general meeting resolutions).

104. While tendering Shares under the Offer, non resident shareholders will be required to submit the previous approvals from the RBI (specific or general) that they would have obtained for acquiring the Shares. In case the previous approvals from the RBI are not submitted, the Acquirer reserve the right to reject such Shares tendered.

105. The Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

While tendering the Shares under the Offer, non resident shareholders will be required to submit a Tax Clearance certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the IT Act before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum rate as may be applicable to the category of the shareholder under the IT Act, on the entire consideration amount payable to such non resident shareholders.

106. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at the collection center below:

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	Sharepro Services (India) Private Limited C/o. S S Enterprises Above Avoji Showroom Opp. Tailor Point Zaveri Varna Naka Relief Road Ahmedabad – 380001	Mr. Hitesh Mehta	ss_enter2004@yahoo.com	079-65134328/ 9825465963	079-25601636	Hand Delivery
2.	Chandigarh	Sharepro Services (India) Private Limited C/o Saloni Investments S C O 39, Sector 20 C 2nd Floor, Chandigarh - 160020	Mr. Promod Bindal	pbindal@yahoo.com	0172-2709134/ 9417014357	0172-5000183	Hand Delivery
3.	Chennai	Sharepro Services (India) Private Limited C/o Skystock Financial 7/A Laxman Nagar East Main Road Chennai - 600082	Mr. B Srinivas	skystockchennai@gmail.com	044-26712611		Hand Delivery
4.	Kolkata	Sharepro Services (India) Private Limited C/o.Dynamic Financial Consultant 196 A G Arabinda Sarani, Gouribari Kolkata – 700004	Mr. Bhaskar Biswas	dynamicprojects@rediffmail.com	033-25333706/ 9830050737	033-28250087	Hand Delivery
5.	Mumbai	Sharepro Services (India) Private Limited Satam Estate, 3rd Floor Above Bank of Baroda Cardinal Gracious Road Chakala, Andheri (E) Mumbai – 400 099	Mr.V Kumaresan	tcil.offer@shareproservices.com	022-67720300/ 400	022-28375646 022-28591568	Hand Delivery / Post
6.	New Delhi	Sharepro Services (India) Private Limited C/o.Sterling Services F-75, 1st Floor, Bhagat Singh Market, Near Gol Market, New Delhi – 110001	Mr. Sridhar	sterlingservices20022002@yahoo.com	011-65058126/ 9313796360	011-23341292	Hand Delivery

Working hours: Monday to Friday 11.00 am to 3:00 pm and 11:00 am to 1:00 pm on Saturday (not being a bank holiday)

NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER / TARGET COMPANY/

MANAGER TO THE OFFER / PARTIES TO THE AGREEMENT FOR THE INDIRECT ACQUISITION

107. Applicants who cannot hand deliver their documents at the collection center referred to above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at its address, Satam Estate, 3rd Floor, Cardinal

Gracious Road, Chakala, Andheri (E), Mumbai - 400 099; Ph.No. +91-22- 67720300, 67720400; Fax No. +91-22- 28591568

108. The Registrar to the Offer will hold in trust the share certificates, credit of dematerialized Shares, form of acceptance duly filled in and the transfer deed(s) on behalf of the Shareholders of the Target Company who have accepted the Offer, till such time as the Acquirer complete the obligations under the Offer.

109. In case the number of Shares validly tendered in the Offer by the Shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be, as per the provisions of Regulation 21(6) of the Regulations, on a proportional basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the Shares is 1 (one).

110. The payment of consideration for accepted applications will be made by the Acquirer in cash through account payee cheques, drafts, warrants, etc. sent by Registered Post for amounts exceeding Rs. 1,500 and otherwise by UPC in accordance with the Regulations, and the same will be drawn in the name of the first named person in case of joint shareholders. It is desirable that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque / demand draft / pay order.

111. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance.

112. Subject to the Statutory Approvals as stated in Paragraph 94-96 above, the Acquirer intends to complete all formalities, including the payment of consideration within a period of 15 days from the closure of the Offer, i.e. June 20, 2008 and for the purpose open a special account as provided under regulation 29 of the Regulations, provided that where the Acquirer is unable to make the payment to the shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 20 days, as may be specified by SEBI from time to time.

113. A copy of this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement) is expected to be available on SEBI's web-site (www.sebi.gov.in) during the period the Offer is open. Eligible Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

114. In terms of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the close of the Offer i.e. up to June 02, 2008. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at its address Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099; Ph.No. +91-22- 67720300, 67720400; Fax No. +91-22- 28591568

115. In case of non-receipt of the Form of Withdrawal the withdrawal option can be exercised by making an application on plain paper along with details as mentioned in paragraph 98 above.

VIII. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Eligible Shareholders at the office of the Manager to the Offer at 3rd floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of Certificate of Incorporation and Articles of Association of the Acquirer.
- Audited Annual reports of the Acquirer for the last three years, as applicable.
- Certificate from Mr. Narendra Y. Kadav, membership no. 38947, Partner of Chartered Accountants M/s V. C. Shah & Co. (Rajgir Chambers, 3rd Floor,12-14,Shahid Bhagat Singh Road. Opposite Old Custom House, Mumbai-400 001), dated March 07, 2008, confirming that the Acquirer has adequate financial resources available for meeting their obligations under the Regulations for a value up to the Maximum Consideration
- Letter from Kotak Mahindra Bank Limited, Mittal Court Branch, Nariman Point, Mumbai – 400 021, confirming the deposit of the Cash Deposit in the escrow account for an amount representing 100% of the Maximum Consideration in accordance with the Regulations

- Copy of share purchase agreement with regard to the Indirect Acquisition.
- Published copy of the Public Announcement
- Agreement regarding the special depository account with the depository participant.
- Audited annual reports of the Target Company for the last three years.
- SEBI's observation letter dated April 29, 2008

IX. DECLARATION BY THE ACQUIRER

The Acquirer accepts full responsibility for the information contained in this Letter of Offer as evidenced by the signature of their authorized representative for this purpose. The Acquirer would be responsible for ensuring compliance with the Regulations.

Signed by

Sd-

For Thomas Cook UK Limited

Name	: David Michael Hallisey
Designation	: Executive Director - Legal
Date	: May 9, 2008
Place	: Peterborough, United Kingdom