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**COX
AND
KINGS**
T R A V E L
A N D
F I N A N C E
L I M I T E D

Cox & Kings

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COX AND KINGS TRAVEL AND
FINANCE LIMITED


Sanjeev Shenvi
Company Secretary

TENTH ANNUAL REPORT 1996-97



BOARD OF DIRECTORS

As on June 28, 1997

A. B. M. GOOD
Chairman

PETER A. KERKAR

J. N. DIXIT

D. M. HARISH

S. K. KANDHARI

MAITREYA V. DOSHI

RUSTAM J. GAGRAT

SHANKAR MENON

THYAGARAJAN NATARAAJAN

COMPANY SECRETARY

Sanjeev D. Shenvi

BANKERS

Bank of Baroda

AUDITORS

A. Aneja & Co.
Chartered Accountants

REGISTERED OFFICE

Indra Palace,
H-Block,
Connaught Circus,
New Delhi - 110 001.

CORPORATE OFFICE

1st Floor, Cecil Court,
Lansdowne Road, Colaba,
Mumbai - 400 001.

SHARE TRANSFER AGENT

Intime Share Services Pvt. Ltd.,
260-A, Shanti Industrial Estate,
Sarojini Naidu Road, Mulund (West),
Mumbai - 400 080.

NOTICE TO THE MEMBERS

Notice is hereby given that the **Tenth Annual General Meeting** of the Members of **COX AND KINGS TRAVEL AND FINANCE LIMITED** will be held at Qutab Hotel, Shaheed Jeet Singh Marg, New Delhi - 110 016 on **Friday, September 26, 1997 at 3.00 p.m.** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, adopt the Directors' Report and Audited Profit and Loss Account for the year ended March 31, 1997 and the Balance Sheet as at that date.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. D. M. Harish who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. K. Kandhari who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Maitreya V. Doshi who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. Appointment of Mr. Shankar Menon

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Shankar Menon, who was appointed as an Additional Director of the Company by the Board of Directors and who by virtue of Section 260 of the Companies Act, 1956 holds office upto the date of the Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notices in writing under Section 257 of the Companies Act, 1956, from certain Members proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

8. Appointment of Mr. Thyagarajan Nataraajan

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Thyagarajan Nataraajan, who was appointed as an Additional Director of the Company by the Board of Directors and who by virtue of Section 260 of the Companies Act, 1956 holds office upto the date of the Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notices in writing under Section 257 of the Companies Act, 1956, from certain Members proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

By Order of the Board

Place : Mumbai
Date : June 28, 1997

Sanjeev D. Shenvi
Company Secretary

Registered Office :

Indra Palace,
H-Block,
Connaught Circus,
New Delhi 110 001.

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item nos. 7 & 8 above, are annexed hereto.
3. The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, September 16, 1997 to Friday, September 26, 1997 (both days inclusive).

4. Dividend, as recommended by the Board, if sanctioned at the Meeting, will be paid to those Members whose names stand on the Company's Register of Members as on September 26, 1997.
5. To prevent fraudulent encashment of dividend warrants, members are requested, if not furnished earlier, to send their bank details (name and address of bank and account number) to the Share Transfer Agents latest by **September 15, 1997**. The dividend warrants will be sent to the members registered address in favour of their nominated bank account.
6. Members attending the meeting are requested to bring with them the Attendance Slip and hand over the same at the entrance of the meeting hall, failing which admission to the meeting may be refused.
7. Members are advised to address all correspondence quoting their Ledger Folio Number and to immediately notify their change of address, if any, to the Company's **Share Transfer Agents, Intime Share Services Pvt. Ltd., 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai - 400 080**.
8. As a measure of economy, the Company does not distribute the copies of the Annual Report at the venue of the meeting. Members, therefore are requested to bring their copies with them.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company's Corporate Office at 1st Floor, Cecil Court, Lansdowne Road, Colaba, Mumbai - 400 001 at least 15 days before the date of the meeting, so that the information required by the Members may be available at the meeting.

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business under item nos. 7 & 8 of the accompanying Notice, dated June 28, 1997 :

Item No. 7

Mr. Shankar Menon was appointed by the Board as an Additional Director of the Company with effect from March 08, 1997. Pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, **Mr. Menon** holds office up to the date of the **Tenth Annual General Meeting**.

The Company has received notices in writing under Section 257 of the Companies Act, 1956, from certain Members proposing his candidature for the office of Director of the Company.

Mr. Shankar Menon has to his credit extensive corporate experience and has been associated with the hospitality industry for more than three decades. Your Directors recommend the passing of resolution in item no. 7 of notice.

None of the Directors, except **Mr. Shankar Menon**, is concerned or interested in the proposed resolution.

Item No. 8

Mr. Thyagarajan Nataraajan was appointed by the Board as an Additional Director of the Company with effect from March 08, 1997. Pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, **Mr. Nataraajan** holds office up to the date of the **Tenth Annual General Meeting**.

The Company has received notices in writing under Section 257 of the Companies Act, 1956, from certain Members proposing his candidature for the office of Director of the Company.

Mr. Nataraajan is the member of The Institute Chartered Accountants of India and The Institute of Company Secretaries of India for nearly two decades. **Mr. Nataraajan** is also a member of other national and international professional institutes and has extensive financial and corporate exposure. Your Directors recommend the passing of resolution in item no. 8 of notice.

None of the Directors, except **Mr. T. Nataraajan**, is concerned or interested in the proposed resolution.

By Order of the Board

Sanjeev D. Shenvi
Company Secretary

Place : Mumbai
Date : June 28, 1997

Registered Office :

Indra Palace,
H-Block,
Connaught Circus,
New Delhi 110 001.

DIRECTORS' REPORT

**COX
AND
KINGS**
TRAVEL
AND
FINANCE
LIMITED

To the Shareholders,

Your Directors submit their report and audited accounts for the year ended March 31, 1997.

FINANCIAL RESULTS

The financial results of the Company for the year ended March 31, 1997 is given below :-

	(Rs. in lacs)	
	1996-97	1995-96
Total Income	635.75	763.76
Less : Expenditure	117.88	189.31
Profit before depreciation & income tax	517.87	574.45
Less : Depreciation	124.62	105.96
Less : Provision for Income Tax	163.00	130.00
Profit for the year	230.25	338.49
Profit and Loss Account balance	391.53	151.66
Balance available for appropriation	621.78	490.15
Proposed Dividend	72.20	64.62
Tax on Dividend	7.22	—
General Reserve	23.00	34.00
Special Reserve (Under Section 45-1C of RBI Act)	46.00	—
Surplus carried to Balance Sheet	473.36	391.53

DIVIDEND

A dividend of Rs. 2/- per share is recommended for payment, which is free of tax in the hands of the Shareholders, as against Rs. 2/- per share paid for the year 1995-96 which was subject to tax. The aggregate amount of dividend will absorb Rs. 72.20 lacs, as against Rs. 64.62 lacs for the previous year.

RESERVES

It is proposed to transfer Rs. 23 lacs (previous year Rs. 34 lacs) to General Reserve and Rs. 46 lacs to Special Reserve (previous year Rs. Nil).

OPERATIONAL REVIEW

During the financial year 1996-97 the Indian economy passed through a long drawn phase of liquidity crunch. The subdued conditions of the capital market, the slow down in disbursement of funds by banks and financial institutions, caused tremendous liquidity crunch and unprecedented demand for inter-corporate deposits and other short term funding arrangements, consequently resulting in an upsurge in interest rates. As was expected most of the finance companies who had borrowed funds from the public and advanced to the corporates, found themselves in a catch when some of the reputed companies defaulted in meeting their repayment obligations.

In the aforesaid scenario, your Company tempered the fund based business to keep its risk exposure to manageable limits. Notwithstanding the cautious lending strategy pursued by the Company, it was not completely immune from the general phenomenon of recurring corporate defaults and as a matter of prudence, an amount of Rs. 21.12 lacs has been charged to the Profit & Loss Account towards bad debts. The operations resulted in a profit before tax of Rs. 393.25 lacs as against Rs. 468.49 lacs in the previous year. The provision for income tax for the year is Rs. 163 lacs as against Rs. 130 lacs during the previous year.

The Company's actual performance fell short of the projections as contained in the prospectus dated June 02, 1995 primarily on account of the fact that the anticipated revenue from special tours and conferences did not materialise because of procedural bottlenecks in obtaining statutory approvals. The Company also had to contend with a tax liability of Rs. 163 lacs as against Rs. 29.81 lacs envisioned in the prospectus. The higher tax liability is as a result of substantial reduction in depreciation claim for tax purposes. The Company had to hold back the lease disbursements, on account of the environment of uncertainty regarding the lessors admissibility of claim for tax depreciation on 100% depreciable assets as a result of an unsettling decision of the Bombay High Court and conflicting executive instructions on the subject.

FUTURE PROSPECTS

The beginning of the calendar year 1997 unfolded the intentions of the Reserve Bank of India to strictly regulate the working of the Non Banking Financial Companies (NBFC). While these measures are motivated with a view to regulate the flow of credit to such companies and to protect public interest, the broad spectrum of these