



Cox & Kings Limited

70th Annual Report 2009-10



360° Travel. 100% focus.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. A. B. M. Good	Chairman
Mr. Peter Kerkar	Executive Director
Ms. Urrshila Kerkar	Executive Director
Mr. Pesi Patel	Independent Director
Mr. M. Narayanan	Independent Director
Mr. S.C. Bhargava	Independent Director

BOARD COMMITTEES

Audit Committee

Mr. M. Narayanan	Chairman
Mr. A. B. M Good	Member
Mr. Pesi Patel	Member
Mr. S. C. Bhargava	Member

Remuneration Committee

Mr. Pesi Patel	Chairman
Mr. M. Narayanan	Member
Mr. A.B. M. Good	Member
Mr. Peter Kerkar	Member

Shareholders' / Investors Grievances Committee

Mr. Pesi Patel	Chairman
Mr. A. B. M Good	Member
Mr. S. C. Bhargava	Member
Mr. M. Narayanan	Member

Finance Committee

Ms. Urrshila Kerkar	Chairperson
Mr. Peter Kerkar	Member
Mr. Arup Sen	Member
Mr. S. C. Bhargava	Member
Mr. Anil Khandelwal	Member

AUDITORS

M/s. Chaturvedi & Shah
Chartered Accountants

CHIEF FINANCIAL OFFICER

Mr. Anil Khandelwal

COMPANY SECRETARY

Ms. Rashmi Jain

BANKERS

Axis Bank
Deutsche Bank
Allahabad Bank
Central Bank of India
Uco Bank

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computer Share Pvt. Ltd.
Plot No. 17 to 24, Vithalrao Nagar, Madhapur,
Hyderabad - 500 081, Andhra Pradesh, India
Tel: + 91 40 23420815 Fax: +91 40 23420814
Email: einward.ris@karvy.com
Website: www.karvy.com

REGISTERED OFFICE

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16 Bank Street, Fort, Mumbai-400 001.
Tel: +91 22 22709100 Fax: + 91 22 22709161
Email: investors@coxandkings.com
Website: www.coxandkings.com

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, I would like to extend a very warm welcome to all of you. At the outset, we would like to thank each of you for the overwhelming response to our IPO which was subscribed 5.64 times as indicated on the National Stock Exchange website.

Your Company has demonstrated its leadership in this past year initiating new projects and engagements across geographies. This is significant given that inspite of the challenging global economic scenario, your Company grew to exceed its set targets in the last 12 months.

The tourism industry has grown at a rapid pace and contributes a significant amount in terms of both GDP and employment opportunities in several countries. The Global Travel & Tourism industry is expected to directly account for 3.2% of the total world GDP or USD 1,986 billions in 2010. The industry also has an indirect impact on several other industries, such as tourism infrastructure, in the broader economy. Overall the Travel & Tourism economy GDP (direct and indirect) is expected to grow at 0.5%, clocking USD 5,751 billion in 2010, or contribution of 9.2% of the total world GDP and 8.1% of the total employment. In India, tourism is one of the largest service industries with a contribution of 6.23% to GDP and 8.78% of the total employment. According to World Travel and Tourism Council, India will be a tourism hot spot from 2009 to 2018, having the highest ten year growth potential. The contribution of travel and tourism to India's GDP is expected to reach USD 187.3 billion by 2019 from the current USD 6.73 billion in March 2010. Inbound travel has also picked up and according to the Ministry of Tourism, foreign tourist arrivals during the period January-June 2010 were 26.32 lacs with a growth rate of 10.8%, as compared to the corresponding period last year.

For the financial year end-March 2010; your company had set new performance benchmarks. The CAGR of consolidated net sales over past four years in the year 2010 was 59.49%. The EBITDA and PBT grew with a CAGR of 65.88% and 75.21% respectively over the past four years. The CAGR of PAT was 84.59% over past four years in March 2010. The Board of Directors of your company has recommended a dividend of Re.1 per share.

During the year 2009-2010, your Company acquired My Planet and Bentours in Australia. In March 2010, it launched its luxury train, Maharajas' Express in collaboration with the Indian Railways Catering and Tourism Corporation Ltd (IRCTC). This joint venture called, Royale Indian Rail Tours Ltd., is a 50:50 venture between your Company and IRCTC.

The current financial year too looks promising with all the segments of travel, be it Inbound, Outbound, Domestic, Corporate Travel, Trade Fairs, Meetings, Incentives, Conferences and Exhibitions continuing to grow.

We continue to focus on consolidation and expansion, which will maximize value to our customers and shareholders.

You will be proud to know that your Company has won an impressive string of awards during the year. In January 2010, it won the Most Admired Tour Operator Award at SATTE 2010, in New Delhi. In 2009 it won the Best Domestic Tour Operator, Most Innovative Travel Company and the Best Inbound Tour Operator Award at the TAFI-Travel Biz Monitor Awards. It won the Today's Traveller Platinum Award for the most Innovative Travel Company and has won The Economic Times Award for the

best Outbound Tour Operator in India. With so many feathers in our cap, I am confident that we will continue the journey with the same zeal and commitment in the years ahead.

In conclusion, I would like to extend my sincere gratitude to all employees of Cox & Kings for their valuable participation and contribution. And to you for being our support through thick as well as thin.

With warm regards

**A.B.M. Good
Chairman**

FINANCIAL HIGHLIGHTS OF CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

Particulars	FY08	FY09	FY10
Operating Profits			
Net Sales	18,213.77	28,690.02	39,915.41
EBITDA	7,300.97	12,246.77	18,643.68
PBT	6,689.45	9,828.43	18,650.52
PAT	4,201.23	6,280.85	13,384.99
Net Cash Profit	4,838.58	7,237.79	14,892.17
Financial Position			
Gross Fixed Assets	8,773.84	12,766.18	15,416.34
Net Fixed Assets	5,543.08	8,178.84	9,262.12
Net Worth	16,532.34	22,736.51	80,803.64
Tangible Net Worth	15,081.74	9,644.28	55,914.51
Profitability Ratios			
EBITDA Margin (%)	40%	43%	47%
PBT Margin (%)	37%	34%	47%
PAT Margin (%)	23%	22%	34%
Return on Net Worth (%)	50%	49%	32%
Return on Capital Employed (%)	28%	27%	22%
Key Financial Ratios			
Debt /Equity	0.78	1.56	0.62
Current Ratio	1.97	2.55	5.54
Interest Coverage Ratio	13.40	6.36	8.47
Dividend (in %)	2%	2%	10%
Dividend	65.34	65.34	733.74
EPS (in Rs.)	26.46	14.49	26.13
Book Value (in Rs.)	59.20	81.42	128.42

DIRECTORS' REPORT

Dear Shareholders,

Your Company's Directors are pleased to present the 70th Annual Report of the Company along with the audited accounts for the year ended March 31, 2010.

Financial Performance

(Rs. in Lacs)

	Standalone Results	
	2009-10	2008-09
Net Sales & Other income	18,203	16,137
Profit before Taxation	7,550	6,091
Provision for Taxation	2,543	2,270
Profit After Tax	5,006	3,822
Proposed Dividend (inclusive of dividend tax)	734	65
Earnings Per Share (Rs.)	9.77	8.82

Dividend

Your Directors are pleased to recommend a Dividend of 10% (Re. 1/- per equity share of Rs. 10/- each) to be appropriated from the profits of the year 2009-10 subject to the approval of the shareholders at the ensuing Annual General Meeting. The Dividend will be paid in compliance with applicable regulations.

The dividend, if declared as above, would involve an outflow of Rs. 629.23 Lacs towards dividend and Rs. 104.51 Lacs towards dividend tax, resulting in a total outflow of Rs. 733.74 Lacs.

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term performance, keeping in view the Company's need for capital for its growth plans and the intent to finance such plans through internal accruals to the maximum.

Change of Name

In the past few years, your Company has expanded its business across many countries and has now attained the status of being a global company with significant presence in various Countries. To reflect its true status, the name of your Company has changed to Cox & Kings Limited.

A fresh Certificate of Incorporation was received from the Registrar of Companies dated 29th July 2010 pursuant to the change of name of the Company from Cox and Kings (India) Limited to Cox & Kings Limited.

Change in Capital Structure

Rights Issue

The Company, on 25th June 2009, opened the Rights issue of 19,547,682 equity shares with a face value of Rs. 10/- each for cash aggregating to Rs. 19,547,682/- to the existing shareholders of the Company on Rights Issue basis in the ratio of 7 Rights equity shares for every 10 equity shares held on the record date i.e. 19th June 2009. The issue was successfully closed on 22nd July 2009.

Initial Public Offering

During the year under review, your Company successfully completed the Initial Public Offering of its securities. The issue comprised of 18,496,640 equity shares (15,450,000 being the fresh issue of equity shares and 3,046,640 being the offer for sale) of Rs. 10/- each at a premium of Rs. 320 per share. The issue was over-subscribed by 5.64 times. The shares were listed on Bombay Stock Exchange Limited and National Stock Exchange Limited on 11th December 2009.

Accordingly, following shares were allotted during the year under review:

(In Rs.)

Sr. No	Details of Issue	No. of shares allotted	Premium	Equity Capital Post Issue
1.	Rights Issue	19,547,682 equity shares	Nil	474,729,420
2.	Public Issue	15,450,000 equity shares	320	629,229,420

Utilisation of IPO Proceeds

As on March 31, 2010, amount raised through public issue has been utilised by the Company toward the following objects of the issue:

(Rs. in Lacs)

Sr. No.	Particulars	Utilisation
1	Repayment of Loans	8,470.00
2	Acquisitions & Other Strategic Initiatives	1,600.00
3	Investment in Overseas Subsidiaries	887.00
4	Investment in Corporate Office & Upgrading our existing Operations	203.00
5	General Corporate Purposes	4,557.00
6	Meeting Fresh Issue related Expenses	5,817.38
	Total	21,534.38

Pending utilisation, the balance proceeds have been temporarily invested in Mutual Funds, Fixed Deposit and Bank Accounts.

DIRECTORS' REPORT (CONTD.)

Credit Rating

Credit Analysis & Research Ltd (CARE), the Rating Agency, has reaffirmed 'PR1+ (PR One plus)' to Commercial Paper (CP) issue of the Company amounting to Rs. 150 crore, for a maturity not exceeding one year. Instruments with this rating indicate strong capacity for timely payment of short-term debt obligations and carry lowest credit risk.

CARE has also revised the long term rating to 'CARE AA — (Double A minus)' to Non - Convertible Debenture (NCD) issue of the Company amounting to Rs. 300 crore. Instruments with this rating indicate high safety for timely servicing of debt obligations and carry very low credit risk.

Subsidiary Companies

Ministry of Corporate Affairs, Government of India has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended 31st March 2010 along with the Reports of the Board of Directors of the Company's subsidiaries have not been annexed. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries have been furnished under 'Subsidiary Companies' Particulars forming part of the Annual Report. Further pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiaries.

Investments in direct subsidiaries

As on 31st March, 2010 your Company had invested an aggregate of Rs. 5273.56 Lacs as loan, in its direct subsidiaries Cox & Kings Ltd, UK, Cox & Kings Singapore Private Limited, Clearmine Limited UK, Quoprro Global Services, UK, Quoprro Global Services Private Limited and Cox & Kings (Australia) Pty Ltd.

Incorporation of New Subsidiaries

During the year under review, your Company has invested Rs. 22.22 Lacs in Quoprro Global Services UK, a 100% subsidiary of the Company. The main object of Quoprro Global Services UK is to provide comprehensive visa processing services to diplomatic missions.

Mergers and Acquisitions

Your Company continued to pursue the strategy of acquiring businesses which complement our service offerings, provide access to niche skill sets and expand our presence in select geographies.

In April 2009, we completed acquisition of East India Travel Company Inc, which is in the business of selling upmarket tour and travel packages in the United States of America. East India Travel Company Inc was acquired by our step-down subsidiary in UK, Cox & Kings Travel Limited.

In December 2009, Cox & Kings (Australia) Pty Ltd, a wholly owned subsidiary of the Company has acquired 100% shares of My Planet Australia Pty Limited & Bentours International Pty Limited, through share sale agreement from First Choice Holdings Australia Pty Ltd, a European tourism group which is part of the TUI Travel Plc Group of Companies. The acquisition has been done through an earn-out mechanism. The business of the acquired companies is currently trading under the brand MyBentours for its wholesale FIT & leisure groups to Scandinavia and has a well-established retail operation.

All the subsidiaries of the Company are unlisted and none of them are material unlisted subsidiaries as per Clause 49 of the Listing Agreement.

Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the Consolidated Financial Statements are provided in the Annual Report.

Directors' Re-appointment

Articles of Association of the Company provide that at least two-thirds of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for re-election. Ms. Urrshila Kerkar and Mr. S.C. Bhargava, retire by rotation and being eligible offer themselves for reappointment at this Annual General Meeting.

Your Directors recommend their re-appointment at the ensuing Annual General Meeting.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office

DIRECTORS' REPORT (CONTD.)

until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for the re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 224 (1B) of the Companies Act, 1956.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Group

Pursuant to intimation from the Promoters, the names of the Promoters and entities comprising "group" are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2010, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and that no material departures are made from the same;
- the Directors have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts of the Company on 'a going concern basis'.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any

member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

Management's Discussion and Analysis Report

The Management's Discussion and Analysis on Company's performance – industry trends and other material changes with respect to the Company pursuant to Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business. Detailed information on the initiative of the Company towards CSR activities is form part of this report.

Corporate Governance

Your Company believes Corporate Governance is at the heart of Shareholder value creation. The Board has also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The code is available on the website of the Company www.coxandkings.com. A report on the Corporate Governance in term of clause 49 of the Listing Agreement with Stock Exchanges along with the Auditors' Certificate on its compliance forms part of this report.

Fixed Deposits

Your Company has not accepted any fixed deposits within the meaning of Section 58(A) of the Companies Act, 1956 during the year.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Company has no activity relating of conservation of energy or technology absorption.

The Company continued to be a net foreign exchange earner during the year.

The figures for the foreign exchange earnings and outgo are as follows;

Foreign Exchange Earnings:

Rs. 10,008.27 Lacs (Previous Year- Rs. 12,972.77 Lacs)

Foreign Exchange Outgo:

Rs.344.31 Lacs (Previous Year- Rs. 261.65 Lacs)

(Other than in the normal course of the business

DIRECTORS' REPORT (CONTD.)

as Tour Operator and Foreign Exchange Restricted Authorised Dealer)

Awards and Recognition during the year under review:

1. "First Runner Up" in the Best Large Tour Operator category awarded by the Telegraph Ultra Travel luxury survey UK 2010.
2. "First Runner Up" in the Favourite Tour Operator category awarded by Condé Nast Traveller Readers' Choice Awards (2010).
3. "Most Admired Tour Operator 2010" awarded by SATTE (2010)
4. "Best Domestic Tour Operator" awarded by the Abacus TAFI TravelBiz Monitor Awards (2009).
5. "Best Inbound Tour Operator" awarded by the Abacus TAFI TravelBiz Monitor Awards (2009).
6. "Most Innovative Product Launch" awarded by the Abacus TAFI TravelBiz Monitor Awards (2009).
7. "India's Top Rated Tour Operator – Outbound 2009" awarded by The Economic Times, India's largest business daily.

8. "Most Innovative Travel Company of 2009" awarded by Today's Traveller Platinum Award.

Acknowledgements and Appreciation

Your Directors take this opportunity to thank all investors, customers, vendors, banks/financial institutions, regulatory and government authorities and Stock exchanges for their consistent support and encouragement to the Company. The Directors also place on record their sincere appreciation to all employees of the Company for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry.

For and on behalf of the Board of Directors

A.B.M. Good
Chairman

Mumbai, 29th May 2010