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# Cox & Kings Limited

## 71st Annual Report 2010-11

360° Travel. 100% focus.



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. A. B. M. Good	Chairman
Mr. Peter Kerkar	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
Mr. S. C. Bhargava	Member

#### Shareholders' / Investors Grievances Committee

Mr. Pesi Patel	Chairman
Mr. A. B. M. Good	Member
Mr. M. Narayanan	Member
Mr. S. C. Bhargava	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  
IDBI Bank  
Societe Generale

### REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare 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

1<sup>st</sup> Floor, Turner Morrison Building,  
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.

The financial year 2010 - 2011 was a very strong year for your company.

The Indian Economy has grown at a compound rate of about 9% annually for the last 4 years. The Indian travel and tourism industry has correspondingly grown rapidly. We are optimistic of good business growth during the current year. Travel & Tourism Industry in India will grow at a CAGR of 10.2% over 2010-2020 i.e. US\$ 42 bn in 2010 to US\$111 bn in 2020.

Direct contribution of Travel & Tourism is expected to be INR 1,570 bn (1.9% of total GDP) in 2011, rising by 8.1% p.a. to INR 3,414 bn in 2021. The Country welcomes around 5.58 million international visitors every year and nearly 562 million domestic tourists.

The increasing numbers of both domestic as well as international tourists have been very encouraging for the Indian travel and hospitality sector which has nearly doubled during the last three years. The tourism and hospitality industry experienced a healthy growth trend of 24.6% during 2009-2010 as compared to 2008-2009. The total number of foreign tourists in the Country in 2010 was 5.58 million as compared to 5.17 million in 2009, registering a rise of 8.1%, according to the Market Research Division of the Ministry of Tourism.

The emerging middle-class, rising purchasing power and increased awareness will continue to ensure the growth of tourism over the forecast period.

From the global perspective, world travel has bounced back strongly in 2010 from the downturn of 2009 and looks set to return to the growth path in 2011 driven by improving world economic conditions and higher consumer spending. International tourism is heading for a growth in the 3-5% range in 2011.

The Government of India has taken certain steps which are detailed below, that will boost the company's inbound and outbound travel business.

The Government has allowed 100% foreign investment under the automatic route in the hotel and tourism related industry, according to the Consolidated FDI Policy, released by DIPP, Ministry of Commerce and Industry, Government of India.

The Government of India has announced a scheme of granting Tourist Visa on Arrival (T-VoA) for the citizens of Finland, Japan, Luxembourg, New Zealand and Singapore. The scheme is valid for citizens of the above mentioned countries planning to visit India on single entry strictly for the purpose of tourism and for a short period of up to a maximum of 30 days.

For the financial year-end March 2011, your Company has registered strong performance. The EBITDA grew 23% to Rs.23,006.15 lacs and PBT adjusted for exceptional items grew 16% to Rs.18,281.32 lacs.

The current financial year looks promising with all segments of travel continuing to grow.

Before signing off, I would like to thank our dedicated team for their valuable support and cooperation, without which our Company would not have been able to reach the position it enjoys today.

I would like to thank all of our shareholders for their continuous support in this journey of growth.

With warm regards,

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

## FINANCIAL HIGHLIGHTS OF CONSOLIDATED ACCOUNTS

(Rs. In Lacs)

Particulars	FY09	FY10	FY11
<b>Operating Profits</b>			
Net Sales	28,690.02	39,915.40	49,673.91
EBITDA	12,246.77	18,643.68	23,006.15
PBT	9,828.43	18,650.52	19,310.07
PAT	6,280.85	13,384.99	12,908.60
Exceptional Items*	-	2,838.41	1,028.75
PBT (Adjusted for Exceptional items)*	9,828.43	15,812.11	18,281.32
PAT (Adjusted for Exceptional items)*	6,280.85	11,341.33	12,209.05
<b>Financial Position</b>			
Gross Fixed Assets	12,766.18	15,416.34	24,818.09
Net Fixed Assets	8,178.84	9,262.12	16,624.16
Net Worth	22,736.51	80,803.64	120,619.90
Tangible Net Worth	9,644.28	55,914.52	93,160.29
<b>Profitability Ratios</b>			
EBITDA Margin (%)	42.69%	46.71%	46.31%
PBT Margin (%)	34.26%	39.61%	36.80%
PAT Margin (%)	21.89%	28.41%	24.58%
Return on Net Worth (%)	49.21%	21.82%	12.09%
Return on Capital Employed (%)	27.28%	14.79%	10.48%
<b>Key Financial Ratios</b>			
Debt /Equity	1.56	0.62	0.70
Current Ratio	2.55	5.54	6.38
Dividend (in %)	2%	10%	10%
Dividend	65.34	733.74	793.38
EPS (in Rs.)	14.49	26.13	19.53
Book Value (in Rs.)	81.42	128.42	176.70

\* **Note:** Exceptional items consists of exchange difference accounted by subsidiaries on restatement of foreign currency borrowings. The Profitability ratios have been worked based on the Profit adjusted for such exceptional items. The tax effect on exceptional items has been considered based on effective tax rate on consolidated profits.

## DIRECTORS' REPORT

### Dear Shareholders,

Your Company's Directors are pleased to present the 71st Annual Report of the Company along with the audited accounts for the year ended March 31, 2011.

### Financial Performance Summary

(Rs. in Lacs)

Particulars	Standalone Results	
	2010-11	2009-10
Net Sales & Other income	25,292	18,203
Profit Before Taxation	11,012	7,550
Provision for Taxation	3,340	2,544
Profit After Tax	7,672	5,006
Proposed Dividend (inclusive of dividend tax)	793	734
Earnings Per Share (Rs.)	11.60	9.77

### 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 2010-11 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. 682.64 Lacs towards dividend and Rs. 110.74 Lacs towards dividend tax, resulting in a total outflow of Rs. 793.38 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.

### Credit Rating

Credit Analysis & Research Ltd (CARE), the Rating Agency has revised and enhanced the long term rating of the Company to 'CARE AA (Double A)' of Non - Convertible Debenture (NCD) of the Company amounting to Rs. 800 crores. Instruments with this rating indicate high safety for timely servicing of debt obligations and carry very low credit risk.

CARE has also reaffirmed 'PR1+ (PR One plus)' of Commercial Paper (CP) amounting to Rs. 150 crores, 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.

### Change in Capital Structure

#### Issue of Global Depository Receipts (GDRs)

During the year under review, your Company successfully completed the issue of 53,41,003 GDRs underlying the equity shares of the Company with face value of Rs. 10/- each. The issue price of GDRs was US\$ 12.17 (Rs. 569.17). The GDRs were listed on Luxembourg Stock Exchange on August 24, 2010 and traded on the EURO MTF segment of the Luxembourg Stock Exchange. Citibank N.A. New York, NYADR Department is the Depository and Citibank, N.A. (Mumbai) is the Custodian of all the equity shares underlying the GDRs issued by the Company.

Each GDR represents one underlying equity share of the Company. GDR is not time bound instrument and can be surrendered any time and converted into underlying equity shares of the Company. The shares so released in favor of the investor upon surrender of the GDRs can either be held by the investors concerned in their name or sold off in the Indian secondary market for cash. To the extent of the shares so sold in Indian markets, GDRs can be reissued under the available headroom.

#### Outstanding GDRs

The total number of GDRs outstanding as on March 31, 2011 are 2,333,334 constituting 3.42% of the paid up share capital of the Company.

#### Utilisation of IPO Proceeds

As on March 31, 2011, 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	12,844.00
2	Acquisitions & Other Strategic Initiatives	2,000.00
3	Investment in Overseas Subsidiaries	2,011.18
4	Investment in Corporate Office & Upgrading our existing Operations	602.37
5	General Corporate Purposes	4,557.00
6	Meeting Fresh Issue related Expenses	5,817.38
	<b>Total</b>	<b>27,831.93</b>

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

#### Utilisation of GDR Proceeds

As on March 31, 2011, the amount raised through GDRs issue has remained unutilised and the same has been temporarily invested in fixed deposits and fixed deposit through subsidiary.

## DIRECTORS' REPORT (CONTD.)

### Consolidated Financial Statements

The Company reported consolidated income from operations for 2010-11 of Rs. 49,673.91 Lacs, posting a growth of 24% over Rs. 39,915.40 Lacs in the previous year, with strong growth globally in all major markets. EBITDA for FY 2011 rose by 23% to Rs. 23,006.51 Lacs as against Rs. 18,643.68 Lacs in the last fiscal year. As required under the listing agreement with the Stock Exchanges, Consolidated Financial Statements of the Company are attached.

### Subsidiary Companies

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated February 8, 2011 has granted a general exemption subject to certain conditions to holding companies from complying with the provisions of Section 212 of the Act which requires the attaching of the Balance Sheet, Profit & Loss Account and other documents of its subsidiaries companies to its Balance Sheet. Accordingly, the said documents are not being included in this Annual Report.

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 financial information of Subsidiary Companies forming part of the Annual Report. Further, the Consolidated Financial Statement prepared in accordance with the Accounting Standard AS-21 on "Consolidated Financial Statements" read with Accounting Standard AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements and AS-27 on "Financial Reporting of Interest in Joint Venture", are provided in the Annual Report.

Details of Subsidiaries of the Company are covered in Management's Discussion and Analysis Report forming part of the Annual Report.

### Investments in Direct Subsidiaries

During the year under review, your Company had invested an aggregate of Rs. 20,476.04 Lacs as loan, in its Direct Subsidiaries Cox & Kings (UK) Ltd, Cox & Kings Singapore Private Limited, Cox & Kings Asia Pacific Private Limited, Cox & Kings (Japan) Limited, Quoprro Global Ltd, Clearmine Limited, Quoprro Global Services Pvt Ltd and Cox & Kings (Australia) Pty Ltd.

### Incorporation of New Subsidiaries and Branch offices

During the year under review, your Company has incorporated 3 new subsidiaries namely Cox and Kings Global Services Private Limited, Cox and Kings Asia Pacific

Private Limited and Prometheon Holdings Private Limited. The main object of Cox and Kings Global Services Private Limited, is to provide comprehensive visa processing services to diplomatic missions. Cox and Kings Asia Pacific Private Limited was incorporated to establish the presence of Company business in Asia Pacific region.

Your Company has also set up a Branch office in Taipei City, Taiwan Republic of China. Taiwan Branch shall provide travel services from Taiwan Republic of China, Hong Kong and South East Asia to India, Middle East and Europe as a Land Operator to local Travel Agencies.

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

### Directors' Re-appointment

Mr. Peter Kerkar and Mr. Pesi Patel, retire by rotation and being eligible offer themselves for reappointment at this Annual General Meeting.

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

### Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants (Reg. No. 101720W), Statutory Auditors of the Company, hold office 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.

### Secretarial Audit Report

As a measure of good Corporate Governance, the Board of Directors of the Company had appointed Mr. Virendra Bhatt, Practicing Company Secretary, to conduct Secretarial Audit of the Company.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to the Company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.



## DIRECTORS' REPORT (CONTD.)

The Secretarial Audit Report for the financial year ended March 31, 2011 is provided in the Annual Report.

### 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:

- a) in the preparation of the annual accounts for the year ended March 31, 2011, 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;
- b) the Directors have selected such accounting policies and applied consistently and 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, 2011 and of the profit of the Company for the period ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognised while relying on any system of internal control and records and;
- d) 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 and its subsidiaries 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 forming part of this report.

### Formation of Cox & Kings Foundation

To participate in alleviating the socio-economic status of the society, your Company has established "Cox & Kings Foundation". The core areas on which the "Cox & Kings Foundation" focuses are relief of poor, education, medical relief and advancement of similar objects of general and social welfare.

### 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](http://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 to 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. 9,358.05 Lacs (Previous Year- Rs. 10,008.27 Lacs)

Foreign Exchange Outgo:  
Rs 265.70 Lacs (Previous Year- Rs. 344.31 Lacs)

(Other than in the normal course of the business as Tour Operator and Foreign Exchange Restricted Authorised Dealer)



## DIRECTORS' REPORT (CONTD.)

### Awards and Recognition during the year under review:

1. "India's Leading Destination Management Company" awarded by the World Travel Awards 2010.
2. CNBC Awaaz Travel Award 2010 for "Taking India Global".
3. "Best Outbound Tour Operator" awarded by Hospitality India and Explore the World Annual International Awards 2010.
4. "First Runner Up" in the Best Large Tour Operator category awarded by the Telegraph Ultra Travel luxury survey UK 2010.
5. "First Runner Up" in the Favourite Tour Operator category awarded by Condé Nast Traveller Readers' Choice Awards (2010).
6. "Most Admired Tour Operator 2010" awarded by SATTE (2010).

### 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, 30<sup>th</sup> May, 2011

## GROUP

The names of the Promoters and entities comprising “group” as defined under the Monopolies and Restrictive Trade Practices (“MRTP”) Act, 1969 read with Section 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as at 31<sup>st</sup> March, 2011 are disclosed below:

Sr. No	Name	Shares held
1	Mr. A. B. M. Good	3,019,916
2	Mr. Peter Kerkar	1,372,336
3	Ms. Urrshila Kerkar	2,279,800
4	Ms. Elizabeth Kerkar	637,200
5	Liz Investments Private Limited	6,881,664
6	Sneh Sadan Graphics Services Limited	16,676,684
7	Kubber Investments (Mauritius) Private Limited	9,173,280