

# COX & KINGS LIMITED

72<sup>ND</sup> ANNUAL REPORT 2011-12



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. A. B. M. Good	Non-Executive Chairman
Mr. Peter Kerkar	Non-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
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  
Allahabad Bank  
IDBI Bank  
Central Bank of India  
Societe Generale  
UCO Bank

### REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited  
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

The year ended March 31, 2012 was both an eventful and fruitful journey for our Company. In September 2011, we completed the acquisition of Holidaybreak Ltd, a specialist UK based travel Company with operations across Europe. Holidaybreak has several market leading brands across Education Travel, Leisure Business and Camping Holidays, with each business being run by a highly experienced and professional management team. Amidst difficult economic conditions in Europe, Holidaybreak has demonstrated resilience and stable cash flows, which indicates the quality of its various businesses. This is a transformational acquisition for Cox & Kings as we position ourselves to tap the huge potential of Education travel. The acquisition will also help grow our leisure business globally, through a wider product range and improved buying from our suppliers.

During the period under review, our business in India continued to demonstrate robust growth, on the back of our strong product offering and distribution network. We are pleased with our performance in other international markets.

We continue to see growth and consolidation in the leisure travel market in India. We are encouraged by the continuing shift in customer preference from the unorganised sector to organised tour operators. Combining this with new additions of first time travellers each year into the market, which is still quite nascent; we feel there is a tremendous opportunity to grow the India business for years to come.

Economic conditions are tough in several international markets that we operate in. Nevertheless, we have been able to grow our business despite these challenges. This reaffirms our confidence in our management team and justifies the investments we make into strengthening our brands globally.

I am confident that we will achieve significant benefits from these important developments which could not have been achieved without the hard work of our dedicated team and in closing I should like to express both my personal and the Board's sincere thanks to them all. I would also like to thank our Shareholders for their continued support for our journey of growth.

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

## FINANCIAL HIGHLIGHTS OF CONSOLIDATED ACCOUNTS

(Rs. in Lacs)

Particulars	FY10	FY11	FY12
<b>Operating Profits</b>			
Net Sales	39,915	49,673	83,794
PBT Before Exceptional Items	18,651	19,310	9,992
Exceptional Items	-	-	3,118
PBT	18,651	19,310	6,874
PAT	13,385	12,908	4,160
<b>Financial Position</b>			
Gross Fixed Assets	15,416	23,260	261,882
Net Fixed Assets	9,262	15,066	203,847
Shareholder's Funds:			
Share Capital	6,292	6,826	6,826
Reserves & Surplus	74,719	113,959	112,411
Dividend (in %)	10%	10%	20%
Dividend	734	793	1586
EPS (in Rs.)*	26.13	9.76	3.05
Book Value (in Rs.)	128	177	87

The figures for FY 2012 are not comparable with previous years as Holidaybreak Limited become subsidiary of the Company from 27th Sept 2011 in FY 2012

\* Consequent to sub-division of shares, figures for previous years are not comparable.

Consequent to Revised Schedule VI becoming effective from April 1, 2011, figures from financial year 2010-11 onwards are on revised basis.

## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors are pleased to present the 72<sup>nd</sup> Annual Report and the audited accounts for the financial year ended March 31, 2012.

### Financial Performance

(Rs. in Lacs)

Particulars	Standalone Results	
	2011-12	2010-11
Net Sales & Other income	32,760	25,292
Profit Before Taxation	10,889	11,013
Provision for Taxation	3,119	3,340
Profit After Tax	7,770	7,673
Proposed Dividend (inclusive of dividend tax)	1,586	794
Earnings Per Share (Rs.)	5.69	5.80

### Results of Operation:

The Ministry of Corporate Affairs (MCA) vide Notification no S.O. 447(E) dated 28<sup>th</sup> February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The revised Schedule VI is applicable from financial year commencing from 1<sup>st</sup> April, 2011. The financial statements of your Company for the year ended 31<sup>st</sup> March, 2012 have been prepared in accordance with the revised Schedule VI and accordingly, the previous year's figures have been reclassified /regroup to conform to this year's classification.

### Standalone Financial:

For the year ended March 31, 2012, the standalone revenue from operations was Rs. 29,578 Lacs, which is a 26% y-o-y growth. Profit Before Tax was Rs. 10,889 Lacs, which is a decline of 1% from FY 2011. The PAT for the year was Rs. 7,770 Lacs, which is an increase of 1% over FY 2011.

### Consolidated Financial:

For the year ended March 31, 2012, the Consolidated revenue from operations was Rs. 83,794 Lacs, PBT before exceptional items was Rs. 9,992 Lacs and Profit for the year was Rs. 4,160 Lacs. Earnings per share for the year ending March 31, 2012 is Rs. 3.05.

Note: The y-o-y comparison of the Consolidated financials is not the true reflection of the performance as Holidaybreak Ltd became a Subsidiary of the Company from 27th September, 2011.

### Subsidiaries and Consolidated Financial Statements

The Ministry of Corporate Affairs (MCA) by General Circular No. 2/2011 dated 8th February, 2011, had granted an exemption to Companies from complying with Section 212 of the Companies Act, 1956, provided such Companies fulfill conditions mentioned in the said circular. Accordingly, the Board of Directors of your Company at its meeting held on 13<sup>th</sup> August, 2012 approved the Audited Consolidated Financial Statements for the financial year

2011-12 in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, which include financial information of all its subsidiaries, and forms part of this report. The Consolidated Financial Statements of your Company for the financial year 2011-12, have been prepared in compliance with applicable Accounting Standards and where applicable Listing Agreement as prescribed by the Securities and Exchange Board of India.

The annual accounts and financial statements of the Subsidiary Companies of your Company and related detailed information shall be made available to Members on request and are open for inspection at the Registered Office of your Company. Your Company has complied with all the conditions as stated in the circular and accordingly has not attached the accounts of the financial year 2011-12. A statement of summarised financial of all Subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to the General Circular issued by the Ministry of Corporate Affairs, forms part of this report.

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

### Dividend

The Directors are pleased to recommend a Dividend of 20% (Re. 1/- per equity share of Rs. 5/- each) to be appropriated from the profits of the financial year ended March 31, 2012 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. 1,365 Lacs towards dividend and Rs. 221 Lacs towards dividend tax, resulting in a total outflow of Rs. 1,586 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.

### Transfer to General Reserve

Pursuant to Companies (Transfer of Profits to Reserves) Rules, 1975, the Company has transferred Rs. 583 Lacs to General Reserve.

### Credit Rating

The Company continue to have 'CARE A1+ (A One plus)' for its Commercial Paper (CP) for a maturity not exceeding one year. Instruments with this rating indicate high safety for timely servicing of debt obligations and carry very low credit risk.

CARE has placed the rating of 'CARE AA (Double A)' assigned to the long term instruments/ bank facilities of the Company on 'Credit Watch' in view of the Company's announcement on July 27<sup>th</sup> 2011 of its intention to acquire 100% equity stake in Holidaybreak Plc.



## DIRECTORS' REPORT (CONTD.)

### Capital Structure: Sub-Division of Equity Shares:

Pursuant to the approval of the Members dated June 7, 2011, the face value of the equity shares of the Company were sub-divided from Rs. 10/- each paid-up per equity share into two equity shares of Rs. 5/- each paid-up.

The equity capital structure of the Company pursuant to the subdivision of equity shares stands as under:

	Shares	Face Value (Rs.)	Total (Rs.)
Authorised Equity Capital	220,000,000	5/-	1,100,000,000
Issued, Subscribed & Paid up Equity Capital	136,527,890	5/-	682,639,450

Pursuant to the sub division of shares, National Securities Depository Limited (NSDL) vide its letter dated NSDL/II/SM/JNG/10593/2010 dated June 17, 2011 issued a new ISIN for securities of the Company – **INE008101026**

### Other Developments

#### Acquisition

During the year under review, your Company has successfully completed acquisition of Holidaybreak Limited; a UK based Travel Company, through its wholly owned subsidiary, Prometheon Holdings (UK) Ltd, a special purpose vehicle, incorporated for the said purpose.

The GBP 323.43 million acquisition was completed by way of a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006 (the "Scheme"). The Scheme was declared effective by the High Court of Justice in England and Wales (the "Court") on September, 27 2011. Accordingly with effect from 27th September, 2011, Holidaybreak Limited become the wholly owned subsidiary of the Company. Under the terms of the acquisition, Holidaybreak Shareholders received 432.1 pence in cash per Holidaybreak share.

Holidaybreak is an education and activity travel group which provides educational and activity trips for school children as well as worldwide adventure holidays, short breaks in the UK and Europe, and mobile-home and camping holidays on sites throughout Europe. The group has four operating divisions: Education Adventure, Hotel Breaks, Camping, which have leading positions in the UK and other major European markets, and has more than 15 long-established and widely recognised brands.

#### Royale Indian Rail Tours Limited

The Royale Indian Rail Tours Limited is a 50:50 joint venture between Indian Railway Catering & Tourism Corporation and the Company. The Supreme Court has dismissed the Special Leave Petition filed by the Company and has directed both the parties to go for arbitration which commenced on 6<sup>th</sup> July 2012. Supreme Court has also stated that the observation made by the Courts shall not, in any way, influence the outcome of the arbitral proceedings, if resorted to the parties.

### Directors

The term of Ms. Urrshila Kerkar as the Whole Time Director of the Company for a period of 5 years will expire on 31<sup>st</sup> August, 2012. Your Directors at its meeting held on 13<sup>th</sup> August, 2012, re-appointed her for a further period of 5 years with effect from 1<sup>st</sup> September, 2012. In compliance with the provisions of Section 309 and 310 read with Schedule XIII of the Act, the re-appointment of Ms. Urrshila Kerkar as Whole Time Director for a further period of 5 years is placed before the Members in the ensuing Annual General Meeting for their approval.

In accordance with the provisions of the Companies Act 1956, and Articles of Association of the Company, Mr. A. B. M Good and Mr. Mahalinga Narayanan, retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The brief resume of the aforesaid Directors and other information have been detailed in the Corporate Governance Report forming part of this report.

### 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, the applicable accounting standards have been followed and that there are no material departures;
- 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, 2012 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 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 recognized while relying on any system of internal control & records and ;
- the Directors have prepared the annual accounts of the Company on 'a going concern basis'.

### Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants, 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 and they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. Your Directors recommend their re-appointment for the ensuing year.

### 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.

## DIRECTORS' REPORT (CONTD.)

### 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.

### 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

Detailed information on the initiative of the Company towards CSR activities form part of this report.

### Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

### Secretarial Audit Report

As a measure of good Corporate Governance, the Board of Directors of the Company 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 and Listing Agreements with the Stock Exchanges. The Secretarial Audit Report for the financial year ended March 31, 2012 is provided in the Annual Report.

### 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. 9,763 Lacs (Previous Year- Rs. 9,358 Lacs)

Foreign Exchange Outgo:

Rs. 417 Lacs (Previous Year- Rs. 375 Lacs)

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

### Awards and Recognition:

- Best Luxury Operator' at the 2012 Globe Travel Awards.
- PATA Gold Award 2012 in the Marketing Media - Consumer Travel Brochure (BR) category for its entry, "Luxury Escapades".
- Ranked 'No. 2' Specialist Tour Operator on Conde Nast Traveller's Reader's Choice Awards 2011.
- 'Best Outbound Tour Operator of the Year' awarded by TAAI Travel Awards 2011.
- Ranked "No. 6" on the Travel + Leisure World's Best Awards 2011 list of Top 25 Tour Operators and Safari Outfitters.
- CNBC Awaaz Travel Award 2011 in the category of India going Global.
- "Specialist – Best All Inclusive Travel Operator" awarded by the British Travel Awards 2011.
- "Best Outbound Tour Operator" awarded by Hospitality India & Explore the World Annual International Awards 2011.
- "Most Entrepreneurial Travel Company" awarded by TTG Travel Awards in October 2011.
- "The Best Travel Company for Customer Satisfaction" awarded by Today's Traveller in August 2011.
- Runners up in the 'Specialist Tour Operator' category of the Telegraph Travel Awards 2011.
- "Best Use of Direct Marketing" awarded by Travel Marketing Awards 2011.

### 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

Place: Mumbai

Date: August 13, 2012



## 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 are disclosed below as at 31<sup>st</sup> March, 2012:

Sr. No	Name	Shares held
1	Mr. A. B. M. Good	6,039,832
2	Mr. Peter Kerkar	2,744,672
3	Ms. Urrshila Kerkar	4,559,600
4	Ms. Elizabeth Kerkar	1,274,400
5	Liz Investments Private Limited	13,763,328
6	Sneh Sadan Graphics Services Limited	33,353,368
7	Kubber Investments (Mauritius) Private Limited	18,346,560

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are an international travel and tours Company with operations in 26 countries around the globe. Our operations are spread across India, Europe, Australia, US, Dubai, Japan and Singapore, selling packaged holidays for leisure travel. With the acquisition of the European Company Holidaybreak in September 2011, we have increased our product bouquet in the leisure business, as well as entered into Education travel and Camping Holidays. Below is an overview of our complete product bouquet -

### Leisure Holiday Packages

Leisure travel is our core business, through which we provide tour operator and destination management services. Our tour operator services principally involve our customers in India, Australia, Dubai, Japan, Netherlands, United Kingdom and United States travelling on leisure packages to local and overseas destinations. In India, our leisure business also includes MICE and Trade Fairs where we organise Incentives Programs, Conferences and Events for Corporates. Our destination management services include ground handling services, which cover all aspects of ground tour arrangements, primarily for customers travelling into Dubai, Europe, India and Singapore.

### Summary of our Leisure business

<b>India</b>	We sell holidays under "Cox & Kings" brand and its various sub brands - "Duniya Dekho", "Bharat Deko", "Luxury Escapades", "Anand Yatra", "Gaurav Yatra"
<b>UK</b>	We sell premium long haul cultural holidays under the "Cox & Kings" brand and adventure holidays around the world under "Explore" and "Edge" brands. We also offer weekend breaks into UK and other European destinations under "Superbreak" brand and ground handling into Europe under "CKDMS" brand.
<b>Netherlands</b>	We offer Hotels & Bungalow bookings under the online brands of "Bookit" and adventure holidays around the world under the "Djoser" brand
<b>Australia</b>	Our offering includes outbound holidays in the mid-market segment under the "Tempo" brand, premium holidays under the "Cox & Kings" brand and specialist Scandinavian holiday operations under "BenTours" brand
<b>United States</b>	We sell premium long haul holidays under the "Cox & Kings" brand

<b>Japan</b>	We sell package holidays under white label to various retail travel agents
<b>Dubai</b>	We operate under the "Cox & Kings" brand, handling both inbound and outbound traffic, catering to the mid-market segment.

### Education Travel

We provide tour packages to students of primary and secondary schools through market leading brands PGL and NST, respectively in the United Kingdom. PGL is a market leading brand in the U.K. providing residential outdoor trips to primary school students aged between 8-12 years, and operates 25 centres comprising 16 centres across the U.K., eight centres across France, and one centre in Spain with an aggregate capacity of 9,200 beds. We own 20 of these centres and lease/hire the remaining five centres. The size of our PGL centres ranges from 40 acres to 250 acres. These centres are equipped with various facilities including student accommodations, indoor classrooms, meeting rooms, conference halls, swimming pools, football pitches and activity areas. The activities at the centres are curriculum based and personality development activities, conducted by professional qualified staff at Government accredited centres. These trips are conducted during school terms typically from March to October. The normal duration of our residential outdoor trips is between three and five days. Scouts, guides and other youth groups use our PGL centers during the off-season months. The PGL brand currently reaches about 5,000 schools in U.K

NST is a leading student travel tour operator in U.K., with secondary school students aged between 11 and 16 years, travelling to destinations across the world. We design specialized itineraries for such students to encompass a broad range of curriculum related topics including drama, music, history, and foreign language.

We also have a 74% ownership in Meininger Holding GmbH, which operates hotels for student tour groups (such as the tour groups conducted by NST) and young urban travellers under Meininger brand, spread across 16 city-centre properties (total of 6300 beds) in Germany (11 hotels), Austria (4 hotels) and London.

Our brands EST and Travelplus cater to students seeking higher education in the United Kingdom and German students seeking gap-year placements, respectively.



### Camping Holidays

We provide camping holidays to customers in UK through two brands Eurocamp and Keycamp, which are market leaders in the region. Through these popular brands, we also cater to customers in other European countries including Netherlands, Germany and Ireland. We own approximately 8,300 accommodation facilities (including about 7,000 mobile homes). These facilities are spread across popular camping destinations like France, Italy, Holland, and other countries in Europe including Switzerland, Austria, Germany, Croatia and Portugal.