

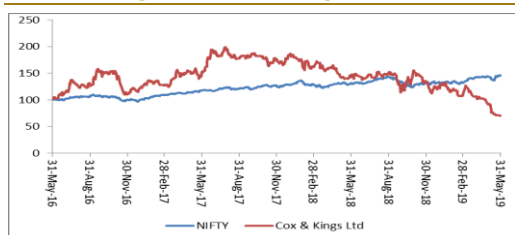
Market statistics as on May 31, 2019

Current stock price (Rs.)	92.65
Shares O/S (bn.)	0.18
Mcap (Rs. bn)	16.36
P/E (x)	4.34
52W H (Rs.)	214.7
52W L (Rs.)	9.75
Price to Book	0.50

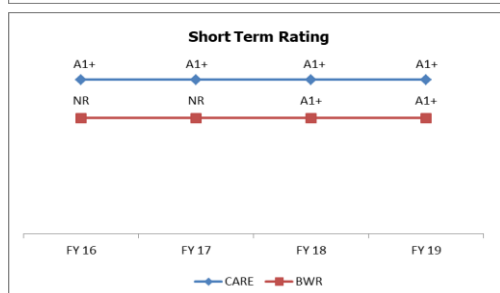
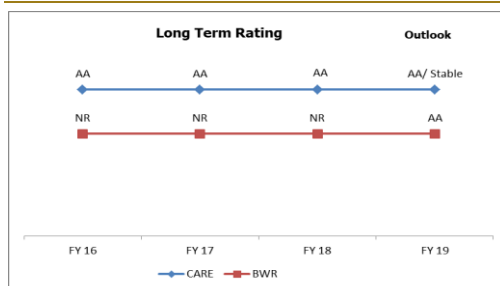
Shareholding pattern as on May 31, 2019

Promoters*	49.80%
Insurance Companies	1.05%
Foreign Institution	39.37%
Non-institution	9.78%
*63.28% shares pledged	

Cox and Kings Limited vs Nifty



Credit Rating History



Financial Performance Rs. Bn)

Particulars	9M FY19	9M FY18	% chg
Net Revenue	15.6	18.1	(13.9)
EBITDA (excl foreign gain/loss)	5.4	7.5	(28.0)
PAT	1.7	3.0	(44.3)
EBITDA Margins (%)	34.90	41.80	

Source: Company Reports

Credit Drivers:

- **Established track record and strong brand recall:** Cox & King (C&K) is a leading international player in tourism industry with strong presence in the global leisure travel segment & the education tourism segment in Europe and globally established brand name with a proven track record of more than 100 years in travel and tourism industry. Its leadership position is further strengthened by its wide distribution network and synergies within the group.
- **Meninnger on track to double its capacity:** CK's European hotel (bunk-bed or shared hostel) business is expected to increase its offering from 12,000 beds currently to nearly 25,000 beds by FY22E. The business is operating at 74% occupancy rate and is attracting families seeking value proposition for their hotel stay during vacations.
- **Diversified product portfolio spread across geographies:** C&K's operations are spread across 23 countries and 4 continents. The geographical diversification along with Company's presence in multiple segments helps in derisking the revenues against susceptibility of tourism sector to seasonality and exogenous shocks.

About the Company:

C&K is an international tour and travels company with operations spread over 22 countries and are largely concentrated in India and Europe region C&K has four major business segments, Leisure-India, Leisure-International, Education Trips and hybrid hotels/hostels (Meininger). CKL owns hybrid hotels/hostels in Europe and also operate kids' education trips business in the UK and Australia.

Over the past few years, C&K has monetized its international business considered ancillary to the core business and the proceeds from the same has been utilised to reduce debt. In FY2018, C&K decided to demerge the Foreign Exchange division of the company into Cox and Kings Financial Service Limited (CKFSL), a company having NBFC licence. The Scheme of arrangement has been approved by National Company Law Tribunal (NCLT). The company's NBFC business and forex operations have been transferred to CKFS which the Company expects to list on the stock exchanges.

Industry Outlook:

India's outbound tourist departures have been growing consistently at 10% since 2008 and touched 22mn in 2017. UNWTO estimates that India will send 50mn travellers across the globe by 2020, translating into a 31% CAGR. India has emerged as the fast-growing outbound market in the world, beating China+Hong Kong's growth rate of 7.8% and global average growth of 3.8%. However, India's share is still 1.5% of the global outbound traveller market, which stands at 1.46 bn travellers annually. There are multiple growth drivers for Indian outbound tourist market:

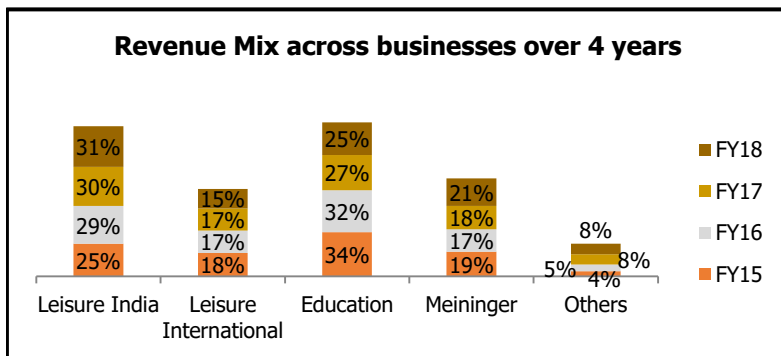
- The mighty Indian middle-class is currently 300mn strong and comprises 32% of the country's total population. Over the next decade, this segment will occupy 50% share in the population. The undertravelled Indian middle class is a huge addressable market, presenting a secular growth story.
- Rising disposable income among families, stable currency, and a growing contingent of NRIs are additional tailwinds for the sector.
- 74mn Indians hold a valid passport, equating to only 5.5% of the total population. This is a small number as compared to the US where 40% of the population holds a passport. During 2017, India's Ministry of External Affairs issued 11.5mn passports, registering 19% YoY growth.

About 60% of Indian travelers are group package travelers and 40% are Free Independent Travelers (FIT).

Key Credit Drivers:

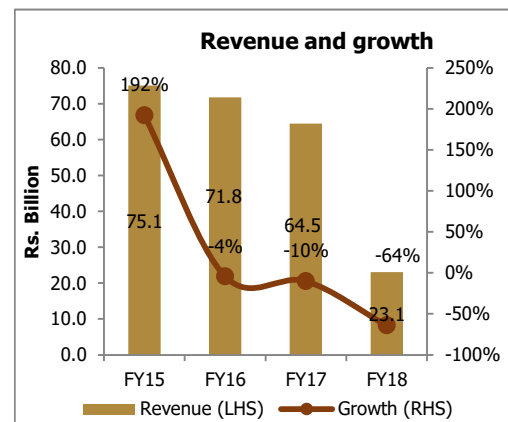
Long & established track record of operations: C&K is an integrated player in the tourism and travel industry. The Company is focusing more on B2C business of domestic leisure travel to achieve good growth in the coming years. On the international leisure travel front, Dubai and Australia businesses are stabilising and are expected to perform well in the coming years.

Diversified product portfolio and steady growth in key business segments ease the seasonality and economic cycle risk: The Company offers a diverse set of services catering to a varied set of customers spread across multiple geographies providing diversity of revenue streams. During FY18, C&K's Leisure India business contributed 31% (30% last year), Leisure International contributed 15% (17% last year), education business (PGL-provider of school activity courses and adventure holidays for children and NST-study tours for schools and colleges, both part of HBR) contributed 25% (27% last year) and Meininger business contributed 21% (18% last year) to the total net revenue.

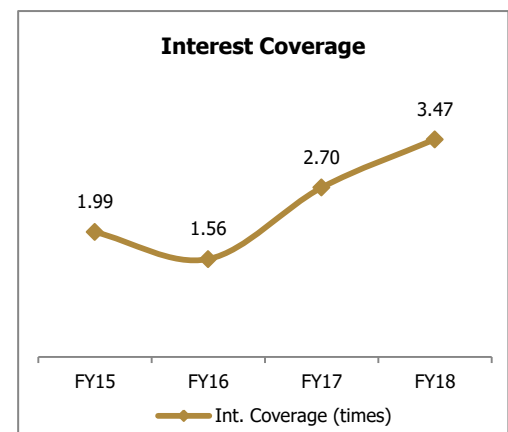


Z-score	2.26	Grey
Z > 2.99 - "Safe" Zones		
1.81 < Z < 2.99 - "Grey" Zones		
Z < 1.81 - "Distress" Zones		

Significant reduction in Debt and comfortable liquidity position: The Company has been under the debt reduction mode since 2014 which led to sale of assets and restructuring of operations. The Company's debt increased significantly in 2012 when it bought the UK-based Holiday break for Rs38bn (including 50% remaining stake in hybrid hotel business). This transaction immediately increased CKL's scale of operations. It brought education tour brands PGL & NST and hybrid hotel brand 'Meininger' into its basket. But the increase in scale was financed largely by debt. This increased total D/E ratio to 3.9x in FY12 (vs. 0.7x in FY11). Since then the company is striving to pare debt by selling units of Holiday break in parts. The Company's monetization plan of its international business has led to significant reduction of debt. Tangible Net-worth as on 31st March 2018 was Rs. 13.90 billion as against Rs. 6.24 billion in FY17. As on 31 Mar 2018, total debt stood at Rs. 39.83 billion and total debt to gross cash accruals (TD/GCA) stood at 9.68x while interest coverage ratio was 3.47 times. On a standalone level, the debt obligations are in the range of ~ Rs.2 billion for FY20 & ~ Rs 0.50 billion for FY21 and on consolidated basis, ~Rs 4.05 billion for FY20 and ~Rs 7.40 billion for FY21 which are expected to be serviced from cash accruals. The Company has cash & cash equivalents of ~Rs. 5 billion and about Rs 17.52 billion as on 31 Dec 2018, on consolidated basis. Working capital utilisation was at an average of ~80% during FY18. The Company's comfortable financial risk profile is reflected in its coverage indicators and liquidity position.



Satisfactory operating performance: On a consolidated basis, the Company reported Total Operating Income (TOI) and PAT of Rs. 64.5 billion and Rs. 4.43 billion for FY18 as against TOI of Rs. 71.76 billion and PAT of Rs. 2.11 billion respectively in FY17. On an unaudited basis, the company has reported revenue of around Rs. 44.59 billion for 9MFY19. The Company reported an improved EBITDA margin of 16.91% in FY18 as against that of 10.24% in FY17 on account of better operating efficiency.



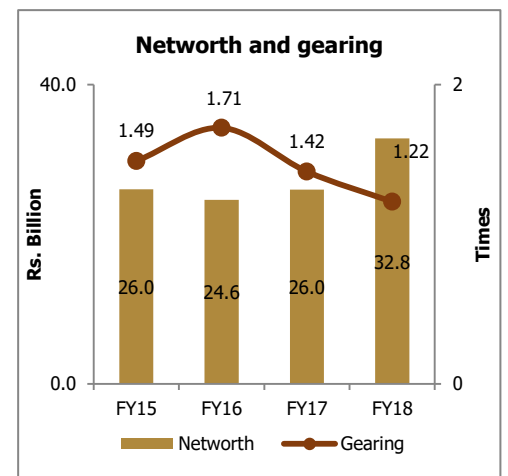
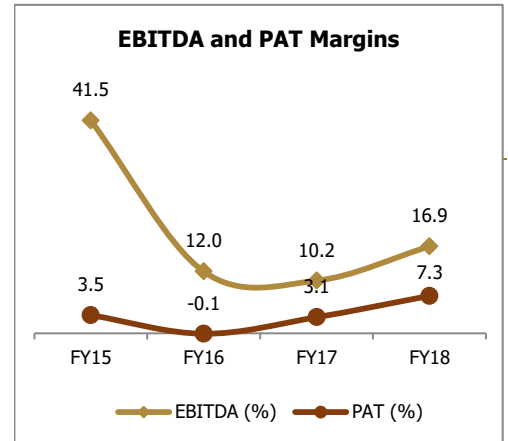
Banker	State Bank of India
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Exposure to Geopolitical factors and exchange rate fluctuations: Revenue growth remains vulnerable to regulatory changes and macroeconomic conditions like economic slowdowns, foreign exchange fluctuations, Brexit impact and exogenous shocks. Forex loss – part of Other expenses in Consolidated P&L – was Rs. 1.04 billion in 9MFY19 as against Forex gain of Rs. 0.99 crores in 9MFY18. Hence, there was an adverse swing of Rs. 2.03 billion due to forex fluctuation.

Seasonality of the tourism industry and exposure of C&K's operations to macroeconomic factors: The travel and tourism industry is highly cyclical in nature and is susceptible to seasonality and factors such as school and public holidays, weather, economic and political conditions. The industry remains susceptible to the various terrorism and other violence related incidents which adversely impacts operational and financial profile of the company.

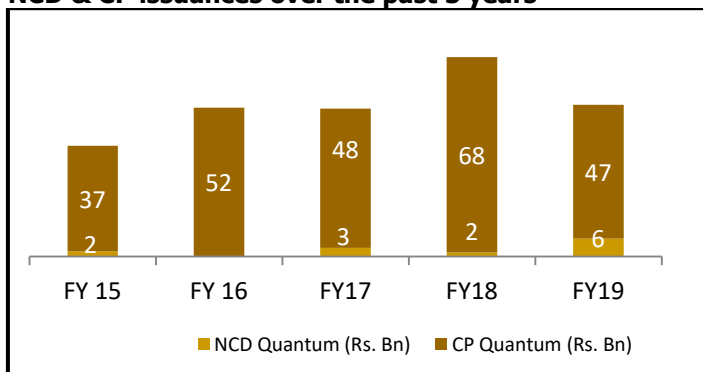
Fragmented nature of the domestic tourism industry: The Indian tours and travels industry is highly fragmented, with a large number of small unorganised tour operators, resulting in intense competition within the tourism space. However, going forward, the established players, including C&K are expected to gain market share, owing to their greater bargaining power.

NCD redemption /refinancing risk: The redemption of NCDs is proposed to be made out of internal accruals and refinancing as necessary. It is crucial that the company generates sufficient cash flows and maintain sufficient liquidity for debt servicing.



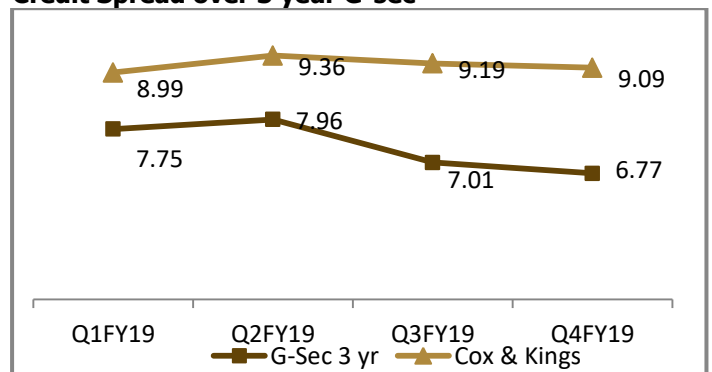
Board of Directors	
Name	Designation
Ajay Kerka	Group CEO & Director
Anil Khandelwal	Chief Financial Officer
A. B. M. Good	Non-Executive Chairman
Urrshila Kerkar	Executive Director
Pesi Patel	Independent Director
M. Narayanan	Independent Director
S.C. Bhargava	Independent Director

NCD & CP issuances over the past 5 years



Source: Prime Database, NSDL

Credit Spread over 3 year G-sec



Source: Bloomberg

Latest Issuances

Name	Type	Date	Tenor	Coupon (%)	Quantum (Rs. Bn)
Cox and Kings Ltd. (Primary)	Secured	Jan 16, 2019	2 Years 10 Months	10.00 p.a.	0.50
Cox and Kings Ltd. (Primary)	Unsecured	Feb 01, 2019	3 Years	9.00 p.a.	2.00

Other Information:

Auditor	M/s. DTS & Associates Chartered Accountants
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Financials (Consolidated)

Income Statement

Particulars (in Bn)	FY16	FY17	FY18
Gross Sales	75.05	71.76	64.51
Net Sales	75.05	71.76	64.51
EXPENDITURE :	0.00	0.00	0.00
Increase/Decrease in Stock	0.00	0.04	0.00
Raw Material Consumed	0.00	0.00	0.00
Power & Fuel Cost	0.22	0.19	0.22
Employee Cost	8.30	7.46	8.06
Other Manufacturing Expenses	50.98	49.97	40.51
General and Administration Expenses	4.06	3.95	4.61
Selling and Distribution Expenses	2.22	1.50	1.74
Miscellaneous Expenses	1.07	1.83	0.35
Less: Expenses Capitalised	0.00	0.00	0.00
Total Expenditure	66.84	64.92	55.49
Operating Profit (Excl OI)	8.22	6.84	9.01
Other Income	0.81	0.51	1.90
Operating Profit	9.03	7.35	10.91
Interest	2.65	2.33	2.80
PBDT	6.38	5.02	8.11
Depreciation	1.49	0.95	0.99
Profit Before Taxation & Exceptional Items	4.89	4.07	7.12
Profit Before Tax	1.49	3.96	6.91
Provision for Tax	1.57	1.72	2.22
Profit After Tax	-0.08	2.23	4.69

Key Parameters

Particulars	FY16	FY17	FY18
Operational & Financial Ratios			
Earnings Per Share (Rs)	2.99	8.32	21.33
DPS(Rs)	1.00	1.00	1.00
Book Value (Rs)	141.47	146.60	185.30
Margin Ratios			
PBIDTM (%)	12.03	10.24	16.91
PATM (%)	-0.11	3.11	7.27
Performance Ratios			
ROA (%)	-0.09	2.44	4.75
ROE (%)	-0.32	8.97	16.01
ROCE (%)	6.40	9.81	14.37
Efficiency Ratios			
Receivable days	62.71	81.85	114.91
Inventory Days	1.28	1.25	1.00
Payable days	24.67	23.39	25.83
Growth Ratio			
Net Sales Growth(%)	192.14	-4.38	-10.11
Core EBITDA Growth(%)	-15.20	-18.61	48.44
PAT Growth(%)	-108.83	2899.50	110.01
Financial Stability Ratios			
Total Debt/Equity(x)	1.71	1.42	1.22
Current Ratio(x)	1.39	1.54	1.46
Quick Ratio(x)	1.38	1.54	1.45
Interest Cover(x)	1.56	2.70	3.47

Peer Comparison as on March 31, 2018

Particulars(in Bn)	Cox & King	SOTC Travel	Thomas Cook India Ltd
Total Income	64.5	16.8	114.1
PAT	4.7	0.3	61.1
Equity	32.8	2.5	86.4
Debt	39.8	0	4.2
EBITDA margin (%)	16.9	3.4	4.8
ROE (%)	16.0	13	38.0
ROA (%)	4.8	4	20.3
Leverage (times)	1.2	0.0	0.1

Balance Sheet

Particulars (in Bn)	FY16	FY17	FY18
EQUITIES & LIABILITIES			
Share Capital	0.85	0.88	0.88
Shareholder's Funds	24.60	25.99	32.83
Long-Term Borrowings	28.26	25.60	22.86
Other Non-current liabilities	2.22	2.02	2.52
Total Non-Current Liabilities	30.47	27.61	25.38
Current Liabilities			
Trade Payables	4.60	3.11	4.20
Other Current Liabilities	18.40	17.66	17.98
Short Term Borrowings	8.42	8.64	16.21
Short Term Provisions	0.61	0.88	1.06
Total Current Liabilities	32.03	30.30	39.45
Total Liabilities	93.50	89.97	107.70
ASSETS			
Non-Current Assets			
Net Block	45.09	38.98	47.38
Capital Work in Progress	0.40	0.70	0.48
Other Fixed Assets	2.19	2.40	0.88
Non Current Investments	0.92	0.81	1.10
Long Term Loans & Advances	0.29	0.27	0.43
Other Non Current Assets	0.00	0.00	0.00
Total Non-Current Assets	48.90	43.17	50.26
Current Assets - Loans & Advances	0.00	0.00	0.00
Currents Investments	0.28	0.28	0.28
Inventories	0.29	0.20	0.16
Sundry Debtors	13.98	18.20	22.42
Cash and Bank	18.44	16.93	16.40
Other Current Assets	5.49	4.46	8.19
Short Term Loans and Advances	6.12	6.74	10.00
Total Current Assets	44.60	46.80	57.44
Miscellaneous Expenses not written off	0.00	0.00	0.00
Total Assets	93.50	89.97	107.70
Total Debt (Long Term Plus Short Term)	41.01	36.74	39.83

Cash flow Statement

Particulars (in Bn)	FY16	FY17	FY18
Profit Before Tax	1.49	3.96	6.91
Adjustment	6.82	4.40	-5.94
Changes In working Capital	0.59	-4.41	-6.63
Cash Flow after changes in Working Capital	8.90	3.95	-5.66
Interest Paid	0.00	0.00	0.00
Tax Paid	-1.42	-1.32	-1.82
Other Direct Expenses paid	0.00	0.00	0.00
Extra & Other Item	0.00	0.00	0.00
Cash From Operating Activities	7.48	2.63	-7.48
Cash Flow from Investing Activities	-4.43	-0.23	3.52
Cash from Financing Activities	-0.97	-2.60	4.61
Net Cash Inflow / Outflow	2.08	-0.21	0.65
Opening Cash & Cash Equivalents	10.95	10.68	10.47
Cash & Cash Equivalent on Amalgamation / Take over / Merger	0.00	0.00	0.00
Cash & Cash Equivalent of Subsidiaries under liquidations	-2.28	0.00	0.00
Translation adj. on reserves / op cash balances frgn subsidiaries	0.00	0.00	0.00
Effect of Foreign Exchange Fluctuations	-0.07	0.00	0.00
Closing Cash & Cash Equivalent	10.68	10.47	11.12

*Source: Company reports & Ace Equity. All figures are on consolidated basis except for SOTC figures in peer comparison. SOTC figures are FY17 numbers on standalone basis

Information Source: Ace Equity, Company Reports, IBEF, NSDL, Prime Database, Bloomberg, Thomson Reuters, Rating Agencies, CRISIL

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