

Cox and Kings Limited

March 30, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Issuer Rating [#]	-	CARE D(Is); ISSUER NOT COOPERATING* [Single D(Issuer Rating); ; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information
Long-term Bank Facilities	1,760	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information
Total Facilities	1,760 (Rupees One thousand Seven hundred and Sixty crore only)		
Non-convertible Debentures-I	250 (Rupees Two hundred fifty crore only)	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information
Non-convertible Debentures- (Proposed)	275 (Rupees Two hundred and Seventy five crore only)	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information
Commercial Paper issue	375 (Rupees Three hundred Seventy Five crore only)	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information
Commercial Paper Issue (carved out)*	1,685 (Rupees One thousand Six hundred and eighty five crore only)	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information

#The Issuer Rating would be subject to overall gearing not exceeding 1.01x times (Level as of 31st March 2018)

**Carved out of the sanctioned working capital limits of the company*

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Cox & Kings Limited to monitor the rating(s) vide e-mail communications/letters dated March 17, 2020, March 7, 2020, February 13, 2020, February 12, 2020, February 11, 2020, June 24, 2019, June 24, 2019, 30 September 2019, 30 August 2019, 19 August 2019, 24 July 2019, 19 July 2019, 12 July 2019, 11 July 2019, 4 July 2019, 3 July 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, Cox & Kings Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Cox and Kings' bank facilities and/or instruments will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account ongoing delays in debt servicing. The other issues raised by CARE in its press releases dated June 28, 2019 remain the same.

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Detailed description of the key rating drivers

At the time of last rating on July 10, 2019 the following were the rating strengths and weaknesses:

Detailed Rationale & Key Rating Drivers

The revision in ratings assigned to Cox and Kings Limited (C&K) takes into account default in CP (carved out) redemption due on 9th July 2019 and overdues in bank accounts. This CP was carved out of the working capital limits of the Company. Consequently, issuer rating has also been revised. The other issues raised by CARE in its press release dated June 28th, 2019 remain the same.

Detailed description of the key rating drivers

Key Rating Weaknesses

Increase in receivables:

The company has seen significant increase in receivables (increased from Rs.1524 crore as on 31.3.2018 to Rs.2031 crore as on 31.3.2019 in the standalone business).

Pledge of promoter shares: The promoters holding in C&K is 49.8% as of end of March 2019 (49.34% as at March 2018) of which 63.28% shares are pledged as of March 2019 (62.62% in March 2018). C&K's share price has also declined significantly thus curtailing C&K's financial flexibility to large extent.

Key Rating Strengths

Long & established track record of operations: C&K has an established track record of over 260 years in the tours and travel industry with strong brand recognition globally. C&K manages its majority of business operations through subsidiaries/JVs/associates spread over in countries like United Kingdom, Japan, Australia, United States of America, etc.

Liquidity

The Company has short term obligations wrt standalone CP of Rs, 345 crs and long term debt obligations of Rs.176 crore in FY 20 and Rs.292 crore in FY21. The Company's working capital facilities had been utilized at an average of 81% in the last 12 months.

Analytical approach: Consolidated with subsidiaries given in Annexure 3

Applicable Criteria

Policy in respect of Non-cooperation by issuer

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Service Sector Companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Incorporated in 1939 as Eastern Carrying Company Limited, Cox & Kings Limited (C&K) is an international tour and travels company with operations spread over 22 countries. The company is managed by Mr. A B M Good and Mr. Peter Kerkar, both having vast experience in tourism industry. C&K has three major business segments, Leisure-India, Leisure- International and Meininger and are operated through subsidiaries (including step down), associates and joint ventures and are largely concentrated in India and Europe region (including

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United Kingdom- UK). In 2011 C&K acquired Holiday break UK (HBR)- a leading tour operator in niche segments like education, adventure and camping. In January 2019 the company sold its education business to Midlothian Capital Partners (MCP), a leading UK-based investor for all-cash enterprise value of GBP 467 million (Rs.4,387 crores). C&K also received approval from the National Company Law tribunal to demerge its foreign exchange business and the Scheme became effective on 12th September 2018. All assets and liabilities pertaining to the foreign exchange business were transferred w.e.f April 01, 2017.

Brief Financials (Rs. crore)	*FY18 (A)	*FY19(A)
Total operating income	5,034.37	5,785.98
PBILDT	772.04	689.53
PAT	429.67	1,689.65**
Overall gearing (times)	1.01	0.74
Interest coverage (times)	3.25	2.81

*Abridged and restated since the forex business has been demerged into a wholly owned subsidiary CKFSL wef April 01, 2017.

**Including extraordinary profit on sale of education business; A:

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term	-	-	-	1685.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT-Bank Guarantees	-	-	-	75.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Issuer Rating-Issuer Ratings	-	-	-	0.00	CARE D (Is); ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures INE008I08138	5th Feb 2019	9.00%	4th February 2022	200.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures INE008I07338	18th Jan 2019	10.00%	15th November 2021	50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non	-	-	Proposed	275.00	CARE D; ISSUER NOT

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Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Convertible Debentures-Proposed					COOPERATING* Issuer not cooperating; Based on best available information
Commercial Paper	-	-	-	375.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Commercial Paper(carved out from working capital)	-	-	-	1685.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Commercial Paper	ST	375.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (10-Jul-19) 2)CARE D (04-Jul-19) 3)CARE D (28-Jun-19) 4)CARE A1+ (11-Jun-19)	1)CARE A1+ (08-Aug-18) 2)CARE A1+ (24-Jul-18)	1)CARE A1+ (07-Jul-17)	1)CARE A1+ (13-Dec-16) 2)CARE A1+ (11-Jul-16)
2.	Commercial Paper	ST	1685.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (10-Jul-19) 2)CARE A4 (04-Jul-19) 3)CARE A4 (28-Jun-19) 4)CARE A1+ (11-Jun-19)	1)CARE A1+ (08-Aug-18) 2)CARE A1+ (24-Jul-18)	1)CARE A1+ (13-Mar-18) 2)CARE A1+ (07-Jul-17) 3)CARE A1+ (11-May-17)	1)CARE A1+ (08-Mar-17) 2)CARE A1+ (13-Dec-16) 3)CARE A1+ (31-Aug-16) 4)CARE A1+ (11-Jul-16) 5)CARE

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								A1+ (22-Apr-16)
3.	Fund-based-Long Term	LT	1685.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (10-Jul-19) 2)CARE C (04-Jul-19) 3)CARE BB; Stable (28-Jun-19) 4)CARE AA-; Stable (11-Jun-19)	1)CARE AA; Stable (24-Jul-18)	1)CARE AA; Stable (13-Mar-18) 2)CARE AA; Stable (07-Jul-17) 3)CARE AA; Stable (11-May-17)	1)CARE AA; Stable (08-Mar-17) 2)CARE AA; Stable (13-Dec-16) 3)CARE AA (31-Aug-16) 4)CARE AA (11-Jul-16) 5)CARE AA (22-Apr-16)
4.	Debentures-Non Convertible Debentures	LT	50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (10-Jul-19) 2)CARE D (04-Jul-19) 3)CARE BB; Stable (28-Jun-19) 4)CARE AA-; Stable (11-Jun-19)	1)CARE AA; Stable (24-Jul-18)	1)CARE AA; Stable (07-Jul-17)	1)CARE AA; Stable (13-Dec-16) 2)CARE AA (11-Jul-16)
5.	Debentures-Non Convertible Debentures	LT	275.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (10-Jul-19) 2)CARE C (04-Jul-19) 3)CARE BB; Stable (28-Jun-19) 4)CARE AA-; Stable (11-Jun-19)	1)CARE AA; Stable (24-Jul-18)	1)CARE AA; Stable (07-Jul-17)	1)CARE AA; Stable (13-Dec-16) 2)CARE AA (11-Jul-16)
6.	Non-fund-based - LT-Bank Guarantees	LT	75.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (10-Jul-19) 2)CARE C (04-Jul-19) 3)CARE BB; Stable (28-Jun-19) 4)CARE AA-; Stable (11-Jun-19)	1)CARE AA; Stable (24-Jul-18)	1)CARE AA; Stable (13-Mar-18) 2)CARE AA; Stable (07-Jul-17) 3)CARE AA; Stable (11-May-17)	1)CARE AA; Stable (08-Mar-17) 2)CARE AA; Stable (13-Dec-16) 3)CARE AA (31-Aug-16) 4)CARE AA (11-Jul-16)

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								5)CARE AA (22-Apr-16)
7.	Issuer Rating-Issuer Ratings	Issuer rat	0.00	CARE D (Is); ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (Is) (10-Jul-19) 2)CARE C (Is) (04-Jul-19) 3)CARE BB (Is); Stable (28-Jun-19) 4)CARE AA- (Is) (11-Jun-19)	1)CARE AA (Is); Stable (24-Jul-18)	1)CARE AA (Is); Stable (07-Jul-17)	1)CARE AA (Is); Stable (13-Dec-16) 2)CARE AA (Is) (11-Jul-16)
8.	Debentures-Non Convertible Debentures	LT	200.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (10-Jul-19) 2)CARE D (04-Jul-19)	-	-	-

*Issuer did not cooperate; Based on best available information

Annexure-3: List of entities Consolidated

Subsidiaries:

C&K Investments Limited
 Candk Tours SON. BHD,
 Clearmine Limited
 Cox & Kings (Agents) Limited
 Cox & Kings (Australia) Pty Ltd.
 Cox & Kings (Shipping) Limited
 Cox & Kings (UK) Limited
 Cox & Kings. Destination Management Services Limited
 Cox & Kings Enterprises Limited
 Cox & Kings Finance (Mauritius) Ltd.
 Cox & Kings Finance Limited
 Cox & Kings Global Services Canada Ltd.
 Cox & Kings Global Services Lanka (Pvt) Ltd
 Cox & Kings Global Services LLC Dubai
 Cox & Kings Global Services Management (Singapore) Pte Ltd
 Cox & Kings Global Services Private Limited , UK
 Cox & Kings Global Services Pvt Ltd
 CKGS South Africa (Pty) Ltd
 Cox & Kings Global Services Sweden AS
 Cox & Kings GmBH
 Cox & Kings Holdings Limited
 Cox & Kings Japan Ltd
 Cox & Kings Tours LLC, Dubai
 Cox & Kings Tours Ltd.
 Cox & Kings Travel Limited, Hong Kong
 Cox & Kings Travel Limited, UK
 Cox and Kings Asia Pacific Travel Ltd

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Cox and Kings Consulting Service (Beijing) Co. Ltd.
Cox and Kings Destinations Management Services Pet Ltd-
Cox and Kings Global Services (Singapore) Pte Ltd.
Cox and Kings Global Services USA LLC
Cox and Kings Global Services, Qatar
Cox and Kings Nordic PTV Limited
Cox and Kings Singapore Private Limited
Cox and Kings Special Interest Holidays Ltd.
East India Travel Company Inc,
Edge Adventures Ltd
ETN Services Limited
Grand Tours Limited
Holidaybreak Holding Co Ltd
Holidaybreak Hotel Holdings GmbH
Holidaybreak Ltd
Holidaybreak QUEST Trustee Ltd
Holidaybreak Trustee Ltd
Hotelbreak Enterprise UK Ltd
Hotelnet Ltd
Hotels London Limited
Meininger Airport Frankfurt GmbH
Meininger "10H City Hostel Berlin-Mitte GmbH
Meininger "10" Frankfurt GmbH
Meininger "10" Hamburg GmbH
Meininger "10" Hostel und Reisevermittlung GmbH
Meininger Airport Hotels BBI GmbH
Meininger Amsterdam Amstelstation By
Meininger Amsterdam By
Meininger Barcelona GmbH
Meininger Berlin Hauptbahnhof GmbH
Meininger Brussels GmbH
Meininger City Hostels & Hotels GmbH
Meininger Finance Company Limited
Meininger Holding GmbH
Meininger Holding USA Inc
Meininger Hotel Asia Pacific Pte. Limited
MEININGER Hotel Berlin East Side Gallery GmbH
MEININGER Hotel Berlin Tiergarten GmbH
Meininger Hotel Bordeaux SAS
Meininger Hotel Brussels Midi Station SA
Meininger Hotel Copenhagen Ap5
Meininger Hotel Dresden GmbH
Meininger Hotel Europe Limited
Meininger Hotel Genf AG, Geneva
Meininger Hotel Glasgow Limited
Meininger Hotel Heidelberg GmbH
MEININGER Hotel Hungary kft
Meininger Hotel Leipzig Hauptbahnhof GmbH
Meininger Hotel Lyon SAS
Meininger Hotel Milan City SRL
Meininger Hotel Milan Lambrate SRL
Meininger Hotel Munchen Olympiapark GmbH
Meininger Hotel Paris Porte de Vincennes SAS,
MEININGER Hotel Rome Termini Station SA
Meininger Hotel Russia Limited

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MEININGER Hotel Venice Marghera Sri
Meininger Hotel Zurich AG
Meininger Hotelerrichtungs GmbH
Meininger Hotels (India) Private Limited
Meininger Hotels Limited
Meininger Ltd
Meininger Oranienburger StraBe GmbH
Meininger Paris SCI
Meininger Shared Services GmbH
Meininger West GmbH & Ca. KG
Meininger West Verwaltungs GmbH
Meininger Wien GmbH
Meininger Wien Schiffamtsgasse GmbH
Meininger Hotel Innsbruck GmbH
Meininger Hotel Lisbon, Unipessoal LDA
MEININGER HOTEL MANCHESTER LIMITED
Meininger Hotels North America Limited
Prometheon Australia Pty Ltd
Prometheon Enterprise Limited
Prometheon Holding Private Limited,
Prometheon Holdings (UK) Ltd
Prometheon Limited
Promethean Singapore pte Ltd
Quoprrro Global Limited (UK)
Quoprrro Global Services Pte. Ltd
Quoprrro Global Services Pvt Ltd
Tempo Holidays Ni Ltd.
Tempo Holidays Pty Ltd.
Travelworks UK Limited
Meininger Hotels Washington DC NV AVE LLC

List of Associates: Tulip Stars Hotel Ltd
Malvern Group Ltd (name changed wef 9th May 2017-formerly known as Malvern Enterprise UK Ltd)
Tutors Direct Limited
Tute Online Limited

***Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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