Cox & Kings hits lower circuit for 2nd straight day, tanks 57% in a month

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Brickwork Ratings downgraded the credit rating of NCD issue which highlighted delays in debt reduction and an increase in receivables

Shares of Cox & Kings were locked in lower circuit for the second straight day, down 10 per cent at Rs 40 after Brickwork Ratings downgraded credit rating of the company's non convertible debenture issue which highlighted delays in debt reduction and increase in receivables. The rating agency retained its commercial paper rating.

The stock has tanked 57 per cent from the level of Rs 94 in the past month. In comparison, the S&P BSE Sensex was up 0.17 per cent during the period. The stock was trading at its all-time low level on the BSE and NSE.

Till 10:05 am, a combined 2.03 million shares changed hands and there were pending sell orders for 813,725 shares on the NSE and BSE.

Brickwork Ratings said the rating downgrades factor increase in receivables resulting in tied up of working capital and its recent divestment limiting the profitability growth. The ratings is constrained on account of seasonal nature of tourism industry and exposure of Cox & King’s operations to macroeconomic factors like economic slowdown, foreign exchange fluctuations, geopolitical risk, competition from organized and unorganized players and working capital intensive operations, it said.

On June 11, another rating agency, Credit Analysis & Research (CARE) had revised the ratings assigned to the company's bank facilities. The revision in ratings takes into account lower than envisaged reduction in debt as on March 31, 2019.

“The rating strengths are tempered by exposure of the company’s travel business to macro-economic factors prevailing in the markets to which it caters and the fragmented nature of the domestic travel industry. The timeliness, adequacy of the asset monetisation and the subsequent reduction in debt remains the key rating monitorable,” CARE Ratings said in press release.

The rating is also constrained on account of continued high levels of pledge shares by the promoters and low market capitalization, the rating agencies said.