

***Investor***

***Briefing***

***COX & KINGS***

***29***

***10***

***2015***

***ShareTipsInfo.com***

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**SECTOR: Miscellaneous**

<b>Sensex:</b>	26,892
<b>CMP (Rs):</b>	268
<b>Target price (Rs):</b>	310
<b>52 Week h/l (Rs):</b>	344/200.10
<b>FV (RS)</b>	5.00
<b>Market cap ( cr):</b>	4,557.11
<b>Avg volume(Nse)</b>	456569
<b>Industry P/E</b>	56.55
<b>P/E</b>	29.97
<b>EPS</b>	8.98
<b>BSE code:</b>	533144
<b>NSE code:</b>	COX&KINGS

Prices as on 29 Oct, 2015

**Shareholding pattern**

<b>Sep '15</b>	(%)
<b>Promoters</b>	48.7
<b>Institutions</b>	37.9
<b>Public &amp; others</b>	13.4

**Performance rel. to sensex**

	Opm%	Npm %	EPS
<b>COX&amp;KINGS</b>	70.85	40.46	4.59
<b>Thomascook</b>	38.48	17.91	0.91
<b>ITHL-S</b>	23.39	11.79	7.47
<b>TRADING</b>	16.70	1.93	0.30

**Company Overview:**

*Cox & Kings Limited is an India-based travel company engaged in tours and travel activities. The Company is engaged in providing various services, such as destination management, outbound tourism, business travel, incentive and conference solutions, domestic holidays, non-resident Indian (NRI), trade fairs, foreign exchange and insurance. It operates a range of group and individual tours to destinations throughout the Indian subcontinent for clients from all over the world. Its outbound tourism includes Duniya Dekho, FlexiHols, Luxury Escapes, and NRI division. It offers a range of business travel services to over 200 corporate clients, including multinational companies.*

**Development Growth:**

Cox & Kings Global Services and Cox and Kings Ltd are honoured to be associated with various diplomatic missions as outsourced service delivery partner. We render outsourced services to Consulate General of Italy, UAE, The Embassy of India in Israel, Embassy of India, Berlin, Consulate General of India, Munich, Embassy of India, Consulate General of India, Embassy of Japan, India, Embassy of India, Sweden & Latvia, Dubai Visa in India, Embassy of India, Washington DC., Consulate General of India - New York, Consulate General of India - San Francisco, Consulate General of India - Chicago, Consulate General of India - Houston, Consulate General of India - Atlanta, Royal Thai Consulate General for Western India, Norwegian Embassy in India and has served High Commission of Singapore.

**Business fundamentals Intact:**

On the business front, the management expects about 15% growth in the Indian leisure travel business, while the education business is expected to grow by 10%. Its Meininger business is expected to grow by 20% on the back of an expansion in bed capacity in the coming years. The operating profit margins are expected to remain stable in the range of 38-39% in the coming years. Recently the company engaged in travel support services business announced that it has acquired UK-based hotel booking website LateRooms.com from travel major TUI Group for GBP 8.5 million (around Rs 85 crore).

## PERFORMANCE HIGHLIGHTS:.

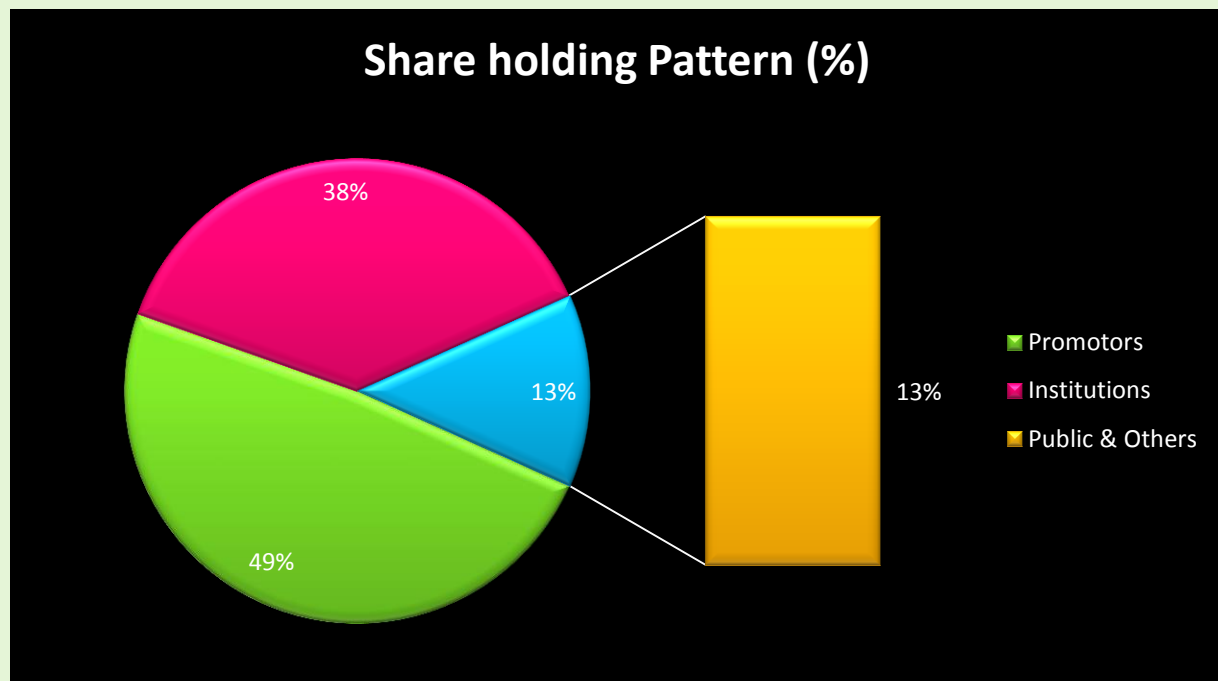
During 2015-16 fiscal, a profitable online hotel booking specialist in the UK, have 35 lakh opted-in and active consumer database. It had 930 lakh online visits in the financial year ending September 2015, generating net revenues of 50 million pound. We are confident that bringing the LateRooms brand and technology into fold will provide a significant boost to Cox & Kings' growth trajectory and technology capabilities.

### Investment Argument:

The depreciation of Indian Rupee (INR) against the major currencies (13% against Pound Sterling [GBP] and 6.4% against US Dollar [USD]) would adversely affect Cox & Kings Ltd (CKL)'s earnings as bulk of its consolidated debt (around 80%) of around Rs4,000 crore is foreign-currency denominated with close to 46% in GBP. To account for the same, in FY2015 and FY2016 than earlier estimated (increase in interest cost by Rs20-25 crore per annum).

While the business fundamentals remain intact, It has revised downwards our earnings estimates by 6% and 7% for FY2015 and FY2016 respectively to factor in a higher interest cost.

### Shareholding Pattern:



### **HIGHLIGHTS THE FACT:**

- 1) On the business front, the management expects about 15% growth in the Indian leisure travel business, while the education business is expected to grow by 10%.
- 2) The latest book value of the company is Rs 137.08 per share. At current value, the price-to-book value of the company was 1.97.
- 3) The operating profit margins are expected to remain stable in the range of 38-39% in the coming months.
- 4) Recently the company engaged in travel support services business announced that it has acquired UK-based hotel booking website LateRooms.com from travel major TUI Group for GBP 8.5 million (around Rs 85 crore).
- 5) Rupee depreciation against major currencies (especially GBP) to dent earnings.

### **TECHNICALLY VIEW:**

*The stock is currently trading above 50 days and 100 days, moving average that is all about good bullish & uptrend signal on daily base. RSI & MFI is present at 57 and 78 respectively, which is side ways & showing the uptrend formation for the short term period. The stock is currently in uptrend and now some more upside is expecting with major support is found 250 level. MACD line is greater than signal line 10 day Avg Volume is very high.*

### **VALUATION & OUTLOOK:**

The stock price of CKL has corrected by about 30% in the last two months and it is currently trading at 8.4x its adjusted earnings per share (EPS) of Rs28.7. We believe, all the negatives have been factored in the current valuations and expect limited downside risk from the current levels. Hence, we have maintained our Buy recommendation on the stock with a Target price of Rs310 (valuing the stock at 10x its FY2016E earnings).

### **CONCLUSION:**

While the business fundamentals remain intact, we have revised downwards our earnings estimates by 6% and 7% for FY2015 and FY2016 respectively to factor in a higher interest cost.

**Given sustained short-term earnings growth potential, – BUY**

**We retain our Buy recommend in this script with a price target of Rs 310 and plus after this, in the short term outlook (2-3 Weeks). So Entry would be around 265 and 270 as recomanded in this counter.**

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