

# Cox and Kings (India) Ltd

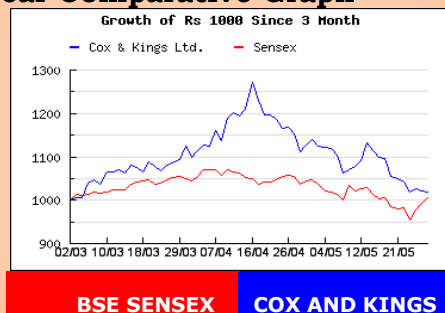
Strong BUY

C.M.P:  
Rs.452.00

Target Price:  
Rs.560.00

May 31, 2010

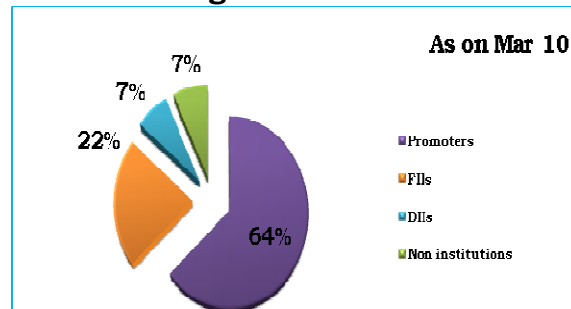
## 1 Year Comparative Graph



## Stock Data

<b>Sector</b>	Tourism
<b>Face Value (Rs.)</b>	10.00
<b>52 wk. High/Low (Rs.)</b>	566.80/304.10
<b>Volume (2 wk. Avg.)</b>	4940
<b>BSE Code</b>	533144
<b>Market Cap (Rs.mn.)</b>	28441.19

## Share Holding Pattern



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## SYNOPSIS

- C&K India is one of India's leading organised tour operators, with an estimated 2.5% market share of the Indian tourism market (including outbound, inbound and domestic).
- The rising Indian middle class population which is expected to reach ~500 mn people in next ten years is a huge market for companies like C&K.
- Tourism is a highly unorganized industry wherein the bargaining power of the industry is very low. This gives huge advantage to companies like C&K who have large volumes and advantages of bulk buying.
- The company has acquired Quoppro Global Services which marked its foray into the business of visa processing. Through this acquisition the company can explore potential in visa processing.
- To strengthen its position as India's leading ground-handler, the company has forayed into a luxury train segment.
- C&K derives over half of its earnings from the emerging markets (mainly India) and is focused on increasing its presence in other high growth geographies (mainly the Middle-East and South-East Asia).
- Net sales and Net profit of the Company are expected to grow at a CAGR of 29.54% & 49.64 % over FY09 to FY12E.

Financials(Mn)	FY10	FY11E	FY12E
<b>Net Sales</b>	3991.54	4989.43	6236.78
<b>EBIDTA</b>	2285.59	2825.45	3490.95
<b>Net Profit</b>	1338.49	1678.56	2104.69
<b>EPS</b>	21.27	26.68	33.45
<b>P/E</b>	22.64	16.94	13.51



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## Peer Group Comparison

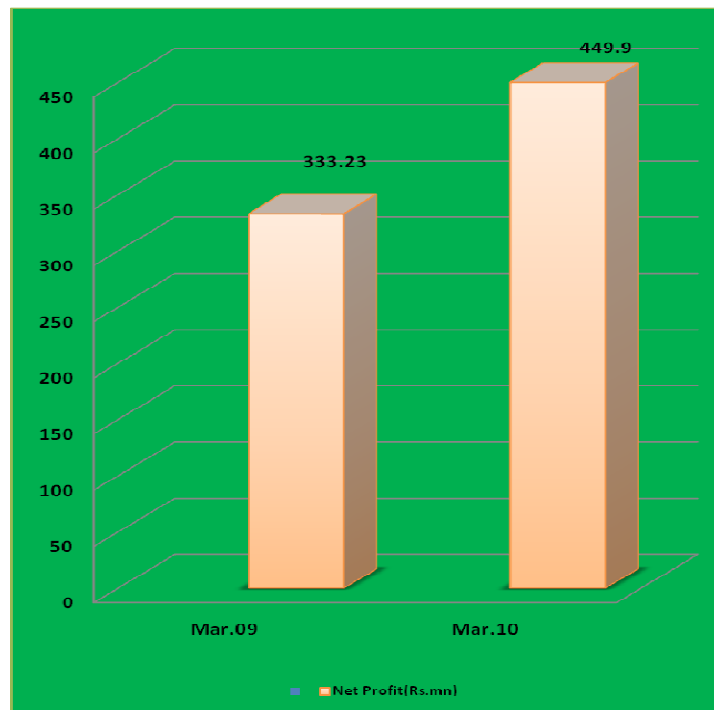
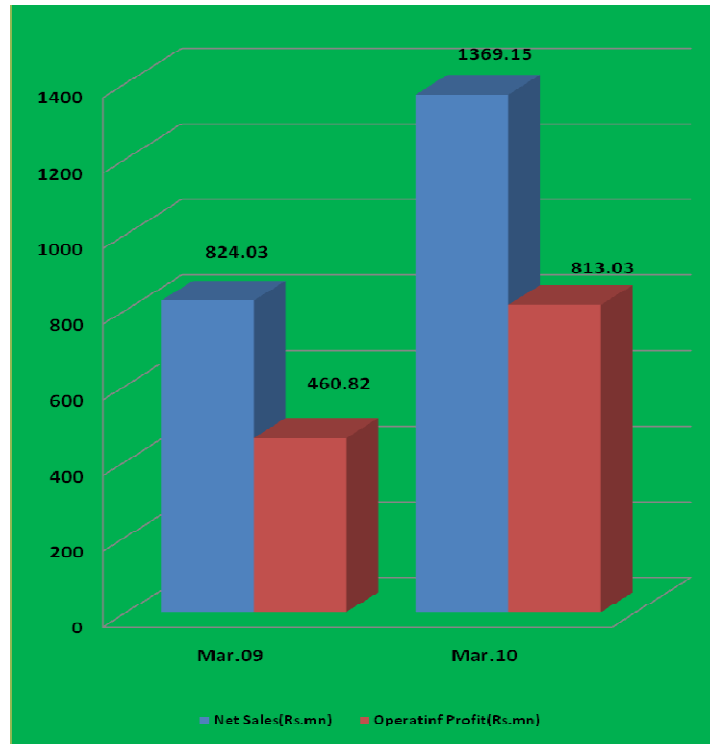
Name of the company	CMP (As on MAY 31, 2010)	Market Cap. (Rs. Mn.)	EPS (Rs.)	P/E (x)	P/BV (x)	Dividend (%)
COX and KINGS	452.00	28441.19	21.27	21.20	3.52	-
THOMAS COOK	60.05	12697.40	1.21	49.63	5.04	37.50
INTRL TRAVEL HO	165.00	1319.10	14.12	11.69	1.68	30.00
TRANSCORP.INTER	47.00	191.20	1.97	23.86	1.54	1.00

## Investment Highlights

### • Q4 FY10 Results Update

For the quarter ended on March 31, 2010 (Consolidated) the company has registered a 66.15 % (YOY) growth in the net sales and stood at Rs.1369.15 mn from Rs.824.03 mn of the corresponding period of the previous year. The operating profit for the quarter stood at Rs.813.03 mn from Rs.460.82 mn, for the same quarter of last year. EBITDA margins for the quarter stood at 59.38 %. The company has reported a net profit of Rs.449.90 mn for the quarter ended March 31, 2010 as compared to the net profit of Rs.333.23 mn for the quarter ended March 31, 2009. EPS for the quarter stood at Rs.7.15 per equity share of Rs.10.00.

Quarterly Results - Consolidated (Rs in mn)			
As at	Mar - 09	Mar - 10	%Change
Net Sales	824.03	1369.15	66.15
Operating Profit	460.82	813.03	76.43
Net Profit	333.23	449.90	35.01
Basic EPS*	11.93	7.15	-



- **FY10 Performance**

For the year, the Cox has posted a rise of 39.13 % in Consolidated net sales to Rs 3991.54 million for the year ended Mar. 31, 2010 as compared to Rs 2869.00 million for the year ended Mar. 31, 2009. Net Profit has increased by 113.11% to Rs 1338.49 million for the year ended Mar. 31, 2010 from Rs 628.08 million for the year ended Mar. 31, 2009. EPS for the year stood at Rs.21.27 per equity share of Rs.10.00.

- **Huge Advantages from recent acquisitions**

Cox and Kings India's wholly-owned subsidiary -- Cox & Kings (Australia) -- has acquired entire stakes in two Australian companies viz., MyPlanet Australia and Bentours International. Post the acquisition and merger of its subsidiaries in Australia and the US, management believes that the scale of purchases in many regions (mainly Europe, Middle East and India, which are key destinations for most of its subsidiaries) presents significant opportunity to support lower cost of buying. The company will centralise its purchasing activities for all its subsidiaries buying into each region. This will be handled by the newly-formed 'Centralised Buying Group' (CBG).

There are some initial signs of success with centralised buying for some of its purchases in Europe and Asia. In these regions, the company managed to reduce costs by 15-40%, thanks to its scale. The company estimates that in large destinations such as Europe purchasing through CBG can be increased from ~US\$12m during FY09 to US\$30m in FY10, solely from Tempo's incremental business. Over the next three years, key beneficiaries of this initiative will be C&K India (EBIDTA margin expansion of 100-200bps), C&K UK (200-300bps) and C&K's Australian subsidiary Tempo (300-400bps).

- **Forays into Luxury train segment**

To strengthen its position as India's leading ground-handler, the company has forayed into a luxury train segment. In 4QFY11 Maharaja Express begins its journey". "Maharajas' Express, a pan India super luxury train has begun its journey as it left Mumbai for New Delhi ('Princely India Tour') on March 06, 2010. The train is being operated by Royale Indian Rail Tours Ltd. (RIRTL), a joint venture between Cox and Kings (India) Ltd and Indian Railways Catering and Tourism Corporation (IRCTC). The luxury train has a total of 23 coaches with a passenger capacity of 84. It is the first luxury train that boasts of four distinct configurations. It has five Deluxe cars each with four cabins; six Super Deluxe cars with three cabins; two Suite cars with two cabins each and finally the Presidential Suite that occupies one entire car. Dining options include two fine dining restaurants-Mayuar Mahal and the Rang Mahal that can seat 42 persons in each at a time, so that everyone on board dines together.

There is also one Observation lounge called the Rajah Club with its own bar, game tables and Treasure Chest-the gift shop. Itineraries: (a) The Princely India Tour: This is a seven-night itinerary that will follow the Mumbai-Vadodara-Udaipurjhodhpur-Bikanerjaipur-Ranmambore-Agra-Delhi route. (b) The Royal India Tour: This operates as the Princely India journey in the reverse with minor changes. (c) The Classical India Tour: This is a six-night itinerary that will follow the Delhi-Agra-Gwalior-Khajuraho-Bandavgarh-Varanasi-Gaya-Kolkatta route. (d) The Celestial India Tour: This operates as the Classical India Tour in the reverse with minor changes.

- **India tourism offers vast potential:**

The rising Indian middle class population which is expected to reach ~500 mn people in next ten years is a huge market for companies like C&K not only for outbound tourism but for domestic market as well, which is largely catered by mom and pop shops. There are less than 20 organized tour operators in India while there are more than 25000 travel agents. The advantages for C&K are obvious, people want hassle free reliable tours at a reasonable price. C&K with its long history having serviced millions of clients and bulk buying advantage can provide all of that.

- **Focus on emerging markets**

C&K derives over half of its earnings from the emerging markets (mainly India) and is focused on increasing its presence in other high growth geographies (mainly the Middle-East and South-East Asia). This, we believe, would bode well for the company, as it is ideally poised to benefit from a strong growth in demand for outbound and inbound services in these areas, enabling it to achieve a high growth rate in the future.

- **Wide spread geographical reach**

C&K is present in 19 countries besides India through branches, subsidiaries, representative offices & preferred sales agents (PSA). This helps company in catering to corporate & leisure requirements of its clients from any part of the world. In domestic markets C&K is present in 164 locations with 255 touch points.



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The company has 14 branches, 56 franchisees & 185 GSA (general sales agent) & PSA. The company maintains very good relations with its channel partners. The testimony to this is the fact that many of its PSA are with the company since past 8-10 years.

- **The competitive edge:**

Tourism is a highly unorganized industry wherein the bargaining power of the industry is very low. This gives huge advantage to companies like C&K who have large volumes (C&K's gross turnover is around Rs.1000 cr per annum) and advantages of bulk buying. Thus C&K can provide a better package at a lower cost, driving the competition away. As per the company its gross commission has increased from 10% to 22% over the last 5 years

- **Highly scalable model with low capital requirements**

Cox & Kings brand has evolved over a 250-year history and is amongst the most recognized holiday brands. The company is leveraging its brand to penetrate deeper into the country. It is present at 164 locations. Currently it has around 85 franchisees and is targeting ~200 franchisees by FY11.

- **Visa Services through Quoppro Global Services**

C&K acquired Quoppro Global Services to provide visa processing services. In Sept 08 the company got approval from Indian High Commission at Singapore for outsourcing their visa processing. The company has also got in -principle approval from Indian High Commissions at Athens, Greece & Hong Kong. Globally visa processing is a lucrative business concentrated amongst a few players. Thus there is a huge opportunity to be tapped.

- **Focus on emerging markets to help garner higher growth**

C&K derives over half of its earnings from the emerging markets (mainly India) and is focused on increasing its presence in other high growth geographies (mainly the Middle-East and South-East Asia). This, we believe, bides well for the company, as it is ideally poised to benefit from a strong growth in demand for outbound and inbound services in these areas, enabling it to achieve a high growth rate in the future. Emerging economies are expected to be the main engines of growth generating hundreds of millions of new travelers from among the growing middle classes in countries like China, India and Brazil, boosting international travel while also creating an increasingly vibrant domestic tourism sector.

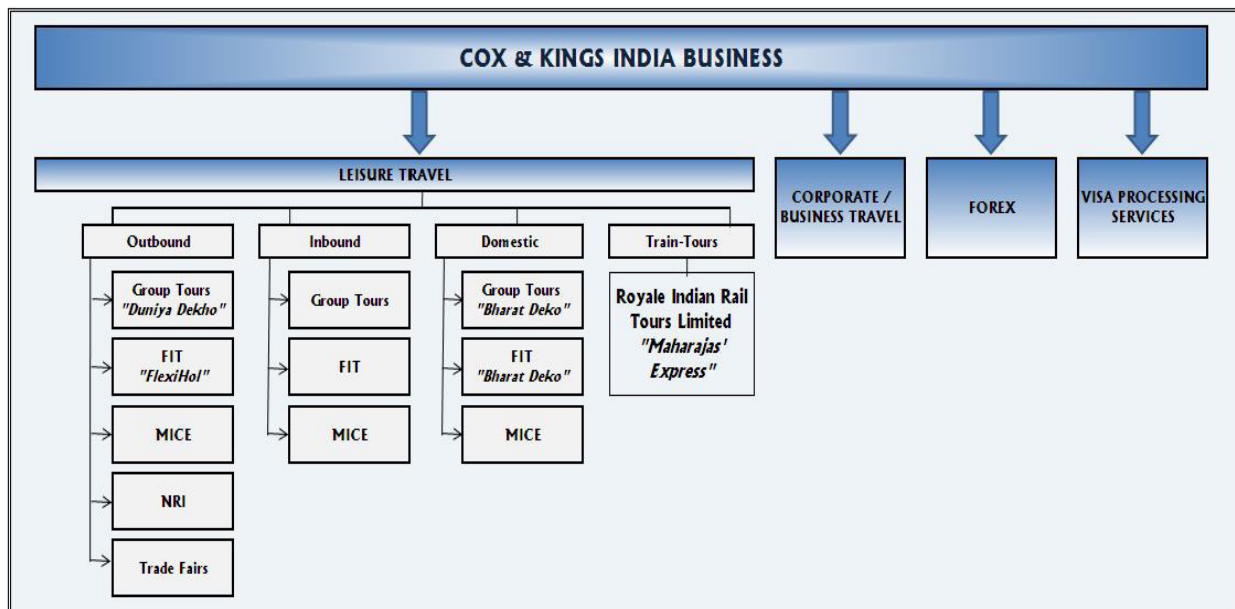
In developed countries, the increasing priority given to leisure activities can be expected to enhance the demand for travel to existing and new tourism destinations. Overall, the T&T Economy is forecasted to grow by 4% per annum in real terms over the next ten years. By 2019, Travel & Tourism will account for 275 million jobs, representing 8.4% of total employment across the world.



## Company Profile

Cox & Kings is the longest established travel company in the world. Its distinguished history began in 1758 when it was appointed as general agents to the regiment of Foot Guards in India under the command of Lord Ligonier. The company is one of the oldest and recognised holiday brands that cater to the overall travel needs of an Indian and International traveller. It is one of the India's largest tour and travel operator that serve as a 'One Stop Shop' for all travel and travel related products.

### Business Areas:



**Service offering of the company:****The principal services offered by the company are:**

- Destination Management
- Outbound Tourism
- Business Travel
- Incentive & Conference Solutions
- Domestic Holidays
- NRI
- Trade Fairs
- Foreign Exchange
- Insurance

**Leisure Travel**

The leisure travel market in India is highly fragmented. It is are amongst the largest players in the segment of leisure travel. It offers products that are either pre-packaged through brochures or tailor-made as per the requirements of a group and an individual traveller. Leisure Travel can be Outbound, Inbound or Domestic. It was amongst the first travel organizations to brand its Outbound and Domestic Tours. Leisure Travel contributes majority of its total business and earns us relatively better margins.

- Outbound Travel
- Inbound Travel
- Domestic Travel
- Train Tours

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## **Group Tours**

It operates Group Tours in all our divisions i.e. Outbound, Inbound and Domestic. Each tour is different in the number of days and destinations. All the tours are pre-planned i.e. the dates of departures and arrivals are fixed in advance for all the tours.

## **Flexible Individual Travellers (FIT)**

Under FITs it provides customized holidays which have flexibility and are designed to suit the customer needs unlike group tours which are standard in nature. It believe this product though complex has good demand and requires better planning and execution to meet individual needs.

## **Trade Fairs**

It also organizes group tours for Trade Fairs in countries outside India. Trade Fairs for different industries are organized all round the year at different places and it take participants in such trade fairs with a customised itinerary for their entire schedule. For the Trade Fairs organised by us, it arrange for every need including accommodation, city tours to technical add-ons such as factory visits, buyer-seller meets and an array of value-added services handling the most complex and exacting business trips anywhere in the world.



## **Foreign Exchange**

It is amongst the leading retail forex dealers in the country. It was granted Full Fledged Money Changer (“FFMC”) license by the RBI in 1996. Subsequently, RBI introduced a new concept, of Authorised Dealer - Category II and commenced licensing certain select FFMC's as Authorised Dealer - Category II based on their net worth, Know Your Customer norms and implementation of Anti-Money Laundering policies. It was were one of the first travel companies to be granted the license as the Authorised Dealer - Category II under the new licensing regime.

## **Visa Processing Services**

Quoprro Global Services Pvt. Ltd., its wholly owned subsidiary located in Mumbai, functions exclusively as an outsourced business solution to provide comprehensive processing services to diplomatic missions. Diplomatic missions world over are keen to outsource the time consuming administrative, non-judgemental parts of the passport and visa application process.

## **Brand portfolio**

**The company sells its travel and travel related products under these brands:**

- Duniya Dekho
- Bharat Deko
- Flexihol for Flexible Individual Travellers
- Luxury Escapades
- Anand Yatra
- Mice- Meetings, Incentives, Conferences Events
- Cox & Kings Trade Fairs



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## Financial Results

### 12 months ended Profit & Loss A/C (Consolidated)

Value(Rs. in million)	FY09A	FY10A	FY11E	FY12E
<b>Net Sales</b>	<b>2869.00</b>	<b>3991.54</b>	<b>4989.43</b>	<b>6236.78</b>
Other Income	68.81	421.14	505.37	606.44
<b>Total Income</b>	<b>2937.81</b>	<b>4412.68</b>	<b>5494.79</b>	<b>6843.22</b>
Expenditure	-1657.95	-2127.09	-2669.34	-3352.27
<b>Operating Profit</b>	<b>1279.86</b>	<b>2285.59</b>	<b>2825.45</b>	<b>3490.95</b>
Interest	-201.33	-269.74	-231.59	-229.56
Gross Profit	1078.53	2015.85	2593.86	3261.39
Depreciation	-95.69	-150.71	-195.92	-254.70
<b>Profit before Tax</b>	<b>982.84</b>	<b>1865.14</b>	<b>2397.94</b>	<b>3006.69</b>
Tax	-348.45	-516.93	-719.38	-902.01
Profit after Tax	<b>634.39</b>	1348.12	1678.56	2104.69
Share Of Profit or Loss	<b>-6.31</b>	-9.62	0.00	0.00
<b>Net profit</b>	<b>628.08</b>	<b>1338.49</b>	<b>1678.56</b>	<b>2104.69</b>
Equity Capital(Rs)	279.25	629.23	629.23	629.23
Reserves	1961.00	<b>7441.35</b>	9119.91	11224.59
Total No. of Shares(mn)	27.93	62.92	62.92	62.92
Face Value(Rs)	10.00	10.00	10.00	10.00
<b>EPS(Rs)</b>	<b>22.49</b>	<b>21.27</b>	<b>26.68</b>	<b>33.45</b>



### Quarterly ended Profit & Loss A/C (Consolidated)

Value(Rs. in million)	31-Dec-09	31-Mar-10	30-Jun-10E
<b>Net Sales</b>	<b>788.92</b>	<b>1369.15</b>	<b>1423.92</b>
Other Income	56.25	93.34	112.01
<b>Total Income</b>	<b>845.17</b>	<b>1462.49</b>	<b>1535.92</b>
Expenditure	-486.02	-649.46	-697.58
<b>Operating Profit</b>	<b>359.15</b>	<b>813.03</b>	<b>838.35</b>
Interest	-47.37	-87.39	-57.90
Gross Profit	311.78	725.64	780.45
Depreciation	-35.71	-50.28	-48.98
<b>Profit before Tax</b>	<b>276.07</b>	<b>675.28</b>	<b>731.47</b>
Tax	-80.81	-223.10	-241.38
Profit after Tax	195.26	452.18	490.08
Share Of Profit or Loss	-2.45	-2.28	0.00
<b>Net profit</b>	<b>192.80</b>	<b>449.90</b>	<b>490.08</b>
Equity Capital	629.29	629.23	629.23
Face Value(Rs)	10.00	10.00	10.00
Total No. of Shares(mn)	62.93	62.92	62.92
<b>EPS(Rs)</b>	<b>3.06</b>	<b>7.15</b>	<b>7.79</b>



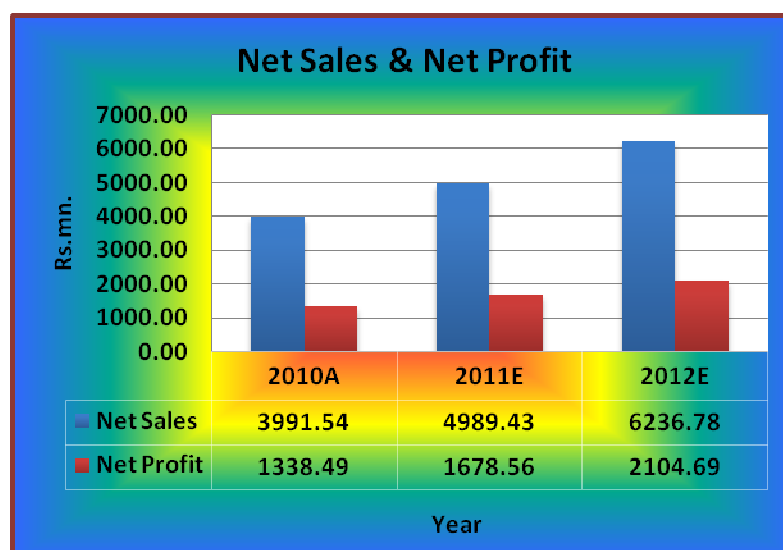
## Key Ratios

Particulars	2009(A)	2010(A)	2011(E)	2012(E)
EBITDA Margin (%)	44.61%	57.26%	56.63%	55.97%
NP Margin (%)	21.89%	33.53%	33.64%	33.75%
P/E (x)	21.41*	22.64	16.94	13.51
ROE (%)	28.04%	16.58%	17.22%	17.76%
ROCE (%)	20.48%	20.47%	21.80%	22.87%
EV/EBITDA (x)	10.51	13.26	12.92	11.72
Debt Equity Ratio (x)	1.58	0.29	0.24	0.19
Book value (Rs)	80.22	128.26	154.94	188.39
P/BV (x)	6.00	3.76	2.92	2.40

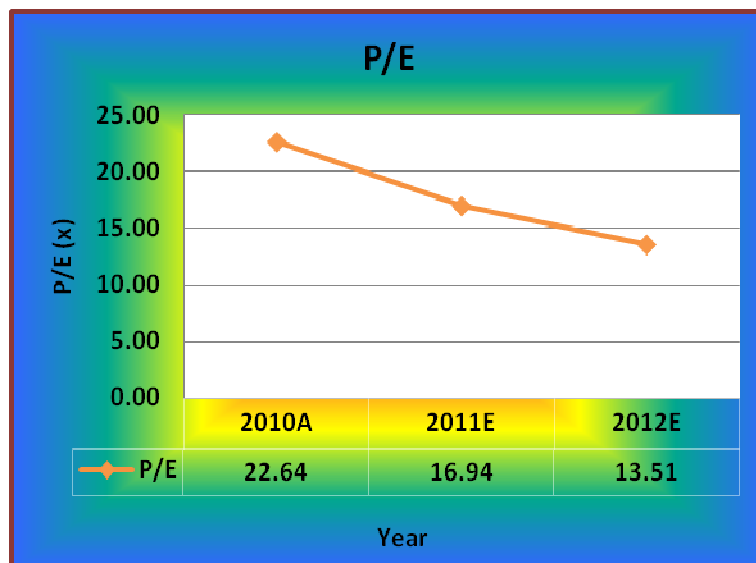
A-Actual E-Expected

## Charts

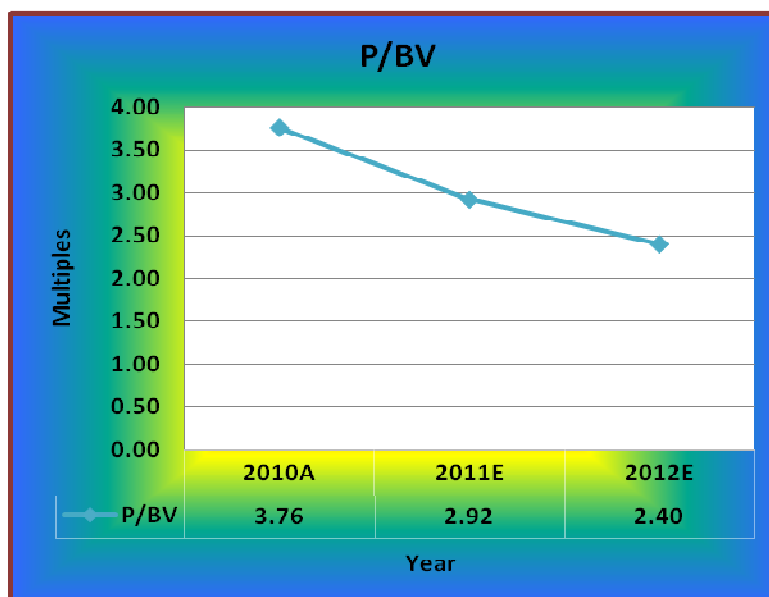
### 1. Net Sales & Net Profit



## 2. P/E Ratio



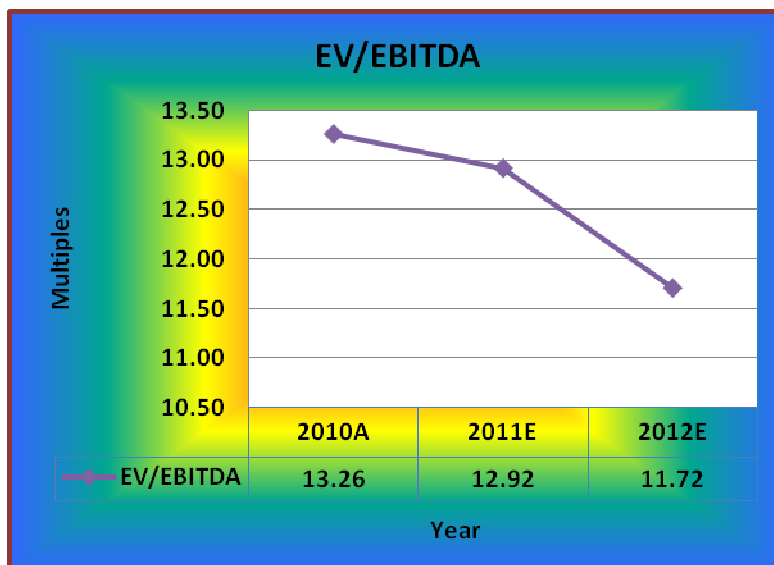
## 3. P/BV





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#### 4. EV/EBITDA



#### Valuation

- At the market price of Rs.452.00, the stock trades at P/E of 16.94 x and 13.51 x for the earnings of FY11E and FY12E respectively.
- Price to Book Value of the stock is expected to be at 2.92 x and 2.40 x respectively for FY11E and FY12E.
- Earning per share (EPS) of the company for the earnings of FY11E and FY12E is seen at Rs.26.68 and Rs.33.45 respectively for equity share of Rs.10.00 each.
- Net sales and Net profit of the Company are expected to grow at a CAGR of 29.54% & 49.64 % over FY09 to FY12E.

- The rising Indian middle class population which is expected to reach ~500 mn people in next ten years is a huge market for companies like C&K not only for outbound tourism but for domestic market as well, which is largely catered by mom and pop shops.
- C&K derives over half of its earnings from the emerging markets (mainly India) and is focused on increasing its presence in other high growth geographies (mainly the Middle-East and South-East Asia).
- Tourism is a highly unorganized industry wherein the bargaining power of the industry is very low. This gives huge advantage to companies like C&K who have large volumes and advantages of bulk buying.
- The company has acquired Quoppro Global Services which marked its foray into the business of visa processing. Globally, visa processing is concentrated amongst few players and through this acquisition the company can explore potential in visa processing.
- We recommend Strong 'BUY' in this particular scrip with a target price of **Rs.560.00** for Medium to Long term investment.

## **Industry Overview**

### **Travel & Tourism Industry**

Travel & tourism, which is one of the largest drivers of employment growth (contributing 7.6% of world employment during 2008), has registered 3.6% CAGR during 2003-07, almost matching world GDP growth during the same period. The economic downturn has undoubtedly had a severe impact on all discretionary spending industries, including travel & tourism. Although travel & tourism GDP growth decelerated to an estimated 1% during 2008, as against 3.7% during 2007, foreign tourist arrivals in emerging markets (mainly Asia and Africa) grew 2.3% YoY even during the 2008 downturn—supporting the case of the rising attractiveness of these destinations. Long-term outlook for the world travel & tourism industry remains robust. According to the World Travel and Tourism Council (WTTC), the tourism industry's GDP is expected to register 4% CAGR during 2009- 2019—significantly faster than global GDP growth during this period.

Travel & Tourism encourages governments to make infrastructure improvements such as better roads, electricity, telephone, and public transport networks, which, as well as facilitating tourism, improves the economy's overall development prospects and the quality of life for its residents. Furthermore, the industry contributes positively in raising cultural awareness and enhancing environmental sustainability. The dependence of tourism on the quality of the natural environment also places it in a special position in terms of environmental sustainability. The T&T industry can make a positive contribution to the quality of the natural environment by, for example, communicating the value of the natural environment to residents, by creating business incentives for environmental improvements, and through raising awareness of environmental issues and encouraging tourists to advocate environmental conservation tourism, which involves residents of the given country travelling only within this country; Inbound tourism, involving nonresidents travelling in the given country; and Outbound tourism, involving residents travelling in another country.

## **Future Scenario:**

### **Impact of Global Recession on the Industry:**

WTTC's latest research shows that Travel & Tourism Economy GDP will contract by 3.6% in 2009. However, lower fuel costs will make a difference as will lower general inflation, which should reverse part of last year's squeeze on households' spending power and looking beyond the current crisis, Travel & Tourism is expected to resume its leading role in driving global growth, creating jobs and alleviating poverty.

### **Emerging economies are expected to be the main engines of growth**

Generating hundreds of millions of new travellers from among the growing middle classes in countries like China, India and Brazil – boosting international travel, but also creating an increasingly vibrant domestic tourism sector. In developed countries, the increasing priority given to leisure activities can be expected to enhance demand for travel to existing and new tourism destinations once consumers regain confidence, while the popularity of short breaks – both domestic and international – will continue to expand in the medium to longer term. Overall, the Travel & Tourism Economy is forecast to grow by 4% per annum in real terms over the next ten years. By 2019, Travel & Tourism will account for 275 million jobs, representing 8.4% of total employment across the world. This means that Travel & Tourism will continue growing in importance as one of the world's highest priority industries and employers. (Source: World Travel & Tourism Council (WTTC) Press Release dated March 12, 2009)

## **India Travel & Tourism Overview:**

Tourism in India is a multi-sectoral activity characterized by multiple services provided by a range of suppliers. It is the largest service industry in the country. Its importance lies in being an instrument for economic development and employment generation, particularly in remote and backward areas. It is contributing towards overall socio economic improvement and accelerated growth in the economy. The economic benefits flow into the economy through growth of tourism in the shape of increased national and State revenues, business income, employment, wages, and salary income. Tourism is overwhelmingly an industry of private sector providers and the public sector has a significant role to play in infrastructure areas either directly or through Public Private Partnership mode.

Tourism is one economic sector in India that has the potential to grow at a high rate and can ensure consequential development of the infrastructure of the destinations. It has the potential to stimulate other economic sectors through its backward and forward linkages and cross-sectoral synergies with sectors like agriculture, horticulture, handicrafts, transport, construction, etc. The particular significance of tourism industry in India is its contribution to national integration and preservation of natural as well as cultural environments and enrichment of the social and cultural lives of people like preservation of monuments and heritage properties. This sector is also helping the traditional art forms, crafts, and culture.

## **Inbound Tourism – India:**

India is the seventh biggest country in the world and with over one billion inhabitants, the second most populous country after China. The diversity of this country is inexhaustible: 5000 years old cultures collide with the most modern infrastructure. Temples, palaces, the fabulous wealth of the Maharajas, snake charmers and holy Sadhus - India offers an abundance of culture, exciting ethnicities, language groups, religions, flora & fauna and different climates. The diversity of India's natural and cultural richness provides the basis of a wide range of tourist products and experiences, which embraces business, leisure, culture, adventure, spirituality, eco-tourism and many other pursuits. In recent years, India has emerged as a destination for natural and eco-tourism and adventure tourism. India can boast of a large number of national parks and game sanctuaries rich in flora and fauna. The country's ~6000km long coastline has exquisite sandy beaches. The emergence of India as a strong scientific and technological power has brought in its wake a special brand of tourists to India, who participates in national and international scientific and technical conferences. Focused marketing of tourism products and branding of India as a high value destination, policies targeted at strengthening of tourism infrastructure by the Ministry of Tourism (MoT) have been responsible for a healthy growth in international tourist arrivals to India. Over the years, the arrival of foreign tourists has grown significantly. If we analyse the Foreign

Tourist Arrivals (FTA) in India over a period 1996- 2007 we would see a significant jump in the last five years where we witnessed that FTA in India to more than double from 2.38m in 2002 to 5.08m in 2007. These numbers include both business and leisure travellers and PIO travelling to meet family. The launch of 'Incredible India' campaign in the year 2002 can be strongly viewed as a growth trigger for India Inbound tourism.

This initiative by the MoT fructified in considerable growth being achieved every year since the launch against negative or miniscule growth achieved earlier. When compared with the International Tourist Arrivals in World and in Asia and the Pacific, we see the annual growth in India.

India is becoming one of the fastest growing tourist destinations in the world. Even with the present volumes of international tourist traffic, tourism has already emerged as an important segment of India's economy. The Foreign Exchange Earnings (FEE) from tourism for the year 2007 was US\$ 10.729 bn increasing from US\$ 8.634 bn in the year 2006 achieving an increase of 24.3%. The adjoining table shows annual increase in FEE from the year 1996 till date. It is evident from these figures that since the year 2003 India has witnessed strong growth in its earnings in lines with the growth in FTAs and Inbound Tourism in India.

#### **Outbound Tourism - India:**

Outbound Tourism demand is affected by confidence in economic conditions and security as well as perceptions of discretionary income. A booming economy, rising disposable incomes, higher aspirations, cheaper international air travel and better products from the industry has boosted outbound tourist flow. The following chart shows the growth in the number of outbound travellers from India over the last five years ending 2007:

## **Domestic Tourism - India:**

Gone are the days when domestic tourism in India was synonymous with pilgrimages or visits to friends and relatives. Driven by rising incomes, an increased standard of living and improved land, rail and air transportation, more people go on domestic trips. Also, with improved information technology reaching all corners of the country, people have begun to take domestic trips more frequently. The Indian Railways have played a vital role in providing better connectivity as has the government's liberalisation and open skies policy, which led to the introduction of low cost carriers and which thus made domestic air travel affordable to a greater number of domestic tourists.

Domestic tourism has increased over the years with well over 500 million trips taken in 2007 at a growth by 13% over the previous year. The Ministry of Tourism in India has a target of 760 million domestic trips by 2011. In order to achieve this, the Ministry has taken steps to promote key aspects of various regions such as cultural diversity, scenic beauty, heritage and religious sites. In addition, new tourism products such as adventure and rural tourism products are also being promoted. To tap into the growing mass of middle-income consumers in India and their increasing level of disposable income, the Ministry of Tourism has also launched its Incredible India! Campaign within India in both electronic and print media. To promote sustainable and responsible domestic tourism, the Ministry of Tourism has launched various social awareness campaigns with themes such as “Awareness against Garbage and Graffiti on Monuments”. Other themes include “Pilgrimage”, “World Heritage Sites”, and “Celebration of 2,550 Years of Mahaparinirvana of Lord Buddha ”and“ Yoga and Wellness



The Ministry of Tourism recognizes the need to develop quality infrastructure in order to encourage more domestic trips to locations all over India and to spread the benefits of tourism far and wide. In addition to state-of-the-art infrastructure and aggressive marketing campaigns, improved access to tourist sites and connectivity between them is essential. The Ministry has communicated specific proposals for the upgrading of roads to world heritage and Buddhist heritage sites in 15 key destinations. Connectivity is expected to be improved through the upgrading of roads to four lanes. The Ministry of Railways has also been requested to explore the possibility of introducing tourist trains to connect to the specified destinations.

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