

CMP: INR 111

Rating: BUY

TP: INR 213

Stock Info

BSE	500413
NSE	THOMASCOOK
Bloomberg	TC:IN
Reuters	THOM.NS
Sector	Tour, Travel Related Services
Face Value (INR)	1
Equity Capital (INR cr)	47.04
Mkt Cap (INR cr)	5,198
52w H/L (INR)	188/109
Avg Daily Vol (in 000')	1,259

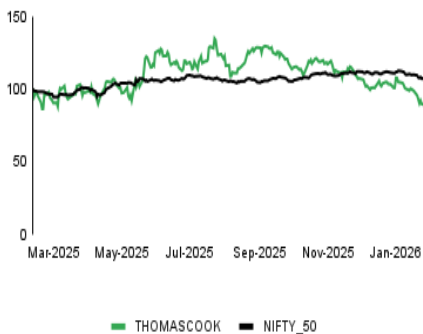
Shareholding Pattern %

(As on Dec 2025)

Promoters	63.83
DII	6.83
FII	7.28
Public & Others	22.06

Stock Performance (%)	1m	6m	12m
TCIL	(20.5)	(28.1)	(20.0)
NIFTY 50	(0.71)	5.46	9.89

Thomas Cook vs Nifty 50 Price Chart



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Thomas Cook India delivered a steady operating performance in Q3FY26 with consolidated revenue from operations growing 4.1% YoY and 3.5% QoQ to INR 2,146 Cr, reflecting healthy demand momentum. Gross profit increased 9.1% YoY with gross margins improving to 27.7%, up 126 bps YoY, indicating better pricing and mix. However, higher employee and other expenses led to EBITDA declining 1.1% YoY to INR 114.5 Cr, with EBITDA margin moderating to 5.33% versus 5.62% in Q3FY25. EBIT grew 12.9% YoY, supported by higher other income, while finance costs remained largely stable. Profit before tax fell 16.3% YoY mainly due to exceptional items and higher operating costs. Consequently, reported PAT declined marginally by 3.8% YoY to INR 44.9 Cr, with PAT margin at 2.11%. Overall, the quarter reflected stable revenue growth but margin pressure due to an elevated cost structure.

High-Margin Forex Business with Strong Operating Leverage: The Foreign Exchange segment remains a primary value driver, reporting a 10% increase in EBIT with margins expanding to 41.5%. The company has demonstrated high efficiency in managing yields on investments and floats, with interest income from foreign exchange floats increasing from INR 88 crores to INR 124 crores over the nine months. Furthermore, the company is successfully scaling its digital footprint, evidenced by a 3x growth in app bookings and a 2.7x increase in app engagement.

Scaling Hospitality Performance via Sterling Holiday Resorts: Sterling Holiday Resorts has entered a scale plus leverage phase, recording its highest-ever quarterly performance for revenue, EBITDA, and PBT in Q3 FY26. The business has maintained 25 consecutive quarters of profitability while sustaining healthy EBITDA margins of 36%. Growth is primarily inventory-led, with a 20% YoY increase in room supply and occupancy improving to 68%. The entity remains debt-free with a strong cash position of INR 3.2 billion.

Valuation and Outlook: We assign a BUY rating and a TP of INR 213 valued at a SOTP EV/EBIT multiple of 12x the FY28E EV of INR 8,170 Cr. The company maintains a positive forward-looking trajectory, with the company targeting realistic double-digit earnings growth for FY27 supported by strong GDP tailwinds and margin resilience. This outlook is significantly bolstered by the scheduled transition to a lower tax regime in FY27, which will allow for full MAT credit utilization and enhanced bottom-line performance. Operational momentum is expected to persist across core segments, with the Foreign Exchange business targeting sustained 40%+ EBIT margins and Sterling Holiday Resorts entering a scale plus leverage phase, anticipated to outperform the previous half.

INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Revenue	7,299	8,140	8,794	9,897	11,174
YoY	44.61%	11.51%	8.04%	12.55%	12.90%
Operating Profit (Ex- OI)	435	477	470	542	630
Operating Margin	5.97%	5.86%	5.35%	5.48%	5.64%
EBITDA (Including OI)	572	622	646	740	854
EBITDA Margin	7.83%	7.64%	7.35%	7.48%	7.64%
EBIT	444	480	496	581	685
EBIT Margin	6.08%	5.89%	5.64%	5.87%	6.13%
PAT	271	258	268	349	415
YoY	2514.62%	-4.69%	3.63%	30.25%	18.93%
EPS (INR)	5.51	5.41	5.41	7.04	8.38
YoY	5597.90%	-1.81%	0.02%	30.25%	18.93%
P/E (x)	25.43	25.91	25.90	19.88	16.72
P/B (x)	3.24	2.95	2.66	2.36	2.07
EV/EBITDA (x)	11.37	10.19	9.42	6.94	5.57
EV/EBIT (x)	14.63	13.21	12.28	8.84	6.94
D/E (x)	0.27	0.28	0.28	0.28	0.28
RONW	13.34%	11.55%	10.81%	12.47%	13.03%
ROCE	17.18%	16.79%	15.64%	16.22%	16.82%

Source: Company Filings & Arihant Capital Research

FY28E (INR Cr)

Segment	EBIT	EV/ EBIT (x)	EV
Financial Services	152	10	1,520
Travel & Related Services	455	12	5,454
Vacation Ownership & Resort Business/ Leisure Hospitality & Resorts business	150	13	1,950
Digiphoto imaging services	31	15	464
Total	787	12	9,389
Less: Unallocable corporate expenditure	102	12	1,219
Enterprise Value (EV)			8,170
Cash			2,755
Minority Interest			29
Debt			891
Preference Capital			-
Equity Value			10,005
No. Shares (Cr)			47
TP			213
Upside			52%

Source: Company Filings & Arianth Capital Research

Strong Balance Sheet and Substantial Cash Reserves: TCIL maintains a formidable financial position with gross cash and bank balances of approximately INR 2,500 crores. Notably, the company's net cash position (excluding customer floats and debt) has surged from INR 405 crores to INR 780 crores YoY. This liquidity provides significant flexibility for internal growth funding, technology investments, and the ability to absorb market volatility without the need for external deleveraging.

Strategic Resilience in Travel and Specialized Services: While some markets faced geopolitical headwinds, TCIL's diversified travel portfolio showed resilience. The International DMS portfolio grew by 9%, driven by strong performance in Southeast Asia (Asian Trails up 14%) and East Africa (up 20%). In the B2C segment, the company successfully pivoted to capture shifting consumer preferences toward short-haul and visa-free destinations, such as Vietnam (sales up 30%) and China (over 10x growth). Additionally, the DEI segment reported a 42% improvement in EBIT, aided by record performance in Dubai.

Favorable Regulatory Tailwinds and Tax Optimization: Recent budget announcements are expected to serve as significant catalysts. The rationalization of TCS on overseas tour packages to a flat 2% (down from 5% and 20%) is anticipated to spur discretionary consumer spending. Furthermore, TCIL plans to transition to the new tax regime in FY27, which will allow for the full utilization of MAT credit and result in a lower effective tax rate, directly enhancing future earnings per share.

Digital Transformation and AI-Driven Innovation: The group is aggressively integrating technology to enhance customer experience and operational speed. Key initiatives include the launch of "Thomas Cook Tay" (an AI-powered digital avatar) and "Rahi" (an AI-enabled travel automation system) for faster domestic holiday design and quotations. Collaborative efforts, such as the partnership with Blinkit for 10-minute forex card delivery in eight cities, demonstrate a commitment to innovative, high-frequency distribution channels.

Income Statement					
INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Revenue from operations	7,299	8,140	8,794	9,897	11,174
Other income	136	145	176	198	223
Cost of sales & services	5,308	5,977	6,419	7,225	8,157
Employee benefit expenses	961	1,041	1,143	1,287	1,453
Advertisement & promotion expenses	76	-	44	49	56
Inter segment unallocable expenditure	63	74	80	91	102
Other expenses	456	570	636	704	776
EBITDA	572	622	646	740	854
EBITDA Margin	7.69%	7.50%	7.20%	7.33%	7.49%
Depreciation & amortisation expense	128	142	150	159	168
Finance Cost	99	95	106	119	136
Profit/ Loss from associates	0	4	4	4	4
Exceptional Items	-	-7	-	-	-
PBT after exceptional Items	345	382	394	465	553
Cash Tax	74	124	126	116	138
PAT	271	258	268	349	415
EPS after exceptional items:					
Basic (INR)	5.51	5.41	5.41	7.04	8.38
Diluted (INR)	5.51	5.55	5.41	7.04	8.38
Balance Sheet					
INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	47	47	47	47	47
Other Equity	2,010	2,213	2,439	2,742	3,107
Non controlling Interest	-25	-23	-10	8	29
Net Worth	2,032	2,237	2,476	2,797	3,183
Total debt	553	620	693	783	891
Deferred tax liability (net)	-190	-114	-114	-114	-114
Other non-current liabilities	690	624	674	724	774
Total Liabilities	1,054	1,130	1,253	1,393	1,551
Net Block	1,535	1,566	1,466	1,446	1,422
CWIP	5	93	99	105	111
Goodwill	1,111	1,125	1,125	1,125	1,125
Other intangible assets	178	118	118	118	118
Investments	453	104	104	104	104
Other non-current assets	289	313	313	313	313
Net Working Capital:	-1,103	-802	-679	-1,267	-1,214
Inventories	40	36	46	46	58
Trade receivables	646	632	748	805	949
Cash and cash equivalents	617	849	1,183	2,245	2,755
Other current assets	1,191	2,077	2,077	2,077	2,077
Trade payables	2,157	2,508	2,502	3,137	3,229
Other current liabilities	823	1,040	1,050	1,060	1,070
Total assets	3,086	3,366	3,729	4,189	4,734
Cash Flow					
INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	345	382	394	465	553
Depreciation & amortization	128	142	150	159	168
Tax paid	74	124	126	116	138
Working capital Δ	28	301	123	-588	53
Goodwill Δ	9	14	-	-	-
Operating cash flow	362	85	296	1,096	530
Capital expenditure	324	261	56	145	151
Free cash flow	37	-175	239	951	380
Equity raised	8	-3	-13	-17	-21
Investments made	-65	-349	-	-	-
Other asset purchases	72	-36	-	-	-
Debt financing	-103	67	73	90	108
Dividends paid	38	28	28	28	28
Other items	156	-14	63	67	71
Net Δ in cash	54	232	334	1,062	509
Opening cash balance	563	617	849	1,183	2,245
Ending cash balance	617	849	1,183	2,245	2,755

Source: Company Filings & Arianth Capital Research

Ratios	FY24	FY25	FY26E	FY27E	FY28E
Growth Matrix (%)					
Revenue	44.61%	11.51%	8.04%	12.55%	12.90%
EBITDA	136.82%	8.73%	3.94%	14.51%	15.37%
EBIT	278.33%	8.02%	3.34%	17.14%	18.00%
PBT	1185.17%	10.78%	3.05%	18.10%	18.93%
PAT	2514.62%	-4.69%	3.63%	30.25%	18.93%
PAT after OCI	1830.00%	-37.61%	14.80%	30.25%	18.93%
Profitability (%)					
EBITDA Margin	7.69%	7.50%	7.20%	7.33%	7.49%
EBIT Margin	5.97%	5.79%	5.53%	5.75%	6.01%
Net Profit Margin	3.65%	3.12%	2.99%	3.46%	3.64%
Net Profit Margin after OCI	5.03%	2.82%	2.99%	3.46%	3.64%
RoCE	17.18%	16.79%	15.64%	16.22%	16.82%
RoNW	13.34%	11.55%	10.81%	12.47%	13.03%
RoA	9.23%	8.01%	7.55%	8.81%	9.30%
Per Share (INR)					
Basic EPS	5.51	5.41	5.41	7.04	8.38
Diluted EPS	5.51	5.41	5.41	7.04	8.38
DPS	0.80	0.60	0.60	0.60	0.60
Basic Cash EPS	2.83	3.13	3.31	3.53	3.76
Diluted Cash EPS	2.83	3.13	3.31	3.53	3.76
BVPS	43.21	47.55	52.64	59.45	67.67
Sales	155.17	173.04	186.94	210.40	237.54
Valuation (x)					
P/E	25.43	25.91	25.90	19.88	16.72
P/CEPS	49.49	44.73	42.30	39.64	37.28
P/B	3.24	2.95	2.66	2.36	2.07
P/Sales	0.90	0.81	0.75	0.67	0.59
EV/EBITDA	11.37	10.19	9.42	6.94	5.57
EV/EBIT	14.63	13.21	12.28	8.84	6.94
EV/Sales	0.89	0.78	0.69	0.52	0.43
Dividend Yield	0.01	0.00	0.00	0.00	0.00
Liquidity (x)					
Current Ratio	0.84	1.01	1.14	1.23	1.36
Quick Ratio	0.82	1.00	1.13	1.22	1.34
Defensive Interval Ratio	129.79	169.04	175.26	199.46	199.49
Cash Ratio	0.21	0.24	0.33	0.54	0.64
Activity (x)					
Receivables turnover	12.03	12.74	12.74	12.74	12.74
Inventory turnover	150.44	156.09	156.09	156.09	156.09
Payables turnover	2.69	2.56	2.56	2.56	2.56
Total asset turnover	2.48	2.52	2.48	2.50	2.50
Fixed asset turnover	5.06	5.09	5.45	6.35	7.25
Working capital turnover	-6.62	-10.15	-12.94	-7.81	-9.20
Days					
Receivable days	30.33	28.65	28.65	28.65	28.65
Inventory days	2.43	2.34	2.34	2.34	2.34
Cash Conversion cycle	32.76	30.99	30.99	30.99	30.99
Payable days	135.58	142.43	142.43	142.43	142.43
Operating cycle	-102.82	-111.44	-111.44	-111.44	-111.44
Leverage (x)					
Interest Coverage	4.48	5.07	4.69	4.86	5.04
Debt Equity	0.27	0.28	0.28	0.28	0.28
Net Debt Equity	-0.03	-0.10	-0.20	-0.52	-0.59
Assets to Equity	1.45	1.44	1.43	1.42	1.40
Du Pont					
Tax burden	0.79	0.68	0.68	0.75	0.75
Interest burden	0.78	0.80	0.79	0.80	0.81
EBIT Margin	0.06	0.06	0.06	0.06	0.06
Asset turnover	2.48	2.52	2.48	2.50	2.50
Leverage	1.45	1.44	1.43	1.42	1.40
ROE	0.13	0.12	0.11	0.12	0.13

Source: Company Filings & Arianth Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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