

CMP: INR 95

Rating: BUY

TP: INR 216

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)	4,495
52w H/L (INR)	188/86
Avg Daily Vol (in 000')	1,285

Shareholding Pattern %

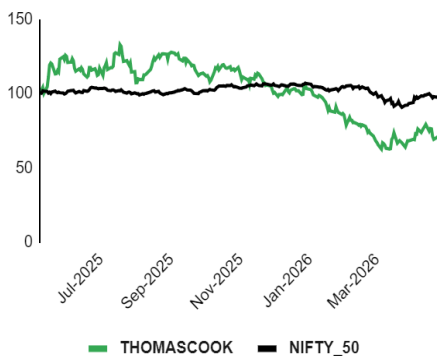
(As on Mar 2026)

Promoters	63.83
DII	6.54
FII	7.56
Public & Others	22.07

Stock Performance (%) 1m 3m 12m

TCIL	(8.3)	(36.3)	(32.2)
NIFTY 50	(1.8)	(9.5)	(4.7)

Thomas Cook vs Nifty 50 Price Chart



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Thomas Cook (India) Limited reported weak Q4FY26 performance with consolidated revenue declining 10.1% YoY to INR 1,771 Cr, impacted by lower operating income. EBITDA fell 20.3% YoY to INR 78 Cr, while EBITDA margin contracted 57 bps YoY to 4.43%. PAT declined sharply by 56.4% YoY to INR 28 Cr, with PAT margin at 1.70%, reflecting pressure on profitability despite improvement in gross margins. FY26 was primarily impacted by geopolitical disruptions and conflicts in the Middle East, which shortened key travel seasons, inflated operating costs, and caused significant currency volatility.

Strategic Value Unlocking via Corporate Restructuring: The board has granted in-principle approval for the de-merger of the resort business into Sterling Holiday Resorts. This move is designed to streamline the capital structure, allowing Thomas Cook to focus resources on its core travel and financial services while allowing the hospitality business to be valued independently. The company anticipates this restructuring will simplify the corporate structure.

Outperformance in High-Margin Financial Services: Despite an industry-wide contraction in outward remittances (LRS) as reported by the RBI, the company's financial services segment demonstrated significant resilience. While the overall market for travel-related forex and education declined, the company reported growth of 13% in the holiday segment and 17% in the education segment. This outperformance indicates a strong gain in market share and the success of its niche partnerships with over 800 education counsellors and various NBFCs.

Valuation and Outlook: After PM Modi urged citizens to avoid non-essential foreign travel to conserve foreign exchange reserves, with industry experts anticipating a slowdown in outbound travel for at least the next 6 months and demand for overseas destination weddings and MICE events also expected to soften; however, the company maintains a cautiously optimistic outlook by pivoting towards short-haul and domestic travel, while significant expansion in its Financial Services segment is anticipated following revised RBI norms enabling entry into the trade-related remittance market for the first time, Sterling Holiday Resorts targets 95 resorts by 2027 with a strategic de-merger on track by Q1 FY28, and a strong net cash position of INR 800 Cr supports technology-led capex and inorganic growth, we therefore assign a BUY rating with a Target Price of INR 216, valued at a SOTP EV/EBIT multiple of 12x the FY29E EV of INR 7,875 Cr.

INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Revenue	8,140	8,398	8,651	9,389	10,579
YoY	11.51%	3.18%	3.02%	8.52%	12.68%
Operating Profit (Ex- OI)	477	428	483	545	623
Operating Margin	5.86%	5.09%	5.58%	5.80%	5.88%
EBITDA (Including OI)	622	587	656	732	834
EBITDA Margin	7.64%	6.99%	7.58%	7.80%	7.88%
EBIT	480	428	493	566	664
EBIT Margin	5.89%	5.09%	5.70%	6.03%	6.28%
PAT	258	220	268	311	370
YoY	-4.69%	-14.67%	21.72%	16.07%	18.74%
EPS (INR)	5.41	4.65	5.42	6.29	7.47
YoY	-1.81%	-13.95%	16.50%	16.07%	18.74%
P/E (x)	17.57	20.42	17.53	15.10	12.72
P/B (x)	2.00	1.77	1.62	1.47	1.32
EV/EBITDA (x)	6.78	7.26	5.65	3.81	2.63
EV/EBIT (x)	8.79	9.98	7.51	4.93	3.30
D/E (x)	0.28	0.31	0.28	0.28	0.28
RONW	11.55%	8.74%	9.71%	10.22%	10.91%
ROCE	16.79%	12.95%	13.93%	14.51%	15.31%

Source: Company Filings & Arihant Capital Research

FY29E (INR Cr)

Segment	EBIT	EV/ EBIT (x)	EV
Financial Services	162	10	1,625
Travel & Related Services	411	12	4,932
Vacation Ownership & Resort Business/ Leisure Hospitality & Resorts business	176	13	2,283
Digiphoto imaging services	12	15	182
Total	761	12	9,022
Less: Unallocable corporate expenditure	97	12	1,147
Enterprise Value (EV)			7,875
Cash			3,252
Minority Interest			25
Debt			950
Preference Capital			-
Equity Value			10,153
No. Shares (Cr)			47
TP			216
Upside			127%

Source: Company Filings & Arianth Capital Research

Growth Catalysts from Regulatory Revisions: Recent RBI notifications regarding Authorized Dealer Category-II (AD2) licenses represent a significant upside for the forex business. The company can now facilitate trade-related remittances up to INR 2.5 million per transaction, a domain previously reserved for banks. With a captive base of over 1,100 forex and 8,000 corporate travel clients, the company is well-positioned to capture the MSME trade remittance market.

Structural Transformation and Scaling of Sterling Holiday Resorts: Sterling has transitioned into a pure-play hospitality model, completing its 25th consecutive profitable quarter in Q4 FY26. The business is now operating at a sweet spot of scale where incremental growth drives margin expansion. With a debt-free balance sheet and a pipeline to reach 95 resorts by 2027, the segment's shift toward an asset-light expansion model (38% managed inventory) is expected to sustain high returns on capital.

Demonstrated Operational Agility Amidst Geopolitical Volatility: The company has shown a high degree of agility in pivoting its travel portfolio to mitigate geopolitical risks in the Middle East and Europe. By "doubling down" on Eastbound short-haul destinations (Vietnam, Cambodia, Japan) and expanding its domestic pilgrimage travel (Chardham, Ayodhya, Varanasi), management has managed to offset declines in long-haul Western routes.

Margin Accretion in B2B and MICE Segments: The MICE business achieved a significant milestone by delivering double-digit gross margins for the first time, up from the typical 7-8%. Furthermore, the Corporate Travel segment remains a robust growth engine, with turnover increasing 19% YoY and the successful acquisition of eight new large accounts in Q4 FY26 alone.

Robust Digital Adoption and Omni-Channel Efficiency: Investment in technology is driving productivity and reducing customer acquisition costs. Digital transactions now account for 23% of forex bookings, with web transactions growing by 65% and app-based bookings (TC Pay) increasing nearly fivefold. In the imaging business (DEI), the full implementation of the "WeC" software solution is expected to optimize direct costs and enhance sales conversion through AI-driven insights.

Strong Liquidity Position and Capital Discipline: The group maintains a fortified financial position with consolidated net cash of approximately INR 800 to 1,000 crores. This liquidity provides a buffer against external shocks while enabling the company to fund technology-led CAPEX, repay long-term debt, and pursue inorganic growth opportunities.

Income Statement

INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Revenue from operations	8,140	8,398	8,651	9,389	10,579
Other income	145	160	173	188	212
Cost of sales & services	5,977	6,102	6,316	6,854	7,723
Employee benefit expenses	1,041	1,171	1,125	1,221	1,375
Advertisement & promotion expenses	87	94	43	47	53
Inter segment unallocable expenditure	74	77	79	86	97
Other expenses	482	526	606	637	709
EBITDA	622	587	656	732	834
EBITDA Margin	7.50%	6.86%	7.43%	7.65%	7.73%
Depreciation & amortisation expense	142	160	163	166	170
Finance Cost	95	95	94	104	115
Profit/ Loss from associates	4	4	4	4	4
Exceptional Items	-7	-6	-	1	2
PBT after exceptional Items	382	331	403	468	555
Cash Tax	124	110	134	156	185
PAT	258	220	268	311	370
EPS after exceptional items:					
Basic (INR)	5.41	4.65	5.42	6.29	7.47
Diluted (INR)	5.55	4.82	5.42	6.27	7.43

Balance Sheet

INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Equity Share Capital	47	47	47	47	47
Other Equity	2,213	2,499	2,726	2,995	3,320
Non controlling Interest	-23	-23	-9	6	25
Net Worth	2,237	2,524	2,764	3,048	3,391
Total debt	620	780	774	853	950
Deferred tax liability (net)	-114	-40	-40	-40	-40
Other non current liabilities	624	599	649	699	749
Total Liabilities	1,130	1,339	1,383	1,513	1,659
Net Block	1,566	1,739	1,344	1,228	1,108
CWIP	93	10	10	10	10
Goodwill	1,125	1,183	1,183	1,183	1,183
Other intangible assets	118	226	226	226	226
Investments	104	536	536	536	536
Other non current assets	313	282	282	282	282
Net Working Capital:	-802	-1,073	-965	-1,441	-1,547
Inventories	36	50	39	57	51
Trade receivables	632	663	671	776	855
Cash and cash equivalents	849	960	1,531	2,537	3,252
Other current assets	2,077	2,080	2,080	2,080	2,080
Trade payables	2,508	2,814	2,694	3,284	3,452
Other current liabilities	1,040	1,051	1,061	1,071	1,081
Total assets	3,366	3,862	4,147	4,560	5,050

Cash Flow

INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	382	331	403	468	555
Depreciation & amortization	142	160	163	166	170
Tax paid	124	110	134	156	185
Working capital Δ	301	-271	108	-477	-106
Goodwill Δ	14	58	-	-	-
Operating cash flow	85	593	323	954	645
Capital expenditure	261	249	-232	50	50
Free cash flow	-175	344	555	904	595
Equity raised	-3	17	-13	-16	-18
Investments made	-349	433	-	-	-
Other asset purchases	-36	76	-	-	-
Debt financing	67	159	-6	80	96
Dividends paid	28	28	28	28	28
Other items	-14	128	63	67	70
Net Δ in cash	232	111	571	1,006	715
Opening cash balance	617	849	960	1,531	2,537
Ending cash balance	849	960	1,531	2,537	3,252

Source: Company Filings & Arianth Capital Research

Ratios	FY25	FY26	FY27E	FY28E	FY29E
Growth Matrix (%)					
Revenue	11.51%	3.18%	3.02%	8.52%	12.68%
EBITDA	8.73%	-5.55%	11.67%	11.71%	13.88%
EBIT	8.02%	-10.88%	15.25%	14.90%	17.36%
PBT	10.78%	-13.40%	21.72%	16.07%	18.74%
PAT	-4.69%	-14.67%	21.72%	16.07%	18.74%
PAT after OCI	-37.61%	27.94%	-10.07%	16.44%	19.00%
Profitability (%)					
EBITDA Margin	7.50%	6.86%	7.43%	7.65%	7.73%
EBIT Margin	5.79%	5.00%	5.58%	5.91%	6.16%
Net Profit Margin	3.12%	2.58%	3.04%	3.25%	3.43%
Net Profit Margin after OCI	2.82%	3.49%	3.04%	3.26%	3.45%
RoCE	16.79%	12.95%	13.93%	14.51%	15.31%
RoNW	11.55%	8.74%	9.71%	10.22%	10.91%
RoA	8.01%	6.10%	6.70%	7.16%	7.70%
Per Share (INR)					
Basic EPS	5.41	4.65	5.42	6.29	7.47
Diluted EPS	5.41	4.65	5.42	6.29	7.47
DPS	0.60	0.60	0.60	0.60	0.60
Basic Cash EPS	3.13	3.49	3.58	3.67	3.76
Diluted Cash EPS	3.13	3.49	3.58	3.67	3.76
BVPS	47.55	53.65	58.75	64.79	72.09
Sales	173.04	178.53	183.92	199.59	224.90
Valuation (x)					
P/E	17.57	20.42	17.53	15.10	12.72
P/CEPS	30.34	27.22	26.55	25.90	25.23
P/B	2.00	1.77	1.62	1.47	1.32
P/Sales	0.55	0.53	0.52	0.48	0.42
EV/EBITDA	6.78	7.26	5.65	3.81	2.63
EV/EBIT	8.79	9.98	7.51	4.93	3.30
EV/Sales	0.52	0.51	0.43	0.30	0.21
Dividend Yield	0.01	0.01	0.01	0.01	0.01
Liquidity (x)					
Current Ratio	1.01	0.97	1.15	1.25	1.38
Quick Ratio	1.00	0.96	1.14	1.24	1.36
Defensive Interval Ratio	169.04	169.19	191.00	222.16	226.38
Cash Ratio	0.24	0.25	0.41	0.58	0.72
Activity (x)					
Receivables turnover	12.74	12.97	12.97	12.97	12.97
Inventory turnover	156.09	141.96	141.96	141.96	141.96
Payables turnover	2.56	2.29	2.29	2.29	2.29
Total asset turnover	2.52	2.32	2.16	2.16	2.20
Fixed asset turnover	5.09	4.93	5.58	7.25	8.98
Working capital turnover	-10.15	-7.83	-8.97	-6.52	-6.84
Days					
Receivable days	28.65	28.14	28.14	28.14	28.14
Inventory days	2.34	2.57	2.57	2.57	2.57
Cash Conversion cycle					
Payable days	142.43	159.18	159.18	159.18	159.18
Operating cycle					
	-111.44	-128.47	-128.47	-128.47	-128.47
Leverage (x)					
Interest Coverage	5.07	4.51	5.24	5.46	5.76
Debt Equity	0.28	0.31	0.28	0.28	0.28
Net Debt Equity	-0.10	-0.07	-0.27	-0.55	-0.68
Assets to Equity	1.44	1.43	1.45	1.43	1.42
Du Pont					
Tax burden	0.68	0.67	0.67	0.67	0.67
Interest burden	0.80	0.77	0.82	0.83	0.84
EBIT Margin	0.06	0.05	0.06	0.06	0.06
Asset turnover	2.52	2.32	2.16	2.16	2.20
Leverage	1.44	1.43	1.45	1.43	1.42
ROE	0.12	0.09	0.10	0.10	0.11

Source: Company Filings & Arianth Capital Research

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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