Thomas Cook (India) Ltd.
A Wing, 11th Floor, Marathon Futurex
N. M. Joshi Marg, Lower Parel
Mumbai 400 013
Board No.: +91-22-4242 7000
Fax No. : +91-22-2302 2864

Thomas Cook Travel Smooth thomascook.in

A FAIRFAX Company

4th May, 2018

The Manager,
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: 500413
NCD Scrip Code: 952673, 952674, 952675

Fax No.: 2272 2037/39/41/61

The Manager,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No.C/1
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Code: THOMASCOOK
NCD: Thomas Cook 9.37% 2018 SERIES 1;
Thomas Cook 9.37% 2019 SERIES 2;
Thomas Cook 9.37% 2020 SERIES 3
Fax No.: 2659 8237/38

Dear Sir/ Madam,

Sub: Credit Rating - Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform the Exchanges that the Company, on even date, has received a letter from CRISIL, a credit rating agency, in relation to the revision in the outlook of the credit rating assigned to the below mentioned long-term instruments of the Company amounting to Rs. 200 Crore:

Instrument	Amount (Rs. in Crore)	Earlier outlook of the credit rating	Revised outlook of the credit rating
Cash Credit	65	[CRISIL]AA- (Stable)	[CRISIL]AA- (placed on rating watch with developing implications)
Overdraft	135	[CRISIL]AA- (Stable)	[CRISIL]AA- (placed on rating watch with developing implications)

Further, please note that CRISIL has reaffirmed its rating 'CRISIL A1+' on the short term bank facilities of Rs. 539 Crore and short term debt (including commercial paper) of Rs. 100 Crore and it has also withdrawn its rating on the 10.52% Non-Convertible Debentures of Rs. 100 Crore as the same have been fully redeemed.

Further also note that the Board of the Company had, on 23rd April, 2018, approved a proposal for a corporate restructuring exercise subject to requisite statutory and regulatory approvals, which was duly intimated to the exchange vide outcome of Board Meeting dated 23rd April, 2018. In view of the said event, CRISIL has changed the outlook of the credit rating as above. CRISIL is in discussions with the management to better understand the scheme of arrangement and evaluate the impact of the revised structure on the credit risk profile. CRISIL will remove the

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rating from watch and take a final rating action once it obtains clarity on these aspects. Attached is the letter received from CRISIL.

This is for your information and record.

Thank you,

Yours faithfully
For **Thomas Cook (India) Limited**

Amit J. Parekh
Company Secretary & Compliance Officer

Encl: a/a

Ratings

CRISIL
An S&P Global Company

Rating Rationale

May 03, 2018 | Mumbai

Thomas Cook India Limited

Long-term rating placed on 'Watch developing'; short-term rating reaffirmed ; NCD Withdrawn

Rating Action

Total Bank Loan Facilities Rated	**Rs.739 Crore**
Long Term Rating	**CRISIL AA- (Placed on 'Rating Watch with Developing Implications')**
Short Term Rating	**CRISIL A1+ (Reaffirmed)**

Rs.100 Crore Non Convertible Debentures	**CRISIL AA-/Stable (Withdrawn)**
Rs.100 Crore Short Term Debt (Including Commercial Paper)	**CRISIL A1+ (Reaffirmed)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale
CRISIL has placed its **'CRISIL AA-'** rating on the long-term bank facilities of Thomas Cook India Limited (TCIL; part of the Thomas Cook group) on **'Rating Watch with Developing Implications'**, and reaffirmed its 'CRISIL A1+' rating on the short-term bank facilities and Rs 100 crore short-term debt (including commercial paper). CRISIL has also **withdrawn** its rating on the non-convertible debentures of Rs 100 crore at the company's request as the instrument has been repaid in full. This is in line with CRISIL's policy on withdrawal of ratings.

The rating action follows an announcement by the company's board for corporate restructuring; this includes consolidation of related businesses under the travel and human resources (HR) services segment. As part of the scheme, inbound business of Travel Corporation India Ltd (TCI; 'CRISIL AA-/Rating watch with developing implications') will be demerged into SOTC Travel Management Pvt Ltd, wholly owned subsidiary of TCIL. Thereafter, the residual business of TCI will be merged with TCIL along with other subsidiaries - TC Forex Services Ltd and TC Travel and Services Ltd. Also, the HR services business mainly housed under Quess Corp Ltd (Quess Corp) will be demerged from the Thomas cook group by share swap. The scheme is subject to sanction by the respective shareholders of each of the companies involved in the scheme and requisite statutory and regulatory approvals. CRISIL is in discussions with the management to better understand the scheme of arrangement and evaluate the impact of the revised structure on the credit risk profile. CRISIL will remove the rating from watch and take a final rating action once it obtains clarity on these aspects. The reaffirmation of the short-term rating is driven by adequate liquidity and management's intent to utilise this for debt reduction over the medium term.

The ratings continue to reflect a healthy business risk profile, driven by a dominant position in the foreign exchange (forex) business and strong brand equity in travel-related services; coupled with a comfortable capital structure and adequate liquidity. These strengths are partially offset by vulnerability of the travel business to geo-political risks and sub-optimal operating performance of the vacation ownership and resorts business. Moreover, the group is exposed to risks related to its strategy of growth through acquisitions, which could materially alter its business and financial risk profiles.

Analytical Approach
For arriving at the ratings, CRISIL has combined the business and financial risk profiles of TCIL and its subsidiaries, including Sterling Holiday Resorts Ltd (Sterling), TCI, SOTC Travel Ltd (SOTC; 'CRISIL AA-/Rating watch with developing implications'), Travel Circle International Ltd, and Travel Circle International (Mauritius) Ltd, together referred to as the Thomas Cook group. Earlier, Quess Corp had also been combined; however, following the recent announcement of restructuring, Quess Corp is not being considered as part of the group to arrive at the ratings. The estimated goodwill arising from various acquisitions has been amortised over 5-10 years.

Key Rating Drivers & Detailed Description
Strengths
*** Dominant position in the forex business and strong brand equity in travel-related services**
The Thomas Cook group leads both the wholesale and retail forex segments. The wholesale segment is strengthened by a sound relationship with large banks in India. The strong position in the retail segment is supported by a wide distribution network and synergies with the travel segment. The group has a presence across the retail and corporate segments in the travel business and enjoys strong brand equity.

*** Comfortable capital structure and strong liquidity**
The group (on a consolidated basis, including Quess Corp) had maintained a gearing (adjusted for tangible networth) of less than 1 time over the six fiscals ended March 31, 2015. However, the gearing has remained over 1 time for fiscals 2016 and 2017, primarily due to increased reliance on debt, and networth adjusted for a sizeable one-time loss in Sterling and other intangible adjustments. Cash flow protection metrics, which moderated in fiscal 2016, are expected to improve over the medium term as witnessed in fiscal 2017. Adjusted debt increased to about Rs 1418 crore as on March 31, 2017 (Rs 1111 crore as on March 31, 2016), to support existing business capital expenditure (capex) as well as working capital

requirement and acquisitions. However, strong liquidity (Rs 1547 crore in cash and cash equivalents [including current investments in mutual funds] as on March 31, 2017, against Rs 1151 crore as on March 31, 2016), and expected increase in profitability; even after the demerger of Quess corp, continue to support the financial risk profile.

Weaknesses
*** Susceptibility of forex and travel businesses to geo-political risks and intense competition**
Operating margin in the travel business is vulnerable to event and geo-political risks. Increasing competition from organised and unorganised players, along with the adverse impact of the global slowdown in the travel segment, led to pressure on pricing and operating margins of players. The group also has to compete with online players. Though it has transformed itself from a brick and mortar player to its current omni-channel business model, ability to increase low-cost e-business revenue share remains a key monitorable.

*** Sub-optimal operating performance of the vacation ownership and resorts business**
This business is housed under Sterling, the performance of which has been modest on account of moderate occupancy and high fixed costs. Pace of improvement and any further write-offs (in fiscal 2016 there were significant one-time write-offs of about Rs 100 crore towards vacation ownership receivables and capital work-in-progress) will be key credit monitorables.

*** Exposure to risks related to growth strategy through acquisitions, and its funding**
TCIL is one of the acquisition vehicles for Fairfax Financial Holdings Ltd (Fairfax; rated 'BBB-/Stable' by S&P Global Ratings) in India. Over the years, the company has grown both organically and inorganically. It has completed multiple acquisitions (Quess Corp, Sterling, and Kuoni) over the past five fiscals. While the financial risk profile has been maintained despite these transactions, strategy of growth through acquisitions could materially alter the business and financial risk profiles, and therefore remains a key rating sensitivity factor.

About the Group
In May 2012, Fairfax bought 77% stake in the Thomas Cook Group Plc's India entity, TCIL, through its wholly owned subsidiary, Fairbridge Capital Mauritius Ltd (FCML). As on March 31, 2018, FCML's shareholding in TCIL was 67.03%. Fairfax is a Toronto, Canada-based financial services holding company with global presence in insurance and reinsurance and an asset portfolio in excess of USD 3800 crore invested worldwide.

As part of the sale agreement, TCIL retains the right to use the Thomas Cook brand up to 2025 in its countries of operations'India, Sri Lanka, and Mauritius. Also, TCIL acquired the Kuoni group's travel-related businesses in Hong Kong (November 2015) and India (December 2015) for around Rs 535 crore, and Destination Management Specialists (DMS) business covering 17 countries across Asia, Australia, the Middle East, Africa, and the Americas in June 2017 for Rs 140 crore. In October 2017, the group also acquired Tata Capital Forex Ltd (forex business) and TC Travel and Services Ltd (travel services business), from Tata Capital Ltd ('CRISIL AA+/Stable/CRISIL A1+').

Traditionally, TCIL has operated solely in the forex and travel-related service segments. In February 2014, it announced the acquisition of Sterling Holiday Resorts (India) Ltd (SHRIL), a vacation ownership company. The transaction was primarily funded using Rs 500 crore infused by the parent, Fairfax, through Fairbridge, in the form of compulsorily convertible preference shares. SHRIL became a subsidiary of TCIL from September 2014. Subsequent to the High Court order dated July 2, 2015, sanctioning the scheme of arrangement and amalgamation between SHRIL, Thomas Cook Insurance Services (India) Ltd (TCISIL), and TCIL, the timeshare and resorts business has been demerged into TCISIL (which has since been renamed Sterling Holiday Resorts Ltd), while the residual business of SHRIL has been amalgamated with TCIL by effecting a share swap between TCIL and SHRIL shareholders.

In February 2013, TCIL signed an investment agreement to acquire a 74% stake in IKYA Human Capital Solutions Pvt Ltd (now known as Quess Corp) for Rs 256 crore. The acquisition was completed in May 2013. Quess Corp, based in Bengaluru, provides integrated business services to clients. It completed a Rs 400 crore initial public offering in July 2016, followed by a Rs 873 crore institutional placement programme in August 2017. In November 2017, TCIL divested 5.42% stake in Quess Corp for about Rs 640 crore, while retaining controlling stake. On completion of the proposed corporate restructuring scheme, by issuing 1889 equity shares of Quess Corp (of Rs 10 each) for every 10,000 equity shares (of Re 1 each) held in TCIL, Quess Corp will be demerged from the TCIL group.

Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs crore	8625	6122
Profit after tax (PAT)	Rs crore	15	-153
PAT margins	%	0.2	-2.5
Adjusted debt/Adjusted networth	Times	1.15	1.32
Interest coverage	Times	3.48	3.11

**Above numbers reflects analytical adjustments made by CRISIL Ratings*

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Cr)	Rating Assigned with Outlook
INE332A08014	Debentures	15-04-2013	10.52%	15-Apr-2018	100.0	withdrawn
NA		NA	NA	7-365 days	100.0	CRISIL A1+

	Short-term debt (including commercial paper)					
NA	Bank guarantee ^	NA	NA	NA	185	CRISIL A1+
NA	Cash credit *	NA	NA	NA	65	CRISIL AA-/Watch Developing
NA	Letter of credit #	NA	NA	NA	180	CRISIL A1+
NA	Overdraft facility &	NA	NA	NA	174	CRISIL A1+
NA	Overdraft facility$	NA	NA	NA	135	CRISIL AA-/Watch Developing

^ Facility of Rs 120 crore interchangeable with Letter of Credit (LC) of up to Rs 25 crore
 # Facility of Rs 85.0 crore interchangeable with post-shipment credit in foreign currency (PSFC) and bank guarantee of up to Rs 25 crore
& Facility of Rs 49.0 crore interchangeable with LC of up to Rs 25 crore; facility of Rs 100.0 crore fully interchangeable with LC and bank guarantee
$ Facility of Rs 15.0 crore interchangeable with working capital demand loan (WCDL) of up to Rs 12 crore; for facility of Rs 70.0 crore - Rs 50 crore interchangeable with WCDL and Short term loan (STL), Rs 60 crore with LC; facility of Rs 50.0 crore fully interchangeable with WCDL and STL, Rs 30 crore with bank guarantee and Rs 10 crore with LC
** Fully interchangeable with WCDL, commercial paper, and LC*

Annexure - Rating History for last 3 Years

	Current			2018 (History)		2017		2016		2015		Start of 2015
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	0.00 03-05-18	Withdrawn			04-10-17	CRISIL AA-/Stable	09-12-16	CRISIL AA-/Stable	18-08-15	CRISIL AA-/Stable	CRISIL AA-/Stable
						18-08-17	CRISIL AA-/Stable	07-12-16	CRISIL AA-/Stable			
						30-05-17	CRISIL AA-/Stable	15-11-16	CRISIL AA-/Stable			
Short Term Debt (Including Commercial Paper)	ST	100.00	CRISIL A1+			04-10-17	CRISIL A1+	09-12-16	CRISIL A1+	18-08-15	CRISIL A1+	CRISIL A1+
						18-08-17	CRISIL A1+	07-12-16	CRISIL A1+			
						30-05-17	CRISIL A1+	15-11-16	CRISIL A1+			
Fund-based Bank Facilities	LT/ST	374.00	CRISIL AA-/Watch Developing/ CRISIL A1+			04-10-17	CRISIL AA-/Stable/ CRISIL A1+	09-12-16	CRISIL AA-/Stable/ CRISIL A1+	18-08-15	CRISIL AA-/Stable/ CRISIL A1+	CRISIL AA-/Stable
						18-08-17	CRISIL AA-/Stable/ CRISIL A1+	07-12-16	CRISIL AA-/Stable/ CRISIL A1+			
						30-05-17	CRISIL AA-/Stable/ CRISIL A1+	15-11-16	CRISIL AA-/Stable/ CRISIL A1+			
Non Fund-based Bank Facilities	LT/ST	365.00	CRISIL A1+			04-10-17	CRISIL A1+	09-12-16	CRISIL A1+	18-08-15	CRISIL A1+	CRISIL AA-/Stable/ CRISIL A1+
						18-08-17	CRISIL A1+	07-12-16	CRISIL A1+			
						30-05-17	CRISIL A1+	15-11-16	CRISIL A1+			

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	**Amount (Rs.Crore)**	**Rating**	**Facility**	**Amount (Rs.Crore)**	**Rating**
Bank Guarantee ^	**185**	**CRISIL A1+**	**Bank Guarantee ^**	**185**	**CRISIL A1+**
Cash Credit *	**65**	**CRISIL AA-/Watch Developing**	**Cash Credit ***	**65**	**CRISIL AA-/Stable**
Letter of Credit #	**180**	**CRISIL A1+**	**Letter of Credit #**	**180**	**CRISIL A1+**
Overdraft &	**174**	**CRISIL A1+**	**Overdraft &**	**174**	**CRISIL A1+**
Overdraft $	**135**	**CRISIL AA-/Watch Developing**	**Overdraft $**	**135**	**CRISIL AA-/Stable**
Total	**739**	**--**	**Total**	**739**	**--**

^ Facility of Rs 120 crore interchangeable with Letter of Credit (LC) of up to Rs 25 crore
 # Facility of Rs 85.0 crore interchangeable with post-shipment credit in foreign currency (PSFC) and bank guarantee of up to Rs 25 crore
& Facility of Rs 49.0 crore interchangeable with LC of up to Rs 25 crore; facility of Rs 100.0 crore fully interchangeable with LC and bank

guarantee
$ Facility of Rs 15.0 crore interchangeable with working capital demand loan (WCDL) of up to Rs 12 crore; for facility of Rs 70.0 crore - Rs 50 crore interchangeable with WCDL and Short term loan (STL), Rs 60 crore with LC; facility of Rs 50.0 crore fully interchangeable with WCDL and STL, Rs 30 crore with bank guarantee and Rs 10 crore with LC
** Fully interchangeable with working capital demand loan, Commercial Paper & Letter of Credit*

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria for manufaturing and service sector companies
CRISILs Criteria for Consolidation
CRISILs Criteria for rating short term debt
Mapping global scale ratings onto CRISIL scale

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We are majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

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About CRISIL Ratings
CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 24,500 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 1,10,000 MSMEs have been rated by us.
