

Thomas Cook (India) Limited

April 30, 2018

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Action
Non-convertible Debenture Programme	100.0	[ICRA]AA; placed on rating watch with developing implications
Total	100.0	

Material Event

On April 23, 2018, the Board of Thomas Cook (India) Limited (TCIL) approved a proposal for a corporate restructuring exercise subject to requisite statutory and regulatory approvals.

Impact of the Material Event

As per the proposed corporate restructuring exercise, TCIL will streamline its businesses into four key verticals of—travel, foreign exchange, destination management services, and portfolio investments, such as Sterling Holiday Resorts Limited. Furthermore, the human resource services business would be demerged and consolidated with Ques Corp Limited (QCL, rated [ICRA]AA- (Stable) / [ICRA]A1+) and TCIL's 49.02% stake in QCL will be taken over by its parent, Fairbridge Capital Mauritius Limited (step-down subsidiary of Fairfax Financial Holdings Limited, rated Baa3 with Stable outlook by Moody's Investors Service) along with other existing shareholders of TCIL. Towards the same, TCIL shareholders will receive 1,889 equity shares of QCL (of Rs. 10 each) for every 10,000 equity shares (of Re. 1 each) held in TCIL. The proposed restructuring exercise is aimed at simplifying the Group structure and enabling both TCIL and QCL to grow independently.

While rating TCIL, ICRA has taken comfort from the market value of TCIL's 49.02% stake in QCL. However, post the restructuring exercise, TCIL will not have any stake in QCL. Taking note of the above event, ICRA has placed the long-term rating of [ICRA]AA (pronounced ICRA double A)¹ assigned to the Rs. 100.0-crore² non-convertible debenture programme of TCIL on 'rating watch with developing implications'.

ICRA is in discussions with the company's management to understand the impact of the proposed restructuring on its credit profile and will conclude the rating thereafter.

The previous detailed rating rationale is available on the following link: [Click here](#)

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

² 100 lakh = 1 crore = 10 million

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