

IKYA to buy Zylog's Canadian IT & engineering staffing services unit Brainhunter

Brainhunter employs nearly 700 professionals and has revenues of \$80 million.

Tour operator Thomas Cook India Ltd-owned staffing services firm IKYA Group has entered into a definitive agreement to buy out Canada-based IT and engineering professional firm Brainhunter for an undisclosed amount, as per a stock market disclosure.



Brainhunter, currently owned by Zylog Systems (Canada) Ltd, a subsidiary of Chennai-headquartered public listed firm Zylog Systems, will give Bangalore-based IKYA access to the IT staffing business in North America since Brainhunter's clients include several Fortune 500 companies as well as Canadian government institutions.

IKYA Group is involved in providing HR services, IT services, engineering services and facility management services.

"The combination of Brainhunter's knowledge and depth in American markets along with IKYA's financial strength and execution capability will enable the creation of a market leading global IT staffing company," Ajit Isaac, chairman and managing director, IKYA Group, said.

The combination of the two companies will create an IT staffing entity with global presence across North America, the Middle East, India and South East Asia, the company statement said.

Presently, Brainhunter employs nearly 700 professionals and generates revenue of about \$80 million.

"To be a subsidiary of India's largest IT staffing company will give us access to the largest technology talent pool in the world, an advantage that a few companies in Canada have. We are excited to be on this growth trajectory and the new capabilities that we will now have to offer to our valued clients," John Mehrmann, CEO, Brainhunter, said.

This comes as a back-to-back acquisition for IKYA. In June, IKYA Group acquired Chennai-based industrial asset management firm Hofincons Infotech and Industrial Services Pvt Ltd, which is into electrical, mechanical and instrumentation services as well as facilities management.

Thomas Cook, which is controlled by Canada's Fairfax Financial Holdings, had bought a 74 per cent equity holding in the privately held IKYA Human Capital Solutions Ltd for Rs 256 crore in February last year. The deal with Brainhunter helps Zylog generate from cash to strengthen its flagging fortune.

Zylog had acquired Brainhunter for around Rs 31 crore in 2010. This was one among a string of overseas acquisitions by Zylog. It went on to buy more firms in Canada such as Mindwire Inc.

The company continued to grow hitting Rs 2,500 crore in FY13 but high operational costs sunk its profits. For the year ended March 31, 2014 its revenues declined by a third to Rs 1,667 crore with net loss of Rs 598.5 crore.

Earlier the lenders with whom Zylog promoters had pledged their shares sold it which crippled its share price and now trades as a penny stock on the bourses. Promoters now own just under 3 per cent of the company.