

Thomas Cook acquires services company Ikya Human Solutions

MUMBAI: Thomas Cook, India's largest integrated travel company, acquired 74% stake in Ikya Human Solutions an upcoming and one of the fastest growing services sector company in India.

The deal that will open doors of access to a new business segment for the travel and travel related financial services company is valued at Rs 256 crore and is seen as contributing substantially to Thomas Cook's revenues going forward.

Thomas Cook was acquired by Canadian financial services firm Fairfax in May last year. The deal was cut at a discount price at \$150 million for 77% stake. Fairbridge CAPITAL a unit of Fairfax bought Thomas Cook shares from the UK based parent company Thomas Cook PLC.

This is Fairbridge's first acquisition post Thomas Cook buy.

"Fairfax strategy is to take accretive acquisitions through Thomas Cook where the company will serve as a platform for acquisitions for Fairfax. Through Ikya we will have access to one of the largest labour markets in the world that is India where we see immense growth potential," said Harsha Raghavan, managing director, Fairbridge Capital.

Thomas Cook and Ikya will however be standalone businesses to be operated by separate managements. The existing management with Ajit Issac, the promoter, will continue to run the company. Issac holds majority of the remaining 26% shares in Ikya.

Thomas Cook sees this buy as immensely useful as Ikya has about 500 top notch companies as their client base with about 54,000 associates. Thomas Cook says it will be able to leverage and expand its client base through this partnership.

"We are viewing this acquisition from A LONG term perspective. We would be able to expand our services base as both companies have a distribution business with vast network. Services that one provides the other company is a user of those services so in that sense there will be services leveraging relationship between the companies. And together we will have access to some 1500 top corporates between us," said Madhavan Menon, managing director, Thomas Cook.

Thomas Cook's acquisition in this segment is also propelled by the fact that the Services sector is one of the fastest growing segments in India WITH A growth of 11-15% as against six to eight percent growth in the industrial sector. The company sees this growth will also diversify to other levels like travel, Forex and labour and integrate with these segments.

"We see services sector in India will keep on growing at the similar pace and we are looking to expand scope of business in this segment," said Raghavan.