

Thomas Cook India acquires Kuoni Group's travel in India, Hong Kong for Rs 535 crore

MUMBAI: Travel major Thomas Cook India, backed by billionaire investor Prem Watsa's Fairfax Financial Holdings, has acquired Swiss tourism major Kuoni's travel business in India and Hong Kong for Rs 535 crore. Post the acquisition, both India and Hong Kong travel businesses will become subsidiaries of Thomas Cook and would function independently.

"Our acquisition of Kuoni's tour operating and retailing businesses in India and Hong Kong as well as the Indian inbound business reaffirms our belief in the India market potential, as also our strategic intent to explore viable geographies, including the larger Asia opportunity," Prem Watsa, chairman and CEO, Fairfax Financial Holdings said in a press statement.



Thomas Cook will pay Rs 320 crore for Kuoni-SOTC (Indian arm) through internal accruals and Rs 215 crore for Kuoni's Hong Kong business through a mix of debt and equity. Thomas Cook had not appointed any banker for the deal.

Madhavan Menon, MD, Thomas Cook India BSE 0.14 % told ET that the acquisition would strengthen the company's inbound business. "We see strong synergies and benefits accruing from their (Kuoni) well-established presence/global connection in key source markets like Europe," he said.

Currently, Kuoni-SOTC is present in outbound and inbound tour segment and also runs corporate travel business. Under the deal, Thomas Cook has also acquired Kuoni's inbound travel business Sita World Travels and the destination management arm Distant Frontiers.

The deal allows Thomas Cook the usage of Kuoni brand in India for twelve months and in Hong Kong for five years, while the SOTC brand can be used in perpetuity. The deal is expected to be complete before the end of this year, subject to regulatory approvals.

"..I'm very pleased that we found forward-looking solutions for the units in India and Hong Kong," Peter Meier, CEO, Kuoni Group, said in the statement. The acquisition gives the Indian firm a backup when the time comes to forgo the 'Thomas Cook' brand in 2025. In 2012, London-based Thomas Cook Group sold 77% stake in Thomas Cook India to Fairfax Financial Holdings and granted Fairfax a licence over the Thomas Cook brand for 12.5 years in the countries in which Thomas Cook India operates.

"Given that our use of the Thomas Cook brand is permitted till 2025, the SOTC brand offers us ideal opportunities for a brand transition - its strong brand connect and high recall with the Indian consumer is one that we plan to leverage," Menon said.

Thomas Cook has been aggressive in the M&A market after Fairfax took control of the firm, having acquired Ikyo Human Solutions (now rebranded as Qess) and Sterling HolidayBSE 0.12 %. Thomas Cook India currently has presence in 95 cities across India, Mauritius and Sri Lanka.

The travel major has been on an acquisition spree to expand its presence in Asia. Recently, the company acquired a Sri Lanka-based destination management company Luxe Asia. Menon said Kuoni's travel business in Hong Kong caters to a niche segment of high-end luxury travelers with a focus on Europe. "It's a great fit for us and we will be leveraging their capabilities in terms of reservation of hotels, booking with airlines, etc."

ET had reported on July 6 that Thomas Cook India was in the race to buy Kuoni's travel business in India. Online travel portal MakeMyTrip and the Oberoi Group's Mercury Travels too were in the fray to acquire Kuoni-SOTC.

Founded in 1906, Kuoni entered India in 1997 by acquiring SOTC Tours, which was one of the pioneers of foreign tours, and later took over Sita World Travels, an inbound travel company. Kuoni offers online destination management services and visa services under the VFS brand.

In January this year, Kuoni had announced that it will exit its tour business in India and other parts of the world to focus on its core business as a service provider to the travel industry and governments, making it largely a B2B player. In June, the Zurich-headquartered operator announced it has agreed to sell the European part of the business to Germany-based Rewe Group's DER Touristik. With the sale of its tour operations in India and Hong Kong, the company has completed the sale of its outbound business.