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Serco to buy Intelenet for ₹2,772 cr: Official

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SERVICES and consulting firm Serco today signed an agreement to acquire Indian BPO company Intelenet for up to 385 million pound (₹2,772 crore).

Under the share purchase agreement, the total acquisition cost, including assumption of existing debt, is up to 385 million pound (₹2,772 crore). This includes contingent cash payments of up to 50 million pound (₹360 crore) through to December, 2013.

"The acquisition of Intelenet supports our ambitions as a leading global service company. The international BPO market is growing quickly as companies seek out new ways to improve their service and reduce costs," Chris Hyman, the chief executive of Serco, said in a statement.

The acquisition will be fully funded from Serco's debt facilities. The expected funding cost of the acquisition will be around 5 pc.



Intelenet was founded in 2001 as a joint venture between TCS (Tata Consultancy Services) and HDFC (Housing Development Finance Corporation). In 2007, a management buy-out was completed, resulting in the business being majority owned by Blackstone Group, together with Barclays, HDFC and Intelenet's management team.

For the year to March 31, 2011, Intelenet's revenue was approxi-

mately 170 million pound (₹1,224 crore) and adjusted operating profit, before the amortisation of intangibles arising on acquisitions, and acquisition transaction costs stood at 19 million pound (₹136.8 crore).

Expectations are for Intelenet to continue achieving organic annual revenue growth of 10 to 15 pc and to maintain its adjusted operating profit margin, before net cost synergies, at around 12 pc, the statement said.

The acquisition is expected to be accretive to earnings in the first full year, with returns meeting Serco's cost of capital in the third full year of ownership, the statement added.

"Becoming part of Serco will propel us to our next phase of growth by helping us to address a wider market and to provide more end-to-end solutions," Intelenet Global Services chief executive Susir Kumar said.

"We are grateful for Blackstone, Barclays and HDFC for their tremendous support of the company and we are pleased to be continuing the strong relationship with them as our clients," Kumar added.