

Intelnet eyes assets worth Rs 100 crore

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THE Blackstone-backed Intelnet Global Solutions is eyeing a buyout of five assets, collectively valued at around Rs 100 crore, in the domestic market. Each deal will be structured as an asset purchase, involving an upfront payment and committed business for 3-5 years, Intelnet executive vice-president Sandeep Aggarwal said.

The cash savings expected to accrue from the contract will be paid upfront or some quarters later.

"With sales (organic growth) slowing down, such inorganic growth strategies have come to the fore," Mr Aggarwal said.

According to Radhika Balasubramanian, COO of Sparsh, Intelnet's listed BPO subsidiary, Indian promoters are evaluating such options instead of having to maintain assets and people. The shared service centres carry out functions ranging from customer services to general accounting, payroll processing, finance and accounting.

Intelnet will not raise funds to finance buyouts unless they involve upfront cash payments and take place simultaneously. In December 2007, Intelnet bought Upstream BPO and Travelport for around \$75 million, a large portion of which was financed through debt.

DEAL TALK

Co plans to buy out five assets. Each deal will be structured as an asset purchase, involving an upfront payment and committed business for three to five years

The company has not made any acquisitions thereafter, citing inflated valuations. "Many of the firms we were talking to are now available at 2/3rd their valuations. So, we are happy that we didn't take any wrong decisions," he said.

Intelnet has shifted focus to buyouts in the domestic market, especially in the retail and services sectors, where deal sizes are small and promoters are eager to sell shared services centres. Recently, Sparsh¹ concluded a deal to acquire a 300-seat collections facility of an MNC bank in India. The deal involved a committed business for three years, as part of a five-year contract. "We cannot reveal the name of the client because we have a non-disclosure agreement," said Ms Balasubramanian.