

Ref. No. : 06/2016-17/Q2/Announcement

Dated: 19th October, 2016

To,

BSE Limited
PhirozeJeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.

Security Code: 539978

National Stock Exchange of India, Limited,
Exchange Plaza, 5th Floor,
Plot No C/1, G Block,
BandraKurla Complex, Bandra (E),
Mumbai - 400 051.

Symbol: QUESS

Sub: Intimation of Agreement to acquire 49% stake in Terrier Security Services (India) Private Limited

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III (Part A) and any other applicable provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we wish to intimate you that on September 19, 2016, Quess Corp Limited has signed a Definitive Agreement to acquire 49% shareholding in Terrier Security Services (India) Private Limited (Terrier), a private limited company incorporated under the Companies Act, 1956.

We enclose herewith the details required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 as an Annexure.

A copy of Press Release and Presentation on Terrier is also enclosed.

Thanking You,

Yours sincerely,
For Quess Corp Limited,

N.V.S. Pavan Kumar

N.V.S. Pavan Kumar
Company Secretary

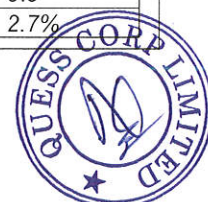


Encl.As Above.

Annexure - 1

Information required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015, dated September 09, 2015.

Sl. No	Particulars	Details																												
1.	Name of the target entity, details in brief such as size, turnover etc.;	<u>Name</u> : Terrier Security Services (India) Pvt. Ltd. <u>Business</u> : A private security agency engaged in the provision of Manned Guarding Services. <u>Size & Turnover</u> : The company has a deployed headcount of over 16,000 security guards and has over 400 customers. Its FY16 audited revenues stood at INR 219.6Cr.																												
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length";	The proposed acquisition does not fall within related party transaction(s) and the promoter/ promoter group/ group companies do not have any interest in the entity being acquired.																												
3.	Industry to which the entity being acquired belongs;	Private Security / Manned Guarding																												
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	• Provides entry in security services space, a natural extension of Quess' IFM business. • Existing PSARA license in 14 states gives Quess an instant national presence in the manned-guarding security space. • Ability to cross-sell security services to existing IFM clients, driving margins across IFM business • Completes FM bouquet of services for Quess, emerging as an integrated facility management service provider.																												
5.	Brief details of any governmental or regulatory approvals required for the acquisition;	No approval required for the aforementioned acquisition. However, FIPB approval is required for acquiring shareholding in excess of 49%.																												
6.	Indicative time period for completion of the acquisition;	Subject to completion of conditions precedent, within 60 days of this intimation.																												
7.	Nature of consideration - whether cash consideration or share swap and details of the same;	Cash Consideration. Deal size of INR 72Cr (for acquiring 49% stake)																												
8.	Cost of acquisition or the price at which the shares are acquired;	As above																												
9.	Percentage of shareholding / control acquired and / or number of shares acquired;	49%																												
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	Terrier represents a 27 year old business, formally established as a company in May 2009. It currently provides Manned guarding services to over 400 clients in around 1,150 locations across India and has valid PSARA licenses to operate in 14 states in India. <u>Key Financials (in INR Crs)</u> <table><tr><th>Particulars</th><th>FY 2014</th><th>FY 2015</th><th>FY 2016</th></tr><tr><td>Revenue</td><td>142.0</td><td>173.6</td><td>219.6</td></tr><tr><td>YoY growth</td><td>13%</td><td>22%</td><td>27%</td></tr><tr><td>EBITDA</td><td>6.0</td><td>8.4</td><td>10.5</td></tr><tr><td>Margin</td><td>4.2%</td><td>4.9%</td><td>4.8%</td></tr><tr><td>PAT</td><td>3.3</td><td>4.8</td><td>5.9</td></tr><tr><td>Margin</td><td>2.3%</td><td>2.8%</td><td>2.7%</td></tr></table>	Particulars	FY 2014	FY 2015	FY 2016	Revenue	142.0	173.6	219.6	YoY growth	13%	22%	27%	EBITDA	6.0	8.4	10.5	Margin	4.2%	4.9%	4.8%	PAT	3.3	4.8	5.9	Margin	2.3%	2.8%	2.7%
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Quess Corp to Acquire Stake in Terrier Security Services

Forays into manned guarding and security solutions business

Bengaluru, India – 19th October 2016: Quess Corp., India's leading integrated business services provider announced that it has entered into a definitive agreement to acquire a 49% stake in Terrier Security Services (India) Private Limited ("Terrier" or "Company"), marking its entry into the manned guarding and security solutions business.

With a track record of over 27 years, Terrier is among the leading providers of manned guarding services in India. In addition, Terrier also provides training services for security personnel and electronic security solutions to clients.

Terrier has a pan India footprint with presence across 14 states spanning 60 cities. The Company has over 400 clients including marquee names in the Information Technology, Engineering and Automobile Sectors and a deployed head count of over 16,000 guards as on 31st August, 2016. The Company closed FY 16 with Revenue of ~Rs. 220 cr and EBITDA margin of ~5%. Terrier is known for its long standing relationships with clients with most large clients having been associated with Terrier for over 5 years.

Commenting on the acquisition, Mr. Ajit Isaac, Chairman and CEO of Quess Corp said, "I see our partnership with Terrier as a strategic fit as it provides us a foothold into the manned guarding and security solution space thereby expanding the bouquet of services we can offer our clients. This partnership cements our growing presence in the Integrated Facility Management (IFM) space and would enable us to cross sell our service offering to our existing clients as well as Terrier's portfolio. Capt. Ravi and his team have built a well reputed organisation and we are pleased to welcome him and the Terrier team to the Quess family.

Capt. Ravi, Founder of Terrier commented, "We are delighted that Terrier is joining hands with Quess Corp as we further expand on our capabilities to emerge as a total security solution provider for both electronic security and manned guarding services. We have licences to operate across 14 states in India and employ some of the best ex-servicemen who manage operations in a seamless manner. I am sure that this investment from Quess will enable Terrier to grow as a part of a larger Business Services platform provider in India."

Closing of the transaction is subject to, inter-alia, fulfilment of certain conditions precedent set out in the agreement between the parties to the satisfaction of Quess, and statutory and regulatory approvals.

About Quess Corp.

Quess Corp Limited (BSE: 539978, NSE: QUESS), established in 2007, is one of the India's leading integrated business services provider; headquartered in Bengaluru. The Company today has a Pan India presence with 47 offices across 27 cities along with overseas footprint in North America, the Middle East and South East Asia. It serves over 1300+ customers across 4 segments namely, Global Technology Solutions, People & Services, Integrated Facility Management and Industrial Asset Management. As of September 30, 2016 Quess employed over 139,000 employees. For further details on Quess Corp Ltd. please visit: <http://www.uesscorp.com>

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Disclaimer: This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition of the Company. These statements can be recognized by the use of words such as "expects", "plans", "will", "estimates", "projects", or other words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in such forward-looking statements as a result of various factors and assumptions, which the Company believes to be reasonable in light of its operating experience in recent years. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition, our ability to manage our international operations, government policies, regulations, etc. The Company does not undertake any obligation to revise or update any forward looking statement that may be made from time to time by or on behalf of the Company including to reflect actual results, changes in assumptions or changes in factors affecting these statements.



Terrier Security Services(India) Pvt. Ltd.

Entry into Security Services Business

Snapshot

Company



TERRIER SECURITY SERVICES (INDIA) PVT LTD

ISO 9001-2008 CERTIFIED COMPANY

Services Offered

- Manned guarding (99% of revenue)
- Verification and training
- Installation of electronic security devices

Present in

- 60 cities across 14 states in India
- Headquartered in Bangalore

Clients

- Over 400 clients in ~1150 locations*
- 15 of top 25 clients are with company for more than 5 years.
- Marquee clients includes large companies in IT, engineering and automobile sector

Employees

- Deployed headcount – 16,295 guards*
- Support staff – 207*

Business Highlights

- Revenue grew by CAGR of ~20% from FY13 to FY16
- Growth driven by new clients addition and extensive client mining resulting in growth of deployed guards with existing clients
- Strong operational presence in Karnataka contributing 73% of revenues in FY16, followed by Tamil Nadu (9%) and Maharashtra (5%)
- Top 25 customers contributed 52% of revenues for FY16
- Ex servicemen managing operations. Key management team has been with Terrier for more than 10 years

Financial Highlights

Financials	FY14	FY15	FY16
Revenue	INR 142.0 cr	INR 173.6 cr	INR 219.6 cr
EBITDA / Margin	INR 6.0 cr / 4.2%	INR 8.4 cr / 4.9%	INR 10.5 cr / 4.8%
PAT / Margin	INR 3.3 cr / 2.3%	INR 4.8 cr / 2.8%	INR 5.9 cr / 2.7%

Transaction Details

Transaction details

- Upfront acquisition of 49% stake for a consideration of INR 72 cr
- Another 25% to be acquired subject to receipt of FIPB approval at 8 times of FY17 EBITDA.

Evaluation Criteria

Criteria	Status	Comments
EBITDA Margin Accretion	✓	▪ Run rate EBITDA margin will be accretive for Quess. Identified synergies will help reduce administrative costs , thereby further increasing margins.
RoCE Accretion	✓	▪ Within 2 years based on current investment.
EPS Accretion	✓	▪ EPS Accretive transaction. All cash deal with no dilution to share capital of Quess.
EBITDA payback	✓	▪ Payback in Year 5 from date of acquisition
Strategic Fit	✓	▪ Synergies with existing IFM, and training business of Quess.

Investment Rationale



Quess



Quess

1

Provides entry in security services space, a natural extension of Quess' IFM business..

2

Existing PSARA license in 14 states gives Quess an instant national presence in the manned-guarding security space

3

Ability to cross-sell security services to existing IFM clients, driving margins across IFM business

4

Completes FM bouquet of services for Quess, emerging as an integrated facility management service provider.

Thank You!