

Print Coverage

Quess Who's Eyeing INR 1000-Cr Funds for Expansion

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Quess Who's Eyeing ₹1,000-cr Funds for Expansion

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Bengaluru: Business services provider Quess Corp plans to raise about ₹1,000 crore from institutional investors to fund its expansion, including through acquisitions, according to company and banking industry executives aware of the matter.

Quess, which will dilute up to 10% equity, will place the fundraising proposal at its next annual general meeting for shareholder approval, people cited above said, declining to be identified. The company, which made its public market debut in July, will raise the fresh equity through institutional placements, they said.

Quess is controlled by Canadian billionaire Prem Watsa through Thomas Cook India, which holds an equity stake of 62.17% in the Bengaluru-headquartered firm. Watsa's other major investment in Karnataka is in Bengaluru International Airport, where his Fairfax Group holds a 38% stake.



Ajit Isaac

The fundraise will enable Quess to expand its existing business lines and venture into new ones, as well as deepen its overseas footprint, which can offset any potential downturn in the Indian economy, the people mentioned above said. The company, which

has about 1,90,000 employees in eight countries, earns one-fifth of its revenue from its overseas business. Quess declined to comment on the fundraise.

"In the last five years, the company has grown its revenue by six times and profit by 14 times. This gi-

ves me a sense that there is still a lot of headroom for growth," said an analyst, requesting anonymity. Quess has a gross debt of ₹700 crore and may use a part of the fresh funds to reduce it.

The infusion of fresh equity will also help the company bring down the promoter holding in line with the regulatory requirement. The Securities and Exchange Board of India (Sebi) requires companies to increase public shareholding to a minimum of 25% within three years of listing. Listed at a 58% premium in July, Quess' stock price has doubled since then. The shares closed at ₹841 apiece on the National Stock Exchange on Monday.

The promoters hold about 89% in the company, including the 26.78% stake that chief executive Ajit Isaac

holds in the firm. The ₹400-crore IPO was oversubscribed 147 times. In November, Quess announced the buyout of the facility management and catering business of Manipal Integrated Services for ₹220 crore. Post merger, Manipal Education & Management Group will get a 5% stake in Quess Corp, chipping away at the promoter stake.

Quess' market capitalisation at ₹10,600 crore (\$1.5 billion plus) compares with that of British outsourcing company Serco. "This shows Quess is today a company of global scale. There is a great deal of scope to deploy additional capital," the analyst quoted above said.

Quess has become more aggressive on acquisitions. It bought 16 companies in the last 9 years, including five in the last six months.

The Report Card

Funds will help co-expand its existing business lines into new ones, as well as deepen overseas footprint

QUESS CORP ENDED THE 2017 FISCAL YEAR WITH...

₹113 crore net profit

40% Year-on-year rise in net

₹4,157 cr Revenue

1,700 Users co-serves across the segments of global tech solutions, people & services, integrated facility management & industrials