

Ref. No. : 05/2016-17/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, 5 th Floor, Plot No C/1, G Block, BandraKurla Complex, Bandra (E), Mumbai - 400 051. Symbol: QUSS
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Sub: Intimation of Agreement to subscribe up to 45% stake in Simpliance Technologies Private Limited, Bangalore.

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 subscribe up to 45% shareholding in Simpliance Technologies Private Limited ("Simpliance"), 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 is also enclosed.

Thanking You,

Yours sincerely,
For Quess Corp Limited,

N.V.S. Pavan Kumar
Company Secretary



Encl.As Above.

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> : Simpliance Technologies Private Limited <u>Business</u>: Engaged in the development of technology platform for compliance management relating to HR/Labour laws. <u>Background</u>: The company has recently been incorporated on April 27, 2016. Headed by Mr. Anil D'Souza – ex Naval officer with strong technology background and experience in HR/Labour compliance.
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;	Human Resource – Compliance Management.
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 technology enabled solutions business. Quess can leverage technology to bring scalability to compliance management business. - Inherent synergies with P&S and IFM business through potential savings in cost to serve. - Quess clients can be mined for rapid scalability of Simpliance products. - Long term client contracts enable good visibility to revenue and margins.
5.	Brief details of any governmental or regulatory approvals required for the acquisition;	No approval required for the aforementioned acquisition.
6.	Indicative time period for completion of the acquisition;	On or before December 31, 2016
7.	Nature of consideration - whether cash consideration or share swap and details of the same;	- Cash Consideration. - Deal size of up to INR 2.50 Cr (for subscribing up to 45.00% 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;	Up to 45.00%
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);	- Simpliance was incorporated on April 27, 2016, engaged in the development of technology platform for compliance management relating to HR/Labour laws. - Simpliance is headed by Anil D'Souza – ex Naval officer with strong technology background and experience in HR/Labour compliance, operates from Bangalore. - Pilot version of software has been provided to leading corporates and staffing companies including Quess and has shown positive results.



Quess Corp to Acquire 45% stake in Simpliance

Adds Technology Muscle to Compliance Management Function

Bengaluru, India – 19th October 2016: Quess Corp., India's leading integrated business services provider serving over 1300+ customers announced that it has entered into a definitive agreement to acquire 45% stake in Simpliance Technologies Private Limited ("Simpliance" or "Company"). Quess' investment is focused on helping develop and ramp-up the Simpliance technology platform which is aimed at providing a one stop comprehensive solution for meeting the labour compliance requirements of corporates.

Simpliance is a Bengaluru based compliance technology firm headed by Anil D'Souza, an ex-Naval officer with a strong technology background and experience in the field of human resources and labour compliance. The technology platform developed by Simpliance has been piloted at corporates and staffing companies with successful results.

Labour compliance today is manually driven with significant variations in compliance requirements based on the company's location. Companies are heavily dependent on local consultants to ensure compliance with state labour laws and regulations resulting in significant risk exposure. The Simpliance technology platform attempts to make the compliance management process at corporates a "smart" process by relying on a centralised rule driven database.

Commenting on the investment, Mr. Ajit Isaac, Chairman and CEO of Quess Corp said, "The investment in Simpliance is a play on digital India. Labour law compliance management is one of our core offerings. With Simpliance, we enhance this core offering of Quess with a strong technology solution, leveraging our existing scale in this burgeoning space. A tech enabled solution adds value to clients by reducing the time and cost of compliance management. We believe our domain competency coupled with Simpliance's technology prowess will enable us to position ourselves as a leader in this field."

Simpliance will continue to be managed by the existing Key Management Personnel headed by Anil D Souza. Quess will pay a consideration of Rs. 2.5 crore as fresh equity for a 45% stake and the investments will be used to enhance the existing platform.

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.



Simpliance Technologies Pvt. Ltd

Technology Platform for Labour Law Compliances

Overview

Background

- Compliance Management is one of Quess' core service offerings
- Lack of scalability due to manual nature of operations in the absence of a strong tech platform has held Quess back from growing this business
- **Problem Definition:**
 - Compliance Management today is manually driven with significant variations in compliance requirements based on the company's location and size.
 - Companies are heavily dependent on local consultants to ensure compliance with state labour laws and regulations resulting in significant risk exposure.
- **Solution:**
 - The Simpliance technology platform attempts to make the compliance management process at corporates a "smart" process by relying on a centralised rule driven database.
 - Simpliance Technologies Pvt. Ltd. ("Simpliance") has developed a technology platform for compliance management
 - Pilots of the platform with leading corporates and staffing companies including Quess have met with positive results

Note: * As at June 30, 2016

Transaction Construct

- Quess will invest INR 25 mn as fresh equity into the business and get a 45% stake in Simpliance
- Investment will be made in phased manner, as required under the agreed upon business plan between parties
- Balance 55% will be retained by existing shareholders
- Business to be headed by Anil D'Souza, Hansa Sharma, and Subramanya Raju – existing KMPs of Simpliance
- Quess to get one Board Member, anti-dilution protection, right of first refusal on any further capital issuance along with standard protective rights

Financial Highlights

Financials	FY17	FY18	FY19
Revenue	INR 22.2 mn	INR 144.8 mn	INR 246.2 mn
EBITDA / Margin	INR 0.2 mn / 0.7%	INR 98.6 mn / 68.1%	INR 202.0 mn / 82.1%
PAT / Margin	INR 0.1 mn / 0.4%	INR 59.1 mn / 40.8%	INR 121.2 mn / 49.2%

Investment Rationale



1

Leverage technology to bring scalability to compliance management business;
Entry for Quess into technology enabled solutions business

2

High margin business with incremental sales at 100% margin. EPS accretive to Quess.

3

Inherent synergies with our P&S and IFM business through lowering of cost to serve for Quess; Quess clients can be mined for rapid scalability of Simpliance in a business with strong network effects

4

Long term client contracts give good visibility to revenue and margins, in line with Quess' business philosophy of annuity revenue streams

Thank You!