

Quess Corp announces a three-way demerger of its diversified businesses, to unlock value for its investors

- Narrows the focus of each company to serve customers better, and unlock value for our shareholders
- Strategically positions our businesses to leverage rapidly evolving opportunities in India's growth story

16th February 2024, Bengaluru: The Board of Directors of Quess Corp Limited, in their meeting held today, approved a composite scheme of arrangement providing for the demerger of Quess Corp into three independent entities.

The demerger will ultimately result in three separate listed companies, namely:

1. **Quess Corp Ltd:** Workforce Management (Remaining Company)
2. **Digitide Solutions Ltd:** BPM solutions, Insurtech and HRO business (New Co.1)
3. **Bluspring Enterprises Ltd:** Facility Management, Industrial Services and Investments (New Co.2)

Over the last decade, Quess Corp Ltd. has emerged as India's leading business services provider, extending its footprint to 9 countries, with a substantial workforce of over 550,000 associates across four distinct business platforms. These platforms deliver a superior customer experience, serving over 3,000 clients across diverse sectors. The platforms include **Workforce Management**, the largest staffing firm in India and among the top 5 globally, by headcount; **Global Technology Solutions**, among the leading domestic BPM and payroll services firms; **Operating Asset Management**, the largest facility management platform in India by the breadth of services offered; and **Product-Led Businesses (foundit)**, the second-largest talent acquisition platform in India). Overall, Quess has achieved scale in each platform and they are strategically, operationally, and financially positioned to become independent companies with a focus on growing in their chosen area.

The three entities are ideally placed to capitalize on India's growth trajectory as the country marches towards a \$5 trillion economy.

The rationale for the demerger:

- Simplified corporate structure by separation of scaled platforms into independent entities, each with a strong market positioning
- Enhanced strategic clarity and management focus to accelerate profitable growth
- Optimal capital allocation strategy for each entity to invest behind its strategic priorities
- Flexibility for each entity to pursue independent and differentiated strategies to drive value creation
- Ability for each entity to create a compelling investor proposition and attract investors

Upon effectiveness of the scheme, all shareholders will receive one additional share for each of the new companies, for every share held in Quess Corp Ltd. This process of demerger is expected to take between 12-15 months, to achieve regulatory clearances.

Commenting on the demerger, Chairman Quess Corp Ltd. Mr. Ajit Isaac said, *"This is a landmark moment for Quess and is a transformational decision to create three separate entities. It helps the management to focus, develop capital allocation plans relevant to each business, and create value for our shareholders. The decentralized structure at Quess has enabled a pathway for the three demerged entities to continue a culture of entrepreneurship, an employee-friendly workplace with customer centricity being at the core of our purpose.*

“We believe that the heavy lifting to create these entities has been done and it is now time to unlock value through this demerger.”

Commenting on the demerger, Chairman and CEO of Fairfax Financial Holdings Ltd., our largest shareholder, Mr. Prem Watsa said, *“I am delighted with the decision of the Board of Quess Corp Ltd. to demerge into three separate entities. Each of these entities will be a market-leading player with the ability to leverage opportunities that come their way through its renewed focus. From the time we initially invested in Quess Corp Ltd., in 2013, the company has become one of the largest domestic employers in India and has the potential to develop as a significant business services player on a global scale.”*

“We are confident that this strategic initiative will benefit all shareholders and ensure that the management team gets the support to achieve the set-out goals from the demerger.”

Further information on the three demerged entities:

Quess Corp Ltd: The largest workforce management entity in India, providing solutions to clients to hire and deploy staff, manage performance and outcomes, measure and upskill employees. The entity currently has a workforce of 440k+, with 6k+ in the tech sector, and ~6k working outside India.

India being the fastest-growing major economy of 2024, has a labor force of approximately 563 million, undergoing a rapid formalization process. About 72 million new PF subscribers and 95 million new ESIC subscribers have been added in India since Sept 2017 and the proposed new labor codes aim to expedite formalization. The gig workforce is projected to expand to 23.5 million workers by 2029-30, marking a 3.5x increase by the end of the decade.

Our Workforce Management business stands to benefit significantly from these structural changes and aspires to become the largest globally by headcount in the next few years.

Digitide Solutions Ltd: This entity will provide a comprehensive suite of solutions, including BPM solutions, Insurtech and HRO business. The core strategy involves harnessing technology to enhance client productivity and ensure optimal efficiency in their business processes.

The tech services entity is strategically positioned to capitalize on the ongoing global digitization journey. Globally, Business Process Management (BPM) market is currently at over \$200 billion whereas the Indian market is at \$2 billion. Next generation technologies like artificial intelligence (AI) are expected to open new avenues for value creation.

Digitide targets to achieve a revenue milestone of \$1 billion which denotes a significant increase from its current revenues of \$280 million+. Serving across 30 countries, with a delivery centers in Manila and India, the company is well-positioned to take advantage of emerging BPM opportunities across diverse sectors.

Bluspring Enterprises Ltd:

The services under this entity will include Facility Management and Security Services (Man-guarding and tech-guarding), Telecom Infrastructure Maintenance, and Industrial Services. Additionally, Quess' investment in foundit – a white-collar job portal and candidate services platform under Bluspring Enterprises Ltd., will experience a significant uptick, driven by its futuristic AI technology-driven platform.

All the services under Bluspring Enterprises will experience huge tailwinds as a result of the focus on India's development story, Viksit Bharat @2047 and 6G rollout plan in 2030. This will contribute considerably to the Facility Management industry growth and outsourcing levels which are likely to increase from 39% to 45% over the next 5 years, driven by new-age sectors.

All the businesses within the entity are now primed for expansion, with the goal of establishing themselves as an integrated Operating Asset Management and Investment company, characterized by both scale and valuation. Through the premiumization of its services, the company is poised to deliver a 20% YoY revenue growth.

About Quess Corp

Established in Bengaluru in 2007, Quess Corp Limited (BSE: 539978, NSE: QUESS) is India's leading business services provider - that leverages its extensive domain knowledge and future-ready digital platforms to drive client productivity through outsourced solutions.

Quess provides a host of technology-enabled staffing and managed outsourcing services across processes such as sales and marketing, customer care, after-sales service, back office operations, manufacturing, facilities and security management, HR & F&A operations, IT & mobility services etc. Quess has a team of ~557,000 employees, serving ~3000 clients across India, North America, APAC, and the Middle East as of 31st December 2023.

For further details on Quess Corp Ltd., please visit: <http://www.uesscorp.com>

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