

Investors pick up \$350-mn stake in QuEST Global

Bain Capital, GIC, Advent buy out Warburg Pincus, some angel-stage investors

BS REPORTER
Bengaluru, 18 February

QuEST Global, a pure-play engineering and R&D (research and development) services provider, on Thursday said leading global investors Bain Capital, GIC and Advent International had invested around \$350 million (about ₹2,396 crore) for a minority stake in the company in a deal valuing the company at around \$1 billion (₹6,855 crore).

These investors have also bought out QuEST Global's long-time investor Warburg Pincus, and a few other shareholders who had invested in the company at the angel stage.

Founded in 1997 by Ajit Prabhu and Aravind Melligeri, the company is one of the largest pure-play engineering services companies with an estimated revenues of around

\$385 million (₹2,637 crore).

It counts large global corporate such as GE, BMW, Pratt & Whitney, Rolls Royce, Boeing and Airbus as its customers, employs around 7,800 people globally, more than half located in India, mostly out of Bengaluru.

"This investment by three of the most respected global investors reflects the progress we are making," said Ajit Prabhu, co-founder, Chairman and chief executive officer of QuEST. "It also crystallises the value we have created for our shareholders and employees who have placed their belief in us and partnered with us in this journey."

Warburg Pincus's association with QuEST dates back to 2010, when the private equity major invested \$75 million in the company for a minority stake.

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had invested around \$1 billion in 2010 for a 30 per cent stake.

In December, *Business Standard* reported that Bain Capital was leading a race to buy out Warburg Pincus from QuEST in a secondary offering in a deal that valued QuEST at around \$1 billion.

"We are partnering with QuEST because of the differentiated business platform and distinctive culture of the company. QuEST has demonstrated the ability to scale accounts in a fragmented industry by becoming the core engineering partner to most of the top global firms in its target industries," said Pawan Singh, a managing director of Bain Capital Private Equity.

With the backing of globally-known PE players and investors, and driven by an organic and inorganic growth strategy, QuEST has now set a target to touch \$1 billion in revenues by 2020. Raman Subramanian, senior vice-president, Strategic Initiatives & Marketing at QuEST, said while there are enough opportunities in the engineering services outsourcing space in all seven verticals the company focuses on, it is also looking at expanding vertical capabilities. A couple of areas where the company is planning to expand are industrial IoT (Internet of Things) and digitisation, he added.

Investors pick up \$350-mn...

Again, it invested an undisclosed amount in a follow-up round in 2010, which took its stake to around 25 per cent. Since its inception, QuEST has succeeded in attracting global investors's interest. Another private equity player, Carlyle, which invested \$6 million in QuEST in September 2003, exited in 2007 when the latter bought it out.

"QuEST has been in the business for around 18 years, and we are one of the fastest growing company, showing about 30 per cent compounded annual growth rate (CAGR) over the past 15 years. We have maintained our margins consistently, making sure that we have good cash flow," Rajendra Kumar Shreemal, chief financial officer of QuEST Global, told *Business Standard*.

"These are the factors that attracted many investors into our company," he added.

For Bain Capital, this is said to be its second big investment in the information technology (IT) space in India after Genpact, the NYSE-listed business process outsourcing services company, in which it



SECOND PRIVATE EQUITY EXIT

Bain Cap, Advent, GIC Invest

\$350m in Quest Global

Deal values the Singapore-based engineering co at \$1 b

Our Bureau

Mumbai: Bain Capital, GIC and Advent International have together invested \$350 million (about ₹2,400 crore) in Quest Global Services, valuing the Singapore-based engineering services firm at \$1 billion.

These firms have completed the purchase of the stake held by US private equity fund Warburg Pincus and certain other shareholders of the company, Quest said in a news release. Bain and GIC signed the deal with Warburg

Pincus in December and were awaiting regulatory clearances, sources said. ET reported in its February 1 edition that Advent had agreed to acquire the stake of some minority shareholders.

Founded in 1997 by Ajit Prabhu and Aravind Melligeri, Quest provides engineering outsourcing services to companies in sectors including aviation, automobiles, oil and gas, power, and healthcare. It counts Rolls-Royce, General Electric, Pratt & Whitney and Airbus among its clients.

With revenue of \$385 million in 2015, Quest is projected to post a consolidated operating profit of around \$84 million this fiscal year. It has grown through acquisitions, including buyouts of Kerala-based NeST Software and Germany's EDF in the past year.

The transaction marks the se-

Quest For More

- **Bain, GIC acquire Warburg Pincus' stake.** Advent buys out some minority investors
- **Founded in 1997,** Quest is an engineering outsourcer
- **Has seen two rounds of PE exits**
- **Has 31 centres globally,** delivery centres in the US, the UK, Singapore, Germany, Italy, Spain, France, Japan and India



cond private equity exit in Quest after Carlyle Group, which invested \$6 million as growth capital in the company in 2003, was bought out by the management in 2007.

Warburg Pincus, which invested \$75 million in Quest in 2010, is exiting with a near fourfold return on constant currency terms – that is, after eliminating the effects of exchange rate fluctua-

tions. Credit Suisse was the financial adviser to Quest in the transaction. Jefferies advised Advent, sources said.

Bulge bracket private equity funds from the US, Europe and Asia had shown interest in buying the stake held by Warburg Pincus. The Carlyle Group, Apax Partners, Baring Asia and a private equity fund managed by

Goldman Sachs participated in the previous rounds of bidding.

Quest's service portfolio includes mechanical, embedded and engineering software offerings across high-tech industries such as aerospace, transportation, energy and medical devices. It operates out of 31 centres globally with delivery centres in the US, the UK, Singapore, Germany, Italy, Spain, France, Japan and India, and employs 7,300 people.

"We started Quest with the vision of becoming the most recognized and trusted global engineering partner for our customers," said cofounder and CEO Ajit Prabhu. "This investment by three of the most respected global investors reflects the progress we are making. It also crystallizes the value we have created for our shareholders and employees who

have placed their belief in us and partnered with us in this journey."

Bain Capital has been one of the active investors in Indian private equity space, putting in nearly \$1.6 billion.

GIC, the Singapore sovereign fund, has been investing in both real estate and companies in India. In 2009, Bain and GIC together invested in Hero MotoCorp, allowing the Munjal family to buyback Honda Motor's stake in India's top motorcycle maker.

Boston-based Advent is another active investor with nearly \$1 billion exposure in India.

Its investments include the \$316 million acquisition of Crompton Greaves' consumer electrical division. It recently sold its majority stake in Care Hospitals to Abraaj Group.

QuEST gets global investors

Engineering outsourcing firm QuEST Global Services has said that global investors Bain Capital, GIC and Advent International have together picked up a minority stake in the company for about \$350 million (about Rs 2,398 crore). These firms have completed the purchase of the stake held by an affiliate of global private equity firm Warburg Pincus and others.

Global investors pick minority stake in QuEST for \$350 m

OUR BUREAU

Bengaluru, February 18

Leading global investors Bain Capital, GIC and Advent International have invested a total of around \$350 million to purchase minority stake in QuEST, a global engineering solutions provider.

These firms have completed the purchase of the stake held by an affiliate of Warburg Pincus, a global private equity firm which invested in 2010, and certain other shareholders of the

company, a press statement from QuEST said on Thursday.

"This investment by three of the most respected global investors reflects the progress we are making," said Ajit Prabhu, Co-founder, Chairman and CEO of QuEST.

QuEST's service portfolio includes mechanical, embedded and engineering software offerings across high tech industries such as aerospace, transportation, energy and medical devices.

Bengaluru-based Quest gets \$350-million funding

TIMES NEWS NETWORK

Bengaluru: American private equity giant Bain Capital, Singapore's GIC and Advent International have invested \$350 million to buy minority stakes in Bengaluru-based engineering services company Quest Global. The trio have completely bought out the shares held by global private equity firm Warburg Pincus that had invested \$75 million in Quest for a 26% stake in 2010. Other sellers included some angel and minority investors. There was no fresh issue of shares, and therefore no infusion of funds into the company.

TOI had reported the imminent deal on December 24, the first publication to do so.



"The three partners will play a strategic role in helping us accomplish our vision of becoming a \$1 billion company by 2020. They have billions of dollars invested in many companies around the world, so they have plenty of contacts among our potential customers and they have strategy insights," said **Rajendra Kumar Shreemal**, CFO of Quest.

Quest, which counts Rolls-Royce, GE, Pratt & Whitney and Airbus among its clients, expects to close 2015-16 with \$385 million in revenue, up from \$300 million last year. Shreemal said that since 2000, the company has

grown at a CAGR (compound annual growth rate) of 30%. He said it is profitable, with an operating profit margin of 20%. Shreemal said the latest fund infusion values the company at over \$1 billion.

Pawan Singh, managing director of Bain Capital Private Equity, said Quest has demonstrated the ability to scale accounts in a fragmented industry by becoming the core engineering partner to most of the top global firms in its target industries.

Quest was founded by Ajit Prabhu and Aravind Melligere in 1997, and has since consolidated its position in one of the fastest growing areas in the IT services space. The company employs 7,300 people, across 31 centres globally.

PRESS RELEASE - Leading global investors become minority stake holders in QuEST Global

DATE	PUBLICATION	WEB LINK
18-Feb	PR News Wire	Leading Global Investors Become Minority Stake Holders in QuEST Global
18-Feb	ET Tech	Bain Capital, GIC, Advent pump in \$350 million for minority stake in QuEST
18-Feb	Advent International	Leading global investors become minority stake holders in QuEST Global
18-Feb	Broadway World	Leading Global Investors Become Minority Stake Holders in QuEST Global
18-Feb	The Hindu Business Line	Global investors pick minority stake in QuEST for \$350 m
18-Feb	PR News Wire - UK	Leading Global Investors Become Minority Stake Holders in QuEST Global
18-Feb	Virtual Strategy	Leading Global Investors Become Minority Stake Holders in QuEST Global
18-Feb	India Today	Global investors pick minority stake in QuEST for USD 350 mln
18-Feb	SYS-CON	Leading Global Investors Become Minority Stake Holders in QuEST Global
18-Feb	Reuters	Bain Capital, GIC, Advent pump in \$350 mln for minority stake in Quest Global
18-Feb	News Liner.in	Leading Global Investors Become Minority Stake Holders in QuEST Global
18-Feb	Private Equity and Venture Capital	Bain, GIC and Advent Buy Stakes in QuEST Global From Warburg
18-Feb	CA Pariwar	Bain Capital, GIC, Advent invest \$350 mn in QuEST Global
18-Feb	Scoop Nest	Bain Capital, GIC, Advent invest \$350 mn in QuEST Global
18-Feb	Wn.com	Leading global investors become minority stake holders in QuEST Global
18-Feb	PE Hub Network	Bain, Advent, GIC, buy stakes in QuEST from Warburg Pincus
18-Feb	Three Novices	Bain Capital, GIC, Advent invest \$350 mn in QuEST Global
18-Feb	News Locker	Leading Global Investors Become Minority Stake Holders in QuEST Global
18-Feb	My Informs	Bain, GIC, Advent buy \$350m stake in Quest
18-Feb	Sunshine Pune	Bain Capital, GIC, Advent Intl invest US \$350 m for stake in QuEST Global
19-Feb	Business Standard	Investors pick up \$350-mn stake in QuEST Global
19-Feb	The Economic Times	Bain Capital, GIC, Advent pump in \$350 million for minority stake in QuEST
19-Feb	The Telegraph	Leading Global Investors Become Minority Stake Holders in QuEST Global
19-Feb	Finance Everyday	Investors Pick Up \$350-Mn Stake In QuEST Global
19-Feb	Free Press Journal	Global investors pick minority stake in QuEST for \$350 mln
19-Feb	News Grey	Investors pick up \$350-mn stake in QuEST Global
19-Feb	W3 Live News	Investors pick up \$350-mn stake in QuEST Global Business Standard News
19-Feb	News IES Online	Bain Capital, GIC, Advent invest \$350 mn in QuEST Global
19-Feb	Press Reader	Bain, GIC & Advent Invest \$ 350 m in Quest Global

19-Feb	PR Play	Investors pick up \$350-mn stake in QuEST Global
19-Feb	Frienddy	Investors pick up \$350-mn stake in QuEST Global
19-Feb	The Times of India	Bain, GIC, Advent buy \$350m stake in Quest
19-Feb	Finance Everyday	Bain, GIC, Advent Buy \$350m Stake In Quest
19-Feb	Yahoo! Finance	Leading Global Investors Become Minority Stake Holders in QuEST Global
19-Feb	Business News World	Bain, GIC, Advent buy \$350m stake in Quest
19-Feb	Brunch News	Bain, GIC, Advent buy \$350m stake in Quest
19-Feb	Inside.ae	Bain GIC Advent buy 350m stake in Quest