July 30, 2026

Quess Corp Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – Fund-based limits	1,067.50	930.0	[ICRA]AA (Stable); reaffirmed	RBI
Short-term – Non-fund based limits	159.00	82.0	[ICRA]A1+; reaffirmed	RBI
Short-term – Interchangeable limits	(222.00)	(222.00)	[ICRA]A1+; reaffirmed	RBI
Long-term/ Short-term – Unallocated	-	110.00	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed	RBI
Commercial paper (CP)	400.00	100.00	[ICRA]A1+; reaffirmed	RBI
Total	**1,626.50**	**1,222.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings reaffirmation considers Quess Corp Limited's (QCL/Quess/the company) strong market position as the largest manpower outsourcing company in the country, its reputed and diversified client base of large companies across end-user industries and the extensive experience of its promoters in the industry. QCL's healthy financial profile, characterised by robust debt metrics and cash flows, further underpins the ratings. ICRA also notes that the company enjoys financial flexibility owing to its strong promoter profile, wherein one of the promoters Fairfax Financial Holdings (Fairfax; rated Baa2 (Stable) by Moody's) holds around 34.05% stake in QCL.

QCL reported a modest revenue growth of 2.3% in FY2026, reflecting the impact of regulatory changes and macroeconomic factors on demand across end-user industries during this period. Key factors which impacted the demand for the domestic staffing segment during FY2026 included changes in Goods and Services Tax (GST) rates, which resulted in a temporary slowdown in demand during Q2 FY2026, phased implementation of the new Labour Code which created uncertainty across the industry and prompted clients to adopt a cautious approach towards hiring and workforce expansion, particularly in Q3 FY2026. While the West Asia conflict impacted domestic demand sentiments to a certain extent in Q4 FY2026, the run-up to elections in some states also caused temporary disruptions in workforce availability and affected deployment levels and constrained revenue growth during Q4 FY2026. Despite the modest revenue growth, ICRA notes that QCL's operating margins improved to 2.0% in FY2026 from 1.8% in FY2025 primarily on the back of robust performance of the professional staffing segment, supported by a strategic focus on partnering with global capability centres (GCCs) and targeting high-margin niche technology roles in addition to ramp up in the overseas staffing segment despite the West Asia conflict. In FY2026, the professional staffing and overseas staffing segments together contributed to around 50% of the company's operating profit margin even as the revenue contribution was only 13-15%. ICRA also notes that the company's PAT improved significantly in FY2026, supported by improvement in OPBDITA and absence of any significant one-time costs. Going forward, ICRA expects QCL's revenues to witness healthy growth in FY2027 while its operating margins are anticipated to expand aided by the improvement in its core-to-associate ratio in addition to the increasing contribution of the professional staffing and overseas staffing segment. That said, impact of macroeconomic events, if any, on the company's revenues and margins will remain a key monitorables.

The ratings remain constrained by the relatively thin operating margins in the general staffing segment and intense competition in the staffing industry. The industry is highly fragmented, which limits pricing flexibility for the players. The general industry also has elevated employee attrition rates owing to the nature of the job. The risk is partially offset by QCL's extensive pan-India recruitment network and spend towards training and development to retain talent.

Even though the company continues to have a healthy proportion of 'collect-and-pay' arrangements under its general staffing business (76% in FY2025 and FY2026), all other segments generally entail a credit period. This, along with sizeable GST and statutory payments, results in material utilisation of its working capital limits during some parts of the month. However, supported by strong cash flow from operations, the company did not have any bank borrowings as on March 31, 2026. Its debt-free status and improvement in OPBDITA, the company's total debt/OPBDITA (including lease liabilities) was strong at 0.4 times as on March 31, 2026. The company also had healthy cash/bank balances and investments of ~Rs. 270.6 crore as on March 31, 2026. QCL has been active in the inorganic space in the past, targeting growth and diversification through acquisitions. Any significant debt-funded acquisition, thereby impacting the company's credit metrics, remains an event risk and would be evaluated on a case-by-case basis.

ICRA notes that the company had received notices from the Income Tax Department, disallowing QCL's deduction under Section 80JJAA, which incentivises new employment generation, and depreciation on goodwill. The deductions were disallowed for the period between FY2017 and FY2023 (both years combined). The company has assessed the total contingent liability pertaining to the 80JJAA is at Rs. 387.9 crore as on March 31, 2026, toward demands including interest in the order for FY2017 to FY2023. ICRA also notes that the company has appealed against the disallowances at various forums, and any material development in this regard will be a key rating monitorable. Any large potential obligation arising from the same will be assessed when more information is available.

A Stable outlook on the long-term rating indicates ICRA's expectation that QCL will continue to benefit from the effective scale-up of its revenues and margins, leading to improvement in its cash flows.

Key rating drivers and their description

Credit strengths

Established brand equity and strong market position in the staffing segment – QCL is the largest player in the domestic general staffing industry supported by a strong brand equity and increasing formalisation of the industry, with an associate count of around 478,000 (a 4% year-on-year growth) as on March 31, 2026. Through various acquisitions, the Group has built a significant presence in the general staffing, professional staffing and overseas staffing segments over the years. Going forward, steady growth in the employee base and increased focus on margin-accretive professional staffing and overseas staffing services are expected to support QCL's revenue growth and margin expansion.

Diversified and established client base across industries –The company has a diversified client base across multiple industries, including consumer, retail, telecom, Banking, Financial, Services and Insurance (BFSI), manufacturing, construction, industrial, GCC, information technology-enabled services (ITeS), retail, e-commerce etc., which mitigates sector-specific concentration risks and supports revenue stability. Customer concentration moderated during FY2026, with the contribution from the top 10 customers reducing to 43% from 46% in FY2025, driven by the expansion of its customer base. Further, QCL has an international presence across eight countries in Southeast Asia, Western Asia, and North America, and has expanded its footprint in markets such as Vietnam, the Philippines, Dubai, and Japan through (GCC) corridors, while continuing to explore additional opportunities to strengthen its overseas presence. The company also benefits from a wide domestic network of over 30 offices across India. ICRA expects QCL to continue benefiting from its diversified business mix, broad customer base, and geographical presence, supporting its overall business resilience.

Healthy financial profile – The company reported a revenue growth of 2.3% in FY2026, with the general staffing, professional staffing, and overseas staffing segments registering growth of 1.4%, 12.7%, and 4.8%, respectively. Revenue growth remained subdued due to a combination of regulatory changes and macroeconomic factors that impacted demand across industries. Key factors included GST rate changes, which resulted in a temporary slowdown in demand during Q2 FY2026, and the phased implementation of the new Labour Code, which created uncertainty across the industry and prompted clients to adopt a cautious approach towards hiring and workforce expansion, particularly in Q3 FY2026. Further, elections in some states over the year resulted in temporary disruptions in workforce availability affecting deployment levels and constraining revenue growth during Q4 FY2026. The company's operating profit margin (OPM) improved to 2.0% in FY2026 from 1.8% in FY2025 supported by strong performance of the professional staffing segment following the company's strategic focus on GCC clients and higher-margin niche technology roles, along with growth in the overseas staffing business. Notably, the professional and overseas staffing segments together contributed to more than 40% of the company's overall margins. Going forward, margins are expected to improve further, supported by the increasing contribution from the professional and overseas staffing segments. QCL had no bank borrowings outstanding as on March 31, 2026. This, coupled with an improvement in OPBDITA, led to a total debt/OPBDITA (including lease liabilities) of 0.4 times as on March 31, 2026. QCL had healthy cash and investments of Rs. 270.6 crore as on March 31, 2026, and an average buffer of ~Rs. 544.2 crore in its working capital limits for the 12-month period ending in May 2026. Going forward, the trend in margins and debt metrics will be a key rating monitorable for the company.

Credit challenges

Inherently thin operating margins in general staffing business – QCL's operating margins are inherently thin due to the large share of revenues from the general staffing segment (around 86% in FY2026). Further, intense competition and limited pricing flexibility in this segment have historically restricted the company's margin expansion. While the margins are expected to expand through improvement in QCL's core-to-associate ratio in addition to increasing contribution of the professional staffing and overseas staffing segment going forward, the operating margin trajectory of the entity remains one of the key monitorables.

QCL's margins remain vulnerable to weak demand conditions of end-user industries – Following the demerger, QCL's business profile is entirely centred on the staffing segment, making its growth and profitability inherently linked to demand conditions across end-user industries. Accordingly, any slowdown in key user industries could adversely impact the company's operating performance. In FY2026, several macroeconomic factors affected hiring activity across certain sectors and had an impact on its revenue growth momentum. Further, the overseas staffing segment faced challenges in Singapore due to visa-related restrictions and government initiatives aimed at increasing employment opportunities for local citizens. In light of the same, any slowdown in demand across end-user industries could exert pressure on the company's growth and profitability.

Intense competition along with high attrition rates continue to impact margins – The staffing industry is a fragmented market and includes both organised and considerable number of unorganised players, which offer services at relatively lower prices. Consequently, competition continues to limit QCL's pricing power and scope for margin expansion in the general staffing segment. However, with increasing focus on compliance and the expected streamlining of labour codes, the organised sector is likely to improve its market share, going forward. This should further support the growth of QCL, which is the largest organised player in the staffing industry. QCL witnesses high employee attrition owing to low skill/entry level and the temporary nature of the jobs, as is inherent in the business.

Environmental and social risks

Environmental considerations: The exposure to environmental risks is low for the company as it is in the manpower outsourcing industry. It is reducing its resource consumption through ensuring better energy efficiency standards and recycling waste.

Social considerations: Exposure to social risks is moderate for the manpower outsourcing industry in which the company operates. These include changes in the regulatory environment and employee management, which are important for players like QCL. However, the organised sector's focus on compliance and streamlining of labour codes would support the company's operations. Any political/ economic situation could also impact the industry.

Liquidity position: Adequate

The company's liquidity profile remains adequate, supported by healthy cash/bank balances and investments of ~Rs. 270.6 crore as on March 31, 2026. Further, it maintained a comfortable average buffer of around Rs. 544.2 crore in its working capital limits during the 12-month period ending in May 2026, with an available buffer of around Rs. 355 crore as on May 31, 2026. The company's average utilisation of its sanctioned working capital limits and drawing power stood at around 13.1% and 18%, respectively, during the same period. While peak utilisation was higher than the average levels, this was primarily on account of salary and GST payments being made at different points during the month. ICRA also notes that QCL received an income tax refund of Rs. 220 crore in April 2026 and that income tax refunds aggregating to around Rs. 100 crore are pending to be received as on June 30, 2026. Going forward, while the company's cash flows are expected to remain healthy, the quantum of dividend payout or any cash outflow towards inorganic growth (if any) and impact of the same on the company's liquidity position will remain a key monitorable.

Rating sensitivities

Positive factors – The long-term rating could be upgraded if there is a notable expansion in earnings as the company pursues more value-additive business segments, while maintaining its leading position as a manpower services provider and its comfortable liquidity position.

Negative factors – Pressure on the ratings could arise if there is a significant decline in the associate headcount, leading to a material contraction in revenues and margins or any debt-funded acquisition that could result in a material increase in debt levels on a sustained basis. Specific credit metrics that could lead to ratings downgrade include total debt/OPBDITA above 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Quess.

About the company

QCL was incorporated in October 2007 in Bengaluru and is promoted by Mr. Ajit Isaac. The company received an initial round of private equity funding in February 2008, with India Equity Partners (IEP) acquiring a stake in QCL for an investment of Rs. 21.3 crore. In May 2013, Thomas Cook (India) Limited (TCIL), India's largest integrated travel company, acquired a 74.85% stake in QCL for a consideration of Rs. 256 crore. IEP also exited QCL by selling its shares to TCIL as a part of this deal. In FY2020, QCL was demerged from TCIL, resulting in Fairfax currently holding a 34.05% stake in QCL

At present, it operates under four major segments — general staffing, professional staffing, overseas staffing and digital platforms. In March 2025, the company underwent a three-way demerger, wherein it retained its workforce management (WFM) segment, while transferring its global technology solutions (GTS) business to Digitide Solutions Limited and its operating asset management (OAM) and product-led business (PLB) to Bluspring Enterprises Limited.

Key financial indicators (audited)

Quess Corp Limited (consolidated, demerged)	FY2025	FY2026
Operating income (OI)	14,967.2	15,305.2
PAT	45.9	222.2
OPBDIT/OI	1.8%	2.0%
PAT/OI	0.3%	1.5%
Total outside liabilities/Tangible net worth (times)	1.5	1.5
Total debt/OPBDIT (times)	0.4	0.4
Interest coverage (times)	6.7	6.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; All figures presented are post-demerger, effective March 2025. Any financial data prior to the demerger has not been included, as a like-to-like comparison is not feasible.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Jul 30, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Cash credit – Fund-based	Long term	930.00	**[ICRA]AA (Stable)**	Jul 29, 2025	[ICRA]AA (Stable)	Feb 28, 2025	[ICRA]AA; Rating Watch with Developing Implications	Aug 28, 2023	[ICRA]AA (Stable)
								Feb 27, 2024	[ICRA]AA; Rating Watch with Developing Implications
Interchangeable	Short term	(222.00)	**[ICRA]A1+**	Jul 29, 2025	[ICRA]A1+	Feb 28, 2025	[ICRA]A1+; Rating Watch with Developing Implications	Mar 22, 2024	[ICRA]A1+
								Feb 27, 2024	[ICRA]A1+; Rating Watch with Developing Implications
Others– Non-fund based	Short term	82.00	**[ICRA]A1+**	Jul 29, 2025	[ICRA]A1+	Feb 28, 2025	[ICRA]A1+; Rating Watch with Developing Implications	Mar 22, 2024	[ICRA]A1+
								Feb 27, 2024	[ICRA]A1+; Rating Watch with Developing Implications
Unallocated	Long term/ Short term	110.00	**[ICRA]AA (Stable)/ [ICRA]A1+**						
Commercial paper	Short term	100.00	**[ICRA]A1+**	Jul 29, 2025	[ICRA]A1+	Feb 28, 2025	[ICRA]A1+; Rating Watch with Developing Implications	Mar 22, 2024	[ICRA]A1+
								Feb 27, 2024	[ICRA]A1+; Rating Watch with Developing Implications

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based limits	Simple
Short-term – Non-fund based limits	Simple
Short-term – Interchangeable limits	Simple
Long-term/ Short-term – Unallocated	Not Applicable
Commercial paper (CP)	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator[#]
NA	Long-term – Fund-based limits	NA	NA	NA	930.0	[ICRA]AA (Stable)	RBI
NA	Short-term – Non-fund based limits	NA	NA	NA	82.0	[ICRA]A1+	RBI
NA	Short-term – Interchangeable limits	NA	NA	NA	(222.00)	[ICRA]A1+	RBI
NA	Long-term/ Short-term – Unallocated	NA	NA	NA	110.00	[ICRA]AA (Stable)/ [ICRA]A1+	RBI
Not placed	Commercial paper (CP)	NA	NA	NA	100.00	[ICRA]A1+	RBI

Source: Company

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	QCL ownership	Consolidation approach
Excelus Learning Solutions Private Limited	100%	Full consolidation
Quess International Services Private Limited (formerly Golden Star Facilities and Solutions Private Limited)	100%	Full consolidation
Billion Careers Private Limited	100%	Full consolidation
Stellarslog Technovation Private Limited	100%	Full consolidation
Quess (Philippines) Corp.	100%	Full consolidation
Quess Corp Vietnam LLC	100%	Full consolidation
Quess Services Limited	-	Full consolidation
Quesscorp Holdings Pte Limited	100%	Full consolidation
Quess Corp Lanka (Private) Limited	100% by Quesscorp Holdings Pte Limited	Full consolidation
Quesscorp Singapore Pte Limited (formerly known as "Comtel Solutions Pte. Limited")	100% by Quesscorp Holdings Pte Limited	Full consolidation
Quessglobal (Malaysia) SDN.BHD.	100% by Quesscorp Holdings Pte Limited	Full consolidation
Quess Corp NA LLC	100%	Full consolidation
Quess Selection & Services Pte Limited (formerly known as "Comtelpro Pte. Ltd.")	100% by Quesscorp Holdings Pte Limited	Full consolidation
Quesscorp Management Consultancies	100% by Quesscorp Holdings Pte Limited	Full consolidation
Quesscorp Manpower Supply Services LLC	100% by Quesscorp Holdings Pte Limited	Full consolidation
Quess Malaysia Digital Sdn.Bhd(formerly known as "Comtelink Sdn.Bhd")	100%	Full consolidation
Quess Recruit Inc.	25% by Quess (Philippines) Corp.	Full consolidation

Company name	QCL ownership	Consolidation approach
Agency Pekerjaan Quess Recruit SDN. BHD.	49% by Quessglobal (Malaysia) SDN.BHD.	Full consolidation
Quess East Bengal FC Private Limited	100%	Full consolidation
Quesscorp Solutions Pte. Ltd.	100%	Full consolidation
Quesscorp Consulting Pte. Ltd	100%	Full consolidation

Source: Company, Q4 FY2025 Quarterly results

ANALYST CONTACTS

Jitin Makkar
+91 012 4454 5368
jitinm@icraindia.com

Kinjal Kirit Shah
+91 022 6114 3442
kinjal.shah@icraindia.com

Mythri Macherla
+91 022 6114 3426
mythri.macherla@icraindia.com

Aditya Seth
+91 02261143433
aditya.seth@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

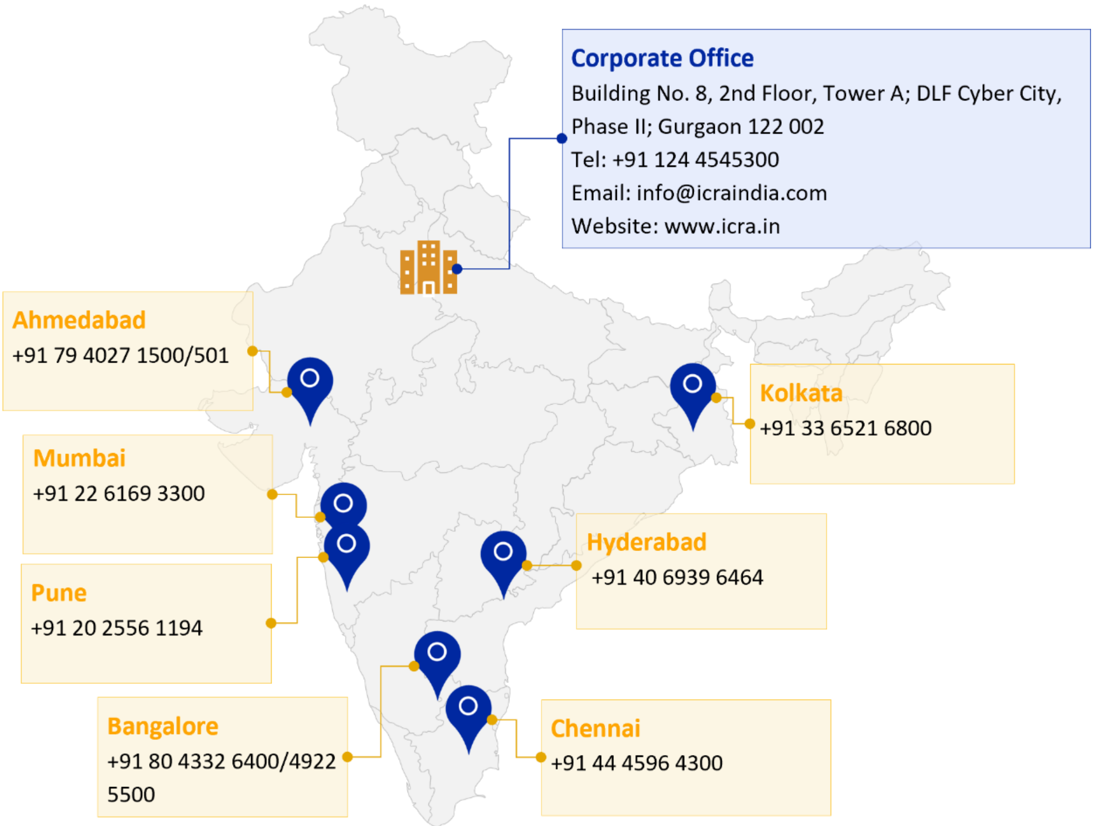
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.