July 29, 2025

Quess Corp Limited: Ratings reaffirmed; removed from Rating Watch with Developing Implications; stable outlook assigned

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based Limits	1,067.50	1,067.50	[ICRA]AA(Stable); Rating reaffirmed and removed from Rating Watch with Developing Implications; stable outlook assigned
Short-term – Non-fund Based Limits	159.00	159.00	[ICRA]A1+; Rating reaffirmed and removed from Rating Watch with Developing Implications
Short-term – Interchangeable Limits	(222.00)	(222.00)	[ICRA]A1+; Rating reaffirmed and removed from Rating Watch with Developing Implications
Commercial Paper (CP)	400.00	400.00	[ICRA]A1+; Rating reaffirmed and removed from Rating Watch with Developing Implications
Total	**1,626.50**	**1,626.50**	

**Instrument details are provided in Annexure I*

Rationale

The removal of the watch on the rating follows the completion of the three-way demerger of Quess Corp Limited (QCL/Quess/the company) in March 2025. On February 16, 2024, Quess Corp Limited (QCL) announced that its board of directors had approved a composite scheme of arrangement, providing for the demerger of QCL into three independent entities. The demerger ultimately resulted in three separate listed companies, i.e. Quess Corp Limited (the remaining company), Digitide Solutions Limited (Digitide) and Bluspring Enterprises Limited (Bluspring). Following the demerger, QCL has retained the workforce management business, while Global Technology Solutions was transferred to Digitide, and Operating Asset Management and Product Led Business was transferred to Bluspring. ICRA has reaffirmed the ratings based on its expectation that QCL's credit profile will remain strong, in line with the demerged entity's FY2025 performance.

The ratings also consider QCL's strong market position as the largest manpower outsourcing companies in the country, its established client base of large companies across industries, and the extensive experience of its promoters in the industry. QCL's strong financial profile, characterised by strong debt metrics and robust 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 an approximately 34.5% stake in QCL.

The company witnessed a healthy revenue growth of 9.3% in FY2025, supported by the addition of headcount in the general staffing segment and growth in Global Capability Centre (GCC) services under its professional staffing segments. However, the overseas staffing segment experienced a revenue decline in FY2025 due to headwinds in Singapore arising from changes in visa regulations. While the NBFC sectors witnessed some slowdown, sectors such as logistics, manufacturing, telecom and retail supported the company's overall growth. Going forward, ICRA expects QCL's revenues to witness healthy growth in FY2026, supported by continued expansion in both the general and professional staffing segments. Operating profit margins (OPM) remained range-bound at 1.7% in FY2024 and 1.8% in FY2025. The marginal uptick in FY2025 was primarily driven by enhanced performance in the professional staffing segment, supported by a strategic focus on partnering with GCCs and targeting high-margin niche technology roles. The net margin for the company declined to 0.5% in FY2025 compared to 2.0%

in FY2024, due to exceptional items of around Rs. 164 crore related to accelerated expected credit loss (ECL) provision, goodwill impairment, and demerger-related expenses. Excluding the above, PAT grew by 54%. ICRA understands that these are one-time in nature and are not expected to recur. Going forward, while operating margins are expected to improve, supported by a higher focus on the professional staffing segment and technology initiatives aimed at improving operational efficiencies, margins will remain exposed to intense competition.

Even though the company continues to have a healthy proportion of 'collect-and-pay' arrangements under its general staffing business (76% in FY2025), 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 on a regular basis. Reduction in gross debt and improvement in OPBDITA led to a strong total debt/OPBDITA (including lease liabilities) of 0.4 times as on March 31, 2025. The company also had free cash and liquid investments of approximately Rs. 249.12 crore as on March 31, 2025. While the commercial paper programme rated by ICRA is not carved out of the company's drawing power, ICRA understands that the company will maintain a considerable buffer in its drawing power going forward. Although QCL has been active in the inorganic space in the past, targeting growth and diversification through acquisitions, ICRA understands that there are no plans of acquisitions in the near term.

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 FY2019 and FY2024 (both years combined). QCL 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.

The Stable outlook on QCL's rating reflects ICRA's expectation that the company will likely sustain its operating metrics, supported by its strong market position across the staffing business, healthy credit metrics, and strong promoter profile.

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, with an associate count of around 459,000 (a 2% year-on-year decline) as on March 31, 2025. While Quess witnessed a marginal decline in overall headcount in FY2025, largely due to headwinds due to a ramp-down by an NBFC client in the general staffing segment. It is also one of the largest IT staffing players in India and Singapore. Going forward, ICRA expects QCL's revenues to witness healthy growth in FY2026, supported by continued expansion in both the general and professional staffing segments.

Diversified and established client base across industries – Following the demerger, QCL is now primarily focused on staffing services and operates under various segments such as general staffing, professional staffing, and overseas staffing. In addition to its core staffing operations, the company also operates digital platforms through its subsidiaries, Billion Careers Private Limited (BCPL) and Stellarslog Technovation Private Limited (Taskmo). The company derived around 87% of its revenues from the general staffing segment in FY2025, followed by 6% from professional staffing, 8% from overseas staffing, while the digital platform business remains in the incubation stage. QCL has a diversified client base across multiple sectors such as Consumer, Retail, Telecom, Banking, Financial Services & Insurance (BFSI), manufacturing, industrial, IT, etc., which helps mitigate sector-specific risks and supports stable revenue generation. Customer concentration reduced in FY2025, with the contribution from the top 10 customers reducing to 46% against 52% in FY2024 due to expansion in its customer base. The company has international operations in nine countries across Southeast Asia, North America, and the Western Asia. It expanded its footprint in Vietnam, the Philippines, and Dubai in FY2025 and may explore certain markets to strengthen its international presence. Further, QCL has over 30 offices, providing wide regional diversification within India. The company is expected to continue benefitting from its diversified business and geographical presence.

Healthy financial profile – The company witnessed a healthy revenue growth of 9.3% in FY2025. While the general and professional staffing segments grew by around 11% each in FY2025, the overseas staffing segment saw a decline due to headwinds in Singapore arising from visa regulation changes. While NBFC sector witnessed some slowdown, sectors like logistics, manufacturing, telecom and retail supported the company's growth. OPM remained range-bound at 1.7% in FY2024 and 1.8% in FY2025. The uptick in FY2025 was primarily driven by enhanced performance in the professional staffing segment, supported by a strategic focus on partnering with GCCs and targeting high-margin niche technology roles. The net margin declined to 0.5% in FY2025 compared to 2.0% in FY2024 due to the company's increased exceptional items of around Rs. 164 crore (related to ECL provision, goodwill impairment, and demerger expenses). The company also made a strategic decision to exit certain non core and underperforming segments due to slow recovery cycles and a lack of clarity regarding closure and receivables, and recognised an ECL provision of approximately Rs. 119 crore pertaining to the same. ICRA understands that these extraordinary expenses are one-time in nature and are not expected to recur. While margins are expected to improve supported by higher focus on the professional staffing segment and technology initiatives to improve operational efficiencies, the same will remain exposed to intense competition.

QCL significantly reduced its debt in FY2025 and currently has no term loans outstanding. This, coupled with an improvement in OPBDITA, led to a total debt/OPBDITA (including lease liabilities) of 0.4 times as on March 31, 2025. The company had free cash and liquid investments of Rs. 249.12 crore as on March 31, 2025 and an average buffer of ~Rs. 717.1 crore in its working capital limits (excluding CP limits) for the 12-month period ending in May 2025. 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 (87% in FY2025). Further, intense competition and limited pricing flexibility in this segment have historically restricted QCL's margin expansion. Operating margins were impacted by a slowdown due to regulatory pressures in staffing of NBFC sector and FY2025. While the margins are expected to improve through technological innovation, improving contribution of GCCs and strategic exit from training and skill development projects, the margin trajectory in FY2026 remains one of the key monitorables.

QCL's margins remain vulnerable to weak demand conditions of end-user industries – The company's operating margins remained range-bound at 1.8% in FY2025 and 1.7% in FY2024. The marginal improvement in FY2025 was driven by enhanced performance in the professional staffing segment, supported by a strategic focus on partnering with GCCs and targeting high-margin niche technology roles. Following the demerger, QCL is now fully focused on the staffing business. Consequently, its growth and margin performance will be tied to demand trends in end-user industries. Any slowdown or vulnerability in these sectors could directly impact the company's overall performance. In FY2025, QCL faced headwinds in the NBFC sector due to regulatory changes. It continues to face challenges in the overseas staffing segment in Singapore due to visa-related restrictions. Any additional slowdown in end-user industries could negatively affect growth and profitability. Given the stated intent of the management to avoid sizeable acquisitions in the near term, QCL's ability to improve RoCE and margins remains a key monitorable.

Intense competition along with high attrition rates continue to impact margins – The general staffing industry in India is characterised by the presence of large domestic and international players, while the specialised staffing industry is highly fragmented, comprising numerous unorganised players on account of low entry barriers. Consequently, competitive pressures continue to limit pricing power and margin expansion for the company.

Environmental and social risks

Environmental considerations: The exposure to environmental risks is low for the company being 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 where QCL 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 on the back of free cash and liquid investments of Rs. 249.12 crore as on March 31, 2025 and an average buffer of ~Rs. 717.1 crore in its working capital limits (excluding CP limits) for the 12-month period ending in May 2025. The company utilised around 10.9% and 7.3% of its sanctioned working capital limits and drawing power, respectively, on an average for the 12-month period ending in May 2025. However, peak utilisation of working capital limits remained higher than the aforementioned numbers as the salaries and GST payments are made on various dates of the month. On a consolidated basis, the company has no repayment obligations in FY2026 and FY2027. While the commercial paper programme rated by ICRA is not carved out of the company's drawing power, ICRA understands that the company will maintain considerable buffer in its drawing power going forward.

Rating sensitivities

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

Negative factors – Pressure on the ratings could arise if there is a significant decline in the associate headcount, leading to a 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 had 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 34.5% stake in QCL (as of June 2023).

At present, QCL 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. Before the aforementioned demerger, QCL also offered services such as skill development, payroll, compliance management, integrated facility management, and industrial asset management.

Key financial indicators (audited)

Quess Corp Limited (consolidated, demerged)	FY2025
Operating income	14,967.2
PAT	45.9
OPBDIT/OI	1.8%
PAT/OI	0.3%
Total outside liabilities/Tangible net worth (times)	1.5
Total debt/OPBDIT (times)	0.4
Interest coverage (times)	6.8

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

	FY2026			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount Rated (Rs. crore)**	**July 29, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long Term-Cash Credit-Fund Based	Long Term	1,067.50	[ICRA]AA (Stable)	Feb 28, 2025	[ICRA]AA Rating Watch with Developing Implications	Aug 28, 2023	[ICRA]AA (Stable)	Aug 30, 2022	[ICRA]AA (Stable)
				-	-	Feb 27, 2024	[ICRA]AA Rating Watch with Developing Implications	Dec 22, 2022	[ICRA]AA (Stable)
Short Term-Others-Interchangeable	Short Term	(222.00)	[ICRA]A1+	Feb 28, 2025	[ICRA]A1+ Rating Watch with Developing Implications	Aug 28, 2023	[ICRA]A1+	Aug 30, 2022	[ICRA]A1+
				-	-	Feb 27, 2024	[ICRA]A1+ Rating Watch with Developing Implications	Dec 22, 2022	[ICRA]A1+
Short Term-Others-Non Fund Based	Short Term	159.00	[ICRA]A1+	Feb 28, 2025	[ICRA]A1+ Rating Watch with Developing Implications	Aug 28, 2023	[ICRA]A1+	Aug 30, 2022	[ICRA]A1+

				-	-	Feb 27, 2024	[ICRA]A1+ Rating Watch with Developing Implications	Dec 22, 2022	[ICRA]A1+
Commercial Paper	Short Term	400.00	[ICRA]A1+	Feb 28, 2025	[ICRA]A1+ Rating Watch with Developing Implications	Aug 28, 2023	[ICRA]A1+	Aug 30, 2022	[ICRA]A1+
				-	-	Feb 27, 2024	[ICRA]A1+ Rating Watch with Developing Implications	Dec 22, 2022	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund Based – Working capital	Simple
Short-term Non-fund Based – Working capital	Very simple
Short-term interchangeable limits – Working capital	Simple
Commercial Paper	Very 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
NA	**Fund based**	NA	NA	NA	1,067.50	[ICRA]AA(Stable)
NA	**Non-fund based**	NA	NA	NA	159.00	[ICRA]A1+
NA	**Interchangeable**	NA	NA	NA	(222.00)	[ICRA]A1+
Not placed	**Commercial paper**	NA	NA	NA	400.00	[ICRA]A1+

Source: Company

[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
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

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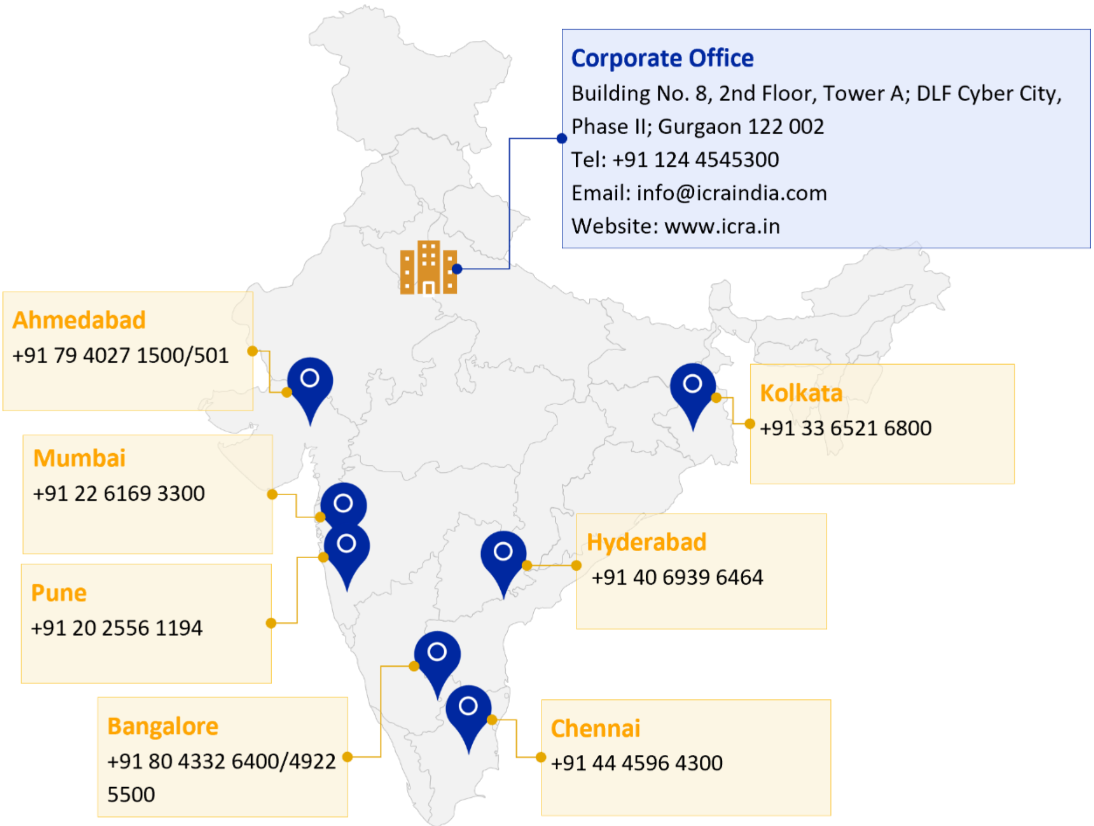

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