

Quesscorp Holdings Pte. Ltd.

March 01, 2019

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	111.00	111.00	Upgraded to [ICRA]AA (SO) from [ICRA]AA- (SO); outlook changed to Stable from Positive
Total	111.00	111.00	

*Instrument details are provided in Annexure-1

Rationale

The rating is based on the strength of the corporate guarantee provided by Quess Corp Limited (QCL / the guarantor, rated [ICRA]AA (Stable)/ [ICRA]A1+) and an undertaking provided by the guarantor that it would ensure that the related debt obligations are serviced on or prior to the due date.

Please find below link to the last rating rationale of the guarantor.

[Rating rationale of guarantor](#)

Outlook: Stable

Quesscorp Holdings Pte. Ltd.'s (QCHPL) rating outlook will be driven by the rating outlook of the guarantor.

Key rating drivers

Credit strengths

- **Corporate guarantee and undertaking provided by QCL towards the rated bank facilities of the company:** The rating derives comfort from the irrevocable and unconditional corporate guarantee extended by QCL and undertaking provided by the guarantor that it would ensure that the related debt obligations are serviced on or prior to the due date.

Liquidity Position:

The liquidity of the company is expected to be driven by the liquidity profile of the guarantor.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	Parent/Group Company: Quess Corp Limited (rated [ICRA]AA (Stable) / [ICRA]A1+) The assigned rating is based on an unconditional, irrevocable corporate guarantee extended by Quess Corp Limited
Consolidation / Standalone	The rating is based on corporate guarantee and undertaking provided by the guarantor, that it would ensure that the related debt obligations are serviced on or prior to the due date

About the company:

Quesscorp Holdings Pte. Ltd. was incorporated in Singapore on June 16, 2015. The company is a wholly-owned subsidiary of Quess Corp Limited, which is its immediate and ultimate holding company. The company is primarily an investment holding company with subsidiaries in Sri Lanka, Singapore and Malaysia. The subsidiaries are into rendering of information technology and non-information technology business services including global technology. In February 2017, the company had acquired 64% stake in Comtel Solutions Pte. Ltd. (Comtel), one of the largest independent staffing companies in Singapore for a consideration of Rs. 128.5 crore. During FY2019, the company acquired the balance 36% stake in Comtel, for a consideration of Rs. 110.0 crore.

About the guarantor

Quess Corp Limited (QCL) is engaged in offering end-to-end business solutions like general staffing, professional staffing, technology staffing, IT products and solutions, skill development, payroll, compliance management, integrated facility management and industrial asset management services to corporate clients operating across sectors. By dealing with QCL, clients have the flexibility to maintain a large employee base all-round the year thereby allowing them to save on unwanted manpower costs during off-season and outsource their non-core activities. During February 2018, QCL acquired 100% stake in Monster Worldwide's India, Singapore, Hong Kong and Malaysia entities during FY2018. These entities have operations across India, Singapore, Malaysia, Philippines, Hong Kong, Vietnam, Thailand, Indonesia, UAE and Kingdom of Saudi Arabia and currently operates the same under the internet business segment. Subsequently, QCL currently operates under five major segments – People Services, Technology Solutions, Facility Management, Industrials and Internet Business.

QCL was incorporated in October 2007 in Bangalore and is promoted by Mr. Ajit Isaac. It received initial round of private equity funding during February 2008 wherein India Equity Partners (IEP) acquired a stake in QCL for an investment of Rs.21.3 crore. During 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 during February 2013. IEP had also exited QCL by selling its shares to TCIL as a part of this deal. As on date, TCIL has a stake of about 48.82% in QCL subsequent to various stake dilutions over the years.

During April 2018, the Board of Directors of QCL had approved the scheme of arrangement whereby the HR business of Thomas Cook India Limited (TCIL) (including shares in QCL held by TCIL) will be demerged to QCL through an NCLT process and the shareholders of TCIL will receive shares of QCL. This is subject to regulatory approvals. Pursuant to this scheme, TCIL shareholders will receive 1,886 shares of QCL (Rs.10 each) for every 10,000 equity shares (Rs.1 each) held in QCL. This arrangement will lead to overall public shareholding in QCL increasing from ~28% at present to ~45%. Further, existing the promoter of TCIL, Fairbridge Capital Mauritius Limited, would be classified as the promoter of QCL going forward.

QCL has acquired companies engaged in a variety of businesses over the last few years and currently operates various joint ventures and subsidiaries. On a consolidated basis, it currently has over ~2,92,000+ associated employees under payrolls providing services to ~1,900+ clients. QCL provides services to clients operating across domains such as Retail, Information technology (IT), IT enabled services (ITeS), Consumer Durables, Telecom, Pharmaceuticals, Entertainment, FMCG etc.

QCHPL' key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	0.0	2.2
PAT (Rs. crore)	-0.4	-4.7
OPBDIT/OI (%)	-	-25.0%
RoCE (%)	0.2%	0.0%
Total Debt/TNW (times)	1.9	0.6
Total Debt/OPBDIT (times)	-1,119.0	-182.4
Interest coverage (times)	-0.2	-0.1

Source: company, ICRA research; OPBDIT: Operating Profit before Depreciation, Interest and Taxes; PAT: Profit After Tax; RoCE: Return on Capital Employed; TNW: Tangible Net Worth

QCL's key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	4,314.9	6,167.3
PAT (Rs. crore)	121.8	309.4
OPBDIT/OI (%)	5.5%	5.7%
RoCE (%)	15.6%	12.1%
Total Debt/TNW (times)	0.6	0.4
Total Debt/OPBDIT (times)	3.3	2.8
Interest coverage (times)	5.0	4.7

Source: QCL, ICRA research; OPBDIT: Operating Profit before Depreciation, Interest and Taxes; PAT: Profit After Tax; RoCE: Return on Capital Employed; TNW: Tangible Net Worth

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)				Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount	Amount	Date & Rating March 2019	Date & Rating in	Date & Rating in	Date & Rating in
		Rated (Rs. crore)	Outstanding (Rs. crore) as on March 31, 2018		FY2019	FY2018	FY2017
Term Loan	Long Term	111.0	102.4	[ICRA]AA (SO) (Stable)	April 2018 [ICRA]AA- (SO) (Positive)	June 2017 [ICRA]AA- (SO) (Stable)	-

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	Feb 07, 2017	5.23%	Feb 2022	111.0	[ICRA]AA (SO) (Stable)

Source: company

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