

June 30, 2020

Quesscorp Holdings Pte. Ltd.: Rating reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	111.00	111.00	[ICRA]AA (CE)(Stable); reaffirmed and withdrawn
Total	111.00	111.00	

*Instrument details are provided in Annexure-1

Rationale

The rating assigned to Quess Corp Holdings Pte Limited (QCHPL) has been withdrawn at the request of the company, based on the no-objection certificate provided by its banker.

Link to the last press release published on ICRA website

<https://www.icra.in/Rationale/ShowRationaleReport?Id=78341>

Key rating drivers

Credit strengths

<https://www.icra.in/Rationale/ShowRationaleReport?Id=78341>

Credit challenges

<https://www.icra.in/Rationale/ShowRationaleReport?Id=78341>

Liquidity position of the guarantor - Strong

On an average, the company utilised ~78% of its sanctioned working capital limits at every month-end during the 12-month period ending on January 31, 2019. However, the company's peak utilisation of its working capital limits is expected to be ~85% of its sanctioned limits, given that the salaries are paid out during various dates of the month.

In terms of debt repayment, after the Rs. 75-crore repayment of NCD in FY2020, the company would have to repay another NCD of ~Rs. 75 crore in FY2022. In addition to this, it has minimal debt repayments in the range of Rs. 30–50 crore every fiscal for the next three fiscals. This is comfortable compared to its expected cash accruals. Further, ICRA notes that QCHPL's liquidity profile remains strong on the back of cash balances of Rs. 517 crore as on December 31, 2019.

Rating Sensitivity – Not applicable

About the company

Quesscorp Holdings Pte. Ltd. (QCHPL) 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. It is primarily an investment holding company with subsidiaries in Sri Lanka, Singapore and Malaysia. The subsidiaries provide information technology and non-information technology business services, including global technology. In February 2017, the company acquired a 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. In FY2019, it acquired the balance 36% stake in Comtel, for a consideration of Rs. 110.0 crore.

About the guarantor

Quess Corp Limited (QCL) offers 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. In February 2018, the company acquired a 100% stake in Monster Worldwide's India, Singapore, Hong Kong and Malaysia entities. 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. QCL currently operates under three major segments – Workforce Management, Global Technology Solutions and Operating Asset Management.

QCL was incorporated in October 2007 in Bangalore and is promoted by Mr. Ajit Isaac. The company received the initial round of private equity funding in February 2008, wherein India Equity Partners (IEP) acquired 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 in February 2013. IEP had also exited QCL by selling its shares to TCIL as a part of this deal. In FY2020, QCL was demerged from TCIL, leading to Fairfax currently holding ~32.29% in QCL.

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, the company currently has over ~3,85,000 associate employees under payrolls providing services to ~2,650 clients across 644 cities across the world. 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. QCL, head quartered in Bangalore, operates through 65 offices located in various parts of the world.

Key financial indicators (audited)

	FY2019	FY2020
Operating Income (Rs. crore)	7.4	1.3
PAT (Rs. crore)	16.8	44.4
OPBDIT/OI (%)	-43.1%	-378.9%
RoCE (%)	7.6%	13.4%
Total Outside Liabilities/Tangible Net Worth (times)	0.9	0.5
Total Debt/OPBDIT (times)	-22.3	-26.4
Interest Coverage (times)	-0.7	-1.3
DSCR	1.1	1.5

Guarantor QCL's key financial indicators (Audited)

Consolidated	FY2018	FY2019
Operating Income (Rs. crore)	6,167.3	8,527.0
PAT (Rs. crore)	309.8	256.5
OPBDITA/ OI (%)	5.9%	5.7%
RoCE (%)	12.2%	11.7%
Total Debt/ TNW (times)	0.4	0.3
Total Debt/ OPBDITA (times)	2.8	1.6
Interest coverage (times)	4.7	4.2

Source: the company, ICRA research; OPBDITA: 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 past three years

	Instrument	Current Rating (FY2021)			Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) as on March 31, 2020	Date & Rating	Date & Rating in FY2019		Date & Rating in FY2018	Date & Rating in FY2017
						22- Jun2020	04-March 2019	02-April 2018	23 June 2017
	Term Loan	Long Term	111.0	134.1	[ICRA]AA(CE)Stable; re-affirmed and withdrawn	[ICRA]AA (SO) (Stable)	[ICRA]AA-(SO) (Positive)	[ICRA]AA-(SO) (Stable)	-

Amount in Rs. crore

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	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	NA	NA	NA	111.00	[ICRA]AA(CE)(Stable); reaffirmed & withdrawn

Source: the company

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