QCL/SEC/2026-27/76

November 04, 2026

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Security Code – 539978

National Stock Exchange of India Limited
Exchange Plaza,
Bandra- Kurla Complex,
Bandra (East), Mumbai – 400 051
NSE Symbol – QUESS

Dear Sir/ Madam,

Sub: Transcript of Earnings Call – Q2 FY27

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Call held on November 02, 2026.

The above information is also available on the website of the Company at www.quesscorp.com

Kindly take the same on record and acknowledge.

Yours sincerely,

For Quess Corp Limited

KUNDAN KUMAR LAL
Digitally signed by KUNDAN KUMAR LAL
Date: 2026.11.04 18:46:12 +05'30'

Kundan K Lal
Company Secretary & Compliance Officer
Membership No.: F8393

Encl: as above

"Quess Corp Limited

Q2 FY27 Earnings Conference Call"

November 02, 2026

MANAGEMENT: **MR. LOHIT BHATIA – EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – QUESS CORP LIMITED**
MR. NEERAJ JAIN – CHIEF FINANCIAL OFFICER – QUESS CORP LIMITED
MR. NITIN DAVE – CHIEF EXECUTIVE OFFICER – QUESS STAFFING SOLUTIONS – QUESS CORP LIMITED
MR. KAPIL JOSHI – CHIEF EXECUTIVE OFFICER – QUESS IT STAFFING – QUESS CORP LIMITED
MR. KUSHAL MAHESHWARI – HEAD, INVESTOR RELATIONS – QUESS CORP LIMITED

MODERATOR: **MR. SIDDHARTH ZABAK – IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Quess Corp Q2 FY27 Earnings Conference Call hosted by IIFL Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Siddharth Zabak from IIFL Capital. Thank you, and over to you Mr. Zabak.

Siddharth Zabak: Thank you. Ladies and gentlemen, good morning, and thank you for joining us on the post Q2 and H1 FY27 Results Conference Call for Quess Corp Limited. It is my pleasure to introduce the senior management team at Quess Corp who are here with us today to discuss the results. We have Mr. Lohit Bhatia, Executive Director and Group CEO; Mr. Neeraj Jain, CFO; Mr. Kushal Maheshwari, Head of Investor Relations; Mr. Nitin Dave, CEO of Quess Staffing Solutions; and Mr. Kapil Joshi, CEO of Quess IT Staffing.

We will begin the call with opening remarks by the management team. And thereafter, we will open the call for the Q&A session. I would like to now hand over the call to Mr. Kushal Maheshwari to take the proceedings forward. Thank you, and over to you, Kushal.

Kushal Maheshwari: Thank you, Siddharth. Good morning, everyone, and thank you for joining us for our Q2 and H1 FY27 earnings call. The information, data and outlook shared by the management during the call are forward-looking and subject to prevailing business conditions and government policies. All forward-looking statements are subject to economic growth, or other risks faced by the company. Please refer to Slide number 2 of the investor presentation for the safe harbor clause.

With that safe harbor clause, I will now hand over the call to our ED and Group CEO, Mr. Lohit Bhatia, for his opening statements. Over to you, Lohit.

Lohit Bhatia: Thank you, Kushal. Good morning, everyone, and thank you for joining us for Quess Corp's Q2 FY27 earnings call. We are pleased to report a quarter of double-digit growth in revenue and profit. For Q2 FY27, the consolidated revenue was INR4,396 crores, up 15% year-on-year, 5% quarter-on-quarter. Adjusted EBITDA, which excludes the noncash ESOP expense was INR92 crores, up 20% year-on-year with a margin of 2.1%.

PAT stood at INR75 crores, up 44% year-on-year with an EPS of INR5. For the first half, the revenue was INR8,578 crores, up 15%. The adjusted EBITDA was INR178 crores, up 22% and PAT was INR157 crores, up 53%, with an EPS of INR10.4 for first half of the year.

Our return on equity has expanded to 25% on a trailing 12-month basis as on end of 30th September from 20% in FY26. Revenue in the first half includes a one-time increase of INR298 crores from the new Labour Code, of which INR120 crores was in Q2.

Our balance sheet continues to remain strong with a net cash position of INR471 crores after paying the final dividend for the FY26 in the month of August. Our cash collection in this quarter was the highest ever, crossing INR5,000 crores. The Board has approved an interim dividend of INR5 per share. Progress on our 3 priorities.

When we started FY27, we set out 3 priorities for ourselves. First, strengthen and grow our core businesses; Quess 1.0; second, invest in technology for the future; and third, build a solid base for Quess 2.0. In H1 FY27, we have made clear progress on all 3 tracks, and we will update you on each of them every half yearly. Priority one, strengthening and growing the core.

All 3 core segments grew revenue year-on-year. General Staffing up 15%, Professional Staffing up 13% and Overseas up 10%. We ended the quarter with around 504,000 associates, up 4% year-on-year with a net addition in this quarter at 21,000 livelihoods that we provide.

General Staffing delivered double-digit growth in revenue and operating profit with a stable margin profile. The revenue came in at INR3,823 crores, up 15% Y-o-Y, and EBITDA was INR57 crores, which is up 23% year-on-year.

We added 20,857 associates on a net basis, backed by our highest ever sourcing of 56,576 associates, which is up 30% in Q1 and 14% for the same quarter last year. We added 116 new contracts and collections were the highest at INR 4,285 Cr, DSO improving to 24 days. Our manufacturing vertical, in particular, was the fastest growing this time, adding 7,800 associates during the quarter. This is up 11% quarter-on-quarter.

We continue to build higher-margin verticals such as construction, where EBITDA grew 71% year-on-year, along with value-added services and manufacturing, while growing our core volume segments of consumer, retail, telecom and banking. Professional Staffing revenue grew 13% year-on-year to INR254 crores. We continue to invest ahead of the curve in technology, sales, delivery and new practices.

And we expect these investments to start paying over the next coming quarters. The EBITDA came in at INR27 crores, a margin of nearly 11% after absorbing these investments itself. GCCs contributed 71% by headcount and revenue. We've signed a record 62 new contracts in H1, more than what we had signed in the entire fiscal year '26 and the quality of our mix keeps improving in IT staffing.

New clients added since FY25, earning us nearly 1.8x our average gross margin per associate and about 1/4 of our IT associates are now deployed in niche skills, earning significantly higher GM patterns. Q2 also saw the highest gross margin in any quarter with gross margin growing 12% year-on-year, 3% quarter-on-quarter. The gross margin in our PS business now stands at 20.5% against 17.5% 2 years ago.

Overseas revenue was INR318 crores, up 10% year-on-year and EBITDA grew 23% Y-o-Y to INR22 crores, with a margin improving to 6.9% from 6.2% in the previous quarter. Malaysian revenue grew 50%, Philippines grew 15% and together, overseas added 33 new contracts. Priority 2, investing in technology for future growth.

Technology is now at the center of how we run Quess. We have 40 technology initiatives all underway, and 3 of them are now worth tracking and reporting. The Brain Project, our AI-led sourcing engine. Since launch, the Brain has generated over 1.4 lakh candidate leads and about 24,700 offers. The Brain channel already accounts for about 13% of our General Staffing hiring at a much lower cost and faster time to service.

We expect 35,000 to 40,000 offers from this channel in H2. QMS, our AI-led associate query management system. We rolled out QMS in Q2 and formally launched it for all the associates on October 2. In the first 4 weeks itself, it has handled over 18,000 queries using AI robotics and bot with more than 1 in 5 fully resolved by AI in a matter of minutes, which would earlier take 24 hours. Our aim is for AI to answer half of all queries by December and up to 80% by March 2027 with a much faster resolution for our associates.

Project Confluence. We are moving for the full journey of a client sale to an associate offer letter and onboarding to collections and cash onto one standard platform. Phase 1 will go live in January, further phases coming up in 2027. Priority 3, building a solid base for Quess 2.0. Quess 2.0 is our strategy to build higher-margin dollar-linked growth alongside our volume engine.

In H1, we laid the foundation on several fronts. Global corridors. We are building 3 tracks across GCC, international mobility and digital-led mobility. Quess is a founding member of GSMAI, has signed an MOU with IOM, UN migrations division and has mobilized 135 workers to the UAE so far in the first half of the year. Digital platforms.

BCPL has turned EBITDA positive in Q2 after a burn of nearly INR6 crores in the last financial year. Paying clients have grown from 14 in March to 54 in September across enterprises, MSMEs and government. We are building an AI-enabled SaaS-based payroll module as we speak. Fractional workforce. We've signed our first fractional workforce deal with a large FMCG brand for about 350 associates to be deployed through the platform, while the work on the digital platform will continue till January 2027 when it goes completely live.

Quess IT Solutions. Our IT Staffing business is now Quess IT Solutions with senior practice leaders in cybersecurity, data and AI and program management. We aim to land our first solutions project in second half of this year. People and ESG. Quess was ranked 40th among Best Workplaces and 32nd among Best Workplaces for Women in the Great Place to Work Middle East 2026 ranking and won the National POSH Excellence Award.

Quess also holds a strong ESG rating of 66 out of 100 by CRISIL and ICRA AA (stable) and A1+ rating. To summarize, in Q2 FY27, revenue grew 15% year-on-year, adjusted EBITDA 20% and PAT 44%. With growth in all 3 core segments, a net cash balance of INR471 crores and an ROE of 25%, the clear progress on all 3 of our priorities is visible.

In H2, we will focus on driving volume growth in General Staffing, seeing return from our investments in Quess IT Solutions, scaling our technology initiatives, delivering on Quess 2.0 milestones and expanding margins across segments with disciplined capital allocation.

With that, I will hand over to Neeraj, our Group CFO, to walk you through the financials in more detail.

Neeraj Jain: Thank you, Lohit. Good morning, everyone, and thank you for joining us for Quess Corp quarter 2 and H1 FY27 earnings call. I will begin with our headline financial performance for the quarter and the first half, followed by a brief segment-wise review, starting with the quarterly financial highlights.

Q2 FY27 has been a quarter of broad-based revenue growth with adjusted EBITDA and PAT growing faster than revenue and a strong net cash balance sheet. Growth was visible across all 3 of our core segments, as Lohit highlighted.

Consolidated revenue for the quarter stood at INR4,396 crores, up 15% year-on-year and 5% quarter-on-quarter, led by General Staffing, which grew 15% Y-o-Y, including a one-time revenue impact of INR120 crores relating to the new Labour Code implementation. Professional Staffing and Overseas business grew 13% and 10% Y-o-Y, respectively.

The total headcount rose to approximately 504,000, up 4% year-on-year and 5% quarter-on-quarter, a net addition of about 21,000 in the quarter. The operating margin of the business segments for the quarter was INR106 crores, which is up by 18% year-on-year and 8% quarter-on-quarter.

Adjusted EBITDA, which excludes the noncash ESOP expense of INR6 crores was INR92 crores, up 20% Y-o-Y and 7% quarter-on-quarter, with an adjusted margin of 2.1%, an expansion of 10 basis points year-on-year and 4 basis points quarter-on-quarter.

As I mentioned, the Labour Code revenue is a pass-through with no impact on profitability. It actually dilutes our margin percentage to that extent. The reported EBITDA was INR86 crores, up 12% Y-o-Y and 1% quarter-on-quarter at an overall margin of 2%, excluding the Labour Code revenue.

Reported PAT stood at INR75 crores, up 44% year-on-year with PAT margin of 1.7%, up 35 basis points year-on-year. Diluted earnings per share was INR5, up 45% year-on-year. The sequential decline in PAT reflects the onetime other income of INR24 crores from the tax refunds that we got in quarter 1.

Return on equity was 25% on trailing 12-month basis, expanding from 20% that we reported at the end of financial year FY26. I'll move to the H1 FY27 numbers. For H1 FY27, revenue was INR8,578 crores, up 15% year-on-year compared to INR7,483 crores in H1 FY26. Adjusted EBITDA, excluding noncash ESOP expense of INR8 crores was INR178 crores, up 22% at a margin of 2.1%.

Reported EBITDA was INR170 crores, up 16%. PBT was INR151 crores, up 37% and PAT was INR157 crores, up 53% year-on-year at a margin of 1.83% with earnings per share of INR10.4 at H1 level. The overall onetime Labour Code revenue impact for the first half was INR298 crores.

I'll move to balance sheet and capital allocation. We ended the quarter with a net cash position of INR471 crores after paying the final dividend for FY26 of about INR45 crores during the quarter. The Board has also approved an interim dividend of INR5 per share.

Cash collection exceeded INR5,000 crores during the quarter and net operating cash flow for H1 was INR348 crores, including the income tax refunds. Segment-wise financial performance. General Staffing continues to be the scale engine of the business, providing stability, cash

generation and a broad operating base. Revenues of INR3,823 crores, up 15% Y-o-Y and 6% quarter-on-quarter.

H1 revenue was INR7,419 crores, which is up 15%. EBITDA of INR57 crores, up 23% Y-o-Y and 11% quarter-on-quarter. The H1 EBITDA was INR108 crores, up 18%. The construction vertical grew its EBITDA by 71% with a double-digit margin. Net headcount addition of 20,857 associates with 116 new contracts added during the quarter.

Highest ever sourcing of 57,000 and highest ever cash collection of INR4,285 crores in the quarter for our segment. DSO improved to 24 days from 26 days with AR stable at now 15 days, reflecting continued collection discipline. Professional Staffing remains a higher-margin segment for us, anchored in GCC and high-value technology roles.

Revenue of INR254 crores, up 13% Y-o-Y and 1% quarter-on-quarter. H1 revenue was INR506 crores, up 8%. EBITDA of INR27 crores, down 2% Y-o-Y and 4% quarter-on-quarter, with margins at 10.5% against 12.2% a year ago. H1 EBITDA was INR55 crores, up 4%. However, our gross margin engine remains intact in the business.

In fact, the gross margin has grown 12% Y-o-Y and 3% quarter-on-quarter with gross margin percentage currently at 20.5% as against 17.5% 2 years ago. 27 new contracts added in the quarter, 62 overall in H1 with GCC at 71% of headcount and revenue and quarter end headcount of 7,566 after a net addition of 437.

The EBITDA movement reflects our investment in technology, sales, delivery and new practices. These investments are front-loaded and the returns typically take 3 to 6-month window to start delivering.

Overseas business delivered double-digit year-on-year growth in revenue and EBITDA with EBITDA margins improving sequentially. Revenue of INR318 crores, up 10% Y-o-Y and down 4% quarter-on-quarter. The H1 revenue was INR651 crores, which is up by 13%, EBITDA is INR 22 crores, up 23% Y-o-Y and 7% quarter-on-quarter at an overall margin of 6.9%, which is up from 6.2% in Q1.

The H1 EBITDA was INR43 crores, up 20%. We have added 33 new contracts during the quarter. The Middle East delivered a margin of 14.2%, with flat revenues due to the geopolitical situation. Philippines grew revenue 15% Y-o-Y at a net margin of 10.5% and Malaysia grew revenue 50% Y-o-Y. Our digital platform business, BCPL has now breakeven at the EBITDA level in quarter 2.

Our deliberate investments in the platform over the last 6 quarters in building the technology is now beginning to show results. To summarize, quarter 2 FY27 reflects double-digit revenue growth across all 3 core segments, adjusted EBITDA growth of 20%, PAT and EPS growth of 44% and a strong net cash balance sheet of INR471 crores, supported by a disciplined capital allocation policy.

We will continue to make focused investments in technology to build digital assets across our business segments to generate higher margins. We remain confident that a growing General

Staffing base, a margin-accretive Professional Staffing and Overseas portfolio and a continued balance sheet discipline positions us well to deliver sustainable high-quality earnings growth throughout FY27.

With that, I extend my warm greetings to you and your family for a very happy Diwali and a prosperous new year ahead. I will now hand it back to the moderator for Q&A.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Siddharth Zabak, IIFL Capital.

Siddharth Zabak: Congratulations on a great set of numbers. I have just one question. In General Staffing, we saw 20,000 headcounts adds during the quarter, while revenue grew only 12% Y-o-Y, excluding the one-time revenue benefit from the implementation of the new Labour Codes.

Given the strong headcount addition, what is driving the relatively moderate revenue growth? Is it attributable to the timing of the deployment of new associates or change in client or industry mix or any moderation in realizations per associate?

Lohit Bhatia: Siddharth, thank you for that question. First and foremost, I think we would like to say that this 20,000 addition in headcount has happened after nearly 3 quarters. And you would remember in each of the previous quarter, there were too many moving parts in the economy and in the labor market, which was impacting our growth as well.

We had then also guided for the fact that as a management team, we would be opportunistic of all opportunities that exist in different segments, also use of technology, which will give us the growth, and we built ourselves for a steady state, 10,000 to 15,000 headcount quarter-on-quarter basis.

We must give it to the management team at the General Staffing unit, which have used every lever to encash the growth in CRT vertical as well as in manufacturing vertical, along with higher-margin verticals like construction.

To your specific question on why there is a divergence between 20,000 headcount growth versus the revenue growth, headcount comes across the -- 20,000 is the net add for the entire quarter. In July, August and September, if you really look at it, less than 33% came in July and August and around 65% of this headcount came in the September.

This also shows that the seasonality of the Indian economy and the labor market as far as season is concerned is working out. Our own team has signed close to 116 new contracts. So if you add 3 data points, 116 new contracts signed by the General Staffing team; b, the use of Brain technology, which has started to become mature from the exit of Q2.

And see, obviously, the maturing of the labor market after the various things which have happened in the economy, all of which have given us this advantage in September. Yes, there is generally a lag of revenue and you will see that flowing into Q3.

Kushal Maheshwari: Siddharth, does that answer your question?

Siddharth Zabak: Yes, yes, yes.

Moderator: Next question comes from the line of Amit Chandra with HDFC Securities.

Amit Chandra: The first question is on the General Staffing. Obviously, you mentioned that there is strong growth and there is strong recovery in terms of net additions. But the bulk of the recovery is coming from CRT and like manufacturing, obviously, you mentioned that the focus is there.

But in terms of the sustainability of this kind of volume growth in the second half, like what is the outlook there? And also, as the overall in terms of mix is changing towards CRT and manufacturing and BFSI just down 18%, so what impact this is having on the margins and the collections?

Because traditionally, these segments, as you said, are higher margin. So is it going to reflect more in terms of the General Staffing margins as well as the mix changes towards -- more towards manufacturing? And also in terms of collect and pay Y-o-Y also, it is coming down. So are these sectors like focusing more on -- like more like funding contracts?

Kushal Maheshwari: Thank you, Amit, for your question. I would ask Nitin to give you some inputs on CRT and manufacturing, followed by Lohit on how it is going to impact the margins and the collect and pay business model.

Nitin Dave: Now you asked about growth and especially CRT and manufacturing. So first of all, we have to start from the base of quarter 2 itself, where we have added about 116 customers. And we'll be in a position to grow all these 116 customers over a period of time, our sourcing engine at the same time. Both the sales and the sourcing engines are very, very well oiled. And in the coming quarters as well, we'll be able to produce growth.

Now, if you look at our manufacturing, in particular, we are focusing very heavily on the automotive sector. About 10 car manufacturers are our customers. And on top of that, we're also going to the components, manufacturing components who supply to these original to the automotive companies.

So manufacturing is going to grow. Same is with CRT, where we are going to see growth in both retail, logistics and these segments in the coming quarters as well. And we have a guidance of about 10,000 to 15,000 numbers in the coming quarter as well as far as the growth of General Staffing business is concerned.

Kushal Maheshwari: Lohit?

Lohit Bhatia: Amit, just to add to what Nitin has well explained. If you look at our business, the traditional business used to be CRT, banking, e-commerce logistics, FMCD and FMCG. The new age businesses, which we've added in the last 2 to 3 years is predominantly value-added services, VAS, manufacturing as well as the most recent is construction.

The traditional business is more a flat fee kind of a business and traditionally lower on margin, whereas the newer businesses that we've entered and expanded in the last 2 to 3 years and

construction 2 years, value-added services about 1.5 to 2 years. These are much on the higher margin trajectory play.

Today, the contribution from the second half of this segment of the higher-margin businesses is nearly 18% to 20%, but the traditional businesses still continue to contribute around 80% to 82%. With the rate of growth in higher-margin businesses, the margin trajectory should go on the higher side on a fathom level is what I would say.

As far as how do we look at H2 is concerned, I mean, for the scale and size of Quess today and our General Staffing business, obviously, we are very hedged to the economy itself and all the moving parts of the economy. But as a management team, as mentioned, we would look at every opportunity which is available to us. We will aid it with our technology that we've already implemented.

And we will try and see every such opportunity where we can even do more than 10,000 to 15,000 net addition to employment. As we speak to you at the end of October, things look fairly decent. On your question on collect and pay for the General Staffing business, which has come at tad 1% lower over the last quarter, I think these are moving parts. The base is very large. It totally depends on which quality of customer and which capability of customer moves faster.

Construction, manufacturing and value-added services, typically, which are higher-margin businesses have a tendency to be 15 to 30 days credit, whereas the traditional businesses continue to be collect and pay. So it's just a moving part, but I wouldn't draw too much into this 1% movement.

What I would much rather draw attention towards is a very stable DSO days, and I would draw attention to the fact that this is the highest ever collection that our General Staffing unit has done in spite of these new age businesses and new clients at INR4,300 crores, what our team has delivered in the last quarter as cash collection, which enabled Quess to collect more than INR5,000 crores in a single quarter.

Amit Chandra: Okay, sir. My second question is on the Professional Staffing. Obviously, you mentioned that you are in the investment phase there. But if I see there are some like changes in terms of the mix -- in terms of the customer mix, the top 10 is what is driving the growth, the next 40 or the non-top 10 is seeing some kind of moderation. So what is happening there?

And also in terms of the IT services like segments, MSP has declined like 10% in this quarter. Any specific reason for this to happen? And also on the margin front, we were operating at 11% to 12%, now we have been down to around 10% to 11% range. So what would be a steady state kind of a margin that we can assume for the Professional Staffing?

Lohit Bhatia: Sure, Amit, let me take that one by one and then hand over to Kapil Joshi, our Leader for Professional Staffing. First your -- I mean, let me set this at rest. In Quess IT Solutions, this quarter, we wanted to make a strategic and a planned investment.

This investment to this magnitude was last done in 2021, 2022 when we were seeing the growth and the expansion coming out of COVID. You might remember, at that stage, we used to deliver

roughly about INR31 crores EBITDA for a full financial year, which at this current run rate, we are at nearly INR110 crores.

Back then, the EBITDA margin used to be in the range of 6% to 6.5%. Today, we are in the range of about 11%. This strategic investment has gone towards leadership, towards building sales capacity, delivery capacity, account management and the new practices.

An investment of this magnitude is not for the current financial year only. It is for the next 3 to 4 financial years, which is how we saw the growth after the investment made in FY21, '22 aided us to go from INR31 crores to INR110 crores over the last 3 to 4 years.

Secondly, to your question on MSPs and margins, yes, the 2 things contribute to each other. First, MSP, there was one particular MSP where there was a slight decline and thus, that's visible in the numbers that you see. As far as the margins is concerned, if these investments in the first quarter and the second quarter would not have been done, our margin for the PS business would have been at 11.7%.

Our exit still continues and our guidance for the year continues to be between 11% to 12% with an exit near 12% is where we want to be in PS, and we are working towards that. Briefly, I'll touch upon top 10. The larger customers are expanding their operations in GCCs in India, which is giving one benefit to us.

But from the early stage of the investment itself, you would notice 62 new MSAs have been added in the first 6 months of the year. So when we add 62, the tail becomes very long, but the activation of the tail takes 1 to 2 quarters more for it to start reflecting in headcount numbers, revenue numbers and EBITDA numbers. And hence, the portfolio and the mix changes there. I'll hand over to Kapil to add to that.

Kapil Joshi: Just to add on these 2 points, one is definitely the top 10 customer contributing from 40% to 46%. Now this is majorly because of diversity and the growth across all 10 accounts. So earlier, I would say the major revenue was coming from top 4 or 5 clients, but now the relationship is also 5 to 10.

Number relationship has also become a strategic as we build the practice and solution. The biggest benefit and the first benefit actually come from the strategic relationship and from the top customer where we have very strong relationship, and that is the reflection of our investment made right now.

Second thing, we -- Lohit has already clarified what should be our gross margin and EBITDA margin if we would have not done the investment. But on the investment part, in the first 6 months alone, we have signed 62 agreements, which is higher than what we have done in last whole year, okay?

So our pace of new client acquisition has been double now, and that should reflect in revenue growth and headcount growth also in the coming future. Second thing, we have added 437 net addition. This kind of net addition in a quarter we have last seen in FY22 when the talent war

was going on post COVID. So we are almost there, which was our best time. So net addition is also -- the quarter net addition is -- alone itself is higher than the last whole year net addition.

So that is the pace we are going and that is the speed our investment is giving us a return. On gross margin front, let me assure you, while our revenue has grown by 13%, our gross margin has also grown by 12% in a year. It is only that investment part which has affected the EBITDA margin. And there, we see a speedy recovery and -- so ROI is quite visible in terms of the sales and headcount.

Moderator: Next question comes from the line of Dipesh Mehta with Emkay Global.

Dipesh Mehta: Few questions, starting with first on the Labour Code, which we quantified around INR120 crores in quarter 2 and INR298 crores in H1. Do you expect any residual impact in second half from that? Second question is about the PF wage ceiling increased from INR15,000 to INR25,000. Do you expect any implication of that into our number and how to understand that implication? So that is maybe category one kind of question.

The second question is about the unallocated corporate expenses. If I look at it from INR13-odd crores. Now it is INR21-odd crore, INR8 crores kind of increase we have observed. Can you help us understand how to look this number going forward basis and what led to this increase? Third question is about the -- can you give some what is the open mandate in GS business and what is the PAPM, let's say, we have seen in GS? Thank you.

Kushal Maheshwari: Sorry, last question was?

Lohit Bhatia: GS open mandate and PAPM trend?

Kushal Maheshwari: Okay.

Dipesh Mehta: Right.

Kushal Maheshwari: So I'll ask first question about the one-time revenue. I'll ask Neeraj to answer your question, followed by Lohit on the PF ceiling of INR15,000 to INR25,000. Last but not least, the unallocated cost Neeraj will explain.

Neeraj Jain: Yes. So at H1 level, we are almost 95% to 96% compliant. So to answer your first question from a Labour Code one-time impact, I don't see any material impact now flowing into H2.

Kushal Maheshwari: Unallocated cost has increased from INR13,000...

Neeraj Jain: Yes. So as per the accounting standard, we'll see basically almost -- so it's like a front-loaded cost as per the standard. So for the full year this year, we expect almost INR20 crores of the overall allocation to come in the first year. And then this cost will start tapering down from year 2 to year 3.

Kushal Maheshwari: Lohit, if you can answer the question on wage ceiling increase from INR15,000 to INR25,000, also the open bandwidth in General Staffing and the PAPM?

Lohit Bhatia: Yes. So as far as the EPF or wage ceiling is concerned, as you know, INR15,000 has gone to INR25,000, which means that for people -- for all associates, employees who would be on a contribution of INR1,800 at 12% will have to be taken to about INR3,000 per employee per month as a contribution. This would increase our revenue line by a tad bit for all such people who were on a ceiling value.

Again, as Neeraj just mentioned, between the September payroll and the October payroll, we've been able to effectively complete 96.5% of all such payrolls and pay sheets and complied with customers and done the necessary.

For the balance 3.5%, there is no challenge whatsoever. It's just a timing difference because some global accounts and global customers may have a PO, which requires slightly longer time to fructify, but obviously, it's both our customers and ourselves. We will ensure that we are in compliance with all laws.

To the point what this could do to the labor market, any time when contribution of either minimum wage or social security or other embedded values increase or enhance, the tendency for more people to come out of informal labor market and come for formal jobs increases.

So everything which is being done from the last year will eventually become a tailwind for Quess Corp because formality will increase, the youth would look at jobs related with social security, other benefits because that also gives them pension, that gives them maternity, that gives them minimum wage, skilling on the job and growth. So it is net-net over a medium to long term, it will be positive from that standpoint.

As far as quickly your point on PAPM and open mandate, I'll just quickly give this thing and then give it to Nitin. As far as PAPM is concerned, we continue to be in the range of similar in the past, 650 to 700 range, different moving parts. The higher value tracks are obviously the ones which contribute us more, which is VAS, which is construction and manufacturing.

Construction and VAS are still by the size and scale of our business, small, but when you put all 3 together, they are about -- 20%. As the growth increases there, the PAPM in the medium to long term will tend to move upwards and the margin profile for Quess will move upwards. I'll give it over to Nitin to add more color to this and to the open mandate position.

Nitin Dave: Yes. So our open mandates have stayed stable between 30,000 to 35,000 numbers. Our sales team is consistently going out to our existing and new customers to gain more and more mandates, and that is being done. We also have 116 new accounts to whom we'll be going back and asking for more mandates and growing their business as well.

And needless to say, as has been mentioned, our sourcing team is there working with technology to close as many mandates as possible, and that is the engine of growth based on which we are predicting our growth in the coming quarters.

Kushal Maheshwari: Dipesh, I hope all your questions are answered or missed out anything?

Dipesh Mehta: No. Just one clarification on these unallocated expenses. You indicated about frontloading of the expenses. So let's say, this new, quarter 2 run rate seems to be now sustainable rate, and that is how one should interpret?

Neeraj Jain: Yes. The INR6 crores that you have seen in quarter 2, you should see a similar chart for Q3 and Q4, if that was the question you're asking.

Dipesh Mehta: Understand. And year 2 onwards. So that's the next year Q2 onwards. It should taper off, that is what broadly you want to indicate?

Neeraj Jain: Yes. It will start declining. Yes. So INR20 crores in year 1 will look like INR15 crores in year 2.

Dipesh Mehta: And this INR20 crores is the additional amount you are referring to, right?

Neeraj Jain: Yes, this is as per the approved ESOP plan approved by the shareholders. So as we know, the accounting standard kind of front loads the noncash ESOP charge in the first year and then it starts tapering down to the second year and third and fourth year is going to be a little bit of a tail for us.

Dipesh Mehta: Okay. So this is largely because of ESOP related thing, unallocated increase?

Neeraj Jain: Correct. Yes, yes.

Dipesh Mehta: Okay. And last question, if I can squeeze last one. On the digital platform, I think there is a sharp increase in profitability and material decline in operating cost of that segment. It is fairly small, but numbers are showing kind of different behaviors. So any one-off or you expect now digital platform to act profitability?

Neeraj Jain: No. So as I said in my commentary, initial commentary that last year was a burn for us because we were building the tech platform and the capability. But in parallel, we were also looking at the commercial aspects of the platform. In quarter 2, we have reported a first ever breakeven quarter, in fact, positive quarter for the digital platform.

While we will continue to invest in adding new capabilities to the platform, to answer your question, from here on, basically, we should start seeing the numbers improving. At the end of the year, we expect this year to basically breakeven for the digital platform, consuming and absorbing all the investments that we will make. And from next year onwards, the platform should start growing and delivering positive numbers.

Moderator: Next question comes from the line of Simran Thakkar of Beas Capital.

Simran Thakkar: First question goes like this. In the annual report, the unbilled revenue was closed to half of the receivables. And also the receivables over 3 years old were about INR114 crores. So when should the invoicing catchup and how do you the receivables going forward and the recoveries of the older amount? That's my first question.

Neeraj Jain: To answer the first question, first Simran. So from a DSO standpoint, as I covered in my initial commentary, we have done record collection and overall DSO, we have improved by 1.4 days. So I think the health of DSO build is improving. From unbilled standpoint, the breakup is -- and the buildup is on account of 2 parts. Almost INR300 crores of unbilled is because of the Labour Code provisions that we have made.

These will remain unbilled. And obviously, as and when employees will get paid and they will get recovered from the customers. So half of the buildup is because of the Labour Code implementation and the accounting around that. The remaining is on account of the 15% revenue growth that we have done in the quarter, and there is no material change in our unbilled. We are keeping a very tight control in terms of how we bill timely to our customers and collect. I hope that answers your question.

Simran Thakkar: Right. And also on the receivables over 3 years please?

Kushal Maheshwari: Sorry.

Neeraj Jain: Receivables over?

Simran Thakkar: 3 years old, which were about INR11 crores.

Kushal Maheshwari: 3 years old?

Simran Thakkar: Yes.

Neeraj Jain: Yes. That was the ECL on UBR, which has basically moved in this quarter.

Simran Thakkar: Okay, okay.

Neeraj Jain: We will share with you more details, maybe over the...

Kushal Maheshwari: So Simran, what you can do is you can send me a mail on this thing. We'll give you details about the ECL and the movement and the UBR on this thing, okay?

Simran Thakkar: Sure. That works. Okay. Sir, my second question goes like this. Could you share any update on the EPFO matter after the August hearing? And what's the position on 80JJAA?

Kushal Maheshwari: I'll ask Lohit to answer this question on EPFO as well as the movement on 80JJAA.

Simran Thakkar: Sure.

Lohit Bhatia: Okay. On the 80JJAA, we have got now 4 favorable judgments, 2 in Bombay and 2 in Delhi, Delhi ITAT in the manpower case. So clearly, we see the decisions ruled in favor of the assessee, all the 4 judgments. So these are very positive precedents for us as a company. Our hearing, which was supposed to be in October has basically been deferred to January.

So from an 80JJAA standpoint, I think we continue to feel positive about the strength of our case. As I mentioned, there is a positive -- almost 4 positive enactments and precedents, which

are now going to favor us as we move into our hearing. And we believe soon, we should be able to get a favorable judgment in our own matter. From a compliance standpoint, we basically remain compliant from a documentation standpoint for 80JJAA.

Kushal Maheshwari: Simran, what is the question on the EPFO if you can repeat?

Simran Thakkar: Right, sir. Yes. On the EPFO, there was this August hearing, if I'm not wrong. And in the annual report, we had some contingent liability of around...

Neeraj Jain: Related to EPFO?

Simran Thakkar: Yes. EPFO demand.

Neeraj Jain: I think you're referring to the INR72 crores matter that hearing is...

Simran Thakkar: Yes, INR72 crores.

Neeraj Jain: Again, but -- we don't have the next date of hearing, and we again continue to remain positive about our stand. We have the legal advisory and legal opinion in our favor. So I think the movement will reflect only once we get a hearing in this matter and then we can update you.

Simran Thakkar: Understand sir, right. Last one bookkeeping question that I had. Our other income was about INR2 crores against the net cash of INR471 crores. So could you just give some color on this and some run rate that we should assume on the other income, please?

Neeraj Jain: Yes. So I think if you're comparing the other income with quarter 1, that was because of the onetime tax refund interest that we got. Otherwise, our other income should remain what we have reported in Q2.

Simran Thakkar: Understand.

Neeraj Jain: It's largely in that range.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Kushal Maheshwari: I will ask Lohit to give the closing comments.

Lohit Bhatia: So thank you. We would like to again thank all of you for joining us today and giving us your questions, your feedback. This has always been valuable to us, to the management team and to everyone at Quess. We also appreciate your continued interest and support. On behalf of everyone at Quess, we wish you and your families a very happy Diwali, seasons greeting and a very happy New Year 2027. We look forward to speaking to all of you again in January 2027. Thank you.

Moderator: Thank you. On behalf of IIFL Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.