QCL/SEC/2026-27/49

August 03, 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 – Q1 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 July 30, 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: 2026.08.03 15:18:01 +05'30'

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

Encl: as above

"Quess Corp Limited Q1 FY'27 Earnings Conference Call"

July 30, 2026

MANAGEMENT:	**MR. LOHIT BHATIA – EXECUTIVE DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER** **MR. NEERAJ JAIN – CHIEF FINANCIAL OFFICER** **MR. KAPIL JOSHI – CHIEF EXECUTIVE OFFICER, QUESS IT STAFFING** **MR. NITIN DAVE – CHIEF EXECUTIVE OFFICER, QUESS STAFFING SOLUTIONS** **MR. KUSHAL MAHESHWARI – HEAD, (INVESTOR RELATIONS & TREASURY)**
MODERATOR:	**MR. SIDDHARTH ZABAK – IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Quess Corp Q1 FY27 Earnings Conference Call hosted by IIFL Capital Services Ltd.

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 this conference call, please signal an operator by pressing "*" then "0" on your touchstone phone. Please note that this conference is being recorded.

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

Siddharth Zabak: Thank you. Ladies and gentlemen, good morning and thank you for joining us on the Post-Q1 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. Kapil Joshi – CEO of Quess IT Staffing, and Mr. Nitin Dave – CEO of Quess Staffing Solutions.

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 Q1 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 #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 Q1 FY27 Earnings Call.

We are pleased to start Q1 FY27 on a strong note with broad-based growth and improvements in the quality of our earnings.

For Quarter 1 FY27, we delivered a consolidated revenue of Rs. 4,182 crores, reflecting a 15% year-on-year growth while a 7% quarter-on-quarter growth. The EBITDA during this quarter came in at Rs. 85 crores. This is a 21% year-on-year growth with a margin at 2.02%. PAT stood at Rs. 82 crores, growing at 61% year-on-year and 28% quarter-on-quarter with an EPS of Rs. 5.5, also up 61% year-on-year.

During the quarter, due to the implementation of the new Labor Code, resulted in a one-time revenue impact of Rs. 176 crores as well.

During this quarter, we received income tax refunds for the past financial years, including interest of Rs. 261 crores, which contributed to higher other income for the period. Importantly, we remain a zero-debt company as of June 2026 with a healthy net cash position, reflecting the continued strength and discipline of our balance sheet.

Separately, on the approval of the final dividend in the ensuing and upcoming AGM to be held on 25 August 2026, we will be paying a final dividend for the last financial year of Rs. 3 per share, staying true to our commitment of rewarding our shareholders at every step of the way.

Overall, the business performance has been broad-based, growth across every segment and I will just briefly talk about that.

Q1 FY27 reflects continued momentum across our portfolio. With all three core segments delivering double-digit revenue growth on a year-on-year basis, we ended the quarter with a headcount of approximately 4,82,214 associates, which is up 4.5% year-on-year, reinforcing our position as India's largest domestic staffing platform.

General Staffing business:

In our General Staffing business, which has seen resilient growth despite the market environment, General Staffing continued to demonstrate scale leadership and execution discipline delivery. Revenue stood at Rs. 3,596 crores, which is up 15% year-on-year, 8% quarter-on-quarter. The EBITDA for the quarter is at Rs. 51 crores, up 12% YoY, though sequentially down 2%. Headcount stood at Rs. 469,000, with an addition of 3,800-plus associates in a challenging market environment. We, however, added 86 new contracts during this quarter as well in our General Staffing business.

The DSO remains tight with 15 days AR, while overall 28 days including the UBR. The growth was led by our CRT, Manufacturing and Allied verticals, while the BFSI saw a marginal decline.

We continued to focus on higher-value segments such as construction, Manufacturing and VAS, supported by the investment in technology and AI-led sourcing and productivity initiatives.

Moving on to our Professional Staffing vertical – sustained high-quality growth:

The Professional Staffing delivered another quarter of profitable GCC-led growth. The revenue at Rs. 252 crores is up 3% year-on-year and up 9% quarter-on-quarter. The EBITDA during this quarter has come in at Rs. 28 crores, which is up 12% year-on-year with a margin of 11%. GCCs now contribute 71% of headcount and 68% of revenue, reflecting our continued positioning in high-value growth. Headcount at the quarter-end stood at 7129, up 7% year-on-year.

We added 36 new contracts in our Professional Staffing platform during the quarter, with an open mandate of 1,100 positions, primarily in niche and high-value roles.

Our gross margin to EBITDA conversion remained healthy 50%, with double-digit EBITDA margins even after absorbing the annual merit cycles and the payouts which are typically for the end of the year, underscoring the structural strength of this business of ours.

Overseas business:

Overseas business has been consistent with diversified growth. Our overseas business continued to deliver consistent double-digit growth across geographies. Revenue stood at Rs. 333 crores, up 17% year-on-year, broadly flat quarter-on-quarter. EBITDA grew to Rs. 21 crores, up 17% year-on-year, with margins at 6.2%. We added 37 new logos during this quarter, with double-digit growth in both revenue as well as EBITDA.

The key highlights across some of our geographies:

Singapore:

General Staffing business alone added 17 new contracts and 37 local nationals to their headcount.

Malaysia:

Malaysia delivered 55% year-on-year revenue growth, scaling to 873 headcount with an EBITDA margin of 4.1%.

Middle East:

Middle East delivered 12% EBITDA margin with 27% revenue growth and 18% EBITDA growth year-on-year.

Philippines:

Philippines recorded 17% year-on-year revenue growth with a 10% net margin.

EBITDA margins remained stable despite the currency fluctuation and our international portfolio continues to be well diversified across Southeast Asia, Singapore, Middle East and rest of the world.

Digital platforms and Quess 2.0. – Building for a dollar-denominated and a higher margin growth:

Our digital platform businesses remain in the investment phase as we continue to build our blue-collar jobs market as well as AI-driven recruitment and workforce solutions.

We continue to make strong progress on Quess 2.0, repositioning our current volume engine towards a higher margin value accretive growth in the years to come. We are building a partner-led capital-light talent corridors across five focus segments:

- Healthcare
- Technology
- MEP and Civil
- Hospitality and Allied
- Finance and Professional.

➢ Our Japan corridor is signed and in execution.
➢ Europe, particularly the Nordics, is in advanced stages of discussion.
➢ Israel as well continues to be in discussion.
➢ North America is at early stages of exploration.

Over the next three to four years, we aspire to have 20% to 25% revenues coming from higher margin businesses, changing the underlying composition of our company as well as the margin profile and trajectory.

People and ESG:

I am proud to share that Quess has been Certified as a **"Great Place to Work"** for 7th consecutive year, ranking 19th among "**India's Best Workplaces in 2025**". We were also certified **"Great Place to Work"** in Singapore for 3rd consecutive year and for the first time in UAE.

During this quarter, we were also recognized as a "**CMMI Level 3 Certified Organization**". We were also ranked 188th in Fortune 500 list and 175th in the ET 500 List and Certified as a "**Leadership Factory for India"** for the years 2026-2028.

Before I close, let me leave you with three thoughts as we look ahead into the rest of H1 of FY27:

1. The festive season is coming up and we are seeing demand from across our client base, which gives us confidence heading into the seasonally strongest quarter, both by sourcing and sales.
2. We have laid a strong foundation to capture this growth across headcount and contracts, putting us in a good position to convert demand into revenue as it comes through.

3. Taking these into consideration together, building on a healthy H1 performance along with our Professional Staffing and international business, aiding in margin growth as well.

With that, I will now hand over to our Group CFO – Neeraj, 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 Q1 FY27 Earnings Call.

I will begin with our headline financial performance for the quarter, followed by a brief segment-wise review.

Starting with financial highlights for Quarter 1 FY27:

Q1 FY27 has been a quarter of broad-based revenue growth with profitability improvement and meaningful strengthening of the balance sheet, giving us a strong start to the financial year. Growth was visible across all three of our core segments and both PBT and PAT grew considerably faster than revenue, reflecting genuine operating leverage layered on top of a couple of one-off items that I will walk you through.

Consolidated revenue for the quarter stood at Rs 4,182 crore, up 15% year-on-year and 7% quarter-on-quarter, led by General Staffing which grew 15% YoY and 8% quarter-on-quarter, with a meaningful contribution from a one-time revenue impact of Rs 176 crore relating to the new Labor Code implementation.

Professional Staffing and Overseas business grew a further 3% and 17% YoY respectively and total headcount rose to approximately 482,214, which is up 4.5% year-on-year.

EBITDA for the quarter came in at Rs 85 crore, up 21% year-on-year, though down 2% quarter-on-quarter with margin at 2.02% and expansion of 11 basis points on a year-on-year basis.

While a sequential moderation of 20 basis points was largely a function of the annual merit cycle and variable pay reset that typically flow through in the 1st Quarter, along with an 11 basis point contraction in margin in Q1 over Q4 FY26 due to the one-time pass-through revenue of Rs 176 crore for the Labor Code.

Other income for the quarter was higher at Rs 26 crore compared to Rs 6 crore in Q4 FY26, largely attributable to the income tax refund of Rs 261 crore, which includes interest of Rs 22 crore that was received during the quarter, the interest component of which flow through other income. This refund pertains to prior years and represents a meaningful one-time cash and balance sheet positive impact at Quess.

As a result, PBT for the quarter grew to Rs 86 crore, up 28% quarter-on-quarter and 64% year-on-year, and reported PAT stood at Rs 82 crore, up 28% quarter-on-quarter and 61% year-on-year, with diluted EPS at Rs 5.5, which is also up 61% year-on-year.

I will move to segment-wise financial performance now:

General Staffing continues to be the scale engine of the business, providing stability, cash generation and a broad operating base. Revenue of Rs 3,596 crore, which is up 15% YoY and 8% quarter-on-quarter, aided by one-time Rs 176 crore Labor Code impact.

EBITDA of Rs 51 crore, which is up 12% YoY, also down 2% on a sequential basis on account of the annual merit cycle. Net headcount addition of 3,800, with 86 new contracts added during the quarter.

DSO remained tightly controlled, with AR stable at 15 days, reflecting continued collections discipline in General Staffing. GS has over 37,000 open mandates at quarter-end, along with a strong sales pipeline as we move into Q2.

Moving on to Professional Staffing:

Professional Staffing remains a key structural driver of margin expansion, anchored in GCC and high-value technology roles.

Revenue of Rs 252 crore, up 3% YoY and 9% quarter-on-quarter. EBITDA of Rs 28 crore, up 12% YoY, with margins holding at approximately 11%. The GCC engagements now account for 71% of headcount and 68% of revenue in this segment, with 36 new contracts added and open-mandate pipeline of 1,100-plus roles.

The sequential dip in EBITDA reflects the impact of the annual merit cycle and variable pay reserve that typically lands in the 1st Quarter, and which we have historically seen normalize as the year progresses. Even so, our gross margin to EBITDA conversion in this business remained above 50% and we sustained double-digit EBITDA margins. Our internal priority remains to scale Professional Staffing to a Rs 30 crore quarterly EBITDA run rate.

I will move to Overseas business now:

The business delivered another quarter of consistent double-digit growth, with stable margins supported by diversification across Singapore, Middle East and rest of the world. Revenues of Rs 333 crore, up 17% YoY, with EBITDA of Rs 21 crore, also up 17% YoY, at a margin of approximately 6.2%.

Segment EBITDA stood at Rs 21 crore, up 17% year-on-year, with margin at approximately 6.2%. We also added 37 new logos during the quarter, with growth well diversified across Singapore, Middle East and rest of the world.

To summarize:

Quarter 1 FY27 reflects broad-based double-digit revenue growth across all three core segments, a sharp improvement in PAT and EPS, a strong zero-debt balance sheet and disciplined capital allocation policy. We remain confident that a resilient General Staffing base, a margin-accretive Professional Staffing and overseas portfolio, and continued balance sheet discipline position, as well to deliver sustainable high-quality earnings growth throughout FY27.

With that, I will hand it back to the moderator for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Amit Chandra from HDFC Securities. Please proceed.

Amit Chandra: Yes, sir. Thanks for the opportunity. So, my first question is on the General Staffing segment. Obviously, we are seeing some strong growth there, which is largely driven by the Consumer and the Manufacturing verticals. But BFSI has been laggard, and I know there are industry changes that are happening in the BFSI verticals. So, if you can just give some color in terms of how to see the BFSI in terms of revival and also in terms of Manufacturing, which is largely a more unorganized sector. And we are seeing some good traction there. So, what are the challenges that we are seeing in terms of Manufacturing?

Also, the markups there in the Manufacturing are higher versus BFSI. So, is it that as we scale Manufacturing, we can see higher margins in the General Staffing business? So, that is one part.

And also, in terms of the overall portfolio mix, what part of the overall portfolio would be fixed markup versus variable markup? And in terms of newer engagements, are we seeing a shift towards more variable markup models? Thank you.

Kushal Maheshwari: Thank you, Amit. For your question, I would ask Louis to give his views, followed by Nitin.

Lohit Bhatia: Good morning, Amit. Thanks for the question. If you really look at it, you are right.

The growth in this quarter in General Staffing has come primarily from Manufacturing as well as the repeat of CRT or Consumer, Retail and Telecommunications for us. The Consumer space has been a little lagging in the last few quarters, but last year was a very busy policy year. We are starting to see definitely growth coming back in that. Together, these two have not just given us growth, but they are definitely giving us a better growth for the rest of the year because 86 new logos and contracts have been signed by us. And we feel that as these fructify and mature in 2nd Quarter, there would be additional headcount which will also come from each of these customers that have already been added.

To your point on BFSI, I would like to divide it into two, the core banking sector and the rest of the NBFC and other fintechs and other allocations. As you know, there is a strong regulatory headwind in our industry, what can and cannot be outsourced. As an organization, for the last couple of quarters, we have been dabbling with that but focused on what can be outsourced. Opportunity-wise, opportunity in India with housing finance companies, NBFCs and other fintech companies continues to remain large, though the scale of each of this may be in a few hundreds.

So, while our team signs more and more relationships and will build on those relationships, obviously it will take some time for it to come back to deliver on that.

Let me just bring notice to two facts. First, Quess is no longer a volume organization, and I think consistently for five quarters in a row, we have shown that we are a volume and a value company. Today, only 50% of our profit pool comes from the General Staffing business, while 50% comes from professional and international, which are the higher margins. Within each of our platforms, including in General Staffing, we have a very focused activity, execution and narrative towards the higher margin businesses. These are the value-added services, the Manufacturing portfolio, as well as the construction portfolio. You did ask a question that does Manufacturing give higher PAPM. Yes, they do. If the normal trend of General Staffing PAPM is between the 600 to 700 at a broad level, in the Manufacturing space, the same could be anywhere between 800 to 1100.

But from a gross margin perspective, in Consumer, it could be 2% to 3% gross margin, whereas in Manufacturing, it could be 5% or 6% gross margin. It is not easy to deliver on Manufacturing because it requires intensity in sourcing, which is something that Quess has built in the last 18-19 years. It requires infrastructure, which Quess has built in the last 18 years plus, with 65 offices of our own. It requires technology intervention and recruitment and sourcing, which again is something that Quess has built and is continuing to build this year as well.

I believe on fixed and variable, within the General Staffing space, fixed and variable, 70-30. So, 70% of the contracts will be fixed, about 30% of the contracts will be variable. In this quarter, around 38% of the contracts have come with variable, but these are obviously new contracts. For them to become large and then benefit from the variabilization will take some time.

Amit Chandra: Okay. Thanks for the elaborate answer. Obviously, the focus is shifting towards higher margin segments, and the mix is becoming healthy for us. In terms of the IT staffing, Professional Staffing segment, obviously there has been growth coming in there, but because we are becoming more GCC heavy there, so are we seeing some signs of normalization in terms of GCC hiring? And can there be a shift between some slowdown in GCC versus some pickup in the IT services traditional hiring there in the IT staffing?

And also, in terms of margins you mentioned about, you want to be in the range of Rs. 30 crores quarterly EBITDA kind of range. So, that is roughly 12%, kind of a number, 11.5% to 12%. So, is it the kind of EBITDA for the IT staffing that we can see for the coming quarters? And a connected question on the EBITDA part for the General Staffing, obviously in this quarter there has been an impact because of the Rs. 176 crore number. So, ex of that 1.5% is the EBITDA margin for the General Staffing. So, that is a steady state margin that we can assume or there are some investments that are required for the volume growth to sustain.

Lohit Bhatia: Okay, thank you. Lots of questions in that actually. So, first we will pick up quickly on the GCC heavy story. From our book point of view, 68% comes from GCC in terms of revenue and about 72% comes in terms of headcount. However, our team is extremely bullish on further growth in GCC for a couple of reasons. India has about 2,407 GCCs as we speak. As of date, we have been able to capture only 10% of them. So, there is a big blue ocean out there for us to be able to capture. We have added geographical intensity.

We have added practice-based intensity and that will continue to yield more business to us. India itself as a nation is attracting anywhere between 250 to 300 GCCs every year. So, yes, some GCCs may mature and once they mature, there could be a hiring slowdown in that particular GCC.

However, we are confident that with so many GCCs out there yet to be captured by Quess, the new GCCs which are coming and our international corridors, one of which has already gone live which is the Japanese corridor, we will definitely be able to capture a greater part of the market. I will stay with Professional Staffing and answer the margin profile bit and then move to GS. As far as our margin profile in Professional Staffing is concerned, you will see that last financial year we started the quarter at about 10% and we gradually towards the end of the year exited over 12%. Yet, we had guided for an 11% to 12% margin profile in this portfolio. I will continue to keep guiding for 11% to 12% in this portfolio as well while every effort will be made by our leadership team in the Professional Staffing stable to do better than that. As far as our General Staffing EBITDA is concerned, yes, you are absolutely right, Rs. 176 crore of a one-time pass-through entry that Neeraj explained on account of Labor Code is there which has not yielded bottom line and hence the correction of 10 basis point.

The second correction during this part of the quarter, Quess religiously does the merit cycle on the 1st of April of every new financial year and that has also been baked in into these results itself. So, if you normalize for this, we would have been a little over 1.5%. There are multiple moving parts in General Staffing while on one side the flat fee business can erode margin on a percentage basis. Everything that our team is doing from AI investments, sourcing and platform investments and the output of that should start yielding from this financial year along with our higher margin portfolio within General Staffing itself, we should be confidently producing similar or better results.

Amit Chandra: Okay, sir. Thank you and all the best.

Moderator: Thank you. We take the next question from the line of Zakin Nasser from Nasser Investments. Please proceed.

Zakin Nasser: Sir, congratulations to you and the team for such a healthy number. Sir, you have given a very strong statement that Quess aspires to be a 1 million organization by 2030 which will get it among the world's largest private employers. What direction would you set for this, sir, in terms of geography, in terms of industrial versus GCC versus General Staffing? I would want a broad guidance on this trajectory, sir.

Lohit Bhatia: Sure. Thank you. As you remember that when we were demerging about a year ago, for all the three organizations we had given stated goals. For Quess, the stated goal was to become world's #1 from the then rank of 4th and 5th and today we rank the 3rd and the 4th as far as volume is concerned. For us to become the world #1, technically we need only 125,000 more headcount and at a point somewhere between 6 and 6.3 lakh workforce, all of us as proud Indians will see an organization which is the world's largest come out of India as far as workforce is concerned. Our North Star continues to be 1 million that we would eventually want to see, and this is based on the fact that India has demographic dividend which is going to be positive for our country at least for next 18 years.

So, in this is baked in the fact that India has a demographic dividend. To your question, does this require us to do disproportionate amount of investment and operations in other countries, I would slightly differ from that. In the five corridors and I would draw everybody's attention to the last three slides on “Future Strategy” in our investor deck this time.

In the future of Quess, it is a CAPEX-light and a partner-led model in five territories and geographies that we have called out, that is Far-East in Japan, Israel and UK, Germany, Nordics, Canada and US. The intention is not to have an operating staffing company in these countries because each of these countries have turned demographic negative more than 15 or 20 or 25 years ago. So, supply side constraints are shrinking those countries.

What we intend is from these countries there is disproportionate amount of business coming to India on both talent and technology. That is what is converting into the GCC strength of India. We want to build on that strength through our partners.

The second thing we want to do is we want to build a reverse skilled talent mobility for the international markets into these countries. And again in my speech also we had alluded to the four tracks which we are looking at, which is healthcare, MEP, technology, retail and hospitality. So, it is a very CAPEX-light and it is not about starting new staffing company in these countries, but it is using India's global power of technology and talent for fulfilling that journey.

Zakin Nasser: In the past two years, the geographical disturbances which have happened and most of the growth countries we are expecting to be also have border issues. I would say Labor Visa type of issues. So, do you think you will be able to successfully surmount on these and things will come back to normal in a couple of years?

Lohit Bhatia: I am sorry that question was not clear. Could you please repeat?

Zakin Nasser: Overseas growth, do you think it will face visa kind of issues, sir?

Lohit Bhatia: So, if you overall look at Quess's portfolio in the 19th year, about 7% of our revenue comes dollar denominated from countries outside of India. 93% comes in Indian rupees. We are obviously looking at higher margin, higher accretive business and also dollar denominated business or multi-currency denominated businesses, which is what it will give us.

I would also like to draw your attention to the fact that the Indian government is relentlessly working to do FTAs with multiple nations, some of which have already been announced. Europe has been announced and should fructify in the calendar of 2027. USA, hopefully the FTA should happen soon.

In each of these FTAs, if you notice, there is one full chapter on embedded skilled mobility that Government of India is signing with all of these countries. Indian nationals have always done extremely well when it comes to Middle East for blue and grey collar and when it comes to the North American market for the technology talent. We see no reason why those markets should not open up in a bigger way to solve their own internal crisis in healthcare, in technology, in mechanical, electrical and plumbing.

As Quess, we want to be a management which is looking world over at opportunities that can exist. We will be ready with those opportunities as and when the corridors open up. To your point, the day the visas are ready, Quess should be there.

Zakin Nasser: Thank you, sir. Best wishes to the team.

Moderator: Thank you. Thank you. We take the next question from the line of Dipesh Mehta from Emkay Global. Please proceed.

Dipesh Mehta: Yes, thanks for the opportunity and congrats for strong execution. First question is on the GS associate headcount growth. In Quarter 1, it grew roughly around 5% to 5.5%. How one should look, let's say, associate growth in General Staffing business, considering some of the challenges which you highlighted in BFSI while you see good growth opportunity in some of the other vertical.

Second question related to your ambition about, let's say, from half a million associate to a million kind of associate in by 2030, in maybe roughly five years kind of time period. What will be the role of M&A in, let's say, achieving that ambition? And if, let's say, M&A is one of the key elements in overall strategy, can you give broad thought process around it?

Third question is on the new Labor Code. We have seen some impact, roughly around Rs. 175-odd crores impact, which we have seen. Do you expect it to continue, at least from base quarter perspective in this year, when one look YoY perspective? And if yes, whether this 10 bps is likely to be a headwind when you look full year margin in the business? If you can answer three, then I want to follow up. Thank you.

Lohit Bhatia: Deepesh, thank you. As far as our General Staffing associate headcount is concerned, in the last couple of calls as well, we had said that as an organization, while the investments, the technology, the geographical presence that we have created for ourselves can definitely do a lot more, but we are looking at each year to perform at between 10% to 11% of headcount growth, which yields anywhere between 40,000 to 50,000 headcount.

In the 1st Quarter, we have done about 5,000 of that, but my leaders and the entire team in General Staffing is geared up for the upcoming season. And if you want, we can talk a little more detailed about that and Nitin can throw some light. As far as our ambition on the global scale is concerned, that's what I was answering in the previous question as well.

This was a stated goal that we had, and we continue to keep it as our North Star. However, what we are more bullish about is the margin-accretive business and taking Quess towards both volume and a value growth trajectory. It is not an either-or for Quess anymore.

It has not been for the last couple of quarters. And for the next few years, the focus will be more on value accretive businesses besides what we do on volume. As far as your question on M&A is concerned, no, nothing at the moment is there. Like I mentioned, these are capital-light conversations in corridors. We are looking at a partnership mechanism, one of which was announced in the month of June and has gone live, which is with the Japanese corridor with our partners. We will continue to look at it in that way.

And whenever and if any opportunity comes which is value accretive to Quess at the right valuation, I am sure we will keep all our investors and the community informed about the same. I will hand over to Neeraj on the specific question on the new Labor Code and what could be the further during the financial year, if any.

Neeraj Jain: Thank you, Lohit. To answer the question on Labor Code, till Q1, YTD Q1, I think we have covered almost 68% of our customers. And from an impact perspective, it actually does not impact our profitability in the income statements. As soon as our customers make a choice between FTE and permanent model, they confirm to us in basis that we book the liability. It is just a pass-through for us. And as I said, till Q1, we have already covered almost 68% of our gamut.

We believe and we are actively in touch with all our customers. We believe by end of Q2 and maybe early Q3, we should be able to cover the entire set of customers for Quess. And from a liability perspective, we will be able to fully book.

Kushal Maheshwari: I will pass it on to Nitin. If he has more color to add to the General Staffing business.

Nitin Dave: Yes. I just wanted to speak about General Staffing and where we are at this point of time and the base at which we are sitting. I would say there are three factors which can impact the volumes in Quarter 2 and because you were asking for an outlook.

Factor #1 is that we have signed 86 new accounts. And all these accounts are expected to grow in Q2 and build volumes.

The second important factor is that the festive season is coming and we expect a good festive season. At this point of time, we are sitting on an open sourcing book of 37,000 people.

On top of that, there are new pipelines that we are building and those pipelines are healthy as well. Based on these three factors, we are expecting a strong Q2 in our business.

Dipesh Mehta: Understood. Just a couple of follow-ups. First, on the number side, you said 68% of the customers covered by Q1. So, let's say 68% is covered. So, do you expect, let's say this Rs. 176 crore is a recurring number at least from a YoY perspective? I understand QoQ may not recur. But Rs. 176 crore for this 68% customer will recur in Quarter 2, Quarter 3, Quarter 4 or no?

Neeraj Jain: So, see, the number exactly depends on the choice that the customer makes because the liability will depend on whether the customer goes for the FTE model or the permanent model. As I said, we will get the confirmations by the end of Q2 and the exact number will be known at that time. It will then go through an actual valuation process and will book the liability. My estimate is that the final number, the remaining number should be lesser than the Rs. 170 crore that we booked in Q1.

Dipesh Mehta: Now, my question is about YoY. Let's say this quarter we book Rs. 170 crores because it is related to gratuity and some of the other benefits, right? Now, because it is Labor Code, it led to increase in that number. That should be a recurring number, right? Or it is one-time revenue? I am not very clear on that part.

Neeraj Jain: So, the Rs. 176 crore was the one-time impact because you are booking the liability YTD. Basis on that headcount, you will then book the normal gratuity liability number as your number moves and that will depend on the iteration and the new hiring that you will do.

Dipesh Mehta: And what will be the benefit from this normal number? Let's say because of gratuity and other impact, what is the extra benefit we enjoy this year?

Neeraj Jain: See, we don't enjoy any benefit. As I said, it is always a pass-through for us. So, whatever the recurring liability will come for the associate headcount, we will book that as a cost, and we will correspondingly book that as a UBR. So, from a best perspective, we don't enjoy any benefit of this.

Dipesh Mehta: No, EBITDA-wise, I understand. We don't get any EBITDA but there might be some revenue benefit. I am looking for revenue part.

Neeraj Jain: So, as I said, in the next quarter, the overall final liability should be one-third of what we have booked in Q1. And from there on, the normal number will be very small. So, I don't think it is going to bump up our revenue significantly.

Dipesh Mehta: I understand. The second question I have on the Japanese corridor, which you indicated. Can you give some context and some mechanism, let's say how it works? Because I am not very much familiar. If you can help us understand that part. And last question is on the sourcing strength. I think we always claim we have very good sourcing strength. Can you give, let's say, what percentage of gross hiring came directly this quarter? Thanks.

Kushal Maheshwari: I will ask Lohit to answer your question.

Lohit Bhatia: So, Japanese corridor is one of those mature economies where the demographic dividend has turned negative about 20-25 years ago. While initially it is impacting their health care and aged care services, the downstream impact is now also visible to technology. If you look at the entire landscape of India's GCC is at 2,407. Just roughly about 5% have come from the Japanese ecosystem. We feel that many of these countries can definitely impact GCC advent into India in a significant way in coming years. Quess is not a known name in Japan. However, Japan is looking at India in a very significant way.

With our partnerships, everywhere it is to use strong local relationships and strong local names which can introduce Quess at an early stage to our customers and we can fulfill both their talent, technology, as well as infrastructure needs as and when they arrive into India. So, that's as far as what we have done in Japan. What was the second one? Our sourcing strength has been built in the last 18-19 years. First differentiation for us is that from an infrastructure standpoint, we stand at about 65 offices.

From a deployment point of view, we have people deployed at 6,464 different pin codes in the country. Today, 41% of our associates are deployed in Tier-3 and below. So, there is a very, very wide coverage that Quess has. Every second employee in Quess in the core employment is a recruiter. We have 1,400 recruiters of which around 750 primarily work only in the General Staffing space. Just in the month of June alone, we touched 18,000 numbers which hit payroll from sourcing alone.

For the quarter, we did close to about 46,000 additions from the sourcing to the gross ads. If you like-for-like compare this for a year ago, 1st Quarter, it was roughly the number was 29,000 to 30,000. So, there is a definite addition as far as sourcing strength is concerned.

Sourcing adds one more key differentiation and that differentiation itself is that we are able to source at scale for customers. That differentiation puts us ahead on the table when it comes to clients, especially when you tackle tougher mandates like Manufacturing, Construction, and so many others.

Dipesh Mehta: Thank you very much.

Moderator: Thank you. We take the next question from the line of Sankaranarayanan S from iThought PMS. Please proceed.

Sankaranarayanan S: Good morning, sir. Thanks for the opportunity. I have a couple of questions. Firstly, on the new Quess 2.0 model where we have more opportunity in other geographies like Japan, Europe, and Israel, can you quantify the opportunity in terms of numbers? And can you provide a sense of how an organized large player like us can benefit over a smaller player? And how do you look the overseas staffing business vertical in the next three to five years? And adding down to that, do we see any increase in EBITDA margin in our overseas business over the couple of years?

Lohit Bhatia: So, as far as Quess 2.0 is concerned, the first thing that we definitely explained is that these are mature markets. When you sum total the amount of HR services in these markets, worldwide HR services is about $700 billion. Of that, the Indian market for which we are the largest operator is roughly $19 to $20 billion.

So, give or take on a value scale, Quess is already at 9% to 10% of the entire Indian market. However, when you see it from a worldwide perspective of the balance, $680 billion, we don't even have 1% of the market share there. Within that $680 billion, US, Canada, Nordics, UK, as well as Japan, put together, create about 60% to 65% of that $680 billion of HR services market. Like I was mentioning in the earlier part of the call today, that it is the supply side shortages in those countries and not the demand issues which are creating the shrinkage. And hence, that supply has to be drifted to another country. The same ways that IT services 30 years ago were able to scale and perform, it is our belief at Quess that it is staffing companies like Quess that will be able to solve the technology and the talent requirements for the world as such.

So, again, I repeat myself, we are not opening offices or staffing companies in those markets. We are creating capital light partnership models which is to introduce companies from those into the corridors and perform for them in India and reverse migrate skilled workers. To your question on what could be the market potential, we have just started this journey in the last 90 days.

But if you see from the color that I have given you, $20 billion of the Indian market where we are number one versus $680 billion of the market which we have not yet touched. So, at this moment, I will leave it at that. As far as organized players to smaller or inorganic players, this is more an Asia phenomenon or particularly an India phenomenon. Rest of the world has mature players in mature markets and they have fewer players who conquer a larger part of the market. So, we will have to play it as it comes. But again, I would like to tell everybody that as Quess management, we have deep investments in skill and talent and people for each of these business lines that we are talking about.

So, we have been making significant investments in the last five-six months to get to this stage and this point. As far as our overseas EBITDA is concerned, currently we hover at about 6.2, 6.5% EBITDA margin in overseas. Two of our markets are already in double digits. The rest of them are sub 5% and overall that gives us the 6.2% to 6.5%. We would definitely want more, but this is a very healthy margin. So, I would continue to keep guiding for a 6.5% to 7% as things mature.

Sankaranarayanan S: All right, sir. Slightly over a longer term because of Labor Laws and other complaints going on in India. So, are we seeing any structural shifts from our clients? Let's say earlier they used to prefer a wide number of staffing vendors to provide the workforce and to manage the workforce. But because of labor laws and other complaints related things, at least in General Staffing do we see in client conversations where they want to shrink the number of staffing vendors that they work on?

Lohit Bhatia: In the last couple of years, every time a significant policy movement has taken place in the country, within a period of 6 months to 18 months downstream, benefit has always come to a large operator, number one operator like Quess. If you go back into GST and post-GST, then the COVID transition, as we came and emerged out of COVID transition, March of 2021, our headcount was just a shade over 240,000. Today, almost five years and one quarter later, we are sitting at double of that number at 482,000.

So, yes, you are absolutely right. Whenever the market throws a challenge in terms of compliance, governance, treasury operations, complexity of hiring or sourcing of skilled talent, it does disproportionately help the largest operator in some ways. How much of that will bake into this financial year or the immediate next financial year, I wouldn't want to take a guess there. But all I would want to say is that as a management team and leadership of Quess, we are very, very focused to keep looking at every such emerging opportunity. And with both our people, scale and technology, if and when that starts to happen, we will be there.

Moderator: Thank you. We take the next question from the line of Anant Mundra from MyTemple Capital. Please proceed.

Anant Mundra: Hello. Thank you for the opportunity. So, on the Quess 2.0 pivot that you highlighted in your presentation, I just wanted to understand the economics better. So, would the reverse migration have similar margins to the current overseas staffing business that we do and the inbound GCC business be similar to the Professional Staffing business that we have? That was first question. And the second one was that you plan to expand this business you plan to have dollar linked revenue of 20% to 25%. So, what is the current base of dollar linked revenue that we have?

Lohit Bhatia: So, the current base of overseas earnings for us is about 7%, and 93% is in INR denominated terms. So, this is the exact number. As far as your question on GCC versus PS is concerned, and I will have Kapil also come in, GCC is coming to India because they are looking at very specific niche talent.

And this niche talent is not available in the 0 to 3 years or 0 to 5 years of entry level experiences. And hence, the kind of talent that we are providing to GCC is mostly in the 5-to-13-year experience category. As the talent matures in experience and niche skills, the price points for them continue to go upwards.

To give a very ballpark figure, a revenue line for a GCC kind of a business could be in the range of 1.5 to 2.5 lakh revenue per associate per month, with a decent margin profile for them. What we earn from a GCC revenue in India on a revenue or a margin profile almost somewhere matches with technology talent that we deploy in Southeast Asia in terms of revenue and PAPM as well. However, I would also like to put another perspective here. When we say there could be reverse migration and more GCCs coming to India, it's not at the behest of Quess losing any international business because Quess internationally is only 7,000 headcount. So, we are so microscopically small there that it's not Quess people coming back to India. It's global demand coming to India because technology and talent which needs to solve at scale is not available in most of these mature markets, which is why more and more GCCs are coming to India and will continue to keep coming to India.

Anant Mundra: Okay, got it. So, given that this Quess 2.0 pivot that we are doing is through a partnership model, so just want to understand the economics and the margins. Would they be similar to the business that we do currently?

Lohit Bhatia: I would not like to hazard early guesses before MSAs are signed, execution has begun, and delivery has begun. Let's just start clocking a few million dollars of sale for us to give you a real, true margin perspective. What I can tell you is that there is a very deep amount of work which has already been done in this. In all the corridors that we spoke about, why did we choose these corridors? Why did we choose those specific specializations? And where will the talent come from? Deep amount of work has already been done in the last few months as far as that part is concerned. The second thing I definitely want to mention is that the margin trajectory will be of more the international corridor and the professional corridor and much lesser than our General Staffing platform margin. So, if that gives you a perspective of where this can go. 18 months ago, our profit pool from GS used to be of the order of 65% to 68% while the other two were at 30%-35%. Today we are at 50-50. By doing this, if we can increase that mix the other way around to 35$ coming from the GS businesses on a growing base and 65% from the higher margin businesses, that is where we would want to be three to four years from today.

Anant Mundra: Got it, sir. That is helpful. And just one final question. Who would our partners typically be here? Are these like government bodies or something or private entities?

Lohit Bhatia: One of our partners is already put out there in the public domain. They are a listed company from Japan itself and a very reputed firm in the HR technology space. They are not in the staffing business. The other four partners I would not like to reveal before those MOUs and MSAs are fructified.

Anant Mundra: Got it. Thank you. Thank you so much.

Moderator: We take the next question from the line of Shivang from Emkay Global. Shivang, you may proceed.

Shivang: Hi. It has been four quarters since we have seen the ELI scheme coming. Can you throw some light on the benefits you have accrued from that? How is the penetration?

Kushal Maheshwari: Come again?

Shivang: The ELI scheme, can you throw some light on that?

Lohit Bhatia: Not yet because we have not yet considered any of ELI benefit in our results up until now. As and when it happens, we will definitely disclose.

Shivang: Okay. So, we have not received any subsidies from the government under the scheme?

Lohit Bhatia: Not yet.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Lohit Bhatia: Thank you. Just to summarize our Q1 FY27, this is a broad-based, double-digit revenue growth across all our core segments. A strong margin and profitability with PAT and EPS growth at 61% year-on-year. The continued progress of our Quess 2.0 strategy to build a higher margin dollar-linked revenue will be our area of focus besides building on the volume that we already sit upon. As we move through FY27, our focus will continue to be on driving volume within our General Staffing portfolio and reaching a net addition of 30,000 plus, sustaining growth momentum in Professional Staffing and overseas business, driving margin expansion across segments, scaling our dollar-linked talent corridors under the Quess 2.0, continued disciplined capital allocation and balance sheet strength. We remain confident in our ability to deliver sustainable, profitable growth with improving return ratios while building the next phase of Quess as a leaner, more productive, increasingly higher margin organization.

Thank you again for joining us today for the Earnings Call. Your questions, feedback have always been valuable, and we appreciate your continued interest and support.

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