QCL/SEC/2025-26/39

August 01, 2025

To,

BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, PJ 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 FY26

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 29, 2025.

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: 2025.08.01 14:50:27 +05'30'

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

Encl: as above

"Quess Corp Limited

Q1 FY '26 Earnings Conference Call"

July 29, 2025

MANAGEMENT:	**MR. GURUPRASAD SRINIVASAN – CHIEF EXECUTIVE OFFICER** **MR. SUSHANTH PAI – CHIEF FINANCIAL OFFICER** **MR. LOHIT BHATIA – PRESIDENT, INDIA GLOBAL OPERATIONS** **MR. KAPIL JOSHI – CHIEF EXECUTIVE OFFICER – QUEST IT STAFFING AND QUESS SEARCH & RECRUITMENT** **MR. KUSHAL MAHESHWARI – HEAD, INVESTOR RELATIONS AND STRATEGIC FINANCE**
MODERATOR:	**MR. SIDDHARTH ZABAK – IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Quess Corp Limited Q1 FY '26 Earnings Conference Call hosted by IIFL Capital Service Limited. 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 Siddharth Zabak from IIFL Capital Services Limited. Thank you, and over to you.

Siddharth Zabak: Ladies and gentlemen, good morning, and thank you for joining us on the post Q1 FY '26 results conference call for Quess Corp Limited. It is my pleasure to introduce the senior management team of Quess Corp, who are here with us today to discuss the results.

We have Mr. Guruprasad Srinivasan, CEO; Mr. Sushanth Pai, CFO; Mr. Kushal Maheshwari, Head, Investor Relations and Strategic Finance; Mr. Lohit Bhatia, President, India Global Operations; Mr. Kapil Joshi, CEO of Quest IT Staffing and Quess Search & Recruitment. We will begin the call with opening remarks by the management team, and thereafter, we will open the call for a 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 our Q1 FY '26 earnings call. The information, data and outlook shared by the management during the call is 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 investor presentation for the safe harbor clause. With that safe harbor clause, I will now hand over the call to our Group CEO, Mr. Guruprasad Srinivasan, for his opening remarks. Over to you, Guru.

Guruprasad Srinivasan: Thank you, Kushal. Very good morning, everyone, and thank you for joining us for Quess Corp's Q1 FY '26 Earnings Call. I'm pleased to present our first quarter performance, which starts the year strongly and builds on the operational momentum and vertical strategy established in FY '25. We achieved a healthy and balanced performance in Q1 FY '26 despite facing a challenging environment early this quarter, reflecting our resilient business model, disciplined execution and focused client attention.

For Q1 FY '26, we reported a revenue of INR3,651 crores with EBITDA of INR70 crores. EBITDA margins increased by 7 basis points quarter-on-quarter to 1.9%. PAT for the quarter was INR51 crores. Despite pressure from headcount additions, we ended the period with 4,61,531 associates, adding nearly 2,000 associates on a net basis.

We are proud to announce that Quess has been certified as Great Place to Work for sixth consecutive year, improving from 32nd to 19th place, a testament to our people-oriented culture. Additionally, we have been recognized as India's number 1 staffing company for 2025 by

Staffing Industry Analysts. These prestigious awards highlight our unwavering dedication to our colleagues and consistent quality of our service delivery.

Let me now walk you through the performance of each of our segments, starting with General Staffing. Signs of recovery with strong momentum in June '25. In Q1, the segment reported a revenue of INR3,122 crores, flat year-on-year and down marginally quarter-on-quarter amidst a challenging operating environment. June '25 was the first month since December '24, we saw an uptick across headcount, new demand, open mandates and fulfillments. Overall, the quarter, we had net adds of 2,000, where although we experienced a decline in April. However, we saw a recovery in later part of the quarter by adding 6,500 numbers in the month of June itself. The majority of new addition this quarter came from manufacturing, followed by banking financial, consumer retail and telecom – consumer, retail and telecom saw a marginal decline. The growth came in from manufacturing and BFSI segment. General Staffing added 79 new contracts during the quarter, which brought in 9,000-plus new associates. As of June '25, we have an encouraging open mandate of 42,000 considering the upcoming festive seasonal demand.

Moving on to professional staffing, strongest quarter in over 15 years. Professional Staffing maintained its momentum from previous year, posting its best quarterly performance in over 15 years with revenue of INR244 crores and EBITDA of INR25 crores. It achieved a double-digit margin of 10.2% with our annualized revenue run rate approaching INR2,000 crores. This success resulted from gross margin expansion, operational efficiency, strong financial governance driven by modern initiatives in systems and processes. While headcount has remained steady, this growth is mainly driven by our targeted focus on niche and super niche scale within the GCC space, which is our focused strategy, combined with AI in the service delivery excellence has served us as key drivers for the growth. Additionally, over the past 2 years, we -- even with the headcount remaining stable at around 6,000, segment EBITDA has doubled, highlighting the success of our deployment mix optimization strategy. This margin growth has been driven by ability to shift a large tech workforce from shared services to emerging technology with GCC. Our enhanced capability in data and AI, cloud, cybersecurity and platform engineering have allowed us to operate in higher value segment, thereby improving our margin profile. GCC expansion within the segment is 73%. The exposure to GCC is 73%, driven mainly by demand from digital, high-tech, telecom, media and technology and electronics sector. During the quarter, we also added 12 new contracts, each with promising projection of headcount growth in upcoming quarters. Our open mandate are currently over 1,200 positions, I mean, positioning us well to meet our demand from the sector perspective. BFSI continues to drive the growth, followed by telecom, product and tech sectors. Conversely, pharma and retail, auto and manufacturing faced pressure due to tariff-related headwinds.

We also announced launch of Origint powered by Quess, a new strategic business line focused rapidly in expanding GCC ecosystem. Origint provides end-to-end service to assist global enterprise in establishing, expanding and managing high-performing capabilities across India.

Moving on to overseas business, stable performance with regional strength. The overseas business reported revenue of INR284 crores for the quarter flat year-on-year and marginally down 1% sequentially. Headcount for overseas business was at 5,599 with a growth of 18% year-on-year. We added 32 new contracts during the quarter. Singapore, our largest international market, continues to face visa-related challenges that impacts our overall performance. However, our strategic shift towards General Staffing in Singapore is now over 300 associates is helping us to offset decline in Professional Staffing. The Middle East continues to show strong growth, driven by headcount increase and better realization. The IT sector remains the main contributor, followed by traditional general staffing in retail and e-commerce sector. In APAC and Malaysia -- in APAC, Malaysia is expanding successfully through steady growth in both tech and non-tech clients, while Philippines had a very strong quarter, supported by demand from ITES and technology sectors.

Moving on to digital platform, enabling India's blue-collar workforce at scale. We are creating a comprehensive digital employment ecosystem through our flagship platform, Hamara Jobs. We are proud to be the first company to join the open network for digital commerce, which is also called as ONDC, as an anchor network participant in the work opportunity domain, making a pioneer step in digital staffing. Through this integration, Hamara Jobs will continue to contribute 5 lakh plus verified job listings annually to ONDC network, significantly boosting access to trusted, transparent and scalable job opportunities across the country, thereby expanding access for our job seekers and recruiters in Tier 2 and Tier 3 rural India.

With that, now I'll hand over to Sushanth Pai, our Chief Financial Officer, to share Q1 update on our financial performance. Over to you, Sushanth.

Sushanth Pai: Thanks, Guru. A very good morning to all of you. I'll begin by our headline financial numbers before delving into segment-wise performance and other corporate updates.

We reported revenues of INR3,651 crores for the quarter, reflecting a 2% year-on-year growth and a flat growth sequentially. We delivered an EBITDA of INR70 crores, which is 10% increase year-on-year and 4% increase quarter-on-quarter. Operating margins improved to 1.9% with a sequential expansion of 7 basis points and a 15 basis points improvement over last year. We reported PAT profit after tax of INR51 crores, which includes demerger-related expenses of INR2 crores, primarily on account of professional fees incurred. Excluding this, our adjusted profit after tax came at INR53 crores, a decrease of 15% quarter-on-quarter and an increase of 8% year-on-year.

Correspondingly, our adjusted EPS for the quarter is INR3.5 per share. Excluding the interest on income tax refund benefit of INR9.7 crores in Q4, the net profit of the business remains stable.

In line with our stated objective, our focus on margin expansion has started yielding results due to the operational efficiency measures and a higher mix of higher-margin business. From a profitability standpoint, approximately 53% of our contribution comes from General Staffing, 29% from Professional Staffing and about 21% from overseas business.

Professional Staffing contribution, which has higher margins, has changed from 23% in FY '25 to 29% this quarter. We also exited the quarter at 0 gross debt levels, demonstrating continued strength in our liquidity position.

Moving on to segment-wise updates, starting with General Staffing, we delivered a top line of INR3,122 crores, flat year-on-year and down 1% sequentially, primarily due to muted headcount growth. Segmental EBITDA stood at INR46 crores, up 3% year-on-year and 6% quarter-on-quarter, with margins expanding by 9 basis points sequentially and 4 basis points on a year-on-year basis despite a muted headcount addition.

On Professional Staffing, we are pleased with the segment's growth across revenue and realizations, as it delivered its best ever quarterly performance. Revenue was INR244 crores, up 31% year-on-year and 11% quarter-on-quarter, while segmental EBITDA increased by 48% year-on-year and 24% quarter-on-quarter to INR25 crores. The segment margin came at 10.2%, entering double digits for the first time, registering a sharp 116 basis points expansion with respect to Q1 last year and 102 basis points on a sequential basis. The performance was led by deeper engagements with global capability centers, which now contribute 73% of segment revenues.

Coming to overseas business, revenue stood at INR284 crores, which is broadly flat Y-on-Y basis and down 1% sequentially as growth in the Middle East, Malaysia and Philippines was offset by decline in Singapore business, impacted by continued regulatory headwinds. EBITDA for the segment was INR17 crores, up by 12% year-on-year and 1% quarter-on-quarter. Segment EBITDA margin was 5.9%, a 30 basis points increase on a year-on-year basis and 20 basis points down sequentially.

Looking ahead, as we move into the remainder of FY '26, our North Star remains clear, which is to drive scalable, efficient operations, while doubling down on margin-accretive avenues. We will focus on further leveraging the GCC opportunity by advancing our GCC as a Service brand, Origint that was rolled out and accelerate our digital platforms partnership with ONDC.

With a strong capital base, a seasoned leadership team and a relentless focus on margin and cash conversion, Quess is uniquely positioned to capture the next wave of workforce transformation opportunities. With that, I conclude the financial update. Thank you for your time and continued support. I now hand over the call back to the moderator for the Q&A session.

Moderator: Thank you very much. The first question is from the line of Siddharth Zabak from IIFL Capital Service Limited. Please go ahead.

Siddharth Zabak: Congratulations on a strong set of numbers. My question is on professional staffing. So you have seen sharp revenue growth and margin expansion in recent quarters. I'd like to understand whether this growth and margin profile is sustainable? Or should we expect some moderation going ahead?

Kushal Maheshwari: Thank you, Siddharth, for your question. I would ask Kapil to answer this question on professional staffing.

Kapil Joshi: Hi, Siddharth. If you see Quess IT staffing, we closely work currently with 157 GCCs. In India, we have roughly 1,800 GCC. So last year, we have acquired 62 new logo and in the Q1 itself, we have acquired 12 new logo. 10 of these 12 are from GCC space only.

So as we continue to penetrate in existing GCC base and we have actually pivoted from plain vanilla bulk hiring to niche, super niche space, we have built the capability to deliver in emerging technology. And I think the combination of this will continue to help us to improve gross margin as well as give us the top-line growth.

Moderator: The next question comes from the line of Dipesh Mehta from Emkay Global.

Dipesh Mehta: A couple of questions. Starting with first on the general staffing. Now general staffing, I think revenue growth is relatively softer. You indicated June month is where you are seeing signs of recovery. So if you can give a broad sense how we expect growth acceleration to play out in associate terms as well as in revenue side, if you can give some sense.

Second related question about associate to core ratio, if one look at it, it has declined sizably when you look Q-o-Q and Y-o-Y from around 400 to now 300. So if you can give some sense about how one should look this ratio and whether it has some margin implication or you think because of business mix change, largely it explains the ratio and it might have some implication.

Second question is about professional staffing. Now it has done well. So if you can give a sense about its sustainability both in terms of revenue growth momentum as well as double-digit margin kind of thing?

Kushal Maheshwari: Thank you, Dipesh, for your question. For the question on associate to core ratio, I would ask Guru to give some guidance on that, post which on general staffing, Lohit will contribute.

Guruprasad Srinivasan: Sure. Dipesh, so with regard to the core to associate, yes, we have seen a decline to 307 from where we were. And if you look at, in a way, we are quite mindful about it, and it's a very cautious step that we have taken.

So if you look at Q1 itself, we have added about 79,000 headcount during the quarter and of which 31% comes through sourcing. And this being a season now, July to October up until Diwali, it's going to be season, we have gone and ramped up our recruiting capability across. That's one. And I mean, that adds to our headcount. Part B of that is we are also accelerating on our job spots, which specifically the open mandates, which are coming in from manufacturing segment. Q1, it was slightly slow, but Q2, we are seeing the mandates coming in. And as I said, we have about 42,000 open mandates, which are lined up, and we are accelerating our sourcing capability across up to the season.

So that's pretty much the reason why the core to-associate ratio has slightly come down, but this is definitely is going to add back into our net joinees that will impact positively in the upcoming quarter. So I mean, does that answer your question? Then I can hand over on where is the mandate coming in from to Lohit.

Dipesh Mehta: Sure. So broadly, what you are indicating, it is capacity creation to capture demand, seasonal demand and this ratio likely to reverse as we enter into second half of this year.

Guruprasad Srinivasan: Absolutely. And we have been doing that. I mean as and when the season tapers down, we also bring it down. The recruiter count also comes down. So...

Dipesh Mehta: And second part of that question is in terms of mix change because I was more keen about whether this mix change because, let's say, BFSI has seen some softness for the last few quarters. So now in terms of your associate mix, there might be some change in terms of industry-wide number, whether it has implication in this core associate kind of ratio?

Guruprasad Srinivasan: Sure. So let me get Lohit to talk about that.

Lohit Bhatia: Dipesh, thanks for the question. Just to add to your question and Guru's answer, First and foremost, if you see the quarter 1, overall, the growth has been a shade over 2,000 net addition. However, this is a quarter where we've turned from the trough and we've turned back up into the positive territory. You would notice from Guru's commentary that April started soft with a little over 4,000 negative decline, flattish in the month of May and then almost 7,000 net addition in the month of June, which is what has given us the overall 2,000 addition.

See, quarter 1 for us, particularly is supposed to be the season summer in India and retail and CRT is supposed to do exceptionally well. However, this year, monsoon has practically arrived across the country much earlier, and we hardly had any practical summer even in northern parts of India, there was no summer. What that does is that all the manufacturers, who are associated with summer products saw a much, much softer landing, and that did not aid any beneficial incremental growth in the retail segment. Retail, among the segments, if you notice, retail has come out negative in Q1. BFSI, which was negative in Q4, and we had reported that separately has turned positive, and we've added new BFSI customers. And M&A has again come out positive. So that's overall in the territory.

Having said that, the capacity that we've created and what we are noticing in the broader economy, July onwards, we are seeing that we will consistently remain at these kind of June kind of numbers hereafter, consistently with both new mandates added, which is about 42,000 as well as new customers added, which is about 79 logos. So going forward, we will consistently be able to perform till the season is there.

Kushal Maheshwari: Thank you, Lohit. I would ask now Kapil to give more color on the performance of professional staffing.

Kapil Joshi: Yes. So on your question, whether the revenue growth and margin would be sustainable, I think very much we will be able to hold it. Like Guru has mentioned in his opening remarks, Origint, we recently started GCC as a service and with execution capability, what we have being a differentiator in the market, I think we will be able to capitalize on it. We have a healthy pipeline of prospects in Origint, which should get materialized in the next couple of months. Apart from that, like I mentioned earlier, we have healthy sales new logo signed up. We have signed 12 new logo. Apart from that, we have currently 1,200 open mandate, which is almost 75 days for us. So there is a healthy mandate from the GCC also.

And then we have made huge investment in our AI-driven delivery model. Now we are not only helping the world in solving their technology problem, but we also use a lot of technology internally in getting the sourcing, screening and candidate engagement and all this is giving us better operational efficiency and better margin.

Guruprasad Srinivasan: Just to add, Dipesh, also a slight change. If I look at all the high-end skills that we are adding, whether it is AI, cloud, cybersecurity, digital and high-tech media that we are hiring, the average wage compared to earlier, depending upon the skill, average wage what we hire a person is almost INR1.25 lakhs per month. So even that has increased. And since we work on a percentage margin there, obviously, it continues to support the margin expansion for us.

Moderator: The next question is from the line of Chintan Sheth from Girik Capital.

Chintan Sheth: Great set of numbers on the professional staffing side. My question is more on general staffing. You provided some color around it in terms of how we are looking at it. If you can highlight a little bit more color on in terms of margin improvement from here on, what will be the key drivers one should look at given you mentioned a little bit about why core has been lower, but it will improve. And should it also contribute to improve our margins over there? That's one.

And second is, you mentioned about the gross level -- gross debt level being 0. I'm trying to understand the interest cost at INR10 crores seems a little bit higher. So if you can guide on that part as well?

Kushal Maheshwari: Thank you, Chintan, for your question. I'll ask Lohit to give you some sense on the margin improvement possibility in the general staffing business, post which Sushanth can answer your question on the finance costs related to gross debt.

Lohit Bhatia: Thank you very much, Chintan, for the question. Margin is a factor of what we get from the industry, both in terms of a blend between flat fee as well as percentage fee. And as we've explained in the past, some of the deals, which come at flat fee have little or no room to play as far as margin expansion is concerned. But when you see a growing business, we've had challenges like Guru put it in his commentary after November '24, which is the last Diwali that we saw, there hasn't been much addition in the overall general staffing industry per se. And those were more related to the environmental factors and the economic factors. If you split it now, see some of the things, which have changed from April onwards. On the banking side, interest rates have substantially come down. There has been more openness towards the NBFCs and the banks to add more people. We've added new logos as well as we've received more open mandate. On the M&A side, the manufacturing side, the ecosystem in electronic manufacturing as well as the automobile and EV and renewal vehicles were also seeing some bit of a slowdown, which has also started to recover in both those segments as well, and that aids our open mandates.

And coming back to the retail, what prevented us growing in Q1, which was advancement of rains actually should aid us in growth in second and third quarter because better rates would eventually mean more economic growth. And that still this Diwali, we are extremely bullish. Now coming back to your specific question on margin, service fees minus IDC is what eventually translates into margin. And IDC, like Sushanth and Guru explained in their commentary has already been baked in. So we have baked in for season of 2025 already ahead of time, which is now, and that's what is showing 42,000 open mandates. And in the next couple of months, that should yield growth back for us.

I will hand over to my colleague, Sushanth, on the gross debt question.

Sushanth Pai: Yes. So on gross debt, we are 0 at 30th June. But what happens is during the quarter and during the months, right, there will be some borrowings. So based on the average debt, the interest cost comes. So typically, what happens in month ends and quarter ends, we have much higher collections and that sort of helps in the debt position. But during the month, the average debt is higher. The second thing, as you have noticed, because general staffing was a bit muted and a lot of the general staffing business is on a collect and pay model and because that business was muted, that sort of affected the operating cash flows in this quarter. However, as we go along in quarter 2, because of the open mandates and because of the general staffing showing better traction in quarter 2, so that level also will help us in quarter 2. And as we go along, we believe that the interest cost will keep coming down. So these are the reasons for the interest costs.

Moderator: The next question is from the line of Sankaranarayanan from ithought PMS.

Sankaranarayanan: My first question is regarding the ONDC network. So how are you going to differentiate in terms of sourcing capabilities and getting the employees from our peers and the global competitors?

Guruprasad Srinivasan: Sure. Thanks for this question. And just -- let me give a little background. ONDC is a network -- open digital network for all SMEs and MSMEs to participate on -- I mean, as a channel to impact and for trade and commercial on various other parameters across the country. So this has multiple sections. One of the subsection under ONDC is a platform called ONEST, which focuses specifically for skilling and employment.

Now Quess' platform is getting integrated into ONDC, which is our platform called Hamara Jobs as an anchor network participant for the work opportunities. So what does this mean to Quess is these opens up a complete network or an area, where Quess does not currently focus about.

So for example, we service all enterprise accounts, the large and enterprise accounts. So just to give you an example, if a quick restaurant, if a QSR wants to hire people, they can go to ONDC and they can post the job on ONDC, where the platform would be assisted or the platform that they will ride on is going to be, the demand and supply platform is going to be linked to Quess. So, we have candidates coming onto our application on a daily basis, who are the job seekers, and we have people posting job, who want to hire. So it will enable more job matching or job selections in Tier 2, Tier 3 and rural areas. So this is an area, where currently Quest does not focus as an enterprise, but MSME is a much larger base for us to accelerate. So as we move forward, we would also see a lot of traction coming in from MSMEs onto this platform.

Sankaranarayanan: Got it, sir. Sir, my second question is regarding your new business line for GCC, that's Origint. So previously, before the organization of Origint, how was the GCC business vertical was structured? And after this introducing new vertical as a new business line, how is it going to transform our existing business? How is it going to improve us?

Guruprasad Srinivasan: So as I called out in my initial speech, we have been in IT staffing specifically for over the last 15 years. And we have been hiring people for IT, ITES and GCC. So we have been doing that, and we have been doing fairly well for the last 15 years, and you have seen the result. The toughest part for somebody to set up GCC in India, one of the heavy lifting element is hiring, and we have been doing that for long. Naturally, it's a good fit in for us if -- to get into the other plug-in services. So for example, hiring is one part that we are good at. So the other part is end-to-end services in terms of finding infrastructure and managing those infrastructures for our customers. So we did that as a natural plug-in, created this brand called Origint.

And now we have a capacity that we have built, where we can pitch into customers to do end-to-end, if somebody is setting up their shop in India, we can tell them where the talent is available because we have enormous data in that zone as to what kind of like where the health care tech talents are available, where high-end niche IT talents are available across. We'll be able to consult and coach customers, who are setting up their shop here, which geography or where they should set up considering the talent availability and help them to accelerate the entire start-up in a much more faster way by setting up end-to-end infrastructure premises as well. So I mean, again, these are not capex-heavy model. These are a cost-plus markup model. And since we have the capability to manage end-to-end through our own company, which is Bluspring and Digitide, so we can bring all of them together to work on this.

So what have we done till now, we have gone live with one of the health care wearable company, and there are 2 more in pipeline, which we are working on. So there is a sales strategy that we have put across together.

Sankaranarayanan: Got it, sir. Sir, my last question is regarding general staffing. So I could congratulate the management for increasing the collect and pay ratio from 50 to 65 percentage in 2018 to 76 now. Sir, from here on, how long could you increase the collect and pay ratio in the overall general staffing segment?

Lohit Bhatia: So -- thanks for that question. The propensity for the customer to pay either collect and pay or credit depends on their cycle. And some of the cases, where the credit is being given is because their cycle is pretty international. So the operations may be in India, but they are shared services or their global operations, which could have some of the approving path and everything could be housed outside of India. And hence, it takes slightly longer. For us, the most important thing is even in the customers where we give credit, the due diligence on the type of client and the safety of capital is there. I think we've often stated that we are happy with keeping it between 75% to 80% and we will remain in that range as far as the general staffing is concerned. Our first potential is always to bag more relationships in collect and pay. However, we will remain in that range.

Moderator: The next question is from the line of Meet from Equirus PMS.

Meet: Yes. So my first question is in terms of construction vertical within general staffing. So what was the absolute headcount number for this vertical as on June end? And what was the headcount growth in Q1 on Q-o-Q basis?

Lohit Bhatia: Yes. Thanks for the question, Meet. Construction, as you know, is one of India's biggest informal labor market. It's estimated that there are about 50 million people, who are in the construction vertical and 95% to 97% by government's own data could be in the informal sector. We, along with our Board of Directors and leaders, felt that this is an area that we can have critical operations. However, construction also has other inherent layers in it. So as an organization, we are being extremely cautious.

Today, we play and work in this segment with only 3 very large marquee construction giants in the country. While we have multiple projects that we are doing with them, but the legal entities are 3, the SPVs under them or the construction sites could be about 30 of them. The actual headcount from this business is just about between 2,500 to 3,000. Again, this is a business, which gets highly impacted by rains, and you can't construct especially civil, you cannot construct when there are rains. So obviously, there's a little bit of a decline.

In our plan, the way we had planned, we are ahead of the plan in Q1 already in construction, though not much growth over Q4 because of the reason that I just explained. Q2 and Q3, we have uptick in this business as per the plan itself. Today, what does it contribute to the group? I would say it's fairly insignificant when it comes to cash bottom line, but it has upside potential towards the end of this financial year.

Meet: Okay. Any color how much it can contribute to general staffing revenue and EBITDA in let's say FY '26 or FY '27?

Lohit Bhatia: Early days to make that comment, but I will make one point that unlike the general staffing flat service fees business, this is more like a bill rate model, more like a professional staffing because the nichness of the profile to get skilled workers on the site and to have them mobilized across the country is what customers pay for. They also know that when they come to a Quess Corp, they get good talent, quality talent and they get extremely good compliances and governance, which is otherwise not available in this industry. To give you one perspective, the gross margins in this can be 3x to 4x the gross margin of a typical general staffing person applied. But it is a long way forward for us. We are still very, very small in this right now.

Meet: Understood. Understood. And any new major project which we are pursuing as of now apart from the 3 ongoing projects? Or right now, we are focusing on 3 projects for this year?

Sushanth Pai: For now, we'll continue to focus on 3 customers, which are India's giants, but multiple projects under them. And we will continue to see that it aids us both in payables as well as it aids us in margin profile.

Meet: Understood. Got it. And my second question is for ELI scheme. So Cabinet has approved the employment-linked incentive scheme earlier in July, which was presented in union budget. So just wanted to understand what is your assessment about the impact of this scheme on staffing industry?

Guruprasad Srinivasan: So yes, that's a good question, and it was announced in the budget. It's been approved by cabinet. On 1st of August, it goes live for the entire country for the next 2 to 4 years, as we've all read the details. On the 5th of August, the fine print and the rules should be given out. However, our teams are working extremely closely with both Ministry of Labor as well as the Employees Provident Fund Organization, which will be the implementation body for this. At a very high level, I'll tell you that it will lead to 3 or 4 things for the entire industry. One, more informal labor market should come towards formal labor market, which is where Quess operates, and that helps us. Second, even after we do the transition from informal to formal labor market, unfortunately, at the entry level, the retention is a very big problem and attrition is very high in the general staffing business. The way the scheme is drafted, if you specifically look at Scheme A, it now says that the DBT benefit to the employee will happen after completing 6 month and 12 months. This for the staffing industry and for most of our customers will not just allow more attraction of people into the labor market and into the staffing industry, it will also help us in retention. So retention is going to be another area, where we will closely be able to work, and this will help both us as well as our customer. And third, obviously, it helps the employers as well. And we are a large job creator. So automatically, there would be some benefits there as well. The modeling of it is a little early right now. As we cross, say, 1 quarter and we see our gross additions and net additions, maybe we'll be able to guide more closely after the September or the December quarter.

In terms of real cash flow, if you see it, it says that 6 months after the implementation and implementation date starting from 1st August, it will start having a cash flow benefit to employers. That means the benefit can only accrue from the quarter 4.

Meet: Understood. Understood. Okay. Any early assessment of maybe gross margin changes with the employers because of the scheme?

Sushanth Pai: So like we said, this is Sushanth here. The framework is just ready. There are still fine print that we need to go through. The rules, like Lohit said, is expected to come soon. I think only after that, we'll be able to comment. But broadly, because this takes place in August and there is a condition that people have to be in employment for minimum 6 months, we believe it will be insignificant for this financial year.

Moderator: The next question is from the line of Karan Gupta from ASML.

Karan Gupta: Yes. So can you give the guidance overall for FY '26, '27 of top line and margins, if you can?

Kushal Maheshwari: Sorry, Karan, your line was not audible. Can you repeat your question?

Karan Gupta: Yes. So any guidance for top line and margins for FY '26, '27?

Sushanth Pai: Karan, we typically don't give guidance for top line, bottom line. We can discuss more on the business lines. If you have any questions on the business line, we can discuss more on that.

Karan Gupta: Okay. So for professional staffing, what the contribution we are targeting the overall pie?

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Sushanth Pai: So Karan, Professional Staffing in terms of revenues contribute about 7% and to EBITDA, it contributes 29%. And the margin profile of the Professional Staffing business is about 10.2%.

Kushal Maheshwari: Any other question, Karan?

Karan Gupta: Yes. Any guidance of this segment to increase, what will be the overall contribution on top line...

Kushal Maheshwari: I think Kapil had already answered the question on revenue and margins, but I would ask Kapil if he can give some more color on the professional staffing business.

Kapil Joshi: So Professional Staffing business, we have done the verticalization long back. It was almost 10 years back when GCC was just getting the traction. And we had an early mover advantage of having a verticalization as well as industry-focused approach, delivery approach, okay?

Recently, we have invested a lot in AI-driven delivery model, and that has helped us to deliver better with the speed, better quality to GCC and has helped us to consolidate our position in GCC space. Now 73% of our revenue come from the GCC. And with healthy new logo pipeline and with the 1,200 open mandate currently, we expect this growth should continue.

Karan Gupta: Okay. And overseas?

Kushal Maheshwari: Sorry?

Karan Gupta: Yes. So just last one on overseas staffing. Can you just give some color on the margin side of overseas staffing? I mean, how should we look at it compared to the staffing, professional staffing. Why the Singapore continues to face challenges and trend decline?

Sushanth Pai: Thanks for that question. Maybe I'll just give a headline thing, and I'll just pass it on to Lohit. So if you see overseas business, our contribution to revenue is about 8% and EBITDA is about 17%. The contribution is about 20% to EBITDA. It makes close to 6% margins.

So broadly, if you see the margins, the way it has shaped up has grown 12% year-on-year for overseas business. This is despite the Singapore having headwinds. That is also because Middle East, Malaysia have shown good growth here. And you can also see the headcount has grown about 18% year-on-year for overseas business. So that's the broad thing. So we believe these sort of trends will continue as we go along, and I'll just hand it over to Lohit to add on any comments.

Lohit Bhatia: Yes. Thanks, Sushanth. I think as is known to almost everyone that the Singapore was our largest contributing book from a headcount perspective, revenue perspective and margin perspective. The headwinds that we are seeing there in the last 8 quarters have been circumvented by a couple of actions that our business teams have taken. One among them was to ensure that we have tremendous diversification across all the existing geographies that we had. While Singapore's EBITDA came down in the last 1 year by 41%, we would be glad to know that Middle East EBITDA went up by 48%. Malaysia went up by almost 100% on its base and Philippines went up by 56% on its base.

Singapore, I'd again repeat, used to be our largest contributor. It is no longer our largest contributor. Now the largest contributor by EBITDA is Middle East. So first, that diversification for us across our own geos have worked. Second, within Singapore itself, like Guru explained, the headwinds were primarily because of the visa issues. And hence, we doubled down in the last couple of quarters on expanding towards more localized business, which is general staffing business. Glad to again report that our teams have been able to cross 300 headcount, though on a lower PPAM basis, but they have done significant work locally in Singapore.

The third action that we took was from a sales point of view. We started to sign more APAC deals and more intercountry deals rather than single country deals, which has also helped some of the other geographies to get marquee customers in their geographies and be able to deliver to them. Our exit EBITDA as of now stands at about 5.9% blended for international.

Kushal Maheshwari: Karan, hope this answers your question.

Moderator: The next question is from the line of Sohum from RV Investments.

Sohum: Sir, what was the gross margin PAPM in the General Staffing and Professional Staffing business?

Kushal Maheshwari: Thank you so much for your question. I'll ask Guru to answer.

Guruprasad Srinivasan: Yes. So PAPM ranges between about INR600 to INR650. That's the range that we are in. So if it is seasonal, then -- I mean, Q1 was lesser addition. So it is in a range of about INR600. And as we do net adds in Q2, it's going to slightly go up. So that's the range that PAPM for general staffing works in. Typically, we don't look at PPAM for -- specifically for IT staffing because they work on a bill rate model. And -- but just to give you a ballpark number, it ranges anywhere between INR23,000 to INR25,000 per person.

Sohum: Okay, sir. And this new vertical which we have launched that Origint, so it will be reported under our Professional Staffing business?

Guruprasad Srinivasan: Yes. It will be part of Professional Staffing because it's an extension of that.

Sohum: And sir, like you said that we were already good in hiring part and now we will be providing end-to-end services. So how will it impact our margins? Like will we increase it? How are you looking at it?

Guruprasad Srinivasan: Margin would definitely continue to be healthy there. Blended, we should still be able to deliver a double-digit EBITDA margin. So because GCC is a value-accretive business and will continue to be an early double-digit EBITDA margin.

Sohum: So sir, internally, how big are we seeing this Origint line go on a revenue basis, like in 2, 3 years? There is increasing…

Guruprasad Srinivasan: Currently, India has about 1,600 GCCs. By 2030, it is expected to grow at a rate of about 13% and another 700-plus GCC are expected to go live. So on an average, roughly about 100-plus GCCs are going to go live. That's what majority of the reports and research talks about and which will also employ substantial headcount that needs to come in there and the talent that needs to be hired for balance 700. So definitely, there is an opportunity. And it's too early to put a number as to what percentage of that we would be delivering, but definitely, Quess has a good opportunity to be in that space.

Sohum: Okay, sir. And this will be completely like asset-light only this line?

Guruprasad Srinivasan: Yes, yes. Yes, absolutely.

Sohum: Yes, sir. And this 1,200 open minded we are talking in the professional staffing, like if you can provide me the percentage of how many are from GCCs?

Guruprasad Srinivasan: 68% almost are from GCCs of the 1,200.

Sohum: Like any North Star margin you are expecting from the GCC margins like, sir?

Guruprasad Srinivasan: No, I think -- I mean, pretty much, Sorry, please go ahead.

Sohum: No, you go ahead, sir.

Guruprasad Srinivasan: No I said -- I mean we are expecting -- continue to sustain this double-digit margin for professional staffing.

Moderator: Ladies and gentlemen, we will take that as the last question. I now hand the conference over to the management for closing comments.

Kushal Maheshwari: Thank you, the moderator. I would ask Guru to give the closing statement.

Guruprasad Srinivasan: Sure. So, as we strengthen our position as a pure-play staffing leader, we remain deeply committed to operational excellence, innovation and continuously evolving our offerings to meet the dynamic needs of our clients. It takes a very disciplined approach in terms of execution, a clear strategic vision in terms of robust balance sheet and culture, a deep-rooted culture of innovation. We'll continue to invest in technology in all our parts of business, and there are multiple work that we are doing in that space. So we believe Quess is well positioned to drive sustainable long-term value for our shareholders.

Thanks, again for joining us today in Q1 earnings call. Your question and feedback has always been valuable. We appreciate your continued interest and support, and I sincerely look forward to catching up with you all soon. Thank you.

Kushal Maheshwari: Thank you very much.

Sushanth Pai: Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Quess Corp Limited and IIFL Capital Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

(The document has been slightly edited to improve readability)