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Generating Wealth

Q1FY27 - Result Update
30th July 2026

Quess Corp Ltd.

Diversify, Formalize, Compound

CMP: INR 310

Rating: Accumulate

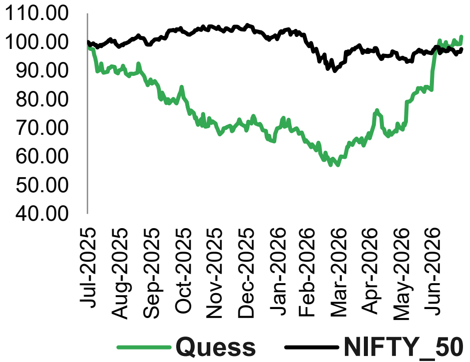
Target Price: INR 370

Stock Info	
BSE	539978
NSE	QUESS
Bloomberg	QUESS:IN
Reuters	QUEC.NS
Sector	Services
Face Value (INR)	10
Mkt Cap (INR Mn)	46,260
52w H/L (INR)	320/166
Avg yearly Vol (in 000')	594.5

Shareholding Pattern % *(As on June, 2026)*	
Promoters	56.82%
Public & Others	43.18%

Stock Performance (%)	1m	6m	12m
Quesscorp	+15.9	+49.0	+4.2
Nifty 50	+1.89	-3.9	-2.2

Quesscorp Vs Nifty 50



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Quess Corp reported a strong set of numbers for Q1FY27. Revenue came in at INR 41.81 Bn, growing by +2.1% QoQ and +8.9% YoY (+5.2% vs. our estimates). Gross margin stood at 2.34%, against 2.6% QoQ and 2.35% YoY. EBITDA stood at INR 845 Mn, down -3.3% QoQ and up +19.7% YoY (+2.45% vs. our estimates). EBITDA margin stood at 2.02%, compared to 2.22% QoQ and 1.91% YoY (against our estimate of 2.1%). PAT came in at INR 821.24 Mn, growing by +7.1% QoQ and +35.1% YoY (+19.2% vs. our estimates). PAT margin stood at 1.95%, compared to 1.65% QoQ and 1.39% YoY (against our estimate of 1.73%).

Margin Expansion Through Better Business Mix: The company is steadily increasing its exposure to higher-margin segments such as Professional Staffing, GCC hiring, Manufacturing, and overseas operations. Management's target of raising the contribution of these businesses to 20-25% of revenue over the next 3-4 years should support gradual improvement in profitability. Professional Staffing margins are expected to remain healthy at 11-12%. This shift in business mix should drive steady earnings growth over the medium term.

Long Runway from GCC & International Expansion: The rapid expansion of India's GCC ecosystem and the development of international talent corridors provide significant long-term growth opportunities. With Japan already operational and expansion underway in Europe, Israel, and North America, Quess is well positioned to diversify its revenue base and capture global staffing demand. Continued client additions across overseas markets further enhance revenue visibility. This broadens the company's addressable market beyond domestic staffing.

Strong Staffing Demand: Quess continues to witness healthy demand across key sectors such as Manufacturing, Consumer, Retail, Telecom, and GCCs. A robust pipeline of new contracts and open hiring mandates provides strong revenue visibility and supports sustained workforce additions over the coming quarters. Healthy festive season hiring is expected to further accelerate associate additions in H2FY27. This provides confidence in sustained revenue growth and market share gains.

Outlook: Quess Corp is well positioned to sustain healthy growth, supported by strong demand across staffing businesses, a robust GCC opportunity, and a healthy pipeline of new client wins. Continued investments in AI-led recruitment, digital platforms, and higher-margin businesses, along with international expansion, are expected to drive gradual margin improvement and support long-term earnings growth. **We maintain our Accumulate rating and revise our target price to INR 370.**

Valuation Summary:

Year-end March (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Net Sales	1,49,672	1,53,052	1,71,471	1,92,704	2,16,610	2,43,530
EBITDA	2,623	3,124	3,688	4,298	5,032	5,969
PAT	459	2,222	2,814	3,163	3,818	4,658
EPS (INR)	3.08	14.88	18.85	21.18	25.57	31.19
EBITDA Margin (%)	1.75%	2.04%	2.15%	2.23%	2.32%	2.45%
EV/EBITDA	13.64	11.68	9.47	7.93	6.52	5.34
P/E (x)	86.97	18.01	14.22	12.65	10.48	8.59
ROE %	4.23%	19.02%	21.19%	21.08%	22.34%	24.14%
Debt/Equity (x)	0.10	0.11	0.10	0.10	0.10	0.09

Quess Corp Ltd Q1FY27 Concall Highlights

General Staffing
• General Staffing continued to strengthen its leadership position as India's largest staffing platform with healthy workforce additions.
• Demand remained robust across Manufacturing, Consumer, Retail, and Telecom verticals, supporting broad-based business momentum.
• The company secured a healthy number of new contracts and maintains a strong pipeline of open hiring mandates, providing good revenue visibility for the coming quarters.
• Manufacturing continues to emerge as a strategic growth vertical, benefiting from higher-value staffing opportunities and stronger realization per associate.
• AI-led sourcing initiatives and technology investments are enhancing recruiter productivity, improving candidate acquisition efficiency, and supporting scalable growth.
• Strong nationwide sourcing infrastructure and deep client relationships continue to differentiate Quess in the organized staffing market.
• Healthy festive season hiring demand is expected to support sustained hiring momentum during H2FY27.

Professional Staffing
• Professional Staffing continued to deliver quality growth led by increasing demand from Global Capability Centres (GCCs).
• GCC business has become the key growth engine, with strong client additions and a healthy pipeline of specialized hiring mandates.
• Continued expansion of India's GCC ecosystem provides a significant long-term opportunity with substantial untapped market potential.
• Focus on niche digital skills, recruitment services, and international mobility continues to strengthen the premium business mix.
• Management expects Professional Staffing EBITDA margins to remain in the 11–12% range as the business scales further.

Overseas Business
• Overseas operations maintained healthy growth across APAC and the Middle East, supported by diversified customer additions.
• Strong execution across Singapore, Malaysia, the Philippines, and the Middle East continues to drive business expansion.
• Stable profitability across international operations highlights the strength of the company's diversified overseas portfolio.

Digital Platforms & Growth Initiatives
• Digital platforms remain a strategic investment area, with AI-driven recruitment, blue-collar hiring platforms, and HR technology solutions expected to enhance scalability and operating efficiency.
• The company is expanding international talent corridors, with Japan already operational while Europe (Nordics), Israel, and North America remain under development.
• Management aims to increase the contribution of higher-margin businesses to 20-25% of overall revenue over the next 3-4 years, supporting a stronger earnings profile.

Management Outlook
• Management remains optimistic on continued workforce additions and revenue growth, supported by a healthy contract pipeline, festive season demand, and open hiring mandates.
• The company expects higher-value segments such as manufacturing, construction, and GCC-led staffing to gradually improve business mix and profitability.

• Long-term growth will be driven by investments in AI, recruitment automation, digital platforms, international expansion, and the growing GCC opportunity.
• As a long-term strategic aspiration, management reiterated its ambition to build the world's largest staffing platform, targeting 1 million associates over time.

Outlook: Quess Corp remains well positioned to deliver healthy growth, supported by robust demand across General and Professional Staffing, a strong pipeline of new client wins, and sustained momentum in GCC hiring. Continued investments in AI-led recruitment, digital platforms, and international expansion should improve productivity and enhance scalability. The increasing contribution from higher-margin businesses such as GCC staffing, manufacturing, and overseas operations is expected to support gradual margin expansion. With healthy festive season hiring, strong execution capabilities, and a long-term focus on building a global staffing platform, the company appears well placed for sustainable growth over the medium term. **We have a Accumulate rating on the stock with the target price of INR 370 calculated based on 9x EVEBITDA for FY29E.**

Exhibit: Income Statement

Income statement (INR Mn)

Income statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Gross Sales	1,49,672	1,53,052	1,71,471	1,92,704	2,16,610	2,43,530
Net Sales	1,49,672	1,53,052	1,71,471	1,92,704	2,16,610	2,43,530
YoY (%)		2.26%	12.03%	12.38%	12.41%	12.43%
Gross Exp	**1,46,384**	**1,49,366**	**1,67,137**	**1,87,679**	**2,10,764**	**2,36,657**
YoY (%)		2.04%	11.90%	12.29%	12.30%	12.29%
Unallocated Employee Cost	665	562	646	727	814	904
YoY (%)		-15.48%	15.00%	12.50%	12.00%	11.00%
Total Operating expenses	**665**	**562**	**646**	**727**	**814**	**904**
YoY (%)		-15.48%	15.00%	12.50%	12.00%	11.00%
EBITDA	**2,623**	**3,124**	**3,688**	**4,298**	**5,032**	**5,969**
YoY (%)		19.11%	18.03%	16.56%	17.06%	18.63%
EBITDA Margin (%)	1.75%	2.04%	2.15%	2.23%	2.32%	2.45%
Depreciation	412	418	425	430	440	450
% of Gross Block						
EBIT	**2,211**	**2,706**	**3,263**	**3,868**	**4,592**	**5,519**
EBIT Margin (%)	1.48%	1.77%	1.90%	2.01%	2.12%	2.27%
Interest Expenses	386	492	450	473	496	521
Non-operating/ Other income	236	165	280	80	100	120
Exceptional Items	1,643	81	0	0	0	0
PBT	**418**	**2,298**	**3,093**	**3,476**	**4,196**	**5,118**
Tax-Total	-41	76	278	313	378	461
Adj. Net Profit	**459**	**2,222**	**2,814**	**3,163**	**3,818**	**4,658**
Reported Profit	**459**	**2,222**	**2,814**	**3,163**	**3,818**	**4,658**
PAT Margin	0.31%	1.45%	1.64%	1.64%	1.76%	1.91%
Shares o/s/ paid up equity sh capital	148.92	149.33	149.33	149.33	149.33	149.33
Adj EPS	3.08	14.88	18.85	21.18	25.57	31.19
Dividend payment	10.00	11.00	12.00	13.00	14.00	15.00
Dividend payout (%)	324.52%	73.93%	63.67%	61.37%	54.76%	48.09%
Retained earnings	**-1,030**	**579**	**1,022**	**1,222**	**1,727**	**2,418**

Exhibit: Balance Sheet (Consol)

Balance sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Sources of Funds						
Equity Share Capital	1,489	1,493	1,493	1,493	1,493	1,493
Reserves & Surplus/ Other Equity	9,371	10,189	11,788	13,513	15,594	17,803
Networth	**10,860**	**11,682**	**13,281**	**15,006**	**17,087**	**19,296**
Unsecured Loans/ Borrowings/ Lease Liabilities	1,129	1,245	1,369	1,506	1,657	1,823
Other Liabilities	16,130	17,464	19,999	21,862	24,149	26,337
Total Liabilities	**17,258**	**18,709**	**21,368**	**23,368**	**25,806**	**28,159**
Total Funds Employed	**28,118**	**30,391**	**34,649**	**38,374**	**42,893**	**47,456**
Application of Funds						
Net Fixed Assets	**1,045**	**1,242**	**1,321**	**1,396**	**1,464**	**1,525**
Capital WIP	-	17	18	20	22	24
Investments/ Notes/ Fair value measurement	-	512	512	512	512	512
Current assets	**18,962**	**20,002**	**23,975**	**27,373**	**31,543**	**35,729**
Debtors	15,295	15,822	17,936	20,155	22,654	25,467
Days						
Other Current Assets	809	829	912	1,025	1,152	1,295
Cash and Cash equivalent	2,669	2,069	3,761	4,722	6,148	7,243
Current Liabilities/Provisions	**14,106**	**14,477**	**16,619**	**18,064**	**19,878**	**21,531**
Creditors / Trade Payables	586	273	835	935	1,049	1,179
Days						
Net Current Assets	**4,856**	**5,526**	**7,356**	**9,309**	**11,665**	**14,198**
Total Asset	**28,118**	**30,391**	**34,649**	**38,374**	**42,893**	**47,456**
Total Capital Employed	**23,262**	**24,866**	**27,293**	**29,065**	**31,228**	**33,258**

Exhibit: Cash Flow (Consol)

Cash Flow Statement (INR Mn)	FY26	FY27E	FY28E	FY29E	FY30E
Profit After tax	**2,222**	**2,814**	**3,163**	**3,818**	**4,658**
Adjustments: Add					
Depreciation and amortisation	418	425	430	440	450
Interest adjustment	492	450	473	496	521
Profit before Working Capital Change	**1,325**	1,617	2,044	2,564	3,268
Trade receivables	-528	-2,114	-2,219	-2,498	-2,813
Trade payables	-314	563	100	114	130
Other Liabilities and provisions	731	1,415	1,378	1,620	1,436
Other Assets	-110	-157	-216	-243	-274
Taxes	-593	24	-183	-75	-74
Net cash from operating activities	**511**	**1,349**	**904**	**1,480**	**1,673**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-632	-505	-507	-510	-514
Net Sale/(Purchase) of investments	-512	-	-	-	-
Others	-241	240	33	37	38
Net cash (used) in investing activities	**-1,385**	**-265**	**-474**	**-472**	**-475**
Interest expense	-492	-450	-473	-496	-521
Other financing activities	765	1,058	1,003	914	419
Net cash (used) in financing activities	**273**	**608**	**530**	**418**	**-102**
Closing Balance	**2,069**	**3,761**	**4,722**	**6,148**	**7,243**
FCF	**-121**	**844**	**397**	**971**	**1,159**
Capex (% of sales)	0.42%	0.29%	0.26%	0.23%	0.21%

Exhibit: Ratios (Consol)

Key Ratios	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Solvency Ratios						
Debt / Equity	0.10	0.11	0.10	0.10	0.10	0.09
Net Debt / Equity	-0.14	-0.07	-0.18	-0.21	-0.26	-0.28
Debt / EBITDA	0.43	0.40	0.37	0.35	0.33	0.31
Current Ratio	1.10	1.07	1.12	1.17	1.22	1.27
DuPont Analysis						
Sales/Assets	7.89	7.65	7.15	7.04	6.87	6.82
Assets/Equity	1.75	1.71	1.81	1.82	1.85	1.85
RoE	4.23%	19.02%	21.19%	21.08%	22.34%	24.14%
Per share ratios						
Reported EPS	3.08	14.88	18.85	21.18	25.57	31.19
Dividend per share	10.00	11.00	12.00	13.00	14.00	15.00
BV per share	72.92	78.23	88.94	100.49	114.43	129.22
Cash per Share	16.73	11.93	22.84	28.94	38.15	45.15
Revenue per Share	1005	1025	1148	1290	1451	1631
Profitability ratios						
Net Profit Margin (PAT/Net sales)	0.31%	1.45%	1.64%	1.64%	1.76%	1.91%
Gross Profit / Net Sales	2.20%	2.41%	2.53%	2.61%	2.70%	2.82%
EBITDA / Net Sales	1.75%	2.04%	2.15%	2.23%	2.32%	2.45%
EBIT / Net Sales	1.48%	1.77%	1.90%	2.01%	2.12%	2.27%
ROCE (%)	20.36%	23.16%	24.57%	25.78%	26.87%	28.60%
Activity ratios						
Debtors Days	37	37	36	36	36	36
Creditor Days	1	1	1	2	2	2
Leverage ratios						
Interest coverage	5.73	5.50	7.25	8.19	9.26	10.59
Debt / Asset	0.04	0.04	0.04	0.04	0.04	0.04
Valuation ratios						
EV / EBITDA	13.64	11.68	9.47	7.93	6.52	5.34
PE (x)	86.97	18.01	14.22	12.65	10.48	8.59

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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