



INDIA RESEARCH

INITIATING COVERAGE

STAFFING



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Quess Corp

Improving outlook sets stage for further re-rating



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Reco	: BUY
CMP	: INR 670
Target Price	: INR 1,000
Potential Return	: 50%

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Market data

Sensex	:	81,749
Sector	:	Staffing
Market Cap (INR bn)	:	95.8
Market Cap (USD bn)	:	1.134
O/S Shares (mn)	:	148.6
52-wk HI/LO (INR)	:	875/460
Avg. Daily Vol ('000)	:	303
Bloomberg	:	IH IN

Source: Bloomberg

Valuation

	FY25e	FY26e	FY27e
EPS (INR)	26.3	33.5	40.2
P/E (x)	26.6	21.8	17.4
P/BV (x)	3.5	3.3	2.9
EV/EBITDA (x)	12.9	10.7	8.4
Dividend Yield (%)	1.1	1.4	1.7

Source: Company, Antique

Returns (%)

	1m	3m	6m	12m
Absolute	(8)	(12)	6	31
Relative	(7)	(10)	2	10

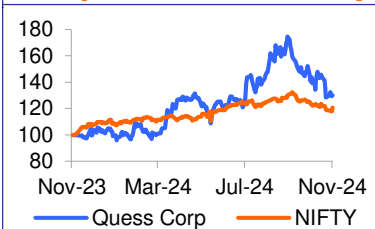
Source: Bloomberg

Shareholding pattern

Promoters	:	57%
Public	:	43%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg Indexed to 100

INITIATING COVERAGE

Quess Corp

Improving outlook sets stage for further re-rating

Quess Corp is the largest staffing company in India and the 46th largest global staffing company by revenue. It offers a wide array of services such as staffing solutions, facility management, and IT services. Overall, Quess is a clear beneficiary of strong hiring trends across various segments. Increased formalization of the economy driven by labor reforms, rise in the gig economy, capex push through PLI schemes, a higher thrust on manufacturing driven by the China + 1 strategy, low staffing penetration, and opportunities in Tier II cities are the company's key growth drivers. With the rapid urbanization in India and the rampant growth of GCCs in the country and Quess experiencing a strong momentum in the BFSI, manufacturing, telecom sectors we believe the company's revenue is expected to grow at 12%-14% CAGR over FY24-27. We initiate coverage on Quess Corp with BUY rating and a TP of INR 1,000 (25x PE on FY27 EPS) which implies 50% upside from the current price.

Revenue growth momentum to remain strong

The staffing industry outlook appears positive, driven by strong hiring trends across sectors. Quess has witnessed robust headcount growth in Workforce Management (WFM) during FY24, with a 17% increase and a five-year CAGR of 20%. We expect this strong hiring trend to continue in the medium term, with double digit growth anticipated in general staffing, particularly in banking, manufacturing, and consumer sectors. Meanwhile, the IT sector, especially traditional IT services, is facing muted demand; however, strong demand in GICs partially offsets this and we expect IT services hiring to pick up in FY26.

PLI scheme and the China + 1 strategy should help medium term demand

The Production Linked Incentive (PLI) scheme is anticipated to stimulate hiring in coming years. According to industry reports, more than 60% employers are planning to increase their workforce due to the PLI scheme introduced by the government. However, most of this push is more of a medium-term driver. Driven by the China + 1 imperative, many MNCs are diversifying their manufacturing base and India is a prime contender for such investments. Since these will be large investments focused on economies of scale, they will generate corresponding employment.

Strong brand helps gain market share

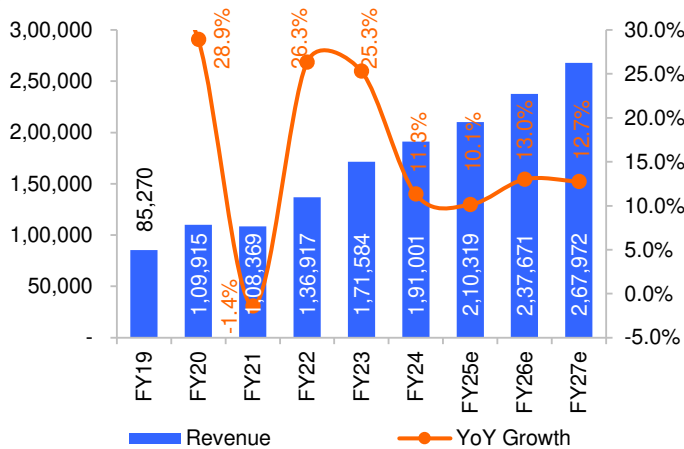
Flexi staffing has seen notable expansion largely due to its role in shifting workers from informal to formal employment. The flexi staffing industry maintained a double-digit growth for new employment, with a YoY growth of 14% CAGR over the past five years. Quess Corp has been growing faster than the industry with 20% CAGR over the same period in its General Staffing business. Quess's WFM vertical has been ranked 46th globally by Staffing Industry Analysts (SIA). The company is the top 5 largest staffing company in the world by headcount. We believe Quess should continue to grow 200-300 bps above the flexi staffing companies in the medium to long term.

Investment Summary

The Quess stock has outperformed the broader index this year after significantly underperforming over the past few year as both the demand and margin outlook has started to improve. Efficient capital allocation policies, operational efficiency, and consolidation of business along with the demerger are positive steps taken by the company to improve efficiency. In addition, PLI schemes and the China plus one strategy will keep the growth momentum strong in the medium term as well. We initiate coverage on Quess Corp with BUY rating and a TP of INR 1,000 (25x PE on FY27 EPS) which implies 50% upside from the current price. Our valuation multiple is in line with its ten-year forward PE average and at 15% discount to our target multiple for Teamlease due to lower medium term growth expectations.

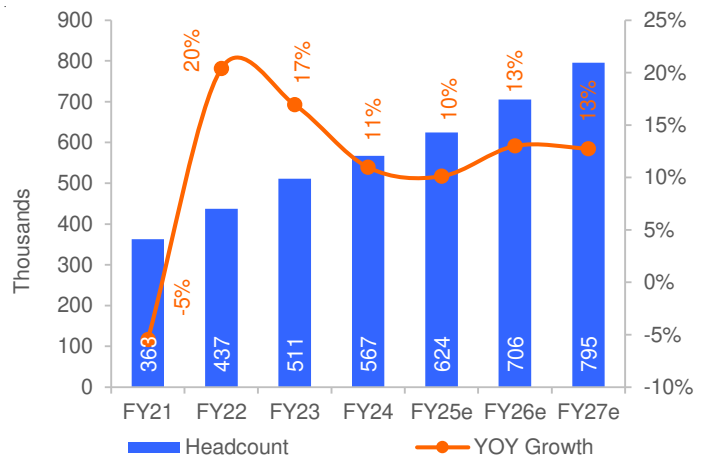
Story in Charts

Exhibit 1: Revenue growth momentum remains strong..



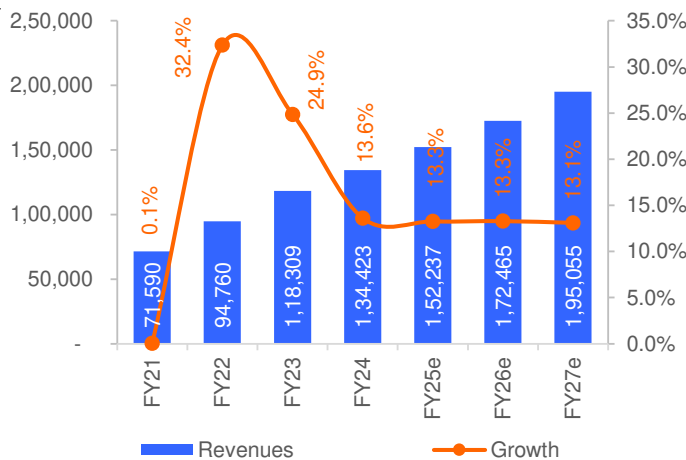
Source: Company, Antique

Exhibit 2: ...largely led by strong headcount addition



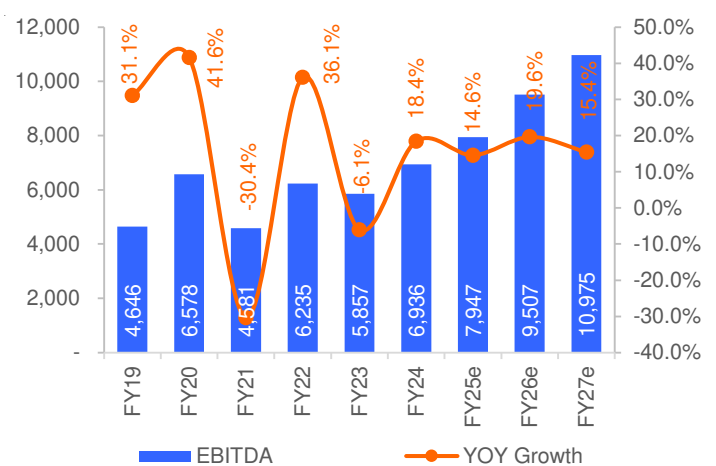
Source: Company, Antique

Exhibit 3: Workforce Management segment to drive revenue growth



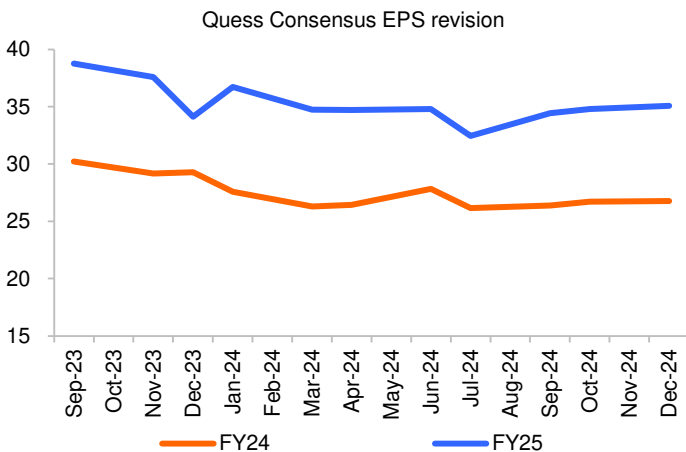
Source: Company, Antique

Exhibit 4: EBITDA to grow at 16% CAGR from FY24 to FY27



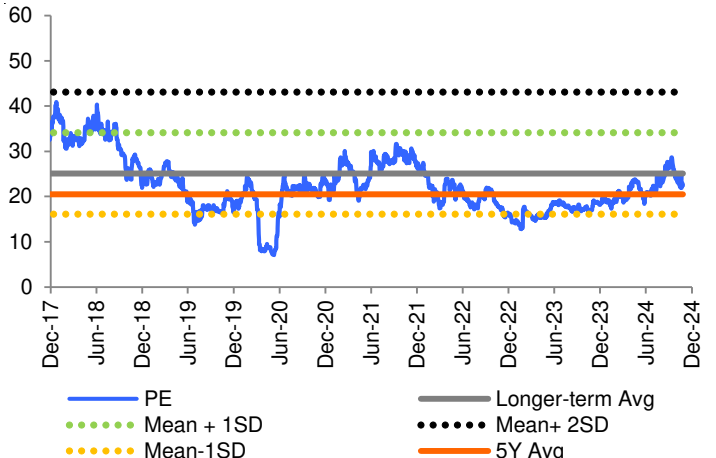
Source: Company, Antique

Exhibit 5: Earnings downgrade revision largely done



Source: Company, Antique

Exhibit 6: Trading at a decent valuation, 22x one-year forward multiple



Source: Company, Antique

Table 1: Segment forecast

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR mn)	85,270	1,09,915	1,08,369	1,36,925	1,71,580	1,90,701	2,10,319	2,37,671	2,67,972
Workforce management	50,353	71,542	71,590	94,760	1,18,309	1,34,423	1,52,237	1,72,465	1,95,055
Operating asset management	17,020	17,340	16,883	21,095	26,219	28,007	31,301	35,449	39,705
Global technology solutions	17,896	21,033	19,896	17,690	21,674	23,100	25,156	27,794	30,827
Product led business				3,380	5,377	5,171	1,626	1,962	2,385
% Revenue breakup									
Workforce management	59.1%	65.1%	66.1%	69.2%	69.0%	70.5%	72.4%	72.6%	72.8%
Operating asset management	20.0%	15.8%	15.6%	15.4%	15.3%	14.7%	14.9%	14.9%	14.8%
Global technology solutions	21.0%	19.1%	18.4%	12.9%	12.6%	12.1%	12.0%	11.7%	11.5%
Product led business				2.5%	3.1%	2.7%	0.8%	0.8%	0.9%
YoY Revenue Growth %		28.9%	-1.4%	26.4%	25.3%	11.1%	10.3%	13.0%	12.7%
Workforce management		42.1%	0.1%	32.4%	24.9%	13.6%	13.3%	13.3%	13.1%
Operating asset management		1.9%	-2.6%	24.9%	24.3%	6.8%	11.8%	13.3%	12.0%
Global technology solutions		17.5%	-5.4%	-11.1%	22.5%	6.6%	8.9%	10.5%	10.9%
Product led business					59.1%	-3.8%	-68.6%	20.7%	21.6%
EBITDA Margin (INR mn)	5,414	7,425	5,308	7,159	7,223	8,546	9,632	11,283	12,714
Workforce management	3,095	3,874	2,283	2,910	3,451	3,512	3,765	4,484	5,071
Operating asset management	1,342	1,224	323	1,199	1,192	1,410	1,571	1,778	1,991
Global technology solutions	977	2,327	2,702	3,170	3,531	4,253	4,456	4,923	5,461
Product led business				-120	-950	-628	-160	98	191
EBITDA Margin (contribution)									
Workforce management	57.2%	52.2%	43.0%	40.6%	47.8%	41.1%	39.1%	39.7%	39.9%
Operating asset management	24.8%	16.5%	6.1%	16.7%	16.5%	16.5%	16.3%	15.8%	15.7%
Global technology solutions	18.0%	31.3%	50.9%	44.3%	48.9%	49.8%	46.3%	43.6%	42.9%
Product led business				-1.7%	-13.2%	-7.4%	-1.7%	0.9%	1.5%
EBITDA Margin (%)	6.3%	6.8%	4.9%	5.2%	4.2%	4.5%	4.6%	4.7%	4.7%
Workforce management	6.1%	5.4%	3.2%	3.1%	2.9%	2.6%	2.5%	2.6%	2.6%
Operating asset management	7.9%	7.1%	1.9%	5.7%	4.5%	5.0%	5.0%	5.0%	5.0%
Global technology solutions	5.5%	11.1%	13.6%	17.9%	16.3%	18.4%	17.7%	17.7%	17.7%
Product led business				-3.6%	-17.7%	-12.2%	-9.8%	5.0%	8.0%

Source: Company, Antique;

Table 2: Consensus vs. our estimates

	FY24	FY25E	FY26E	FY27E	FY24-FY27E CAGR (%)
Revenue (INR cr)					
Consensus	1,91,001	2,12,520	2,40,943	2,73,962	12.78
YoY Growth %	11.3	11.3	13.4	13.7	
Antique Estimates	1,91,001	2,10,319	2,37,671	2,67,972	11.95
YoY Growth %	11.3	10.1	13.0	12.7	
EBITDA (INR cr) & EBITDA margin (%)					
Consensus	6,936	8,114	9,873	11,752	19.21
Consensus Margin %	3.6	3.8	4.1	4.3	
Antique Estimates	6,936	7,947	9,507	10,975	16.53
Antique Margin %	3.6	3.8	4.0	4.1	
Net Profit (INR cr) & Net Profit margin (%)					
Consensus	2,781	4,018	5,248	6,184	30.53
Consensus Margin %	1.5	1.9	2.2	2.3	
Antique Estimates	2,781	3,977	5,078	6,081	29.80
Antique Margin %	1.5	1.9	2.1	2.3	
EPS					
Consensus	18.7	26.4	35.1	40.9	29.75
Antique Estimates	18.7	26.3	33.5	40.2	28.95

Source: Company, Antique

Table 3: Segment mix

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue (in INR mn)	39,793	42,733	44,656	44,402	46,002	47,483	48,418	49,098	50,030	51,794
WFM										
WFM Associate headcount					404	430	444	452	483	498
Collect & Pay- Headcount (%)	76%	77%	76%	76%	77%	75%	77%	78%	79%	79%
Associate: Core FTE	431	430	459	512	469	435	427	405	398	357
Segment wise revenue distribution (%)										
General Staffing	77%	78%	79%	79%	81%	82%	83%	83%	84%	84%
IT Staffing India	8%	7%	7%	7%	6%	6%	5%	5%	5%	5%
Overseas Staffing	13%	12%	12%	13%	12%	11%	11%	11%	10%	10%
Others	3%	2%	2%	1%	1%	1%	1%	1%	1%	1%
Headcount distribution (%)										
General Staffing	95%	95%	95%	95%	95%	95%	95%	96%	97%	97%
IT Staffing India	3%	2%	2%	2%	2%	1%	1%	1%	1%	1%
Overseas Staffing	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%
Others	1%	1%	1%	1%	2%	2%	2%	2%	1%	1%
Customer Concentration- Gen Staffing (% Revenue)										
Top 10	53%	52%	51%	51%	53%	54%	52%	52%	49%	47%
Next 40	29%	29%	29%	27%	25%	23%	25%	24%	25%	26%
Others	18%	19%	20%	22%	23%	23%	23%	24%	26%	26%
Sector concentration -General Staffing (% of revenue)										
BFSI	31%	30%	29%	31%	33%	33%	32%	32%	32%	29%
Logistics	4%	4%	4%	3%	3%	3%	4%	3%	3%	3%
Retail	22%	25%	25%	22%	22%	23%	23%	23%	28%	27%
Industrials	11%	12%	11%	12%	12%	13%	14%	14%	15%	16%
FMCG	8%	7%	8%	8%	8%	9%	9%	9%	10%	12%
IT/ITES	2%	3%	2%	3%	2%	2%	2%	1%	2%	3%
Telecom	14%	13%	14%	14%	12%	11%	11%	12%	7%	8%
Others	8%	6%	7%	7%	8%	5%	6%	6%	4%	4%
Customer Concentration- QITS (% Revenue)										
Top 10	53%	58%	57%	57%	52%	49%	45%	46%	43%	44%
Next 40	36%	31%	31%	31%	32%	31%	33%	34%	38%	37%
Others	10%	11%	12%	12%	16%	20%	22%	19%	19%	19%
Sector concentration -QITS (% of revenue)										
BFSI	9%	8%	6%	6%	6%	7%	7%	1%	2%	2%
Retail	12%	13%	8%	9%	7%	8%	8%	3%	2%	1%
Industrials	9%	9%	10%	10%	10%	11%	13%	3%	4%	5%
IT/ITES	29%	31%	38%	37%	40%	47%	57%	83%	82%	81%
Telecom	25%	24%	23%	18%	16%	12%	6%	8%	7%	7%
Others	15%	14%	17%	20%	22%	14%	8%	2%	3%	4%
GTS										
Revenue/employee (in '000)	111	104	108	109	110	113	117	120	116	119
HRO Records Processed										
(Allsec- in INR mn)	3.3	3.4	3.5	3.6	3.71	3.84	3.98	3.97	4.07	4.33
Revenue distribution -segment wise (%)										
CLM	50	48	48	45	45	46	46	47	50	51
Non-voice BPO	27	27	26	31	32	31	33	33	28	30
IT & Infra Services	8	12	16	12	14	12	11	9	9	7
Platform Services	16	14	10	11	10	11	11	11	13	12

Table 3: Segment mix (conti...)

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue distribution-sector wise (%)										
BFSI	47%	45%	47%	51%	51%	51%	52%	53%	50%	52%
IT/ITES	19%	23%	26%	25%	26%	21%	24%	17%	20%	17%
Retail/FMCG	12%	7%	9%	9%	9%	10%	9%	8%	15%	8%
Industrials	5%	4%	4%	4%	4%	5%	6%	7%	7%	13%
Telecom	7%	6%	7%	6%	6%	6%	6%	6%	6%	6%
Others	11%	13%	7%	4%	4%	7%	3%	8%	2%	4%
CLM & Non-voice BPO										
Customer concentration (% of revenue)										
Top 10	46%	46%	48%	50%	50%	51%	50%	50%	50%	50%
Next 40	42%	43%	40%	39%	40%	37%	38%	36%	38%	37%
Others	12%	11%	12%	11%	10%	12%	12%	14%	12%	13%
Sector Concentration (% of revenue) CLM and non-voice										
BFSI	59%	61%	63%	66%	64%	66%	65%	66%	64%	60%
e-Commerce	11%	9%	9%	7%	7%	7%	7%	6%	6%	7%
Telecom/ Media	8%	9%	9%	8%	8%	8%	7%	7%	8%	11%
Industrials	6%	6%	6%	6%	6%	7%	7%	8%	9%	11%
Retail/FMCG	3%	4%	4%	4%	4%	4%	4%	3%	3%	2%
IT/ ITES	4%	7%	3%	4%	4%	4%	5%	3%	5%	4%
Others	8%	5%	6%	6%	8%	4%	5%	8%	5%	5%
OAM										
Associate Headcount (in '000)					92	91	91	90	94	95
Revenue/ Headcount/month (in INR '000)23		24	25	25	25	26	26	26	26	27
Associate to Core ratio (%)	89	92	100	110	107	104	105	100	98	103
Sector wise distribution-headcount (%)										
IFMS	59%	59%	58%	58%	60%	60%	57%	59%	59%	60%
Security Services	23%	24%	24%	23%	21%	21%	22%	22%	22%	21%
Industrial Services	5%	5%	5%	5%	5%	5%	5%	5%	6%	6%
Telecom Network Services	2%	2%	2%	2%	3%	2%	2%	2%	2%	2%
Others	11%	11%	11%	11%	11%	12%	13%	11%	10%	10%
Sector wise distribution-revenue (%)										
IFMS	59%	60%	60%	57%	60%	60%	58%	58%	59%	59%
Security Services	21%	21%	21%	22%	21%	19%	20%	19%	19%	18%
Industrial Services	7%	7%	6%	7%	7%	6%	7%	7%	7%	8%
Telecom Network Services	6%	7%	7%	8%	7%	9%	9%	9%	9%	10%
Others	6%	5%	5%	6%	5%	6%	6%	7%	6%	4%
Customer Insights (IFM + Security)										
IT/ITES	17%	18%	18%	19%	19%	19%	12%	12%	12%	12%
Education	19%	18%	18%	18%	19%	19%	15%	15%	13%	13%
Industrials	25%	24%	23%	23%	21%	21%	21%	18%	22%	23%
BFSI	21%	21%	18%	17%	15%	15%	15%	15%	15%	14%
Real Estate	3%	3%	4%	4%	9%	9%	10%	9%	9%	9%
Telecom	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%
Healthcare & Hospitality	7%	7%	7%	7%	6%	6%	13%	13%	11%	12%
Others	7%	9%	11%	12%	11%	11%	14%	17%	17%	16%
Customer concentration (%)										
Top 10	29%	29%	29%	29%	27%	27%	24%	26%	27%	26%
Next 40	35%	32%	34%	33%	35%	35%	39%	39%	38%	37%
Others	36%	39%	36%	37%	38%	38%	36%	35%	36%	37%

Source: Company, Antique;

Market leader poised to capitalize on tailwinds

Quess Corp is the largest staffing company in India and the 46th largest global staffing firm by revenue. With more than 3,000 partner clients, the company ranks among the largest private sector employers in India and is one of the top five staffing companies worldwide by headcount. As a leading business services provider, it offers a wide array of services such as staffing solutions, facility management, and IT services. Overall, Quess is the clear beneficiary of strong hiring trends across various segments. Increased formalization of the economy driven by labor reforms, rise in the gig economy, growing working age population, capex push through PLI schemes, higher thrust on manufacturing driven by China + 1 strategy, low staffing penetration, and opportunities in Tier II cities are the key growth drivers for the company.

Established in 2007 and headquartered in Bengaluru, India, Quess operates in over 10 countries, including India, North America, South America, Southeast Asia, and the Middle East. The company provides services in areas such as workforce management, technology solutions, facilities management and products. Quess serves a broad spectrum of industries, including IT and ITES, BFSI, healthcare, retail, manufacturing, and government sectors.

Exhibit 7: Segment mix



Source: Company, Antique

Note: EBITDA figures exclude corporate cost allocation

Investment Summary

Revenue growth momentum to remain strong

The staffing industry outlook appears positive, driven by strong hiring trends across non-IT sectors. Qness and Teamlease have both seen robust headcount growth in general staffing during FY24, with an increase of 17% and 20% respectively, and a five-year CAGR of 20% and 15%. We expect this strong hiring trend to continue in the medium term, particularly in banking, manufacturing, and consumer sectors. The company continues to experience momentum in the BFSI, manufacturing, and telecom sectors, which are expected to drive double-digit growth in the near to medium term. Meanwhile, the IT sector, especially traditional IT services, is facing muted demand; however, strong demand in GCCs partially offsets this with IT hiring expected to pick up in the second half of FY25.

India showcases robust macroeconomic indicators that support rapid urbanization, a shift from agriculture to non-agriculture sectors, substantial investment in physical infrastructure, and the formalization of the economy through initiatives like Digital India and the JAM trinity. As formalization continues to advance, over 10 million formal contractual workers are expected to be covered under social security by 2030, evidenced by rising EPFO enrolment and broader bank account and mobile penetration. The WFM business will be helped by favorable regulatory developments arising from key announcements in the FY25 Union Budget. The introduction of Employment Linked Incentives is promising, encouraging employers like Qness to invest in skill development and training of young people. The OAM business is anticipated to significantly benefit from the growing demand for operations and maintenance services driven by the rapid expansion of infrastructure in India.

Revenue growth expected to stay in double digit

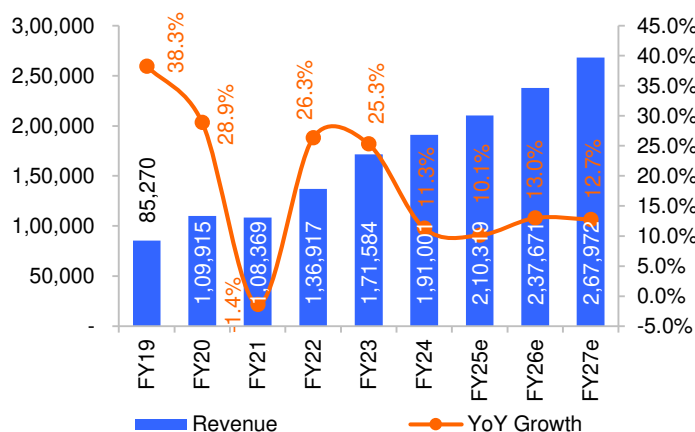
The company is expected to continue its revenue growth momentum in double-digit helped by favorable regulatory frameworks and the growing demand for operations and maintenance services due to rapid expansion of infrastructure in India. We expect its revenue to grow at 12%-14% CAGR from FY24 to FY27. The Workforce Management (WFM) segment is expected to grow at 12%-13% CAGR over the next three years driven by the rise of temporary and contract staffing due to flexibility and cost efficiency, rapid growth of GCCs in India, and increase in remote and hybrid work models.

Growth will be led by the General Staffing business which is expected to grow at 16%-17% CAGR due to a strong demand in banking, manufacturing, and consumer sectors. While, the Professional Staffing business is expected to grow at 12%-13% CAGR. The Operating Asset Management (OAM) segment is expected to grow at 12%-15% CAGR over the next three years driven by rapid increase in India's urban population, smart cities initiative by the government and increased investments in commercial, residential, and industrial sectors.

Sharp rise in number of GCCs in India

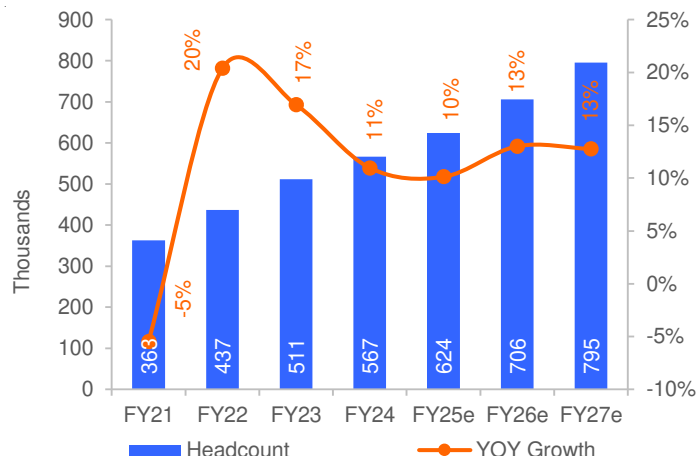
The Nasscom Zinnov GCC Landscape report highlights a significant increase in the number of GCCs in India, driven by the need for companies to leverage cost efficiency, talent availability, and innovation. The report also highlights GCCs are expanding across various sectors, including IT, healthcare, financial services, and manufacturing, reflecting a shift towards more diverse operational capabilities. As per the report, the number of GCCs in India have grown at 5% CAGR to 1,700+ between FY19-24 and they currently employ over 1.9 mn manpower. Further, the report forecasts the number of GCCs in India to increase to 6,500+ over the next five year with their headcount increasing to 2.5-2.8 mn. We expect Qness Corp to see an increase in GCC hiring in the near to medium term. Qness Corp currently earns 65%-70% of its domestic IT services revenue from GCCs with a headcount contribution of 40%-45%. We expect GCCs to help drive Qness Corp's IT staffing revenue by 12%-13% CAGR from FY24 to FY27 ahead of the industry average due to streamlined strategies by verticalizing key industries and strengthening its sales and delivery expansion.

Exhibit 8: Revenue to grow at 12% CAGR from FY24 to FY27



Source: Company, Antique

Exhibit 9: Strong recovery in headcount growth post Covid-19, expect to grow by 12% CAGR from FY24 to FY27



Source: Company, Antique

Table 4: Revenue forecast

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR mn)	85,270	1,09,915	1,08,369	1,36,925	1,71,580	1,90,701	2,10,319	2,37,671	2,67,972
Workforce management	50,353	71,542	71,590	94,760	1,18,309	1,34,423	1,52,237	1,72,465	1,95,055
Operating asset management	17,020	17,340	16,883	21,095	26,219	28,007	31,301	35,449	39,705
Global technology solutions	17,896	21,033	19,896	17,690	21,674	23,100	25,156	27,794	30,827
Product led business				3,380	5,377	5,171	1,626	1,962	2,385
% Revenue breakup									
Workforce management	59.1%	65.1%	66.1%	69.2%	69.0%	70.5%	72.4%	72.6%	72.8%
Operating asset management	20.0%	15.8%	15.6%	15.4%	15.3%	14.7%	14.9%	14.9%	14.8%
Global technology solutions	21.0%	19.1%	18.4%	12.9%	12.6%	12.1%	12.0%	11.7%	11.5%
Product led business				2.5%	3.1%	2.7%	0.8%	0.8%	0.9%
YoY Revenue Growth %		28.9%	-1.4%	26.4%	25.3%	11.1%	10.3%	13.0%	12.7%
Workforce management		42.1%	0.1%	32.4%	24.9%	13.6%	13.3%	13.3%	13.1%
Operating asset management		1.9%	-2.6%	24.9%	24.3%	6.8%	11.8%	13.3%	12.0%
Global technology solutions		17.5%	-5.4%	-11.1%	22.5%	6.6%	8.9%	10.5%	10.9%
Product led business					59.1%	-3.8%	-68.6%	20.7%	21.6%

Source: Company, Antique

Margin expansion remains a key focus area

Quess Corp's margins have been under pressure for the last few years, largely led by the slowdown in IT hiring, and investments in new geographies and the product-led business. However, in the current year we expect margins to come back led by improvement in margins of the staffing business and product led businesses to break even. We expect Quess Corp's EBITDA to grow at 16% CAGR from FY24 to FY27 with margin expanding from 3.6% in FY24 to 3.8%/ 4.0%/ 4.1% in FY25/ 26/ 27. We expect WFM margin to improve led by recovery in IT hiring, while in the medium term the margin is expected to improve led by favorable mix towards variable based pricing and strong demand led by PLI. The company is also working on vertical focused strategies along with rationalization of low margin accounts to improve margins. The product led business is expected to break even by the end of FY25 leading to improvement in profitability by adding INR 100 mn in FY26 and INR 200 mn to operating profit by FY27. The company is also working on improving the international contribution in the Global Technology Solutions (GTS) business which will aid margin expansion.

Management execution has been strong to improve margins

While PAMP levels have stayed consistent at 680-700 levels in the last 4-5 years, management has successfully strategized improvement in net realization by bringing efficiencies in cost-to-serve. Cost-to-serve typically includes the core employee cost used for hiring associates, which includes office space, tech initiatives, etc. which enables the business. Quess Corp has improved its gross margin (PAMP levels) to EBITDA realization to ~65%, which has helped it to improve profitability at the EBITDA level in the General Staffing business.

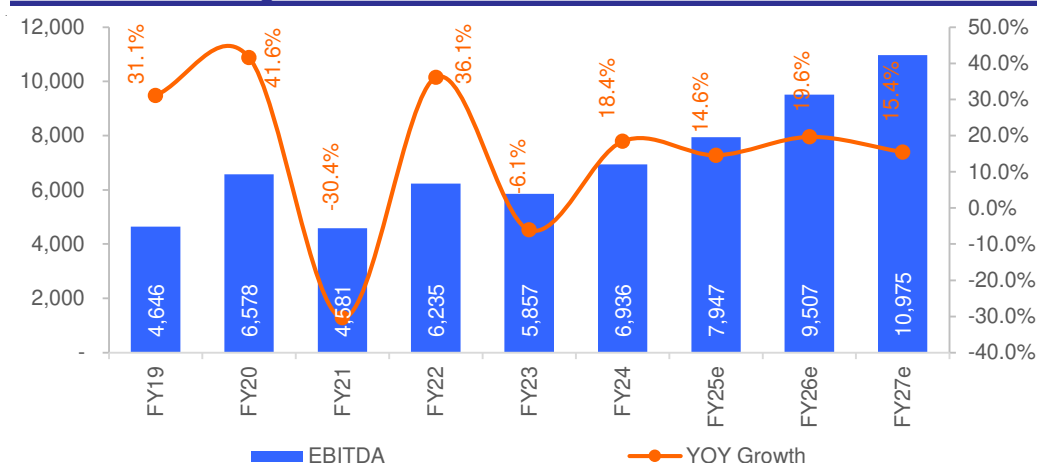
IT recovery could help improve margins further

IT staffing has witnessed a slowdown over the past few years, impacting margins due to the slowdown in IT hiring, as a result of non-AI discretionary demand slowing down and IT budgets of most sectors remaining unchanged. However, strong GCC growth compensated for some of the slowdown as demand for cybersecurity, enterprise applications, AI/ ML, and full-stack development remains strong. In addition, IT services vendors are also looking to pick up hiring as utilization for most companies running near all-time high leaves while growth expected to improve in FY26. India's top IT companies—Tata Consultancy Services, Infosys, HCLTech, Wipro, and Tech Mahindra—have restarted campus recruitment for new engineering graduates following a year-long pause in hiring.

Product business expected to break even in FY25

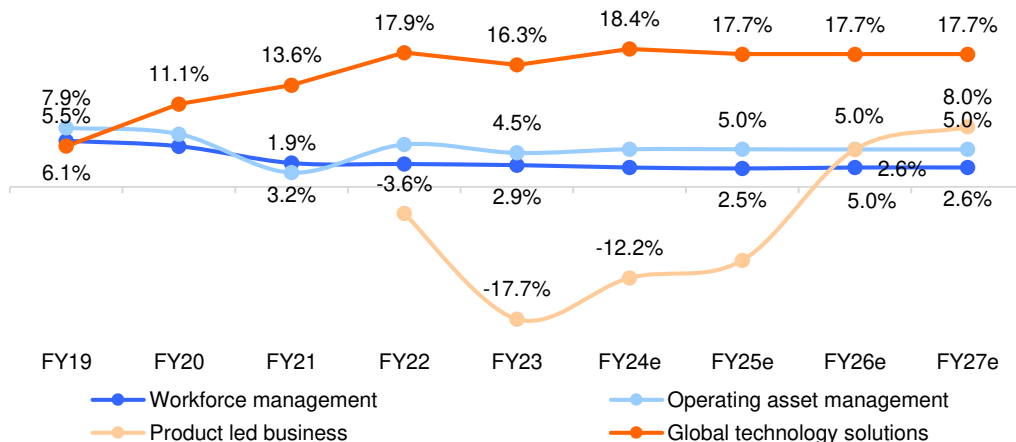
The product led business is expected to break even by the end of FY25 leading to improvement in profitability by adding INR 100 mn in FY26 and INR 200 mn to operating profit by FY27.

Exhibit 10: EBITDA to grow at 16% CAGR from FY24 to FY27



Source: Company, Antique

Exhibit 11: Operating margin across segments



Source: Company, Antique

Table 5: EBITDA Margin forecast

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin (INR mn)	5,414	7,425	5,308	7,159	7,223	8,546	9,632	11,283	12,714
Workforce management	3,095	3,874	2,283	2,910	3,451	3,512	3,765	4,484	5,071
Operating asset management	1,342	1,224	323	1,199	1,192	1,410	1,571	1,778	1,991
Global technology solutions	977	2,327	2,702	3,170	3,531	4,253	4,456	4,923	5,461
Product led business	-	-	-	-120	-950	-628	-160	98	191
EBITDA Margin (contribution)									
Workforce management	57.2%	52.2%	43.0%	40.6%	47.8%	41.1%	39.1%	39.7%	39.9%
Operating asset management	24.8%	16.5%	6.1%	16.7%	16.5%	16.5%	16.3%	15.8%	15.7%
Global technology solutions	18.0%	31.3%	50.9%	44.3%	48.9%	49.8%	46.3%	43.6%	42.9%
Product led business	-	-	-	-1.7%	-13.2%	-7.4%	-1.7%	0.9%	1.5%
EBITDA Margin (%)	6.3%	6.8%	4.9%	5.2%	4.2%	4.5%	4.6%	4.7%	4.7%
Workforce management	6.1%	5.4%	3.2%	3.1%	2.9%	2.6%	2.5%	2.6%	2.6%
Operating asset management	7.9%	7.1%	1.9%	5.7%	4.5%	5.0%	5.0%	5.0%	5.0%
Global technology solutions	5.5%	11.1%	13.6%	17.9%	16.3%	18.4%	17.7%	17.7%	17.7%
Product led business	-	-	-	-3.6%	-17.7%	-12.2%	-9.8%	5.0%	8.0%
YoY EBITDA Margin Growth (%)		37.2%	-28.5%	34.9%	0.9%	18.3%	12.7%	17.2%	12.7%
Workforce management	-	25.2%	-41.1%	27.5%	18.6%	1.8%	7.2%	19.1%	13.1%
Operating asset management	-	-8.8%	-73.6%	270.9%	-0.6%	18.3%	11.4%	13.2%	12.0%
Global technology solutions	-	138.3%	16.1%	17.3%	11.4%	20.5%	4.8%	10.5%	10.9%
Product led business	-	-	-	-	691.7%	-33.8%	-	-	-

Source: Company, Antique;

PLI scheme and the China + 1 strategy should help medium-term demand

The government introduced the Production-Linked Incentive (PLI) scheme in 2021 for 14 key sectors to meet the objectives of Atmanirbhar Bharat to boost production/ sales and to generate employment. These schemes aim to make domestic manufacturing globally competitive and create 6 million new jobs in a five-year period. Since the announcement of the PLI scheme, both production as well as employment in the sectors such as mobile manufacturing, pharmaceuticals, IT hardware, and the white goods have started to show a significant uptick, while the remaining sectors are expected to catch up in the medium term. According to the Indian Staffing Federation, the PLI scheme has the potential to double the existing workforce across the focused sectors by FY25.

Budget announcements have been positive for the company

Building on the foundation of various PLI schemes offering financial stimulus tied to production targets, the government during Union Budget 2024-25 presented the Employee Linked Incentive (ELI) scheme for generating formal employment with a focus on social security and skill development with a substantial allocation of INR 2,000 bn over the next five years benefitting 410 mn youth.

Key features of ELI schemes:

- **Scheme A: First timers:** This scheme is aimed at individuals entering the workforce. The government will provide a one-month wage to first-time employees registered with the EPFO, disbursed in three installments. The maximum benefit is INR 15,000 and eligibility is capped at a monthly salary of INR 1 lakh. Approximately 210 lakh (21 million) young individuals are expected to benefit from this initiative.
- **Scheme B: Job creation in manufacturing:** This scheme is designed to encourage additional hiring by providing incentives for employing first-time workers. It offers benefits to both employees and employers, linked to their EPFO contributions during the first four years of employment. It is projected to assist around 30 lakh (3 million) young entrants and their employers.
- **Scheme C: Support for employers:** This scheme aims to promote additional hiring and is specifically designed for employers. It targets new positions with salaries of up to INR 1 lakh per month. The government will reimburse employers up to INR 3,000 per month for two years to cover EPFO contributions for each additional employee hired under this initiative. The goal is to incentivize the employment of 5 million individuals.

The ELI schemes complements the existing PLI schemes. While the PLI schemes focus on boosting domestic manufacturing through financial incentives tied to production targets, the ELI schemes aim to ensure that this growth translates into substantial employment opportunities. Quess Corp is expected to largely benefit from these schemes and show a strong headcount addition in the coming years, below are the key growth drivers for the company.

- **Shifting of existing labor force from informal to formal employment:** As per the data published by Economic Survey of India, only 21% of the total employed labor force are in formal employment, while a vast majority still remains in the informal set-up. Since employees under a formal employment receives several benefits such as social security, pension, and other benefits, there was a push to increase formal jobs through schemes in the budget. The company expects to benefit from large scale shift of informal employment to formalization.

- **Job creation in manufacturing and services:** To boost job creation in manufacturing and services, the government will make significant investments in infrastructure projects to benefit sectors such as construction, transportation, and logistics. Build Industrial parks in 100 cities to promote new industries and IT services. Provide support and tax benefits to MSMEs and start-ups for new job creation. Ques Corp is expected to benefit from increased demand for labor force in the medium term through these Budget initiatives.
- **Incentivizing skill development and create internship opportunities:** The government announced centrally sponsored schemes for skilling 2 million youth and provide internship opportunities to over 10 million youth over the next five years. These initiatives shall help bridge the skill gap and improve hiring of skilled employees in formal sectors. Ques Corp expects to see an increase in fresher hiring under these initiatives.

Strong brand helps gain market share

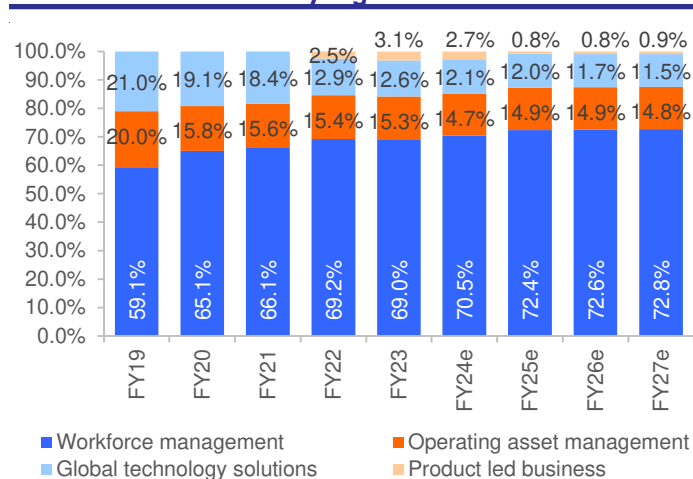
Flexi staffing has seen a notable expansion largely due to its role in shifting workers from the informal to formal employment. The flexi staffing industry maintained a double-digit growth for new employment, with a YoY growth of 14% CAGR over the last five years. Quess Corp has been growing faster than the industry with 20% GAGR over same period in its General Staffing business. Quess's WFM vertical has been ranked 46th globally by Staffing Industry Analysts (SIA). The company is among the top five largest staffing companies in the world by headcount. We believe Quess should continue to grow 200-300 bps above flexi staffing companies in the medium to long term.

- 1) **Diverse service portfolio:** Quess Corp provides an extensive range of services, from staffing solutions across India and overseas to a comprehensive suite of facilities management services and technology services, enabling the company to cater to a broad spectrum of client needs. Quess provides comprehensive staffing and recruitment services in India and overseas and has localized presence with 90+ offices. Quess offers end-to-end facility management, including housekeeping, F&B services, industrial maintenance, security services, and telecom network maintenance. In technology services, Quess provides a suite of solutions from voice, non-voice as well as platform-based payroll outsourcing and insur-tech platforms.
- 2) **Extensive clientele:** 3,000+ customers globally across all platforms. With extensive service offerings, Quess has built a solid reputation and significant market share across its businesses. A majority of the clients have a long-lasting relationship testament about extremely low attrition.
- 3) **Largest private sector employer in India:** Quess is the largest employer in India and one of the top 5 staffing companies globally by headcount. Quess, with its scale and streamlined operations, is a preferred partner for employers as well as associates. The company has been consistently given "favorable" ranking from periodic surveys conducted across associates. Quess's workforce has ~20% female workforce participation and 500+ specially-abled associates.
- 4) **Strong market position:** Quess has a market leading position across all its services. It is India's leading staffing player by a huge margin. In facility management, Quess is the largest player in India by the no. of services. In GTS, Quess is the market leader in HRO payroll services and has significant presence in voice and non-voice businesses. In Product-Led Business (PLB), Foundit is a strong player in the online recruitment space.
- 5) **Focus on technology and innovation:** Quess invests heavily in technology and data analytics to optimize operations and focus on growth and improved realizations. With digital solutions in the staffing business, Quess has significantly reduced its cost-to-serve leading to improved realizations. Similarly, Quess has been investing in emerging technologies in AI and ML to strengthen its IT offerings.

Analysis of business segments

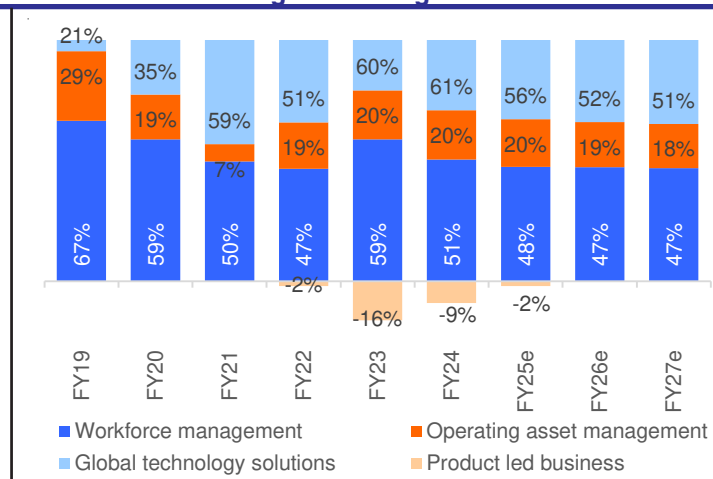
Quess Corp's key segments are: 1) Workforce Management (WFM) - Support clients to find the right candidate for the right job through a host of solutions like contract and general staffing services, IT recruitment, managed services, executive search, skill development, and Recruitment Process Outsourcing (RPO) services; 2) Operating Asset Management (OAM) - Manage client assets, including integrated facility management services, industrial asset management, telecom network optimization, corporate catering services, and security services; 3) Global Technology Solutions (GTS) - Provide technical excellence with a robust and efficient technological ecosystem: includes BPO, Customer Lifecycle Management (CLM), cloud implementation, break fix support, AMC services, robotic process automation, and digital transformation services; and 4) Product-Led Business (PLB) - Provides digital platforms with a view to increase efficiency, drive productivity, and optimize key business processes to enterprises.

Exhibit 12: Revenue mix by segments



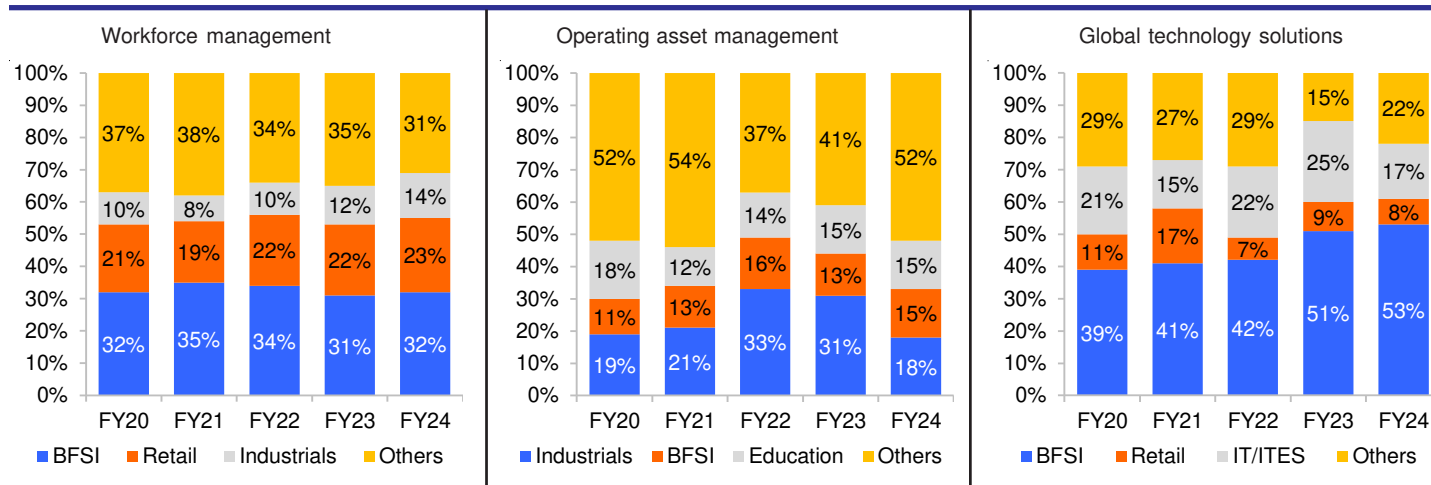
Source: Company, Antique

Exhibit 13: EBITDA margin across segments



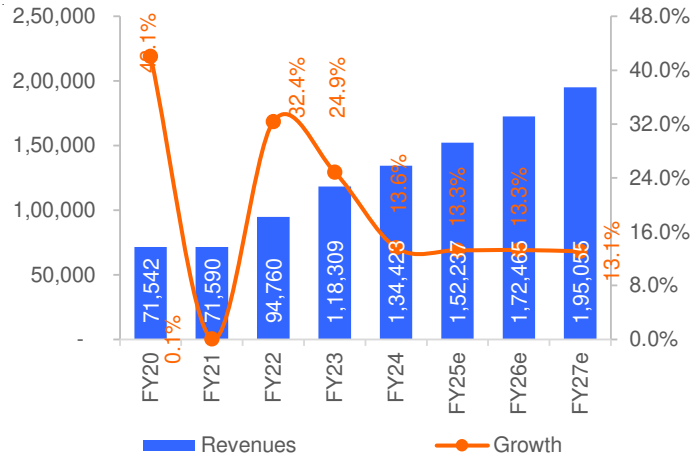
Source: Company, Antique

Exhibit 14: Revenue mix across verticals



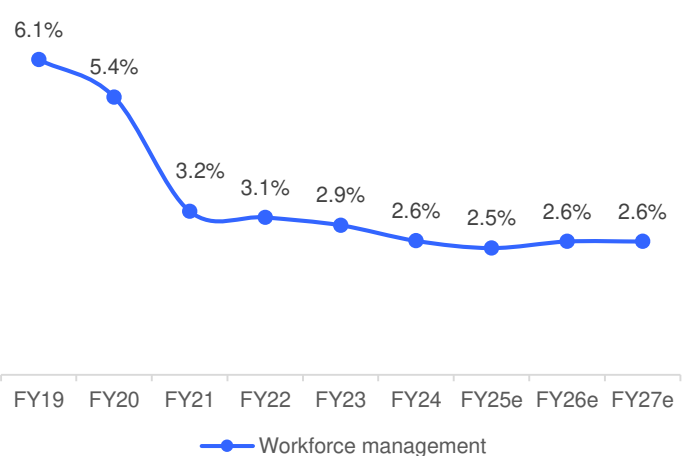
Source: Company, Antique

Exhibit 15: Workforce Management: Strong revenue growth expectations



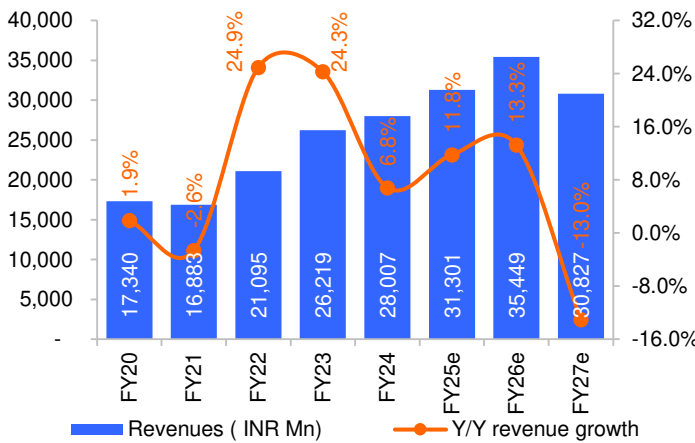
Source: Company, Antique

Exhibit 16: Workforce Management: EBITDA margin improve ment to be gradual



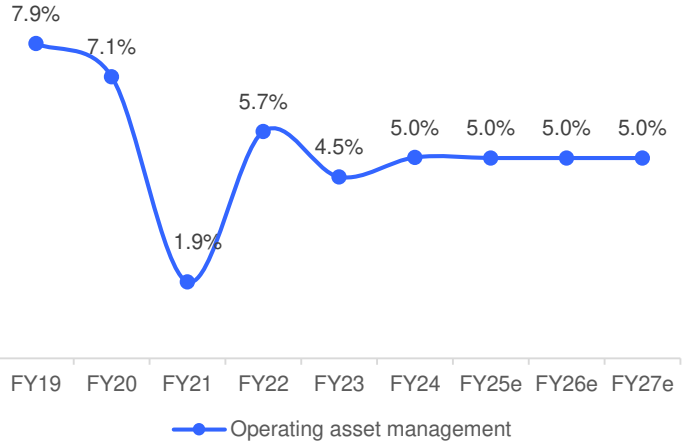
Source: Company, Antique

Exhibit 17: Operating Asset Management: Growth momentum to continue driven by IFMS and Security



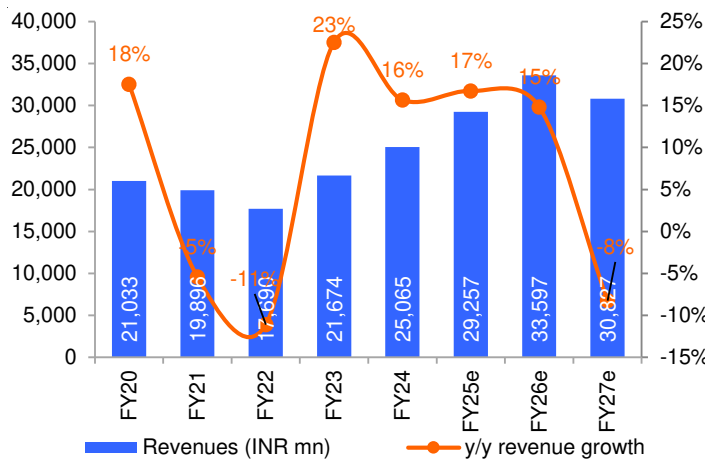
Source: Company, Antique

Exhibit 18: Operating Asset Management: To do the heavy lifting in terms of margin expansion



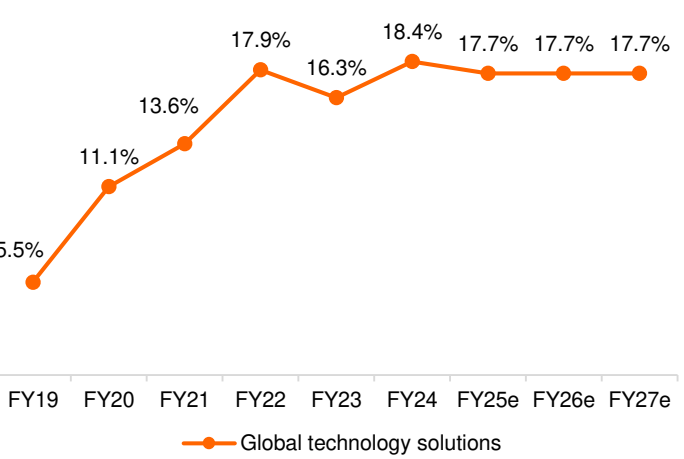
Source: Company, Antique

Exhibit 19: Global Tech Solutions: Consistent growth on the back of diverse revenue streams



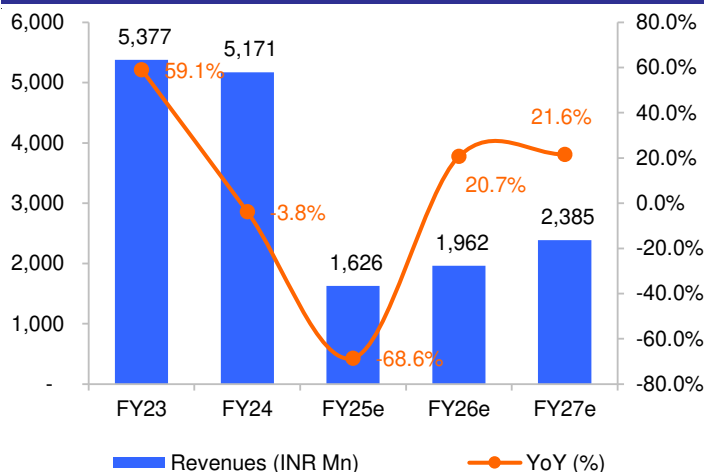
Source: Company, Antique

Exhibit 20: GTS has seen consistent EBITDA margin improvement over the last few years



Source: Company, Antique

Exhibit 21: Product-led business: Double-digit growth expectations in place



Source: Company, Antique

Exhibit 22: Product-led business: Margin trajectory to improve post break-even of Foundit



Source: Company, Antique

1) Workforce Management (WFM) - (70% of total revenue)

Quess Corp provides end-to-end HR services, from customized staffing services, expert talent acquisition, search and recruitment, payroll compliance, training and skill development, to manpower management under its Workforce Management segment. These services are broadly classified into General Staffing, IT Staffing, RPO, MSP, and Permanent Recruitment.

General staffing - General staffing accounts for a major chunk of total Workforce Management (WFM) revenue (+80%). Quess Corp ranks among the top 5 global staffing companies by headcount for General Staffing. Within General Staffing, Quess Corp provides manpower services by helping to match qualified candidates with companies that have job openings across sectors like e-commerce, retail, telecom, manufacturing, etc. They provide services across blue collar, grey collar, and entry-level white-collar jobs.

Professional staffing - The company offers staffing solutions to IT services clients and niche outsourcing companies. Despite its lower share in revenue, it provides a higher operating margin and is one of the major operating margin drivers for the WFM business. General Staffing works at 2% EBITDA margin range while Professional Staffing works upwards of 7% or 8%.

Table 6: A snapshot of the business

WFM	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
WFM Associate headcount					404	430	444	452	483	498
Collect & Pay- Headcount (%)	76%	77%	76%	76%	77%	75%	77%	78%	79%	79%
Associate: Core FTE	431	430	459	512	469	435	427	405	398	357
Segment wise revenue distribution (%)										
General Staffing	77%	78%	79%	79%	81%	82%	83%	83%	84%	84%
IT Staffing India	8%	7%	7%	7%	6%	6%	5%	5%	5%	5%
Overseas Staffing	13%	12%	12%	13%	12%	11%	11%	11%	10%	10%
Others	3%	2%	2%	1%	1%	1%	1%	1%	1%	1%
Headcount distribution (%)										
General Staffing	95%	95%	95%	95%	95%	95%	95%	96%	97%	97%
IT Staffing India	3%	2%	2%	2%	2%	1%	1%	1%	1%	1%
Overseas Staffing	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%
Others	1%	1%	1%	1%	2%	2%	2%	2%	1%	1%
Customer Concentration- Gen Staffing (% Revenue)										
Top 10	53%	52%	51%	51%	53%	54%	52%	52%	49%	47%
Next 40	29%	29%	29%	27%	25%	23%	25%	24%	25%	26%
Others	18%	19%	20%	22%	23%	23%	23%	24%	26%	26%
Sector concentration -General Staffing (% of revenue)										
BFSI	31%	30%	29%	31%	33%	33%	32%	32%	32%	29%
Logistics	4%	4%	4%	3%	3%	3%	4%	3%	3%	3%
Retail	22%	25%	25%	22%	22%	23%	23%	23%	28%	27%
Industrials	11%	12%	11%	12%	12%	13%	14%	14%	15%	16%
FMCG	8%	7%	8%	8%	8%	9%	9%	9%	10%	12%
IT/ITES	2%	3%	2%	3%	2%	2%	2%	1%	2%	3%
Telecom	14%	13%	14%	14%	12%	11%	11%	12%	7%	8%
Others	8%	6%	7%	7%	8%	5%	6%	6%	4%	4%
Customer Concentration- QITS (% Revenue)										
Top 10	53%	58%	57%	57%	52%	49%	45%	46%	43%	44%
Next 40	36%	31%	31%	31%	32%	31%	33%	34%	38%	37%
Others	10%	11%	12%	12%	16%	20%	22%	19%	19%	19%
Sector concentration -QITS (% of revenue)										
BFSI	9%	8%	6%	6%	6%	7%	7%	1%	2%	2%
Retail	12%	13%	8%	9%	7%	8%	8%	3%	2%	1%
Industrials	9%	9%	10%	10%	10%	11%	13%	3%	4%	5%
IT/ITES	29%	31%	38%	37%	40%	47%	57%	83%	82%	81%
Telecom	25%	24%	23%	18%	16%	12%	6%	8%	7%	7%
Others	15%	14%	17%	20%	22%	14%	8%	2%	3%	4%

Source: Company, Antique;

2) GTS (12% of total revenue)

Quess offers a diverse array of services ranging from customer lifecycle management to platform-based solutions, non-voice BPO solutions, and IT Services. The company delivers excellence across key enterprise processes through a range of technology services, including BPO, CLM, payroll management, and digital transformation.

Quess Corp owns Alldigi Tech (formerly Allsec Technologies Ltd.) which is a multi-industry and multi-national EXM and CXM services provider and generates ~60% of its business from international markets. The company offers services in 11 Indian and 13 international languages in nine countries—India, Malaysia, USA, Sri Lanka, Canada, Philippines, UAE, Vietnam, and Singapore.

Table 7: A snapshot of the business

GTS	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue/employee (in '000)	111	104	108	109	110	113	117	120	116	119
HRO Records Processed (Allsec- in INR mn)	3.3	3.4	3.5	3.6	3.71	3.84	3.98	3.97	4.07	4.33

Revenue distribution -segment wise (%)

CLM	50	48	48	45	45	46	46	47	50	51
Non-voice BPO	27	27	26	31	32	31	33	33	28	30
IT & Infra Services	8	12	16	12	14	12	11	9	9	7
Platform Services	16	14	10	11	10	11	11	11	13	12

Revenue distribution-sector wise (%)

BFSI	47%	45%	47%	51%	51%	51%	52%	53%	50%	52%
IT/ITES	19%	23%	26%	25%	26%	21%	24%	17%	20%	17%
Retail/FMCG	12%	7%	9%	9%	9%	10%	9%	8%	15%	8%
Industrials	5%	4%	4%	4%	4%	5%	6%	7%	7%	13%
Telecom	7%	6%	7%	6%	6%	6%	6%	6%	6%	6%
Others	11%	13%	7%	4%	4%	7%	3%	8%	2%	4%

CLM & Non-voice BPO

Customer concentration (% of revenue)

Top 10	46%	46%	48%	50%	50%	51%	50%	50%	50%	50%
Next 40	42%	43%	40%	39%	40%	37%	38%	36%	38%	37%
Others	12%	11%	12%	11%	10%	12%	12%	14%	12%	13%

Sector Concentration (% of revenue) CLM and non-voice

BFSI	59%	61%	63%	66%	64%	66%	65%	66%	64%	60%
e-Commerce	11%	9%	9%	7%	7%	7%	7%	6%	6%	7%
Telecom/ Media	8%	9%	9%	8%	8%	8%	7%	7%	8%	11%
Industrials	6%	6%	6%	6%	6%	7%	7%	8%	9%	11%
Retail/FMCG	3%	4%	4%	4%	4%	4%	4%	3%	3%	2%
IT/ ITES	4%	7%	3%	4%	4%	4%	5%	3%	5%	4%
Others	8%	5%	6%	6%	8%	4%	5%	8%	5%	5%

Source: Company, Antique;

3) OAM (15% of total revenue)

Quess Corp offers a range of asset maintenance solutions, from manpower based to managed services, across industry segments. The service offerings include Soft Services, Hard Services, Security Solutions, and Industrial asset maintenance. The integrated services and deep domain expertise offered under one roof simplify vendor management for customers and allow the business to undertake more SLA-based projects.

Table 8: A snapshot of the business

OAM	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Associate Headcount (in '000)					92	91	91	90	94	95
Revenue/ Headcount/month (in INR '000)	23	24	25	25	25	26	26	26	26	27
Associate to Core ratio (%)	89	92	100	110	107	104	105	100	98	103
Sector wise distribution- headcount (%)										
IFMS	59%	59%	58%	58%	60%	60%	57%	59%	59%	60%
Security Services	23%	24%	24%	23%	21%	21%	22%	22%	22%	21%
Industrial Services	5%	5%	5%	5%	5%	5%	5%	5%	6%	6%
Telecom Network Services	2%	2%	2%	2%	3%	2%	2%	2%	2%	2%
Others	11%	11%	11%	11%	11%	12%	13%	11%	10%	10%
Sector wise distribution- revenue (%)										
IFMS	59%	60%	60%	57%	60%	60%	58%	58%	59%	59%
Security Services	21%	21%	21%	22%	21%	19%	20%	19%	19%	18%
Industrial Services	7%	7%	6%	7%	7%	6%	7%	7%	7%	8%
Telecom Network Services	6%	7%	7%	8%	7%	9%	9%	9%	9%	10%
Others	6%	5%	5%	6%	5%	6%	6%	7%	6%	4%
Customer Insights (IFM + Security)										
IT/ITES	17%	18%	18%	19%	19%	19%	12%	12%	12%	12%
Education	19%	18%	18%	18%	19%	19%	15%	15%	13%	13%
Industrials	25%	24%	23%	23%	21%	21%	21%	18%	22%	23%
BFSI	21%	21%	18%	17%	15%	15%	15%	15%	15%	14%
Real Estate	3%	3%	4%	4%	9%	9%	10%	9%	9%	9%
Telecom	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%
Healthcare & Hospitality	7%	7%	7%	7%	6%	6%	13%	13%	11%	12%
Others	7%	9%	11%	12%	11%	11%	14%	17%	17%	16%
Customer concentration (%)										
Top 10	29%	29%	29%	29%	27%	27%	24%	26%	27%	26%
Next 40	35%	32%	34%	33%	35%	35%	39%	39%	38%	37%
Others	36%	39%	36%	37%	38%	38%	36%	35%	36%	37%

Source: Company, Antique;

Unlocking value—The way forward

In February 2024, the company announced the demerger of Qess Corp into three entities: Qess Corp, Digitide, and Bluspring. The demerger is expected to be completed by 1QFY26. The segments or underlying businesses of these future companies are now poised to operate independently, potentially unlocking value vis-a-vis being part of a conglomerate. We believe this demerger will aid in value discovery through:

- Simplified corporate structure with greater management focus;
- Flexibility to pursue independent strategies;
- Alignment of management rewards with performance;
- Enhanced ROE levels;
- Enhanced investor appreciation of underlying businesses;
- Business tailored capital allocation strategy.

Exhibit 23: Value creation



Source: Company, Antique

Qess (the demerged company): (69% of FY24 revenues)

In the long-term, Qess has the opportunity to become the largest staffing company globally by headcount. To enable this vision, the company will make investments in the near to medium term:

- Expand International Staffing business and increase EBITDA contribution to 30%.
- Invest in disruptive digital solutions.
- Grow the IT Staffing business at 2x of the IT services market.

Digitide (company 1): (14% of FY24 revenue)

The company aims for Digitide to become a USD 1,000 mn topline BPM company with significant global operations. They will achieve this vision by taking the following strategic actions:

- Expand international BPM revenue share to 20%;
- Sustain current level of EBITDA margin;
- Accelerate growth of platform-based HRO services to 30% annually.

Bluspring (company 2): (17% of FY24 revenue)

The strategic vision for Bluspring is to be the #1 FMS company in India and grow the Foundit business to USD 100 mn in annual revenue.

For FMS and industrial services, the company aim is to grow at 3-4x of India's GDP growth and increase overall EBITDA margin by 100 bps. This will be underpinned by the following key drivers:

- Grow revenue share from manufacturing and industrial sector to 25%.
- Increase tech-enabled facility management revenue share to 20%.
- Hyperscale food services business by 4-5x.

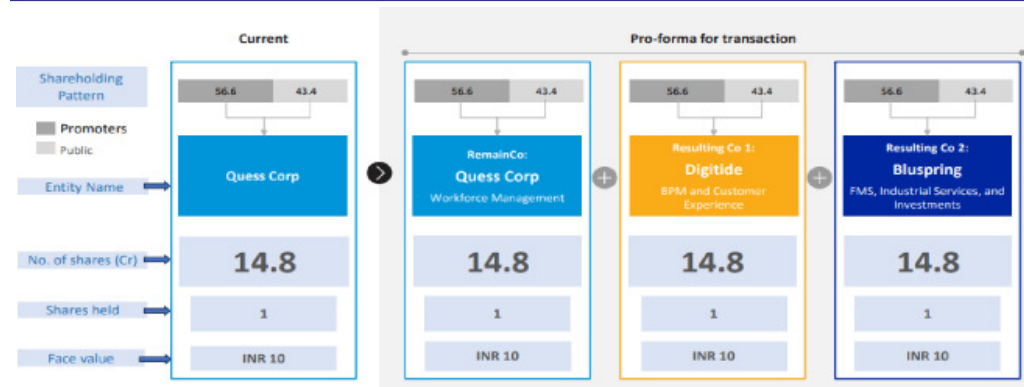
Overall we believe the demerger will help unlock value for the investor through streamlined corporate structure by splitting into independent entities, enabling greater clarity and focused management to drive accelerated growth.

Exhibit 25: Demerged entities business split



Source: Company, Antique

Exhibit 26: Demerged entities shareholding pattern



Source: Company, Antique

Outlook & Valuation

The Quess stock has started to outperform the broader index this year after significantly underperforming over the past few years as both the demand and margin outlook has started to improve. In addition, PLI and the China plus one strategy will keep the growth momentum strong in the medium term as well. We initiate coverage on Quess Corp with BUY rating and a TP of INR 1,000 (25x PE on FY27 EPS) which implies 50% upside from the current price. Our valuation multiple is in line with its ten-year forward PE average and at 15% discount to our target multiple for Teamlease due to lower medium term growth expectations.

Table 9: Peer Comparison

Company	Reco	CMP (INR)	TP (INR)	Return (%)	M. Cap (USD bn)	PE				
						FY23	FY24	FY25	FY26	FY27
Teamlease	Buy	2,842	4,100	44	1	42.4	42.2	42.6	27.4	20.2
Quess Corp	Buy	677	1,000	48	1	45.3	37.6	26.7	21.0	17.5
SIS	n/a	391	n/a	n/a	1	17.0	22.6	18.4	14.9	12.4
Updater Services	n/a	389	n/a	n/a	0	n/a	32.1	21.8	16.6	13.1

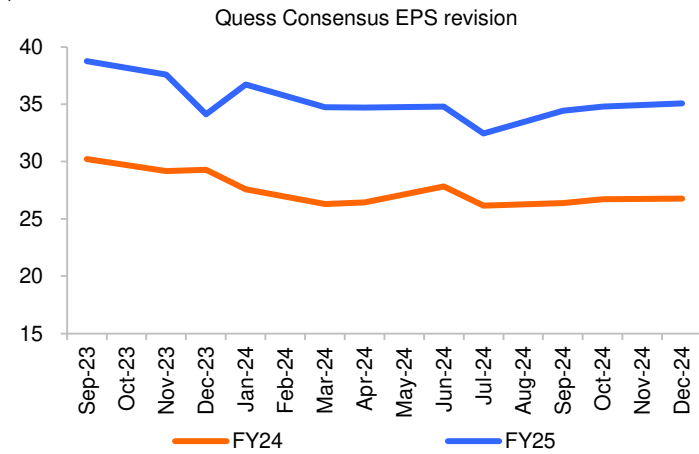
Company	Revenue (INR mn)					EBITDA (INR mn)				
	FY23	FY24	FY25	FY26	FY27	FY23	FY24	FY25	FY26	FY27
Teamlease	78,700	93,215	1,11,805	1,34,363	1,59,323	1,223	1,308	1,343	1,823	2,537
Quess	1,71,584	1,91,001	2,10,319	2,37,671	2,67,972	5,857	6,936	7,947	9,507	10,975
SIS	1,12,239	1,21,599	1,31,495	1,43,337	1,57,052	4,876	5,845	5,882	6,693	7,592
Updater Services	20,988	24,444	28,103	32,512	37,251	926	1,413	1,889	2,339	2,843

Company	Revenue growth					EBITDA Growth (INR mn)				
	FY23	FY24	FY25	FY26	FY27	FY23	FY24	FY25	FY26	FY27
Teamlease	21.5%	18.4%	19.9%	20.2%	18.6%	-14.1%	7.0%	2.7%	35.7%	39.2%
Quess	25.3%	11.3%	10.1%	13.0%	12.7%	-6.1%	18.4%	14.6%	19.6%	15.4%
SIS	12.7%	8.3%	8.1%	9.0%	9.6%	-2.2%	19.9%	0.6%	13.8%	13.4%
Updater Services	41.5%	16.5%	15.0%	15.7%	14.6%	13.3%	52.7%	33.7%	23.9%	21.5%

Company	EBITDA Margins					EPS(INR)				
	FY23	FY24	FY25	FY26	FY27	FY23	FY24	FY25	FY26	FY27
Teamlease	1.6%	1.4%	1.2%	1.4%	1.6%	67.0	67.4	66.8	103.8	140.4
Quess	3.4%	3.6%	3.8%	4.0%	4.1%	15.5	18.7	26.3	33.5	40.2
SIS	4.3%	4.8%	4.5%	4.7%	4.8%	23.0	17.3	21.2	26.3	31.4
Updater Services	4.4%	5.8%	6.7%	7.2%	7.6%	NA	12.1	17.8	23.4	29.7

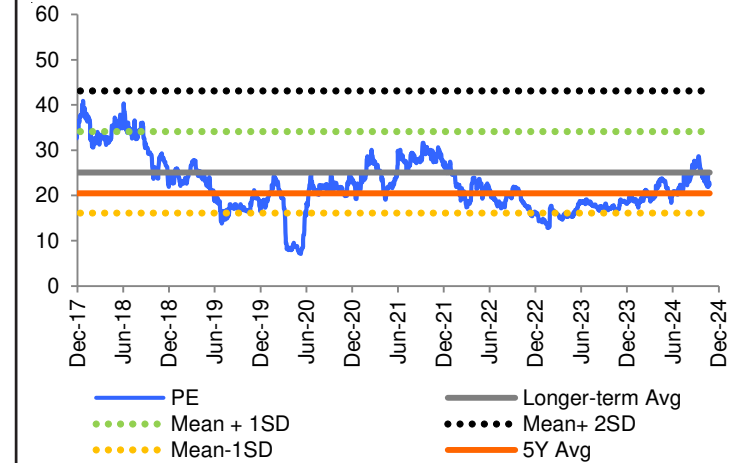
Source: Company, Antique; Note: SIS and updated estimates from Bloomberg

Exhibit 27: Earnings downgrade revision largely done



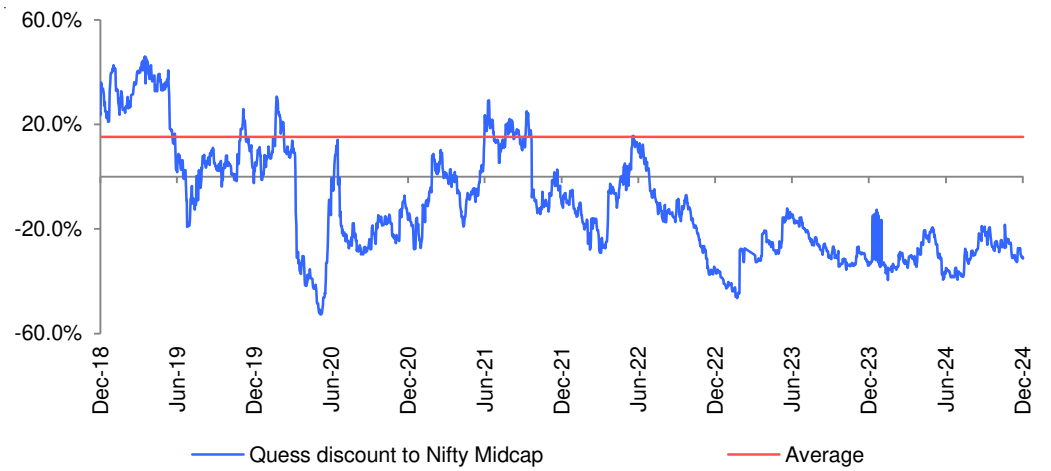
Source: Company, Antique

Exhibit 28: Trading at a decent valuation, 22x one-year forward multiple



Source: Company, Antique

Exhibit 29: Trading at 25% discount to Nifty Midcap



Source: Company, Antique

Key management personnel

Name	Designation	Experience
Mr. Guruprasad Srinivasan	Executive Director & Group CEO	A founding member, Guru was the fourth employee of the company. He has more than 25 years of industry experience, including leadership roles at GE Health, Hewitt Associates, and People One Consulting. Guru is a Stanford Ignite Graduate from the Stanford University Graduate School of Business, in addition to having a Master's in Business Administration. Over the years at Qess, Guru has built the Work Force Management Platform to be an industry-leading one, set up the Shared Services Centre and integrated the Asset Management Business.
Mr. Kamal Pal Hoda	Chief Financial Officer	Kamal has 18 years of extensive experience in core business finance, including Business Controlling, Financial Reporting, FP&A, Capital Allocation, Governance and Audit across industries like Metals and Mining, Retail, and EPC Construction. A Chartered Accountant and fellow member of ICAI, Kamal has held strategic positions with several conglomerates and led large finance teams. Before joining Qess, he was the CFO for Hindustan Zinc's (Vedanta Group Company) Mining Business.
Mr. Gurmeet Chahal	Chief Executive Officer - GTS	Gurmeet has over 25 years of experience in digital transformation globally, across industries including healthcare, financial services, hi-tech, and manufacturing. He is currently the Chief Executive Officer of Qess Global Technology Solutions and drives the business of Conneqt Business Solutions, Allsec Technologies, MFX, and Brainhunter. Prior to Qess, Gurmeet was the SVP & Global Leader of Digital Transformation Services at Genpact, HCL Technologies, and DXC where he helped the companies scale their digital transformation business and the life sciences vertical.

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
Net Revenue	1,71,584	1,91,001	2,10,319	2,37,671	2,67,972
Op. Expenses	1,60,933	1,79,293	1,99,147	2,24,938	2,53,771
EBITDA	5,857	6,936	7,947	9,507	10,975
Depreciation	2,746	2,832	2,797	2,852	3,216
EBIT	3,111	4,104	5,150	6,655	7,760
Other income	(803)	(879)	(842)	(937)	(920)
Reported PBT	2,308	3,226	4,307	5,719	6,840
Tax	614	147	381	517	635
Reported PAT	2,229	2,806	4,100	5,201	6,204
Minority Int./Profit (loss) From Asso. (71)		25	123	123	123
Net Profit	2,301	2,781	3,977	5,078	6,081
Adjusted PAT	2,301	2,781	3,977	5,078	6,081
Adjusted EPS (INR)	15.5	18.7	26.3	33.5	40.2

Balance sheet (INR mn)

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
Share Capital	1,482	1,485	1,485	1,485	1,485
Reserves & Surplus	24,205	26,505	29,025	32,277	36,167
Networth	25,688	27,990	30,510	33,762	37,652
Debt	10,113	8,381	6,881	5,381	3,881
Minority Interest	1,621	1,656	1,779	1,903	2,026
Capital Employed	37,421	38,027	39,171	41,046	43,559
Gross Fixed Assets	7,541	6,914	5,254	3,687	1,921
Capital work in progress	181	326	326	326	326
Net Fixed Assets	7,722	7,240	5,580	4,013	2,247
Goodwill	10,427	10,039	10,039	10,039	10,039
Investments	3,369	3,061	3,061	3,061	3,061
Current Assets, Loans & Adv.	39,669	42,211	44,810	48,420	52,886
Debtors	14,853	15,388	16,945	19,148	21,590
Cash & Bank balance	4,132	4,958	8,024	11,256	15,472
Loans & advances and others	20,684	21,865	19,841	18,016	15,825
Current Liabilities & Prov.	23,766	24,497	24,616	24,785	24,971
Liabilities	20,686	20,802	20,921	21,089	21,275
Provisions	3,080	3,696	3,696	3,696	3,696
Net Current Assets	15,903	17,714	20,194	23,635	27,915
Application of Funds	37,421	38,027	39,171	41,046	43,559

Per share data

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
No. of shares (mn)	148	150	150	150	150
Diluted no. of shares (mn)	148	148	151	151	151
BVPS (INR)	173.4	188.5	202.1	222.9	248.6
CEPS (INR)	33.6	38.0	45.7	53.2	62.2
DPS (INR)	8.0	6.0	8.0	10.0	12.0

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
PBT	2,309	2,804	4,481	5,718	6,839
Depreciation & amortization	2,746	2,832	2,797	2,852	3,216
Interest expense	(123)	(189)	-	-	-
(Inc)/Dec in working capital	(231)	(1,449)	(1,437)	(2,035)	(2,255)
Tax paid	(1,994)	(1,441)	(381)	(517)	(635)
Other operating Cash Flow	1,956	2,735	-	-	-
CF from operating activities	4,663	5,293	5,460	6,018	7,165
Capital expenditure	(1,040)	(1,033)	(1,137)	(1,285)	(1,449)
CF from investing activities	(23)	495	(1,137)	(1,285)	(1,449)
Inc/(Dec) in debt	(2,289)	(3,431)	(1,500)	(1,500)	(1,500)
Dividend Paid	(2,099)	(714)	(1,456)	(1,826)	(2,191)
Others	(288)	(820)	-	-	-
CF from financing activities	(4,676)	(4,965)	(2,956)	(3,326)	(3,691)
Net cash flow	(36)	823	1,366	1,406	2,025
Opening balance	4,105	4,132	4,958	8,024	11,256
Closing balance	4,132	4,958	8,024	11,256	15,472

Growth indicators (%)

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
Revenue (%)	25.3	11.3	10.1	13.0	12.7
EBITDA (%)	(6.1)	18.4	14.6	19.6	15.4
Adj PAT (%)	(4.7)	20.9	43.0	27.7	19.8
Adj EPS (%)	(3.6)	20.6	40.6	27.3	19.8

Valuation (x)

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
P/E (x)	45.1	37.4	26.6	21.8	17.4
P/BV (x)	4.0	3.7	3.5	3.3	2.9
EV/EBITDA (x)	18.7	15.4	12.9	10.7	8.4
EV/Sales (x)	0.6	0.6	0.5	0.4	0.3
Dividend Yield (%)	1.1	0.9	1.1	1.4	1.7

Financial ratios

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
RoE (%)	9.2	10.4	13.6	15.8	17.0
RoCE (%)	6.4	8.6	11.2	14.3	16.2
Asset/T.O (x)	7.6	7.9	8.3	8.9	9.3
Net Debt/Equity (x)	0.2	0.1	(0.0)	(0.2)	(0.3)

Margins (%)

Year ended 31 Mar	FY23	FY24	FY25e	FY26e	FY27e
EBITDA Margin (%)	3.4	3.6	3.8	4.0	4.1
EBIT Margin (%)	1.8	2.1	2.4	2.8	2.9
PAT Margin (%)	1.3	1.5	1.9	2.1	2.3

Source: Company Antique

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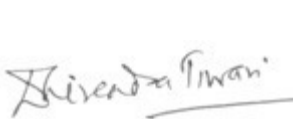
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