

Building lasting relationships

Earnings Update

Q3 FY 22



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Company Overview

Q3 FY22 Key Business Highlights

Financial Performance (Q3 and 9 months FY22)

Business segments update

Annexures

Company Overview

Global leader in outsourcing solutions

Corporate



Quess Corp subsidiary,
backed by Fairfax Holdings
(Canada)



20+ years of Global BPO
service Excellence



Listed at the **NSE & BSE**
(NSE: ALLSEC)

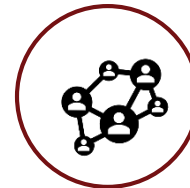
HRO



1M+ payslips processed per
month

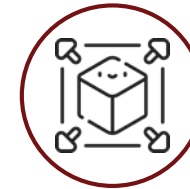


400+ Client engagements
globally including Fortune
100 companies



200,000+ monthly employee
self service portal log-ins

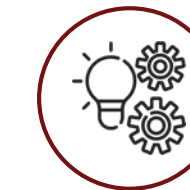
DBS



Service Delivery bundled
with **Digital
Transformations**



~**3800** driven and dedicated
employee workforce



2 Decades in Delivering
Global Business Solutions

HRO - Market Leader in HRO Services | DBS - Leading Global BPM Player

Leading and fast growing provider of end-to-end HRO services

80+ logos added in FY22

| 1,000,000+ payslips p.m (27% ↑ over Dec'20) | ~200,000 Headcount on HRMS (50% ↑ over Dec'20)

SmartHR

Create a better workplace with an end-to-end HR solution

SmartPay

Manage and deliver powerful and accurate payroll, everytime

SmartStat

Tackle complex labour law and payroll compliance, backed by technology



HR Services

- On-boarding
- Employee Info Store
- Postings
- Exits



Reimbursement System

- Travel Requisition with workflow
- Alerts to Travel Desk, Admin
- Travel Claims & Vouching
- Settlements



Leave & Attendance

- Leave Mgt. with ESS & Workflow
- Time Management, Shifts, OT
- Attendance Processing



LLC, CLRA & Factories Act

- Simpliance Platform based
- Score Cards
- Consulting for inspections, Audits



Payroll

Global, Configurable, Payroll Tax Engines
Payroll Statutory & Control Reports



Retiral

- PF Trust Accounting
- Loans
- Investments

DBS: Cutting edge Digital Business Services offerings

7 logos, ACV ~ ₹ 39 cr added in FY22

HC ~3800 (10% ↑ over Dec'20)



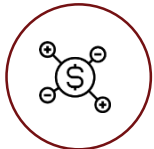
Customer Experience Management

- Omni-channel, Chatbots & RPA
- Customer & Tech Support
- Customer Acquisition



Credit Risk Management

- Debt Collections
- Fraud Detection & Risk Management



Transaction Processing

- Accounts Receivable
- Accounts Payable
- Account Research
- Mortgage Services



Compliance

- Anti-Money Laundering Investigations
- KYC / Customer Onboarding
- Legal Transcription
- Compliance Monitoring



Insurance

- Insurance BPaaS

Global Delivery capabilities

- **Global Footprint** with proximity to Servicing Markets
- **~4600** employee workforce
- Multi-Industry, Multinational & Multi-Demographic **coverage**
- **5 Inter-Connected** Service Delivery Centers with site-to-site BCP, with ability to leverage Qess Corp group facilities at other major hubs in India for ramp ups
- Multi-Lingual hub offering **12+ International Languages** using native speakers



Chennai (HQ), Bangalore, Noida, INDIA

- Hindi
- English
- Tamil
- Telugu
- Kannada
- Malayalam
- Marathi
- Punjabi
- Gujarati
- Bengali
- Odia



Manila, PHILIPPINES

- Mandarin
- Spanish
- Japanese
- German
- Turkish
- French
- English
- Arabic
- Portuguese
- Malay
- Bahasa-Indonesia
- Italian
- Polish



Dallas, Texas USA

Q3FY22 Key Business Highlights

Q3FY22 Highlights



Financial

Balance Sheet:

- **Cash and short term investments** after payment of dividend of ₹68.5cr decreased by ₹55.4cr from Sep 2021 to ₹122.7cr
- **OCF** at ₹21.7cr in Q2 FY22 an increase of 39% QoQ
- Receivables DSO down at 48 days as compared to 51 in Q2 FY22

P&L statement:

- Revenue was at ₹83.2cr an increase of 8% QoQ with DBS increasing by 12%
- EBITDA was at ₹22.0cr, an increase of 17% QoQ and increase of 22% over Q2 FY21 reflecting continued strong growth in the current quarter
- EBITDA margin % improved 202 bps to **26.4%** driven by growth in revenue and flat Indirect costs
- PBT was at ₹16.5cr, an increase of 3% QoQ and increase of 32% YoY. PBT increase due to lower other income in Q3 FY22
- PAT was at ₹13.2cr, an increase of 2% QoQ and increase of 48% YoY



Business

HRO:

- Added net **187,000+** payslips during Q3 FY22 representing 6% growth over Q2 FY22 and 27% growth over Q3 FY21

DBS:

- Added **2** new logos with ACV of ₹0.6cr
- **Increased our offering** with addition of **Risk analysis and fraud detection services** and **Background screening services** for international customers

Headcount:

- HC as on Dec 31, 2021 was at 4665 flat compared to Q2 FY22



Corporate

Sales and Customer focus:

- Added 41 new customers with ACV of ~ ₹5cr
- Continued focus on building partnerships for – Indian Referral Business, Overseas Payroll Partners and Integrated Partners

Investment in the business

- Smartpay (SP4) product modernization proceeding as per plan and we aim to onboard customers by Q4 FY22
- Commenced ‘Whatsapp’ support based customer experience, thereby expanding our multi channel capabilities

Financial performance

Q3FY22 Financial Performance

Revenue:

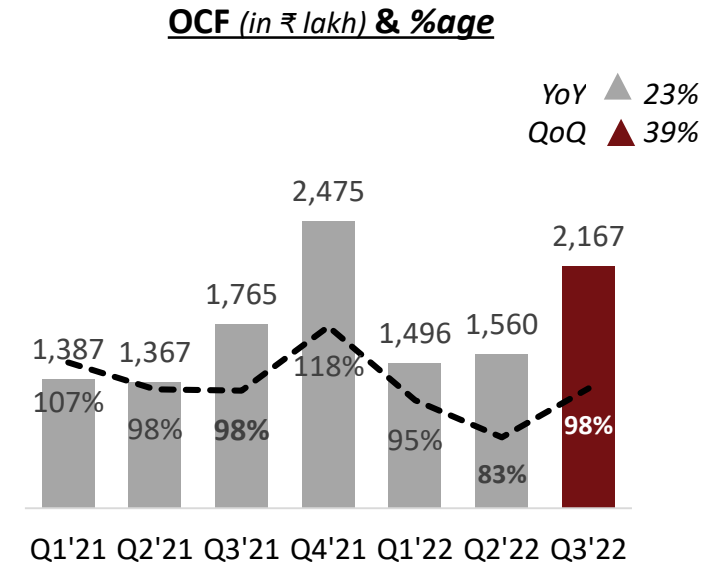
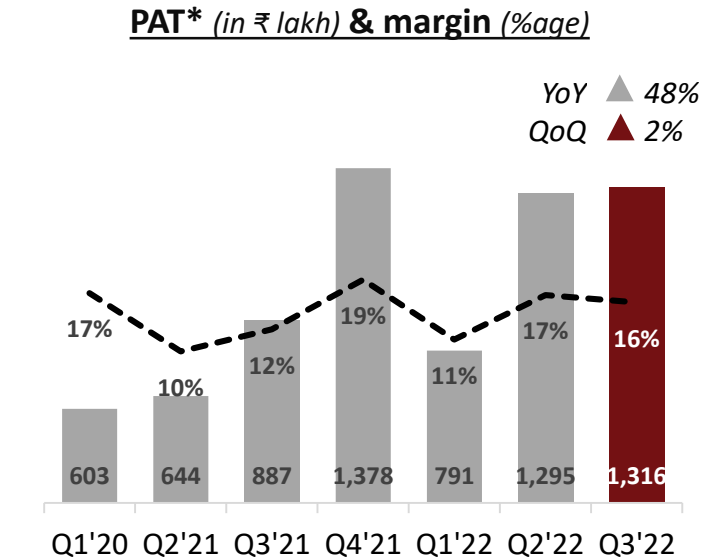
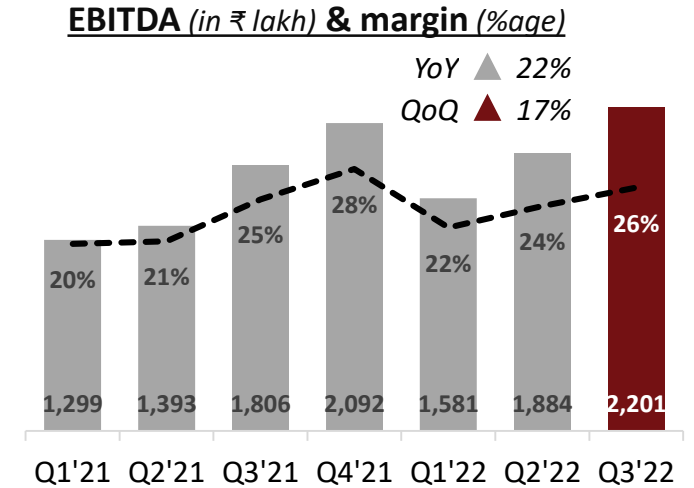
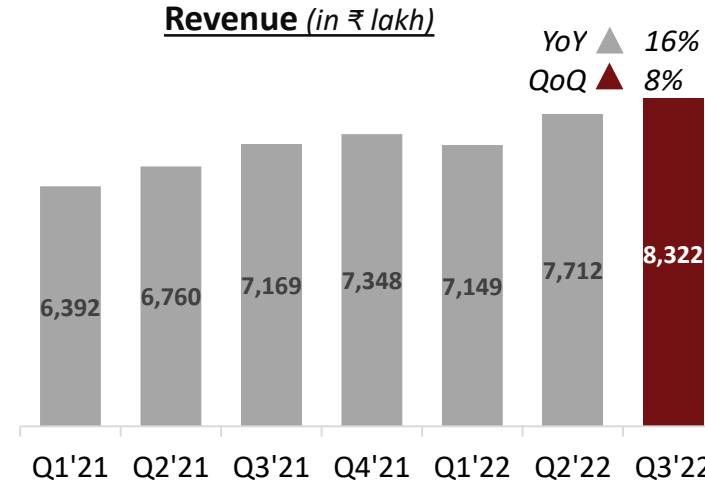
- Increased 8% QoQ and increased 16% YoY with strong growth from DBS

Profitability:

- EBITDA increased by 17% QoQ and 22% YoY;
- Despite higher EBITDA PAT increased marginally by 2% QoQ due to
 - Interest on IT refund ₹85 Lakhs in Q2 FY22
 - Fx gains lower by ₹85 lakhs (Gain of ₹17.6L in Q3 as against ₹102.6 in Q2)

Cash Generation :

- Cash and short term investments reduced by ₹55.4cr to ₹122.7cr mainly due to dividend payout of ₹68.5cr. Excluding that, cash increased by ₹ 13.1cr
- OCF was at 21.7 cr an increase of 39% over Q2 FY22 and 23% over Q3 FY21
- DSO down at 48 days as compared to 51 in Q2 FY22



* Q1 FY22 PAT excludes tax on dividend income ₹1588 lakhs

9MFY22 Financial Performance

Revenue :

- 14% higher YoY at ₹231.8cr
- DBS up 13% at ₹148.8cr
- HRO up 16% at ₹83.0cr

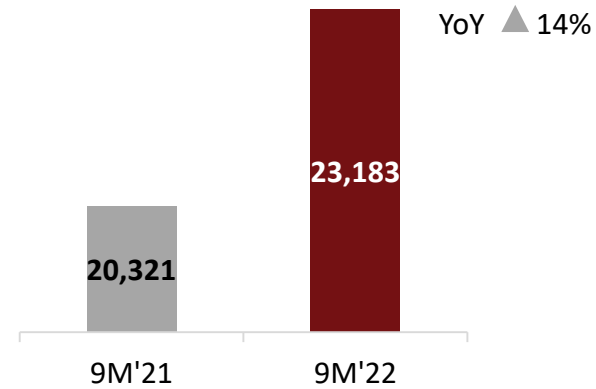
Profitability :

- EBITDA up 26% on account of higher revenue

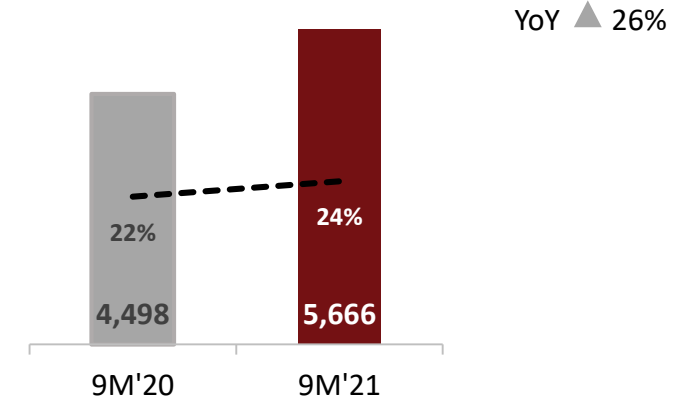
Cash Generation :

- Cash and short term investments reduced by ₹75.6cr to ₹122.7cr from ₹198.3cr in March 2021. The reduction is due to
 - Dividend paid in Q1 FY22 ₹22.9cr
 - Dividend paid in Q3 FY22 ₹68.6cr
 - Tax on dividend received from subsidiary of ₹15.9cr
- OCF was at ₹52.2cr an increase of 16% over 9M FY21
- DSO was at 52 days as compared to 46 in 9M FY21

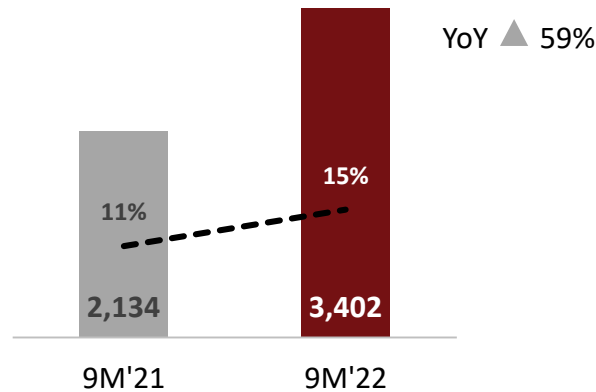
Revenue (in ₹ lakh)



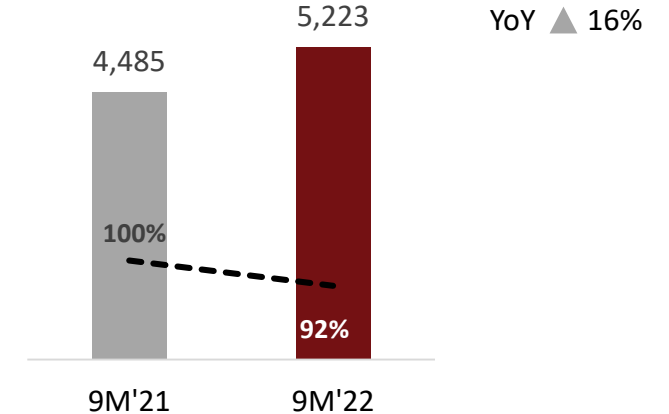
EBITDA (in ₹ lakh) & margin (%age)



PAT (in ₹ lakh) & margin (%age)**



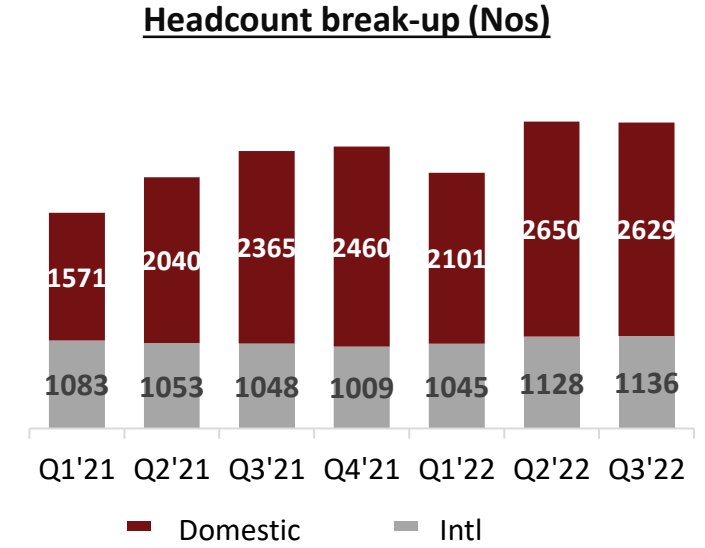
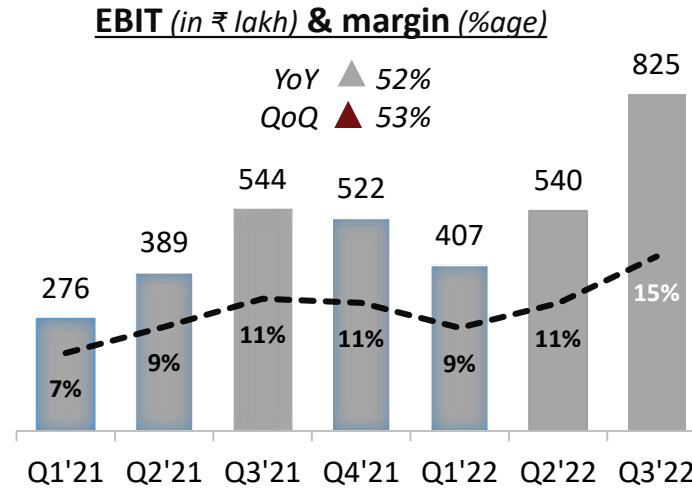
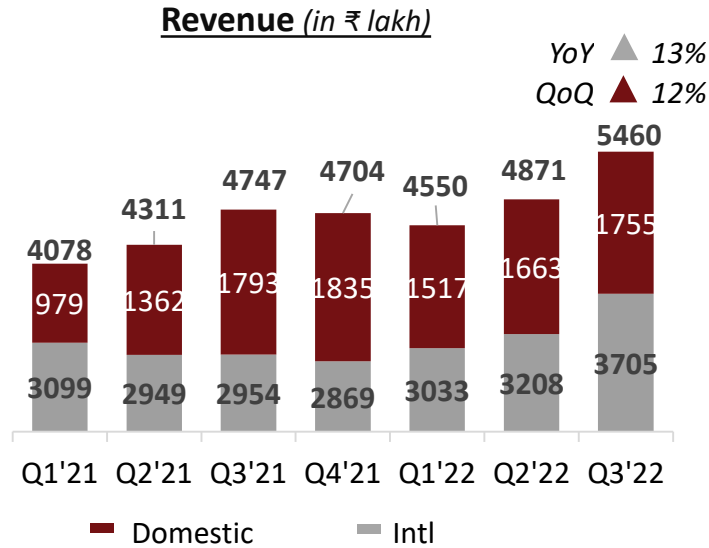
OCF (in ₹ lakh) & %age



* 9M FY22 PAT excludes tax on dividend income ₹1588 lakhs

Business segment updates

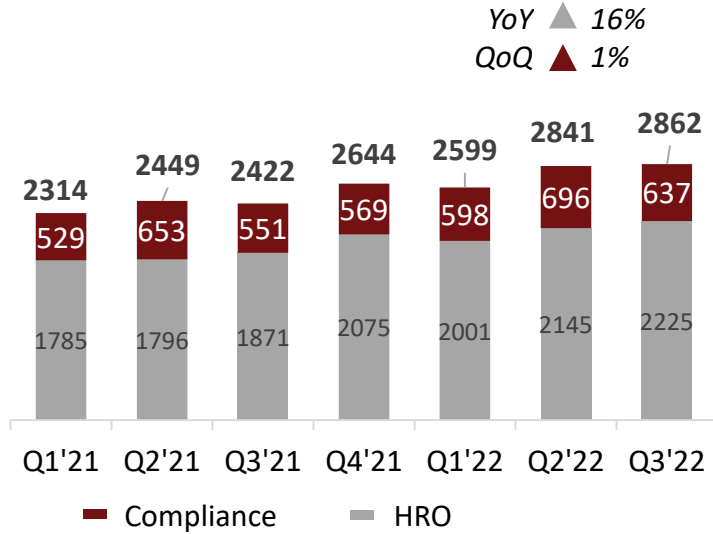
Digital Business Services (DBS) – Performance Snapshot



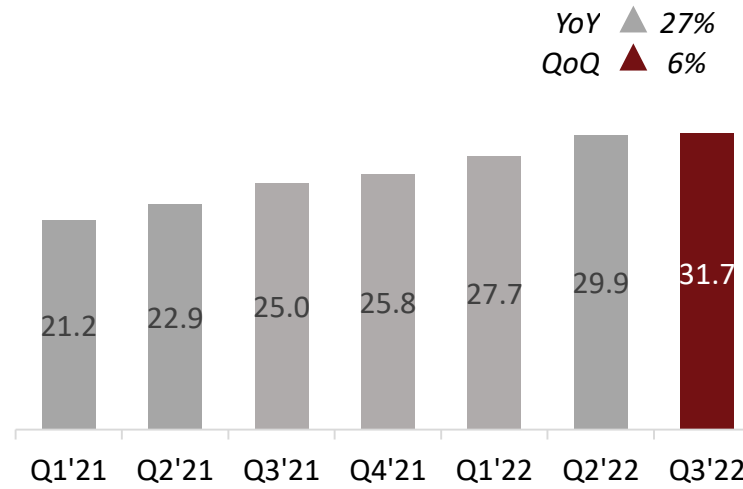
- Revenue increased QoQ by 12% with DBS international higher by 25% with revenues coming from new customers on boarded towards end of Q2 and DBS domestic higher by 6% with increased volumes from existing customers
- EBIT higher from Q2FY22 due to higher revenue, EBIT % improved by 400 bps QoQ as revenue increased and flat fixed costs
- Total headcount remained flat at 3,765 as the ramp up for new processes were done in Q2 FY22
- DBS – International added 2 new logos adding to a total ACV of ₹0.6cr. This takes the YTD ACV added in this business to ~₹39cr

Human Resources Operation (HRO) – Performance Snapshot

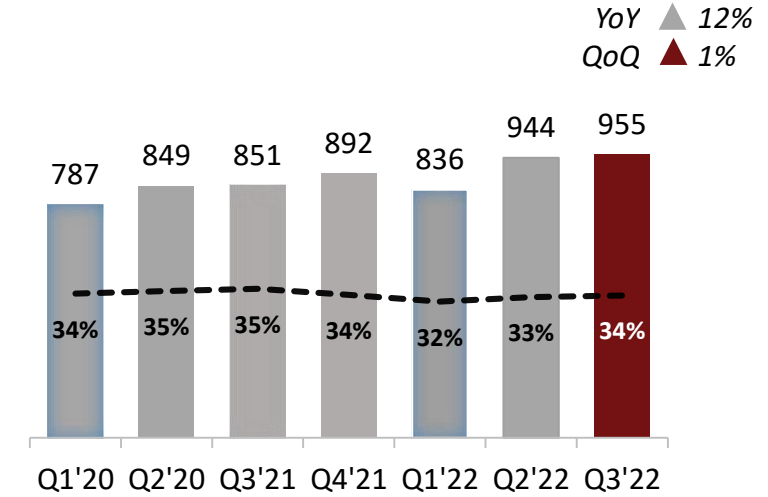
Revenue (in ₹ lakh)



Payslips processed (in Nos Lakhs);



EBIT (in ₹ lakh) & margin (%age)



- Revenue remained flat QoQ primarily due to lower one time revenue from Compliance. HRO revenue higher by 4%
- Payslips processed grew 6% QoQ and 27% YoY;
- Added 39 customers with ACV of ₹440 Lakhs during the quarter

Annexures

Income Statement

In ₹ Lakhs

Consolidated Particulars	Quarterly			Var %		Nine Months ended		
	Q3 FY22	Q2 FY22	Q3 FY21	QoQ%	YoY %	31-Dec-21	31-Dec-20	YoY %
Revenue from Operations	8,322	7,712	7,169	8%	16%	23,183	20,321	14%
Less:								
Employee benefit expenses	(4,465)	(4,233)	(4,045)	5%	10%	(12,839)	(11,388)	13%
Other expenses	(1,656)	(1,595)	(1,318)	4%	26%	(4,678)	(4,435)	5%
Total expenses	(6,121)	(5,828)	(5,363)	5%	14%	(17,517)	(15,823)	11%
EBITDA	2,201	1,884	1,806	17%	22%	5,666	4,498	26%
Other income	58	327	50	(82%)	16%	456	213	114%
Finance cost	(34)	(42)	(37)	(19%)	(8%)	(119)	(155)	(23%)
Depreciation & amortisation	(577)	(573)	(571)	1%	1%	(1,707)	(1,687)	1%
Earnings before tax	1,648	1,596	1,248	3%	32%	4,296	2,869	50%
Tax on Dividend income from Manila	-	-	-			-		
Normal Tax	(332)	(301)	(361)	10%	(8%)	(2,482)	(735)	238%
Profit after tax	1,316	1,295	887	2%	48%	1,814	2,134	(15%)
EBITDA Margin	26.4%	24.4%	25.2%	202 bps	126 bps	24.4%	22.1%	231 bps
PAT margin	15.8%	16.8%	12.4%	(98 bps)	344 bps	7.8%	10.5%	(268 bps)
Basic & Diluted EPS (in ₹)	8.64	8.50	5.82	2%	48%	11.90	14.00	(15%)

Balance Sheet

In ₹ Lakhs

Particulars	31-Dec-21	31-Mar-21	Var %
Non-Current Assets			
Property Plant & Equipment	894	730	22%
Right of Use Assets	1,366	2,011	(32%)
Other Intangible Assets	1,084	600	81%
Other Non Current Assets	2,294	2,475	(7%)
	5,638	5,816	(3%)
Current Assets			
Current Investments	4,204	4,971	(15%)
Cash & Cash equivalents	8,067	14,862	(46%)
Trade receivables	4,454	4,203	6%
Unbilled revenues	1,760	1,515	16%
Other current assets	526	577	(9%)
	19,011	26,128	(27%)
Total Assets	24,649	31,944	(23%)
Equity & Reserves	19,064	26,512	(28%)
Non-Current Liabilities			
Lease liability	758	647	17%
Other non-current Liability	865	622	39%
	1,623	1,269	28%
Current Liabilities			
Lease liability	649	1,517	(57%)
Trade Payables & Other current liabilities	3,313	2,646	25%
	3,962	4,163	(5%)
Total Equity & Liabilities	24,649	31,944	(23%)

Thank you