

Building lasting relationships

Earnings Update

Q1 FY 22



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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 groupwide

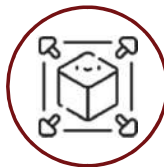


400+ Client engagements
globally including Fortune
100 companies



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

DBS



Service Delivery bundled
with **Digital
Transformations**



~4000 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

100+ logos added in FY21

| 900,000+ payslips p.m (32% ↑ over Jun'20) | ~200,000 Headcount on HRMS (50% ↑ over Jun'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



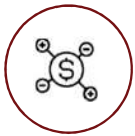
Customer Experience Management

- 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
- **~4000** employee workforce
- Multi-Industry, Multinational & Multi-Demographic **coverage**
- **5 Inter-Connected** Service Delivery Centers with site-to-site BCP, with ability to leverage Quess 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 | • Marathi |
| • English | • Punjabi |
| • Tamil | • Gujarati |
| • Telugu | • Bengali |
| • Kannada | • Odia |
| • Malayalam | |



Manila, PHILIPPINES

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



Dallas, Texas USA

Q1FY22 Key Business Highlights

Q1FY22 Highlights



Business

- **DBS:**
 - Added **3** new logos and additional process with an existing customer in International business with ACV of ~ **₹23.5cr**
 - Domestic volumes reduced by **17%** due to COVID 2nd wave as compared to Q4 FY21 but up 55% compared to Q1 FY21 demonstrating the business resilience and implementation of learnings from last year. We also added a new logo in the Domestic business
- **HRO:**
 - Added net **185,000+** payslips during Q1 FY22 representing 7% growth over Q4 FY21
 - Provided payroll platform as SaaS to a large eCommerce player in Manila, opening a new avenue for revenue
 - Consulting services on labour codes as a service started. Once the code of wages is introduced this will be a value added service offering
- **Headcount:**
 - 3996 as on June 30, 2021 a reduction of 311 over March 31, 2021, primarily due to COVID driven drop in DBS domestic volumes



Financial

- **Balance Sheet:**
 - **Cash and short term investments** decreased by **₹28.4cr** from March 2021 to ₹169.9cr primarily due to dividend distributed ₹22.86 cr and withholding tax on dividend income from Manila ₹13.88 cr
 - **OCF / EBITDA at 103%** in Q1 FY22 down from 120% in Q4 FY21 but flat with FY21 OCF/EBITDA of 106%
 - Receivables down from ₹42.0cr in March 2021 to **₹41.0cr**
 - DSO up at **52 days** from 51 days in March 2021
- **P&L statement:**
 - Revenue reduced by 3% QoQ primarily due to 17% drop in DBS domestic
 - EBITDA stood at **₹20.9cr**, a decrease of 24% QoQ and increase of 22% over Q1 FY21. QoQ decrease due to lower revenue, year end increments and fx loss
 - PBT at **₹10.5cr**, a decrease of 30% QoQ and increase of 31% YoY
 - The Company has opted for lower tax rate u/s115BAA of Income tax rate from 29.12% to 25.17%. A one time deferred tax impact of ₹1.2 cr has been recognized in current quarter



Corporate

- **Interim Dividend:**
 - Interim dividend of **₹15 per share** for FY21 was declared on 29 April 2021 and paid to all eligible shareholders on 15 May 2021. Total cash outflow was **₹22.86cr**
 - Manila wholly owned subsidiary declared a dividend of **₹92.52 cr**
- **Investment in the business**
 - Smartpay (SP4) product modernization proceeding as per plan and we aim to onboard customers by Q4 FY22
- **Sales and Customer focus:**
 - Record quarter from a sales perspective, won 29 new customers with ACV of ~ **₹ 26 cr**
 - Revenues on above expected to flow through from end of Q2 FY22

Financial performance

Q1FY22 Financial Performance

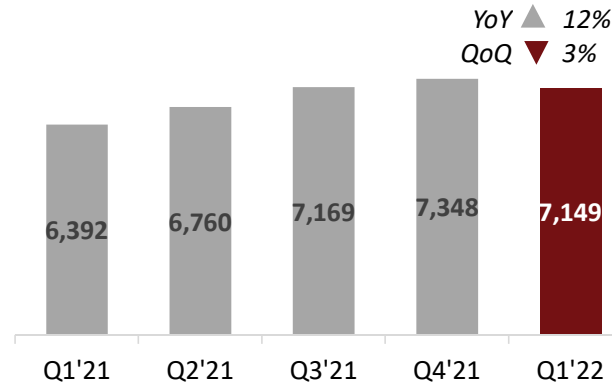
Revenue:

- Reduced by 3% QoQ and increased 12% YoY

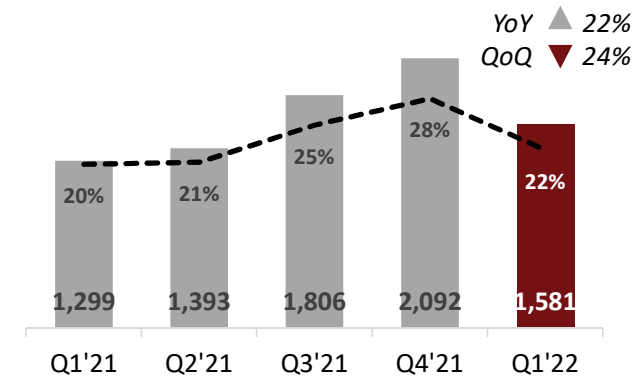
Profitability:

- EBITDA decreased by 24% QoQ and increased by 22% YoY
 - Revenue drop impact in EBITDA ₹0.9 cr
 - Year end increment impact ₹2.0 cr
 - Fx movement ₹1.2
- EBITDA excluding COVID cost reduced by 20% QoQ and increased by 11% YoY
- PAT excluding tax expenses on Dividend income decreased by 43% QoQ and increased by 31% YoY. PAT after tax expenses on Dividend Income stood at ₹ (8.0) cr

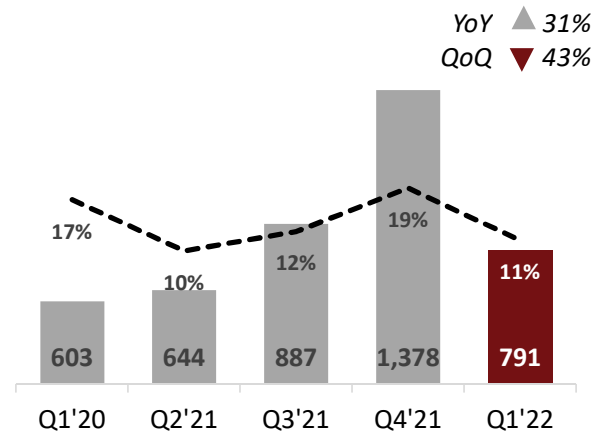
Revenue (in ₹ lakh)



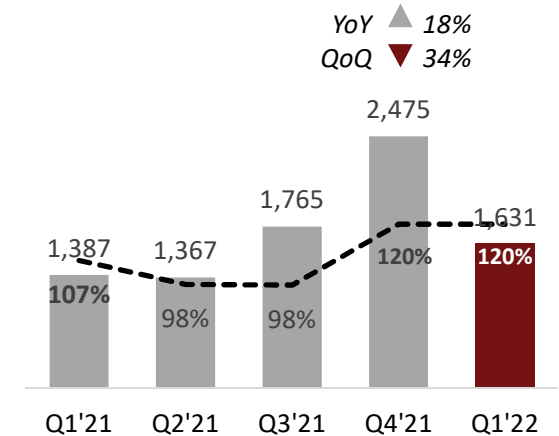
EBITDA (in ₹ lakh) & margin (%age)



PAT* (in ₹ lakh) & margin (%age)



OCF (in ₹ lakh) & %age

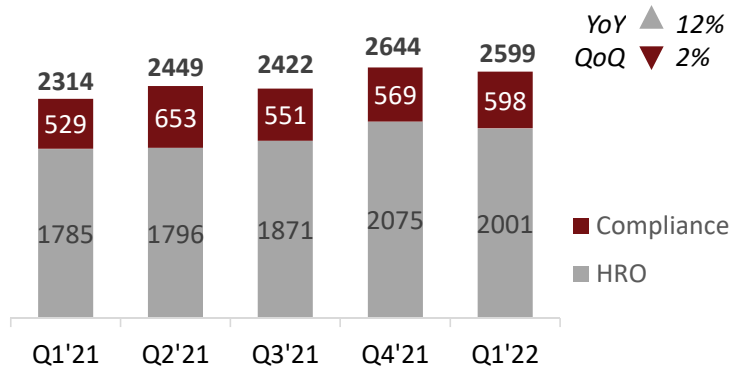


* Q1 FY22 PAT excludes tax on dividend income ₹15.9cr

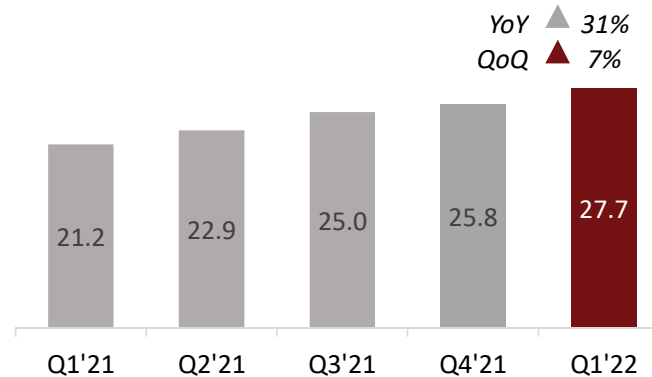
Business segment updates

Human Resource Operations (HRO) – Performance Snapshot

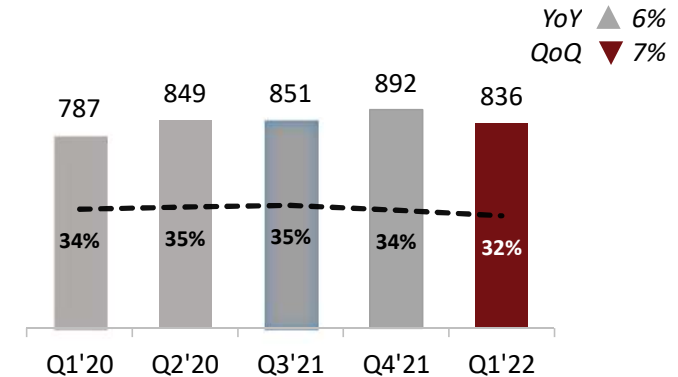
Revenue (in ₹ lakh)



Payslips processed (in Nos Lakhs);



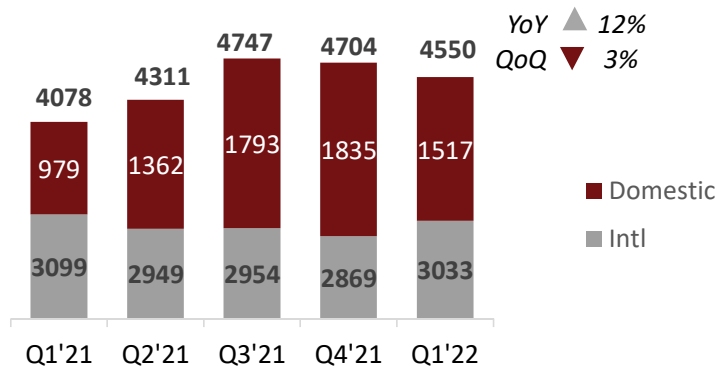
EBIT (in ₹ lakh) & margin (%age)



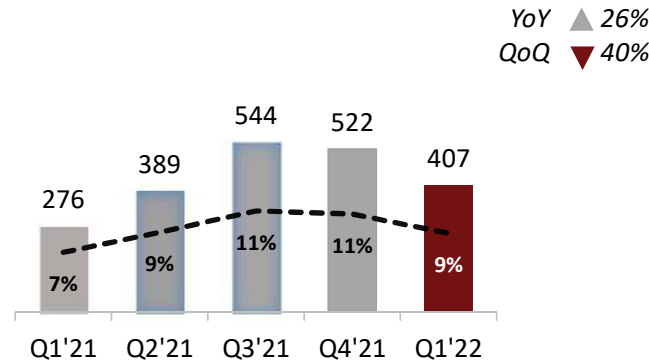
- Revenue down marginally QoQ as Q4 had year end activities revenue of ₹183 Lakhs, excluding that HRO revenue grew 6%
- EBIT % down due to increased cost on account of annual appraisals and year end activities related revenue
- Payslips processed grew 7% QoQ and 31% YoY
- On boarded 25 customers with ACV of ₹195 Lakhs
- We have a strong sales pipeline that augurs for the coming quarters

Digital Business Services (DBS) – Performance Snapshot

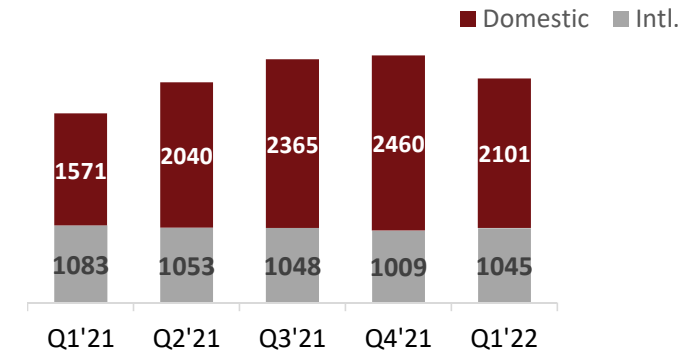
Revenue (in ₹ lakh)



EBIT (in ₹ lakh) & margin (%age)



Headcount break-up (Nos)



- Revenue reduced QoQ by 3% with drop in domestic volumes by 17% on account of lockdown impact during the quarter. International business witnessed a growth of 6% with contribution from new clients on boarded during the quarter
- EBIT down from Q4FY21 due to lower revenues and impact of year end appraisals
- Total headcount reduced to 3,146 down 9% QoQ. Domestic headcount down 15% QoQ
- In DBS – International we have added 3 new logos and a new process with an existing customer adding to a total ACV of ₹ 23.7cr the revenues of which will start flowing from end of Q2 FY22

Annexures

Income Statement

In ₹ Lakhs

Consolidated	Quarterly			Var %	
Particulars	Q1 FY22	Q4 FY21	Q1 FY21	QoQ%	YoY %
Revenue from Operations	7,149	7,348	6,392	(3%)	12%
Less:					
Employee benefit expenses	(4,141)	(3,963)	(3,572)	4%	16%
Other expenses	(1,427)	(1,293)	(1,521)	10%	(6%)
Total expenses	(5,568)	(5,256)	(5,093)	6%	9%
EBITDA	1,581	2,092	1,299	(24%)	22%
Other income	71	151	113	(53%)	(37%)
Finance cost	(43)	(89)	(36)	(52%)	19%
Depreciation & amortisation	(557)	(652)	(569)	(15%)	(2%)
Earnings before tax	1,052	1,502	807	(30%)	30%
Tax on Dividend income from Manila	(1,588)	-	-		
Normal Tax	(261)	(124)	(204)	110%	28%
Profit after tax	(797)	1,378	603	(158%)	(232%)
EBITDA Margin	22.1%	28.5%	20.3%	(636 bps)	179 bps
PAT margin	(11.1%)	18.8%	9.4%	(2,990 bps)	(2,058 bps)
Basic & Diluted EPS (in ₹)	(5.23)	9.05	3.96	(158%)	(232%)

Thank you