

Building lasting relationships

Earnings Update

Q4 FY21 and FY21



Safe Harbor



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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)

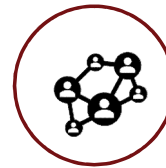
HRO



1M+ payslips processed per month groupwide

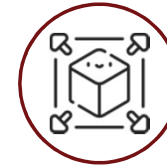


400+ Client engagements globally including Fortune 100 companies



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

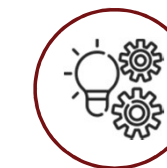
DBS



Service Delivery bundled with **Digital Transformations**



~3500 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 current year | 860,000+ payslips p.m (16% ↑ over Mar'20) | ~200,000 Headcount on HRMS (50% ↑ over Mar'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



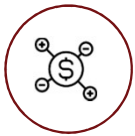
Customer Experience Management

- 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
- **~4300** 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 | • 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

Q4FY21 Key Business Highlights

Q4FY21 Highlights



Business

- **HRO:**
 - Added net **85,000+** payslips during Q4 FY21, a quarter when new transitions are slower as Companies wait for cutover in new financial year
 - EBIT margin expanded by 336 bps YoY to 35% in Q4'FY21; FY21 margins expanded by 593 bps to 34%
 - Increasing traction on HRMS, Time and Attendance solutions. Volumes increased YOY by 50% and added 20 new customers in FY21
 - Selected by a large MNC as their preferred vendor for HRMS solutions across geographies
- **DBS:**
 - Made inroads into augmenting service lines in Mortgage/BFSI and LPOs with 2 key wins in the North America market in Q4 FY21
 - Domestic volumes remained flat QoQ and is likely to be impacted due to the COVID 2nd wave in India during Q1 FY22



Financial

- **Continued Strong performance** in current quarter with both Revenue and EBITDA above pre-COVID levels of Q4 FY20.
- **Improved profitability** driven by higher HRO revenue share (36% in Q4 vs 33% in Q3) and operational efficiencies
- **Headcount:** 4307 as on March 31, 2021 an increase of 94 over Dec 31, 2020 and increase of 323 over March 31, 2020
- **P&L statement:**
 - Revenue increased by 2% QoQ as we consolidate the growth from Q3
 - EBITDA grew strongly and stood at **₹20.9cr**, an increase of 16% QoQ
 - PAT at **₹13.7cr**, an increase of 55% QoQ
- **Balance Sheet:**
 - **Cash and short term investments** increased by **₹13.7cr** from Dec 2020 to ₹198.3cr
 - **OCF / EBITDA at 120%** in Q4 FY21; **106%** for FY21
 - **Strong collections** reducing total receivables from ₹45.0cr in March 2020 to **₹42.0cr**
 - DSO reduced to **51 days** from 56 days in March 2020



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**
- **Cost Optimization:**
 - Indirect rent and facility cost reduced by 18% QoQ
- **Investment in the business**
 - Smartpay (SP4) product modernization proceeding as per plan and our SME focused HR product in testing phase.
- **Sales and Customer focus:**
 - Won 29 new customers during Q4FY21 with ACV of ~ ₹ 6.4cr
 - Large deals currently under implementation with ACV worth ~ ₹12cr will yield revenues from Q1/Q2 FY22.

Financial performance

Q4FY21 Financial Performance

Revenue:

- Increased by 2% QoQ and 3% YoY reflecting marginal growth over pre-COVID numbers

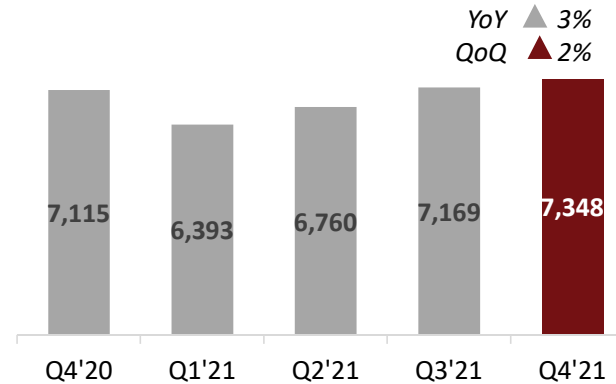
Profitability:

- EBITDA increased by 16% QoQ due to higher revenues and MTM fx gain in current quarter
- YoY EBITDA increased by 13% and EBITDA excluding COVID expense of ₹0.7cr up 17%

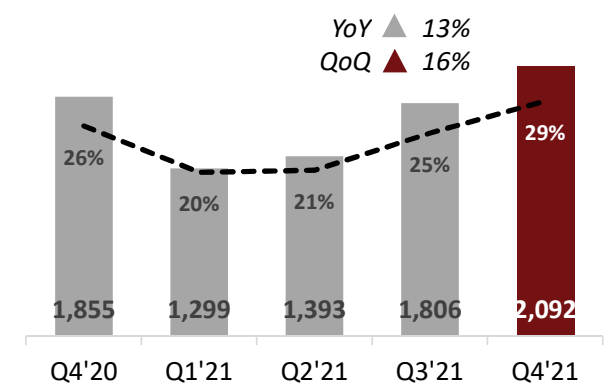
Cash Generation:

- Cash and short term investments[#] increased by ₹13.7cr from Dec 2020 to ₹198.3cr
- OCF / EBITDA at 120%
- Total receivables increased by ₹5.6cr to ₹42.0cr as compared to Q3 FY21 due to higher sales and slightly increased DSO during the current quarter
- DSO stood at 51 days as against 46 days in December 2020

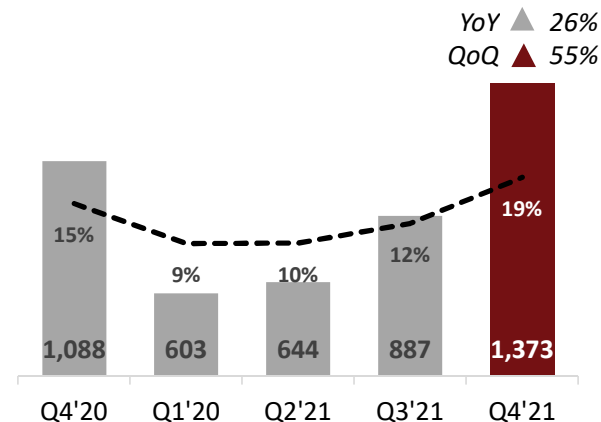
Revenue (in ₹ lakh)



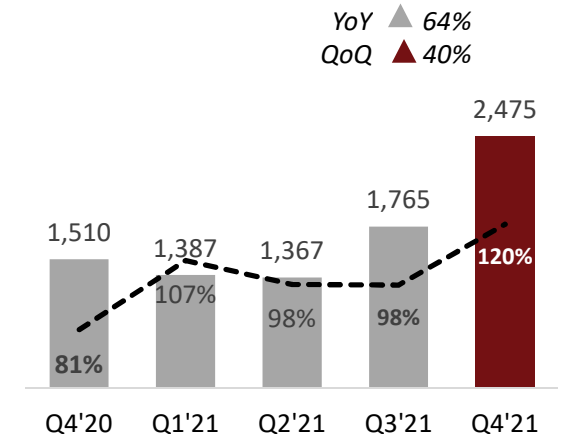
EBITDA (in ₹ lakh) & margin (%age)



PAT (in ₹ lakh) & margin (%age)



OCF (in ₹ lakh) & %age



Cash balance prior to declaration of Interim dividend on 29th April 2021 amounting to ₹ 22.86 crores

FY21 Financial Performance

Revenue :

- 6% lower YoY with DBS down ₹21.9cr and HRO up ₹4.2cr
- Excluding the BOT* revenues, YoY revenue down 3%

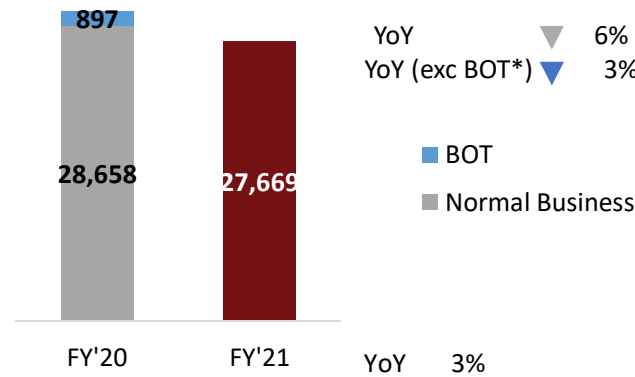
Profitability :

- EBITDA reduced 12% on account of lower revenue, COVID expense of ₹5.9cr and MTM fx movement impact of ₹2.7cr.
- Normalised EBITDA after taking into account BOT*, COVID related expenses and MTM fx higher by 5%. This is on account of higher share of revenue from HRO and Indirect expenses cost savings done during the current year

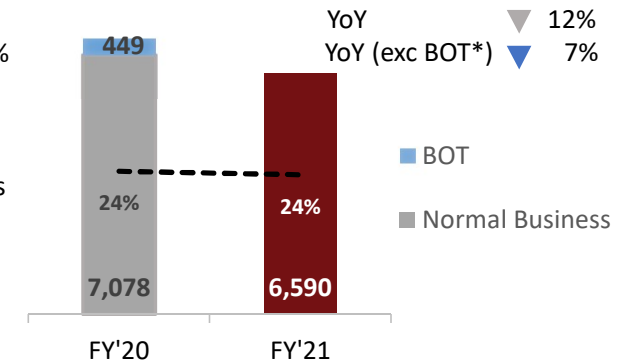
Cash Generation & Debt Reduction :

- Cash and short term investments# increased by ₹40.7cr to ₹198.3cr from ₹ 157.6cr in March 2020.
- OCF conversion at 106% for FY21
- Total receivables reduced from ₹45cr in March 2020 to ₹42.0cr in March 2021.
- DSO reduced to 51 days from 56 days in March 2020

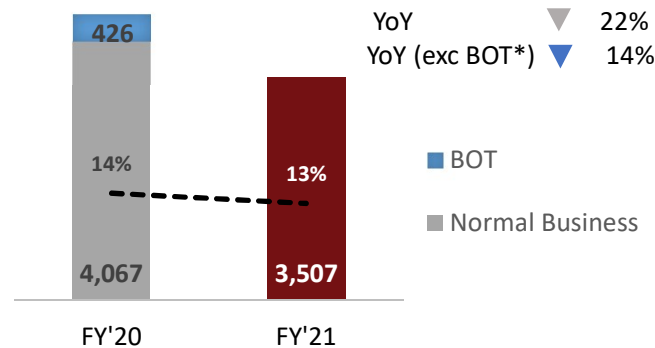
Revenue (in ₹ lakh)



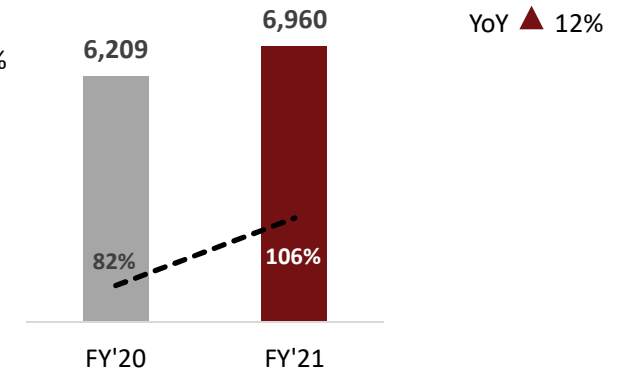
EBITDA (in ₹ lakh) & margin (%age)



PAT (in ₹ lakh) & margin (%age)



OCF (in ₹ lakh) & %age

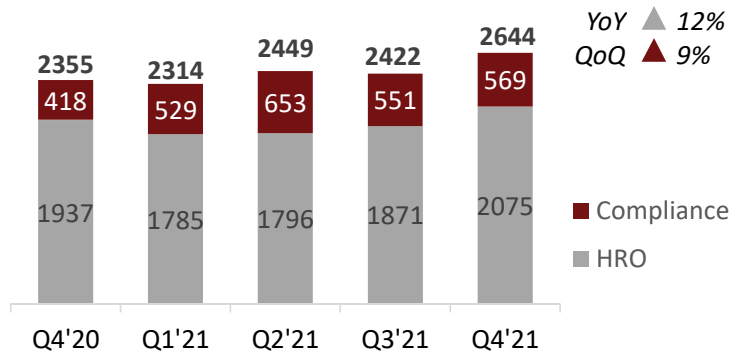


*BOT - A specific project undertaken for a customer and transitioned to the customer on request. Considering the one off nature of this business we have excluded the same for comparison purpose
 # Cash balance prior to declaration of Interim dividend on 29th April 2021 amounting to ₹ 22.86 crores

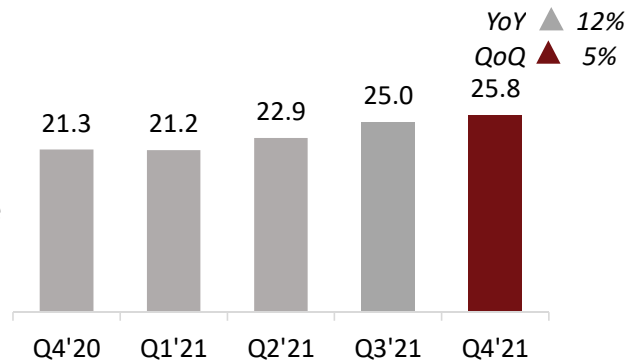
Business segment updates

Human Resource Operations (HRO) – Performance Snapshot

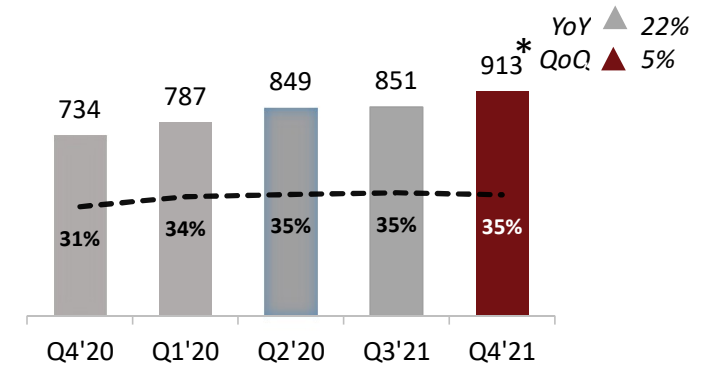
Revenue (in ₹ lakh)



Payslips processed (in Nos Lakhs)



EBIT (in ₹ lakh) & margin (%age)

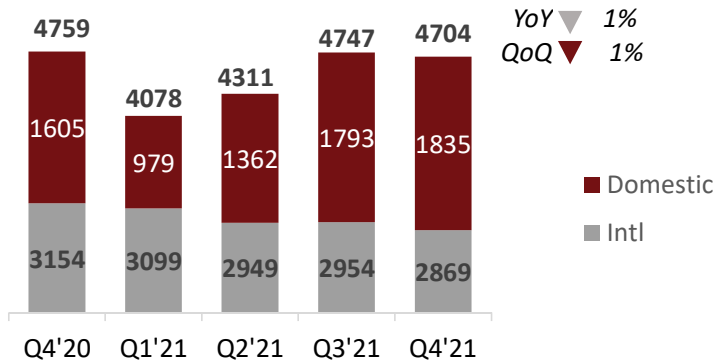


- Revenue grew 9% QoQ largely driven by year end tax revenues and 12% YoY
- Revenue growth came despite absence of existing-customer growth (usually around 8-10%), where headcount went down 2% during the year before ending the year at 4% higher than pre-COVID levels
- EBIT % remained flat in line with revenue
- Payslips processed grew 5% QoQ and 12% YoY
- Strong pipeline as we enter the new financial year

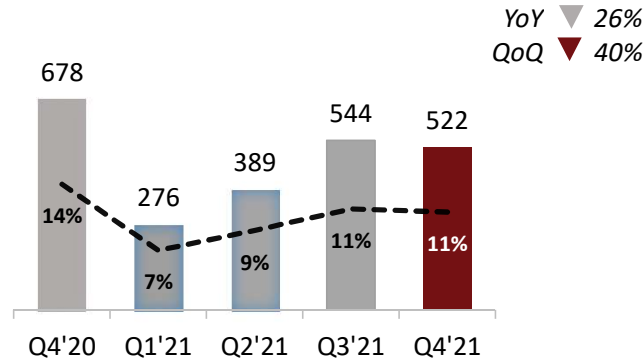
* Excludes Ops & Selling cost incurred for SME platform

Digital Business Services (DBS) – Performance Snapshot

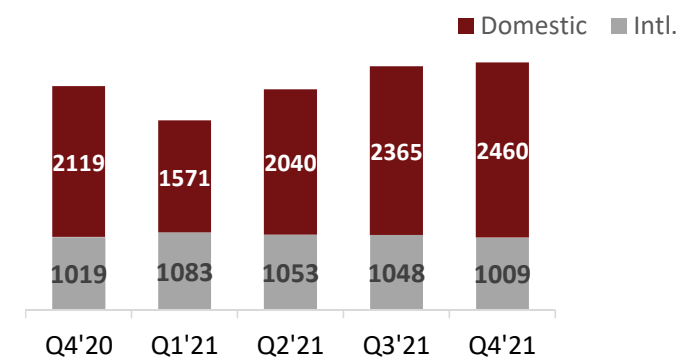
Revenue (in ₹ lakh)



EBIT (in ₹ lakh) & margin (%age)



Headcount break-up (Nos)



- Revenue marginally reduced QoQ by 1% with drop in International volumes by 4% due to client business de-growth for a large fx trading platform company offset by domestic growing by 2%. This de-growth is expected to be made up by other international customers by Q2 FY22
- EBIT down from Q3FY21 due to lower revenues
- Total headcount increased to 3,469 up 2% QoQ. Domestic headcount was up 4% QoQ
- Towards end of Q4, we have had two key wins in the US market which reflects a positive sentiment in the international business

Annexures

Income Statement

In ₹ Lakhs

Consolidated Particulars	Quarterly			Var %		FY		
	Q4 FY21	Q3 FY21	Q4 FY20	QoQ%	YoY %	FY21	FY20	YoY %
Revenue from Operations	7,348	7,169	7,114	2%	3%	27,669	29,444	(6%)
Less:								
Employee benefit expenses	(3,963)	(4,045)	(4,033)	(2%)	(2%)	(15,351)	(17,073)	(10%)
Other expenses	(1,293)	(1,318)	(1,227)	(2%)	5%	(5,728)	(4,844)	18%
Total expenses	(5,256)	(5,363)	(5,259)	(2%)	(0%)	(21,079)	(21,917)	(4%)
EBITDA	2,092	1,806	1,855	16%	13%	6,590	7,527	(12%)
Other income	151	50	80	202%	89%	364	409	(11%)
Finance cost	(89)	(37)	(47)	141%	89%	(244)	(226)	8%
Depreciation & amortisation	(652)	(571)	(513)	14%	27%	(2,339)	(1,990)	18%
Earnings before tax	1,502	1,248	1,375	20%	9%	4,371	5,720	(24%)
Tax	(124)	(361)	(287)	(66%)	(57%)	(859)	(1,227)	(30%)
Profit after tax	1,378	887	1,088	55%	27%	3,512	4,493	(22%)
EBITDA Margin	28.5%	25.2%	26.1%	328 bps	239 bps	23.8%	25.6%	(175 bps)
PAT margin	18.8%	12.4%	15.3%	638 bps	346 bps	12.7%	15.3%	(257 bps)
Basic & Diluted EPS (in ₹)	9.04	5.82	7.14	55%	27%	23.05	29.48	(22%)

Balance Sheet

In ₹ Lakhs

Particulars	31-Mar-21	31-Mar-20	Var %
Non-Current Assets			
Property Plant & Equipment	730	880	(17%)
Right of Use Assets	1,711	2,227	(23%)
Other Intangible Assets	600	333	80%
Other Non Current Assets	2,775	3,254	(15%)
	5,816	6,695	(13%)
Current Assets			
Current Investments	4,971	3,339	49%
Cash & Cash equivalents	14,862	12,420	20%
Trade receivables	4,203	4,502	(7%)
Unbilled revenues	1,515	1,157	31%
Other current assets	577	806	(28%)
	26,128	22,224	18%
Total Assets	31,944	28,919	10%
Equity & Reserves	26,512	22,807	16%
Non-Current Liabilities			
Lease liability	647	1,311	(51%)
Other non-current Liability	622	467	33%
	1,269	1,778	(29%)
Current Liabilities			
Lease liability	1,517	1,013	50%
Trade Payables & Other current liabilities	2,646	3,321	(20%)
	4,163	4,334	(4%)
Total Equity & Liabilities	31,944	28,919	10%

Cash Flow Statement

In ₹ Lakhs

Particulars	31-Mar-21	31-Mar-20
PBT	4,371	5,720
Add: Non cash Expenses/(Income)	2,872	2,113
Operating profit before working capital changes	7,243	7,833
Changes in working capital	(261)	(281)
Cash flow from Operations	6,982	7,552
Capex	(719)	(292)
Consideration towards business acquisition	-	(1,680)
Current investments*	(1,440)	4,543
Interest received	16	35
Cash flow from Investing activities	(2,143)	2,606
Repayment of borrowings	(24)	(1,379)
Interest paid	(242)	(226)
Payment of lease liabilities	(1,666)	(1,342)
Dividend paid	-	(1,832)
Cash flow from financing activities	(1,932)	(4,779)
Net change in cash and cash equivalents	2,907	5,379
Cash taken over on business acquisition	-	130
Opening cash & cash equivalents	12,420	7,164
Exchange rate fluctuations	(465)	(253)
Closing cash & equivalents	14,862	12,420

* ₹14.40 cr represents investments made in Debt mutual funds during the current year. In FY20, it was net withdrawal of ₹45.43 cr

Thank you