

October 30, 2020

**The General Manager**

Department of Corporate Services,  
**BSE Limited,**  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

**Security Code – 539978**

**The Manager**

Department of Corporate Services,  
**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra- Kundra Complex,  
Bandra (East),  
Mumbai – 400 001

**NSE Symbol – QUESS**

Dear Sir/ Madam,

**Sub: Investors Presentation**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Investor's presentation on the financial performance of Quess Corp Limited ("**Company**") for the second quarter and half year ended September 30, 2020.

The above said presentation is also made available on the Company's website <https://www.quesscorp.com/investor-other-information/>.

Kindly take the same on record.

Thanking you,

Yours sincerely,  
**For Quess Corp Limited**





**Kundan K Lal**  
Company Secretary and Compliance Officer

Great Place To Work.  
Certified  
JAN 2020-DEC 2020  
INDIA

QUESS  
WINNING TOGETHER



# Winning Together

Investor Presentation

Q2FY21

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**Company Overview**

**Key Highlights**

**Financial Performance *(Q2 and H1FY21)***

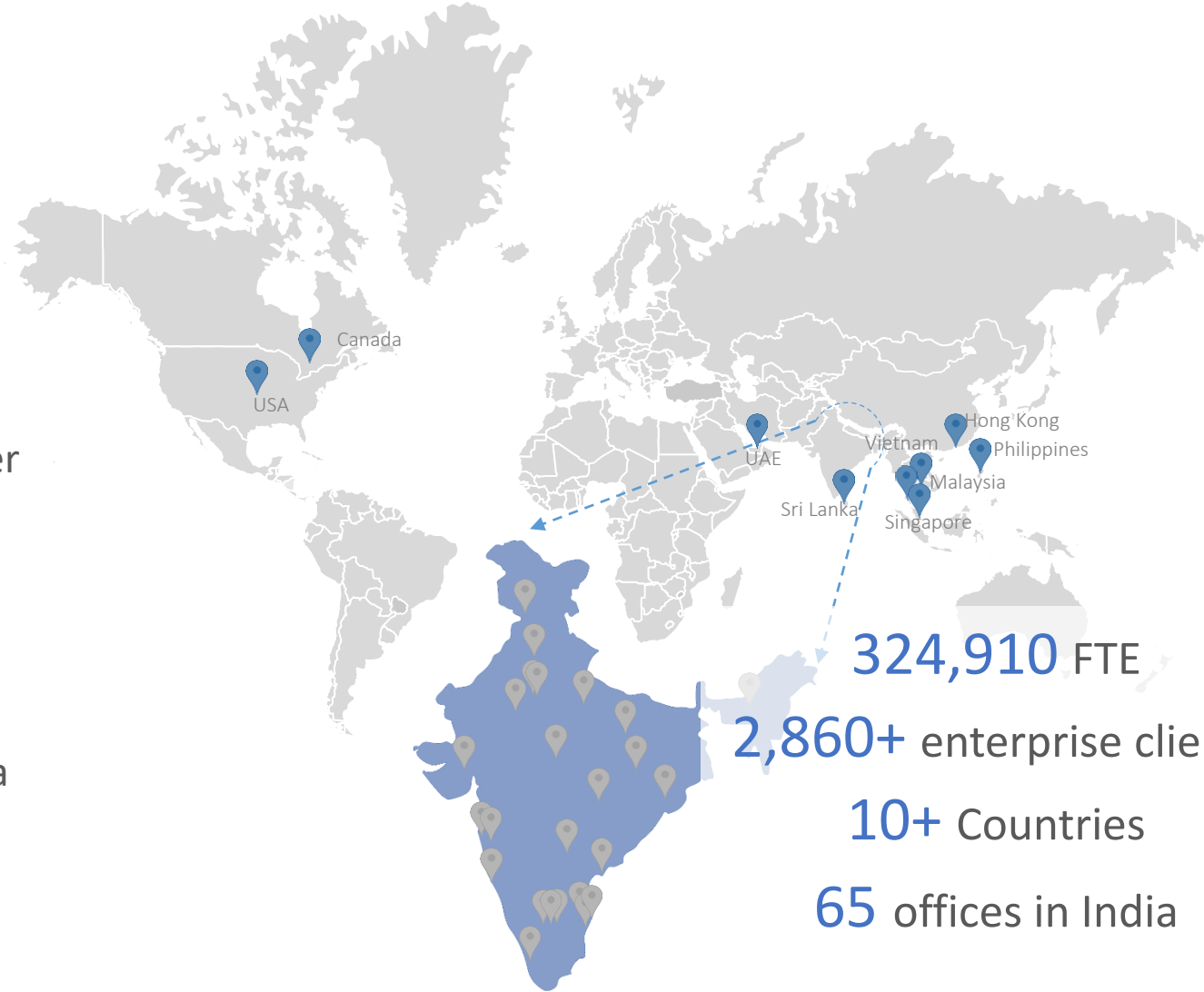
**Platform-wise Highlights**

**Emerging Businesses**



# Company Overview

# India's Largest Business Services Platform



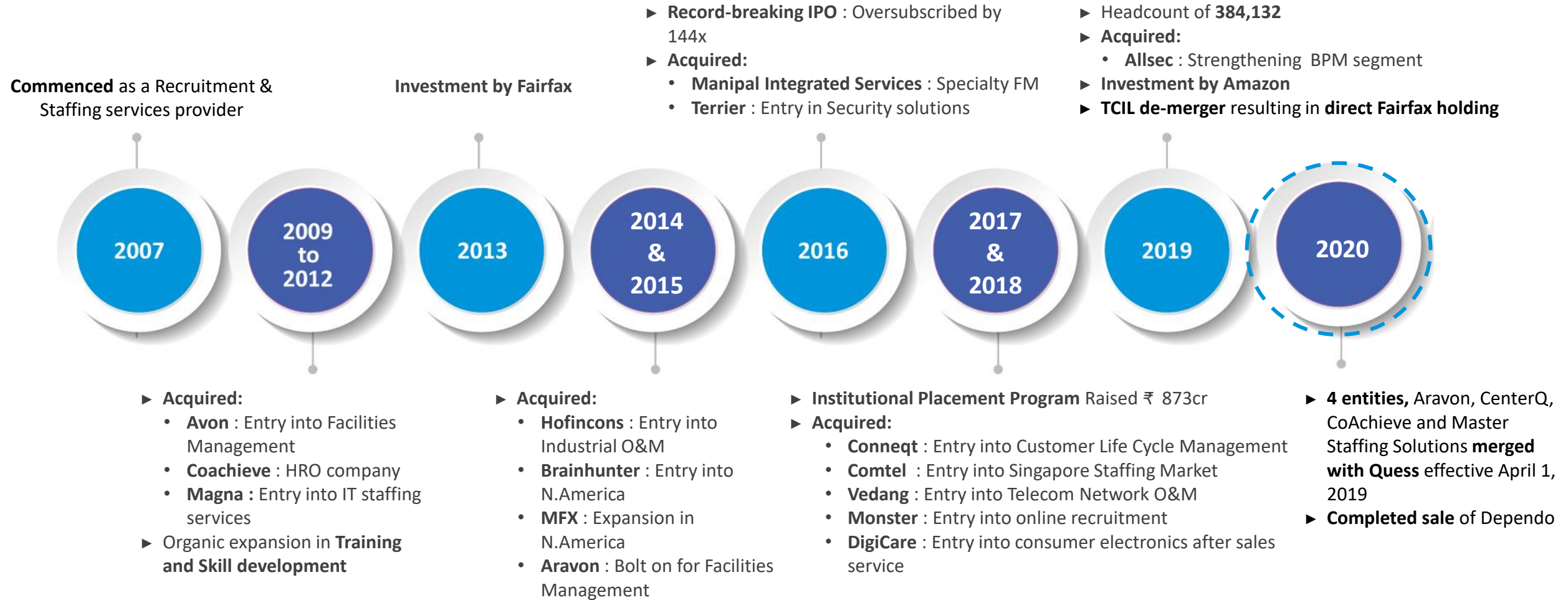
- India's largest private sector employer since **2020**
- India's **#1** Gen. Staffing player
- India's **#1** IT Staffing player
- Singapore's **#1** IT staffing player
- Among **Top 5** Facilities Management play in India
- India's **#1** HR Payroll provider

- **Top 3** Domestic BPO Player in India
- Leading vocational training player: **140,000** students trained and employed
- **Empowering** 470 MW of Energy & 51 MTPA of metal facilities
- Certified **"Great Place to Work"**

**Winning Together**

Customers | People | Investors

# Quess' Journey: Key Milestones



# Quest Service Platforms







# Key Highlights

# Highlights



## Financial

- **Headcount:** Although HC down 3% across the quarter, September saw an increase vs. previous month
- **P&L statement:**
  - Revenue flat YoY at ₹ **2,615cr**
  - EBITDA decreased 14% YoY to ₹ 140cr, mainly from **lockdown-related reductions** in Excelus and IFM food businesses of ₹ 24cr
  - PBT conversion is up at **58%** vs 42% in Q1'21 and 39% in Q2'20
  - PAT increased 37% QoQ, although down 25% YoY, on account of higher ETR
- **Balance Sheet:**
  - **OCF / EBITDA at 212%**, up from 152% in Q1'21 and 49% in Q2'20
  - **Gross debt reduced** QoQ to ₹ **624cr** from ₹ 977cr (reduction of ₹ 353cr)
  - **Net debt reduced** QoQ to ₹ **45cr** from ₹ 254cr (reduction of ₹ 209 cr). Net debt to EBITDA improved to 0.10x
  - **DSO improved** by 3 days QoQ from 68 days to 65 days
  - ₹ **98cr CCD redeemed** during the quarter, taking CCD balance from ₹ 345cr to ₹ 247cr



## Corporate

- Significant improvements in business operations:
  - **Indirect costs** in Q2 reduced by 24% from Q4'20
  - Sales efforts resulted in **~195 new customer wins** on existing and new service lines, 391 in all for H1'21
  - **Continued focus on cross sales and multi-tower deals** with significant closures
  - **Technology-led transformation** initiatives progressing well, with QJobs, WorQ, and MarQet
- **Scheme of Amalgamation** of 4 wholly-owned subsidiaries: Goldenstar, Greenpiece, MFX India and Trimax approved by the shareholders in AGM and in progress
- **15 entities** targeted for reduction, taking the total number of entities from 46 to 31
- **Completed sale of Dependo** for a consideration of ₹10cr, profit on sale ₹8cr
- **Collections** received from Trimax: ₹ **7.64cr** for Q2'21 and ₹ 9.36cr YTD



## Platform

- **Workforce Management:**
  - **WFM associate headcount** reduced by 3% QoQ, however, September saw an increase vs. previous month. **80** new clients acquired in the quarter
  - IT Staffing EBITDA up YoY with margin expansion helped by successful execution of our strategy to focus on **high-margin digital skills**
- **Operating Asset Management:**
  - **IFM:** Housekeeping business flat YoY, despite ITS vertical dropping 20% QoQ due to continued WFH. Food business dropped 20% QoQ due to extended lockdown. 17 logos won in Q2, with strong sales pipeline going forward
  - **Terrier Security** revenue dropped 26% YoY due to **WFH in IT services vertical**. Mid-term outlook remains robust, with focus on integrated man-tech and security solutions
- **Global Technology Services & Emerging businesses:**
  - **Conneqt and Allsec** revenues up by 17% and 6% QoQ reflecting rapid recovery of business volumes
  - **Monster** traffic up 60% and recruiter search volumes increased by 30% QoQ



## Financial Performance (Q2 & H1FY21)

# Q2FY21 Financial Performance

## Headcount & Revenue:

- HC was down 3% QoQ. However, September saw an increase vs. the previous month
- Revenue up 9% QoQ driven by General Staffing, Conneqt, Qdigi and inorganic revenue growth from Terrier

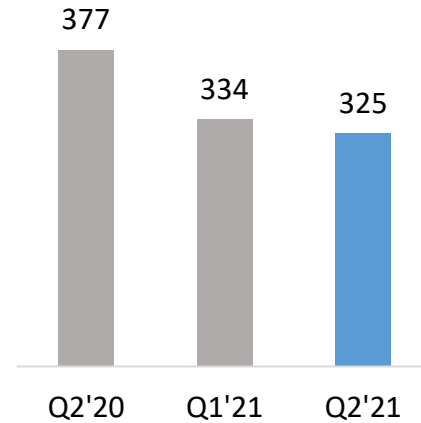
## Profitability:

- EBITDA down 14% YoY & up 8% QoQ
- EBITDA down YoY due to lockdown impact (₹ 24cr) in IFM food and Excelus
- PBT conversion is up at 58%, vs 42% in Q1'21 and 39% in Q2'20

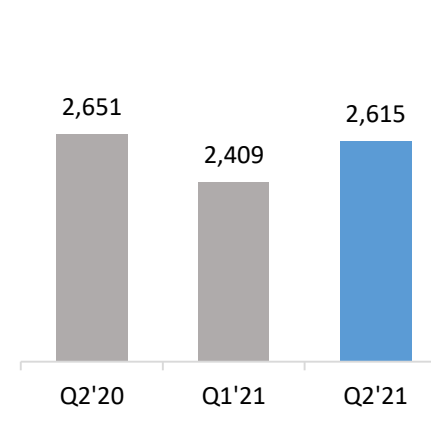
## Cash Generation:

- **OCF conversion at 212%**, OCF was higher QoQ by 54% and YoY by 256%
- **DSO** improved by 3 days QoQ from 68 days to 65 days
- **Net debt** reduced QoQ to ₹ 45cr from ₹ 254cr (reduction of ₹ 209 cr). Net debt to EBITDA improved to 0.10x
- ₹ 98cr **CCD** redeemed during the quarter, taking CCD balance down to ₹ 247cr from ₹ 345cr

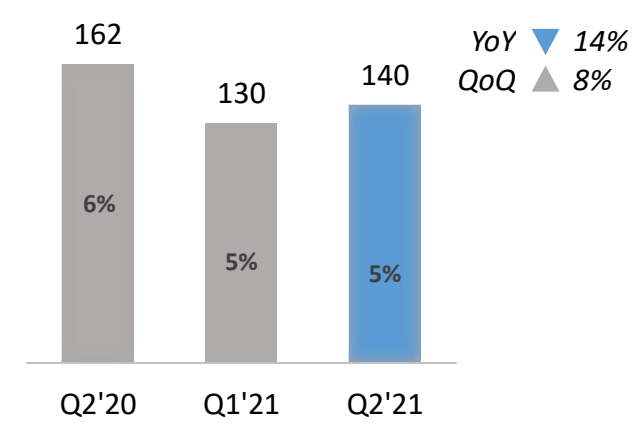
### Headcount ('000s)#



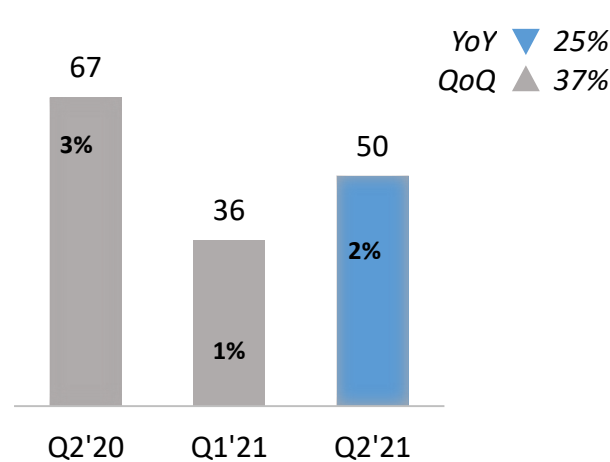
### Revenue (in ₹ cr)



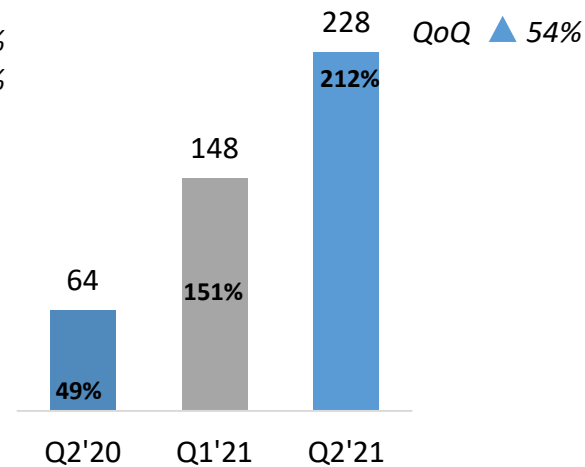
### EBITDA (in ₹ cr) & margin (%age)



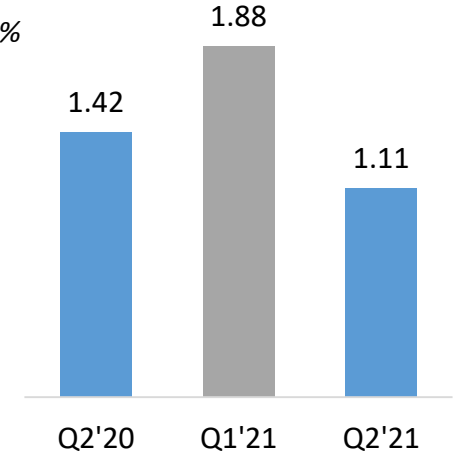
### PAT (in ₹ cr) & margin (%age)



### OCF (in ₹ cr) & %age\*



### Gross Debt/EBITDA (x)



\* OCF and OCF Conversion % are computed excluding the impact of IndAS 116. Operational EBITDA for Q2'21 is ₹ 108cr and Q1'21 is ₹ 98cr.

# H1FY21 Financial Performance

## Headcount & Revenue:

- Headcount down 14% YoY, largely in WFM (42k) and IFM (10k). However, September saw a higher headcount than August
- Revenue flat YoY, with drop in revenue across Conneqt, Excelus and Qdigi offset by inorganic growth of revenue in Terrier

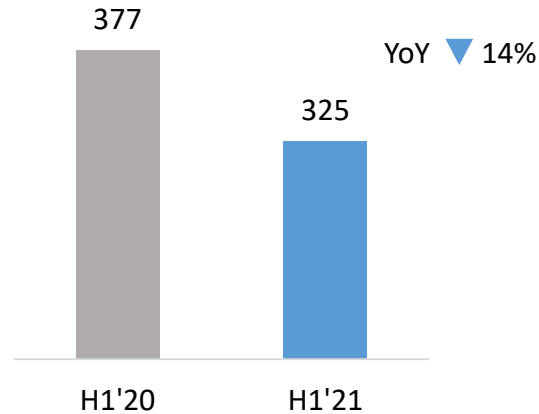
## Profitability:

- EBITDA down 13%, lockdown impact on Excelus (₹39 cr) and IFM food business (₹11 cr)
- PBT conversion is up at 50% vs. 42% in H1'20
- PAT down 30% to ₹ 86cr, primarily due to accelerated deferred tax charge on account of 80JAA

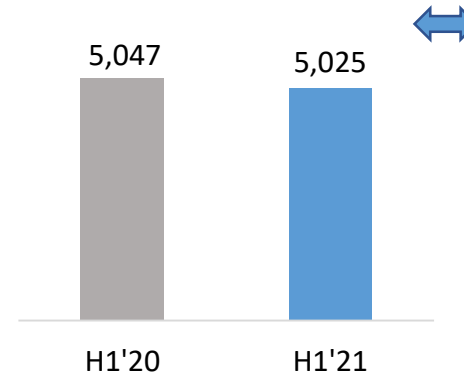
## Cash Generation:

- OCF up 248% YoY
- **Gross debt** reduced to ₹ 624cr from ₹ 1,147cr (reduction of ₹ 523cr) in FY20
- **Gross Debt to Equity** has reduced from 0.31x in H1'20 to 0.26x

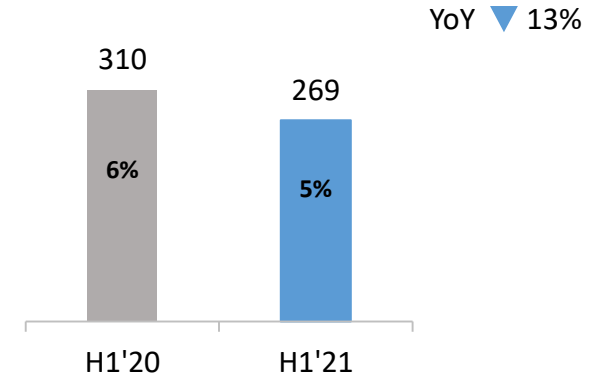
**Headcount ('000s)#**



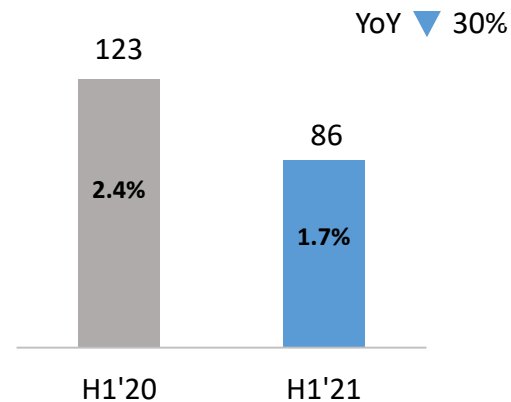
**Revenue (in ₹ cr)**



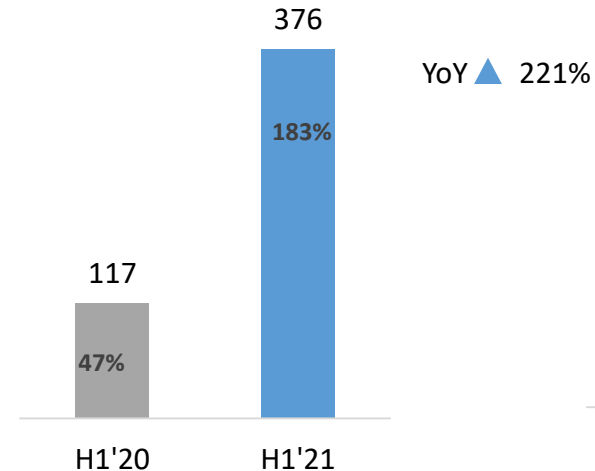
**EBITDA (in ₹ cr) & margin (%age)**



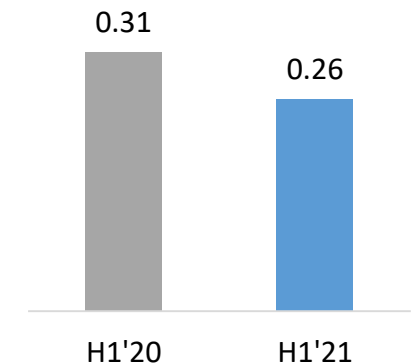
**PAT (in ₹ cr) & margin (%age)**



**OCF (in ₹ cr) & %age\***



**Gross Debt/Equity (x)**



## Notes

# Headcount data includes Terrier for H1'21

\* OCF and OCF Conversion % are computed excluding the impact of IndAS 116. Operational EBITDA for H1'21 is ₹ 206cr and H1'20 is ₹252cr.

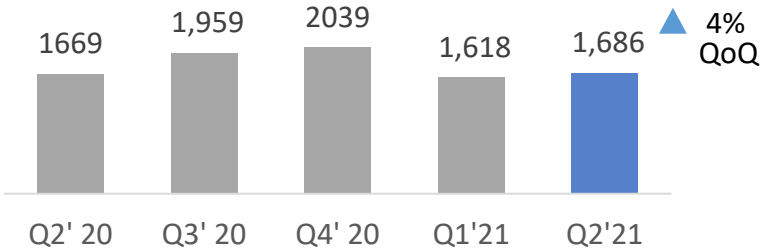


# Platform-wise Updates

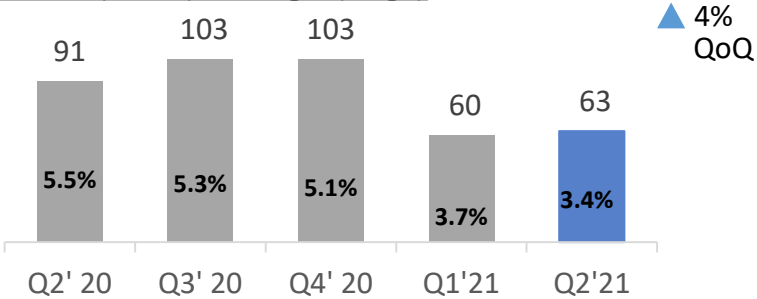
# Workforce Management – Performance Snapshot

## Financial Metrics

### Revenue (in ₹ cr)

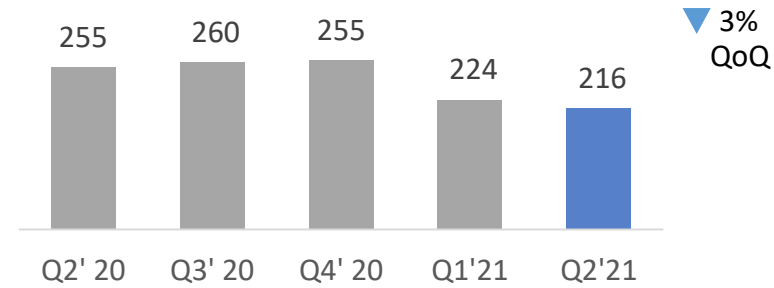


### EBITDA (in ₹ cr) & margin (%age)

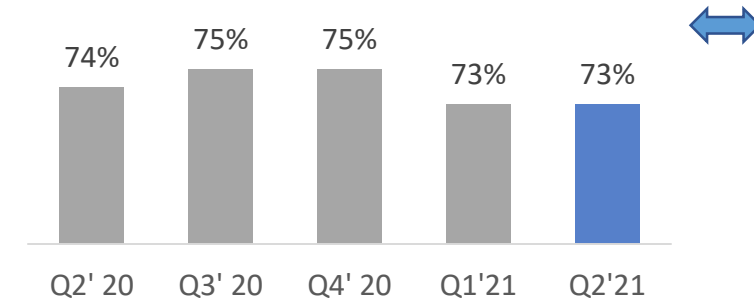


## Operating Metrics

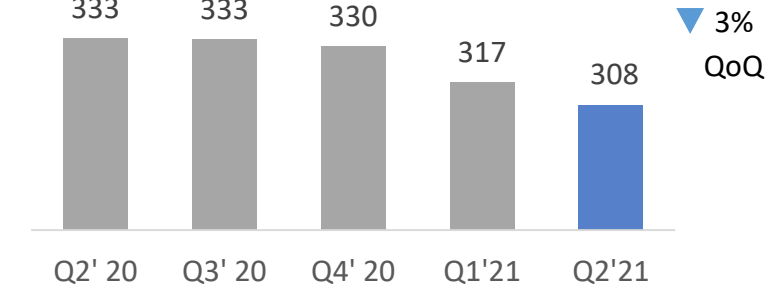
### Associate Headcount ('000)



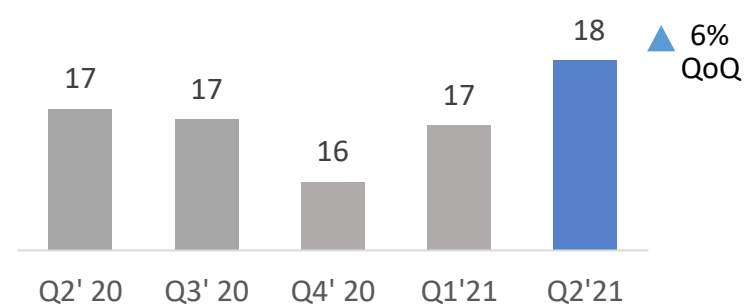
### Collect & Pay (%)



### Core:Associate (Gen Staffing; 1:X)



### Core:Associate (IT Staffing; 1:X)

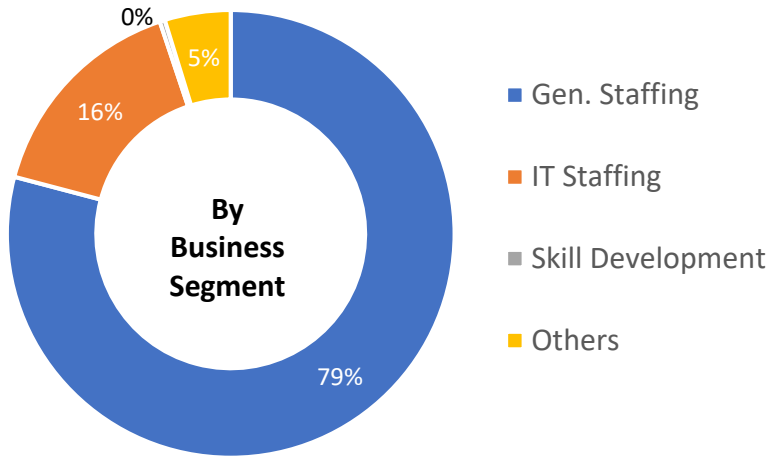


## Key developments in quarter include:

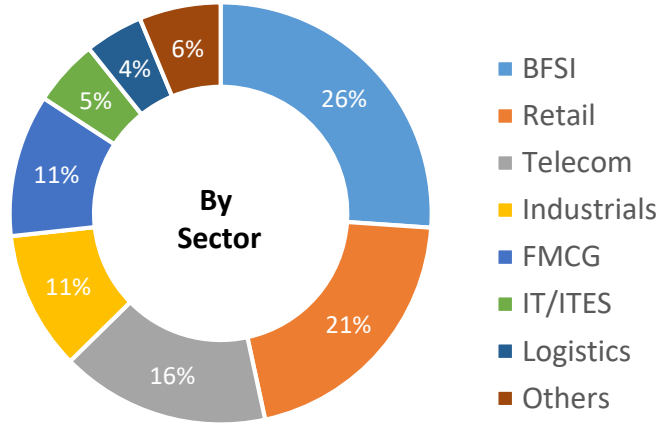
- **General Staffing** revenue up 5.3% QoQ with 23 new clients on boarded. HC grew in September vs August. Focus on accelerating presence in industrial and logistics sectors, while piloting task-based models and transforming recruiter efficiency
- **IT Staffing** - Domestic IT staffing business EBITDA up vs. Q4'20 despite 10% HC reduction, with significant margin expansion. Singapore and ME operations continue to perform strongly
- **Training & Skill Development** EBITDA down by ₹ 17cr YoY driven by lockdown of training facilities. Operations progressively started in October.

# Workforce Management – Revenue Distribution and Client Insights

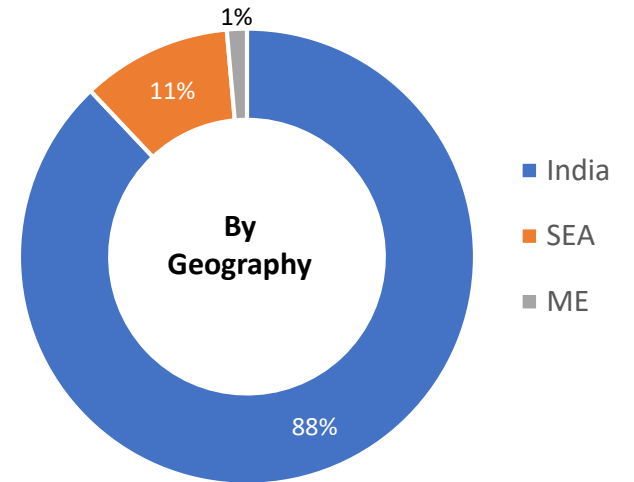
## Revenue Distribution



Staffing constitutes majority of the revenues

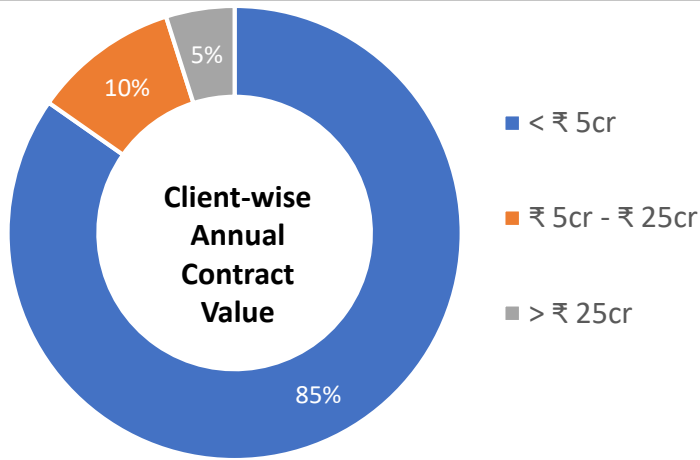


Revenue-base diversified across sectors

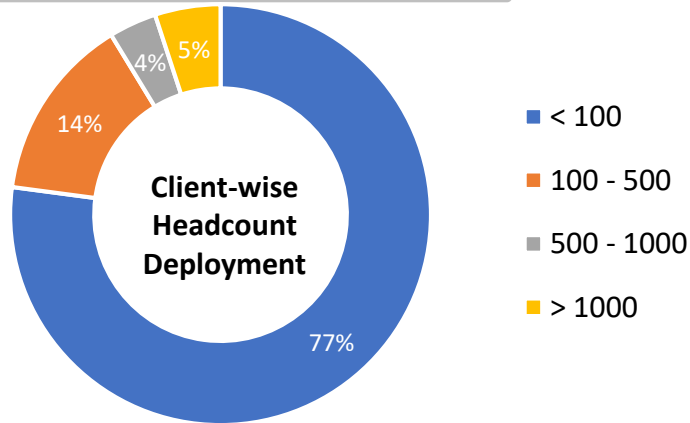


India is the main geographical focus

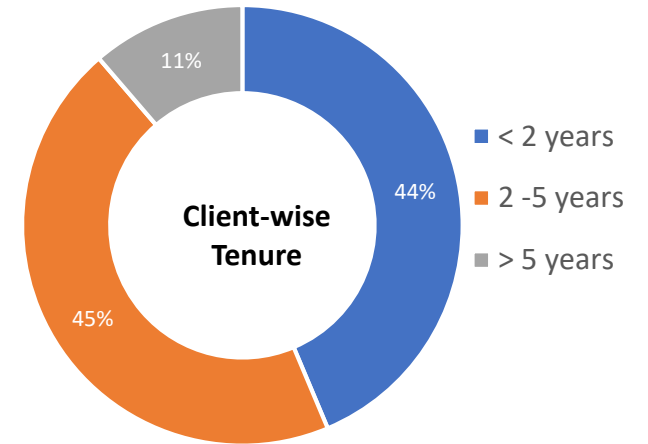
## Client Insights (Gen. Staffing)



Diversified Client Exposure:  
Majority of contracts are < ₹ 5cr



No client concentration risk:  
91% of clients have headcount <500



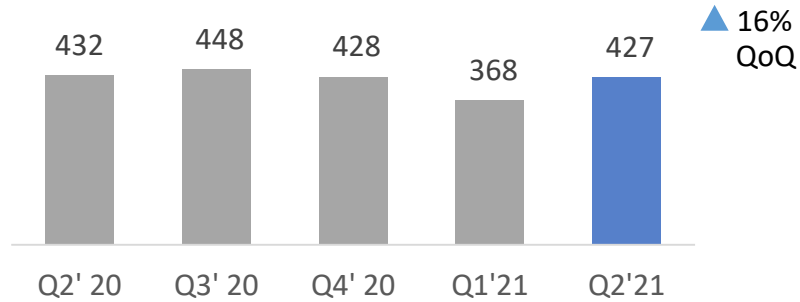
Good client loyalty & healthy new client addition:  
56% of clients have tenure >2 years



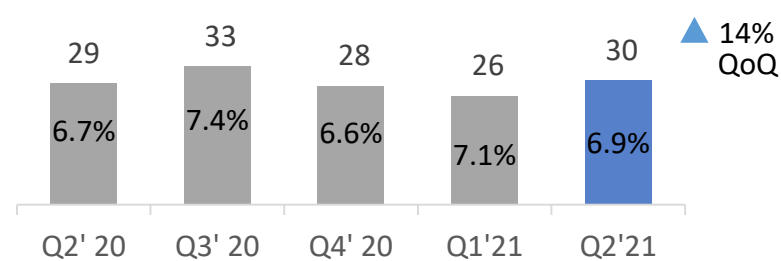
# Operating Asset Management – Performance Snapshot

## Financial Metrics

### Revenue (in ₹ cr)

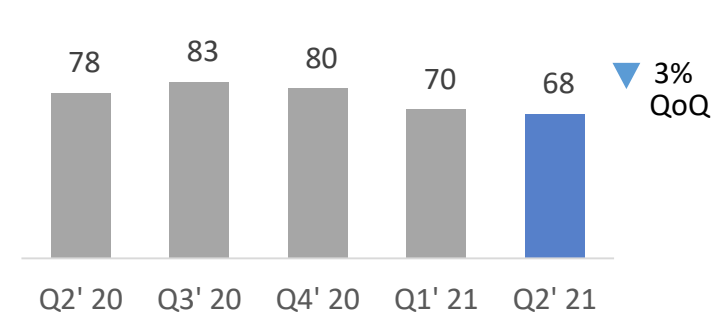


### EBITDA (in ₹ cr) & margin (%age)

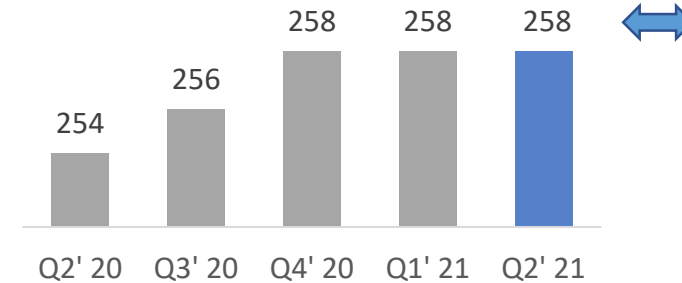


## Operating Metrics

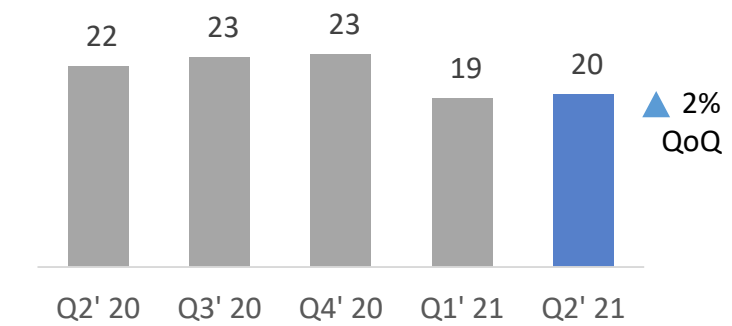
### Associate Headcount ('000s)



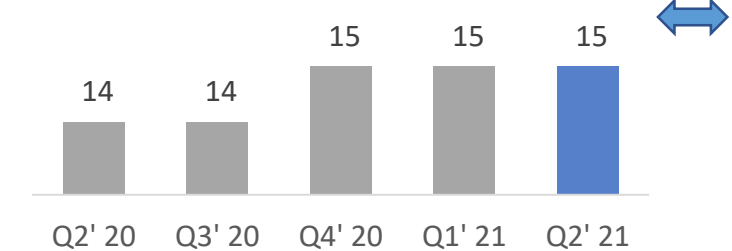
### Sq.ft under Management



### Rev. Realization/Headcount/Month - IFM ('000)



### Beds served ('000s)

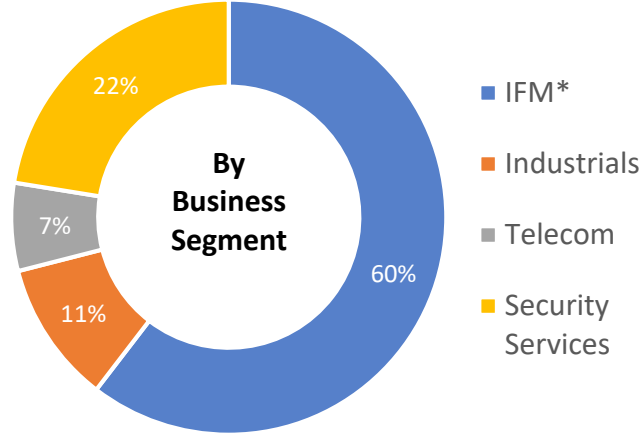


## Key developments in quarter include:

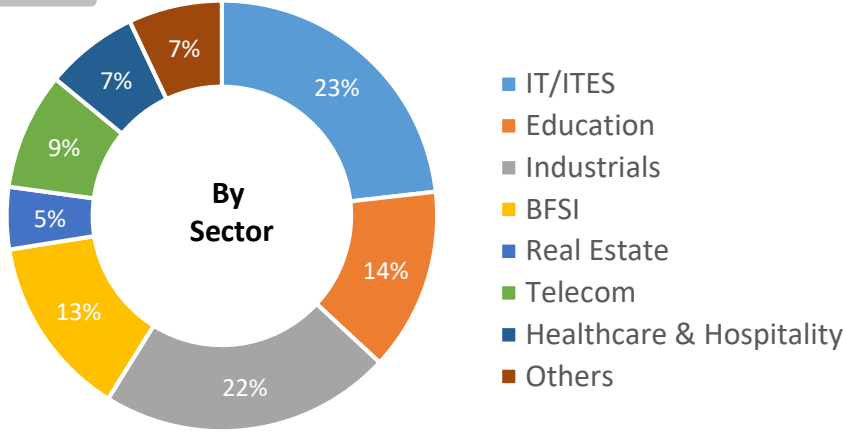
- **IFM:** Housekeeping business steady YoY despite COVID-related reductions in ITS (32% down vs Q4'20) and Education (18% down vs Q4'20) verticals. Food business EBITDA lower 84% in H1'21 vs. H1'20 given closure of educational institutions and ITS offices. 17 new logos acquired in Q2'21, of which 5 were integrated offerings with security
- **Terrier Security** Revenue down 26% YoY and 14% QoQ mainly in ITS. Focus continues on new customer introductions through integrated man-tech and security solutions across BFSI, Manufacturing, E-commerce and Logistics verticals where impact of lockdown is reversing
- **Industrial business** Revenues flat QoQ, although growth visible through quarter.

# Operating Asset Management – Revenue Distribution and Client Insights

## Revenue Distribution

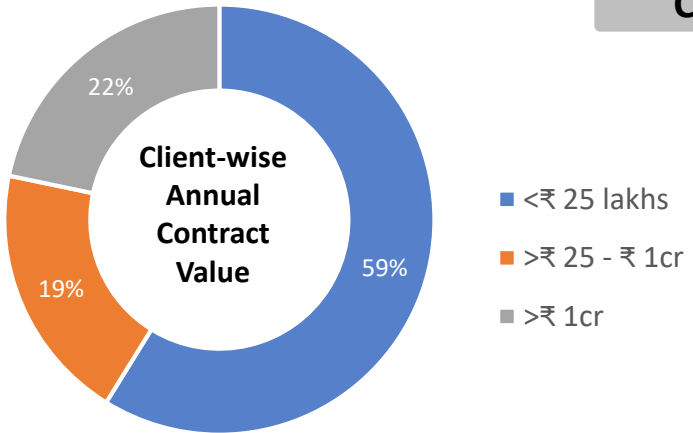


**IFM\* is the largest business segment**

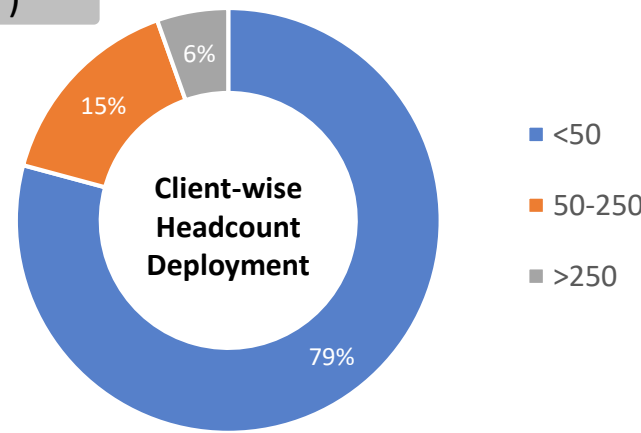


**Revenue-base diversified across sectors**

## Client Insights (IFM\*)



**Diversified Client Exposure:**  
*Healthy distribution of contracts across clients.*



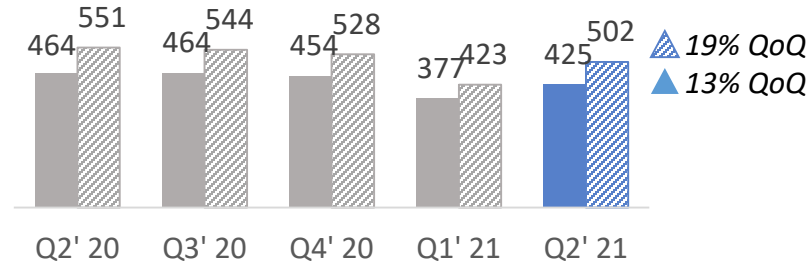
**No client concentration risk:**  
*Majority of clients have headcount <50*

\*IFM – Integrated Facilities Management

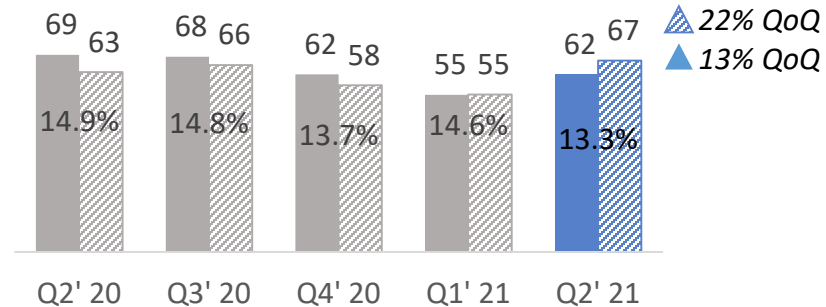
# Tech Services – Performance Snapshot

## Financial Metrics

### Revenue (in ₹ cr)



### EBITDA (in ₹ cr) & EBITDA Margin (%)

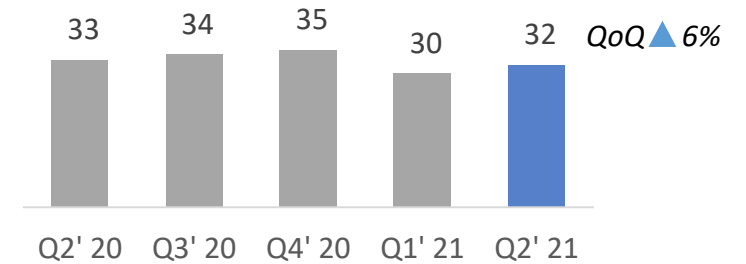


■ Without Emerging Business  
■ With Emerging Business

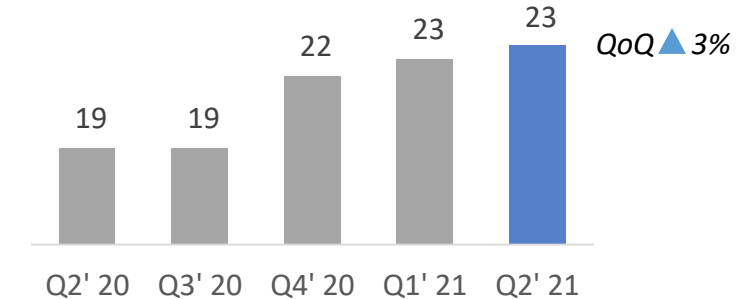
**Monster & DigiCare** are the two **Emerging businesses** in the Tech Services Platform that are currently in Investment mode with growth potential.

## Operating Metrics

### Revenue/FTE (Conneqt '000s)



### HRO Records Processed (Allsec; in lacs)\*



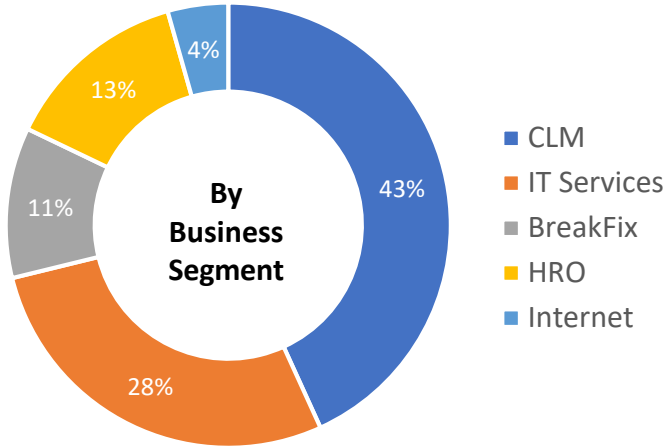
## Key developments in quarter include:

- **North American IT Services business** delivered 20% EBITDA growth QoQ. New service line focusing on WFM end user computing services crossed \$1M revenue in the quarter
- **HRO business** continues to show healthy growth with total payslips processed increasing 10% YoY. 30 customer additions in Q2'21
- **CLM/BPM business** saw healthy revenue growth vs. Q1'21 with activity rapidly recovering (Conneqt up 17% QoQ and Allsec up 6% QoQ). Collections business continues to be impacted by moratorium in banking industry

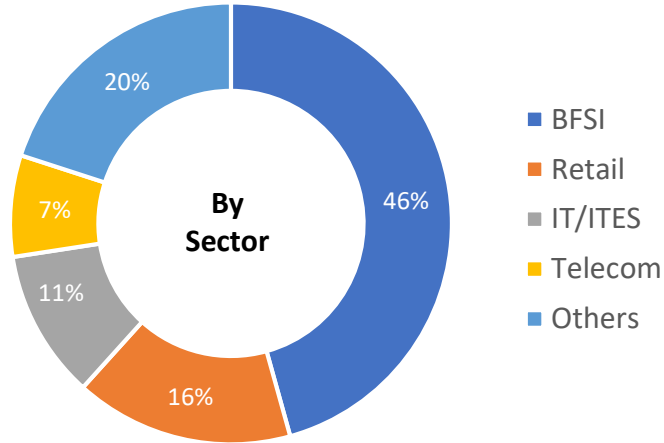
\* Allsec was acquired in Q1 FY20. However for comparison purposes it has been added retrospectively in the operating metrics.

# Tech Services – Revenue Distribution and Client Insights

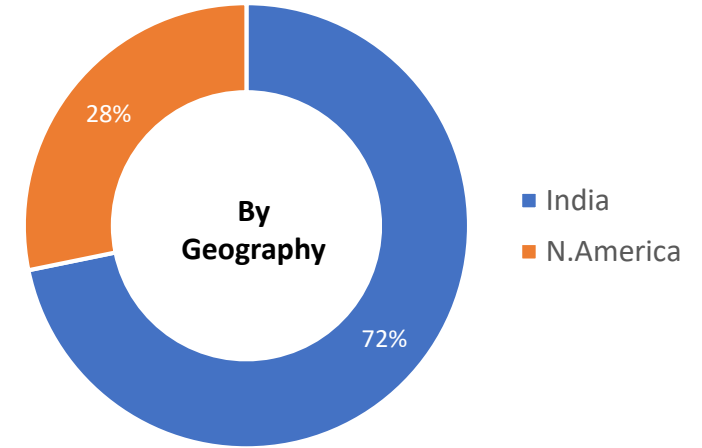
## Diversified Revenue Base



CLM & IT Services constitute majority business.

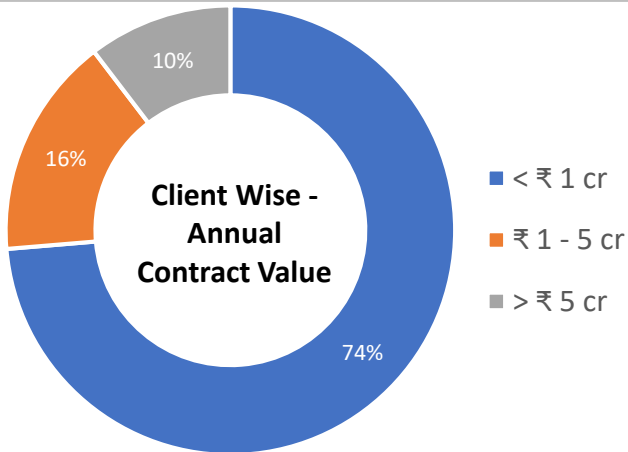


Revenue-base diversified across sectors

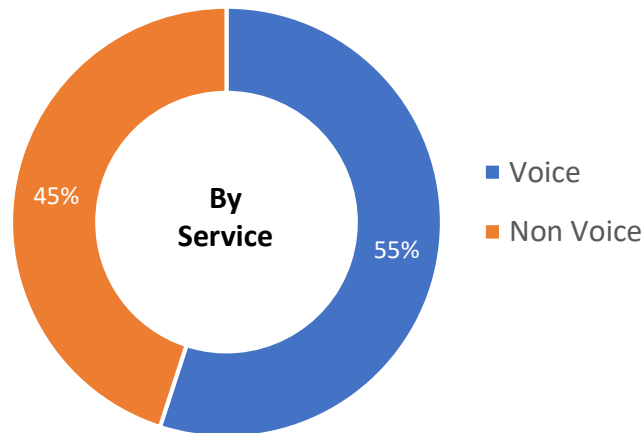


India is the main geographical focus

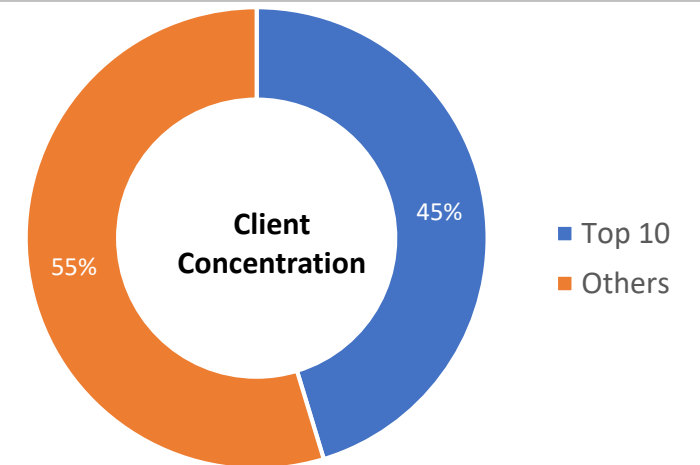
## Client Insights (BPM)



Diversified Client Exposure:  
Majority of contract sizes <1 cr



Healthy mix of Voice and Non-voice operations



Equal contribution by Major & Minor clients

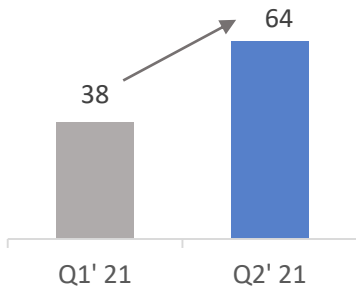
# Emerging Businesses



**Growth across operating metrics, signalling strong recovery from COVID headwinds**

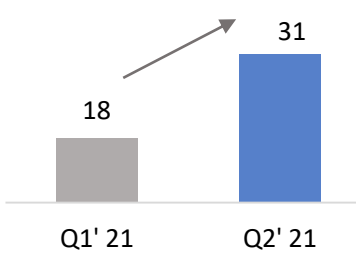
- Recorded positive EBDITA for 2nd consecutive quarter
- Modularisation of legacy platform continues ; strong growth in key metrics
- Upward trajectory expected to continue in H2 FY21

Job Postings / Month (in '000)

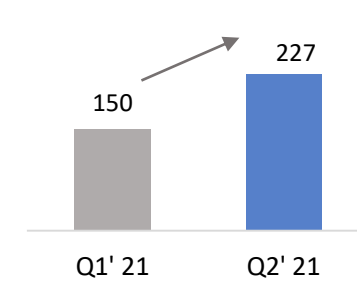


- 69% QoQ** rise in Job Postings
- 72% QoQ** increase in Job views
- 51% QoQ** increase in Page Views
- 56%** increase in Organic site traffic

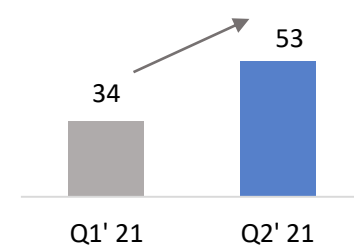
Job Views / Month (in lacs)



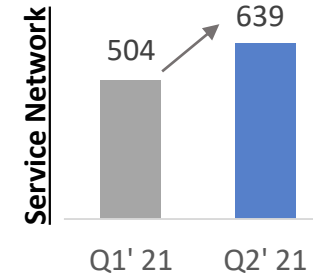
Page Views / Month (in lacs)



Organic Traffic / Month (in lacs)



**Business on upswing and continued client additions**



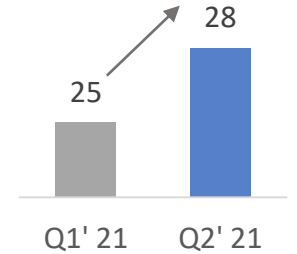
**Service network** covers over **14,300 Pin codes**, 75% of pin codes in India

Added **3 new logos** in **Q2FY21**, no attrition in existing clients

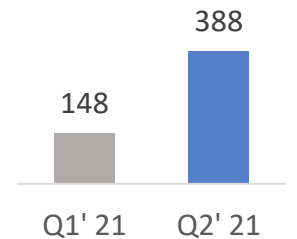
**Business updates**

- Business profitable and on upswing:** All centers are now operational and service order volume is showing an uptrend.
- Value added services:** Launched Quesscare Extended Warranty and Accidental Damage cover. Products a major hit with a high attach rate on Amazon.
- Service Centre Additions:** Opened 15 new Apple service centers PAN India from Aug 2020.
- New CRM Platform in roll out phase:** Phase wise testing and implementation of CRM underway; it will enable optimal call load distribution & live inventory management

Number of Clients



Service Orders ('000)



# Annexures

# Income Statement

(in ₹ cr)

Particulars	Quarter ended				Half year ended			
	Q2 FY21	Q2 FY20	Q1 FY21	YoY	QoQ	H1 FY21	H1 FY20	YoY
<b>Revenue from operations</b>	<b>2,615</b>	<b>2,651</b>	<b>2,409</b>	<b>-1%</b>	<b>9%</b>	<b>5,025</b>	<b>5,047</b>	<b>0%</b>
Less:								
Employee benefit expense	(2,250)	(2,170)	(2,084)	4%	8%	(4,333)	(4,105)	6%
Cost of material	(54)	(70)	(33)	-23%	63%	(87)	(135)	-35%
Other expenses	(172)	(249)	(163)	-31%	5%	(334)	(498)	-33%
<b>Total expenses</b>	<b>(2,475)</b>	<b>(2,489)</b>	<b>(2,280)</b>	<b>-1%</b>	<b>9%</b>	<b>(4,755)</b>	<b>(4,737)</b>	<b>0%</b>
<b>EBITDA</b>	<b>140</b>	<b>162</b>	<b>130</b>	<b>-14%</b>	<b>8%</b>	<b>269</b>	<b>310</b>	<b>-13%</b>
Other income	24	16	8	52%	220%	32	33	-3%
Interest	(27)	(41)	(33)	-34%	-17%	(60)	(76)	-20%
Depreciation and amortisation	(52)	(54)	(53)	-5%	-3%	(105)	(96)	9%
<b>Operating EBT</b>	<b>85</b>	<b>83</b>	<b>51</b>	<b>3%</b>	<b>67%</b>	<b>136</b>	<b>171</b>	<b>-20%</b>
Intangible amortisation	(6)	(11)	(6)	-45%	0%	(12)	(27)	-56%
NCI Put Option Liability	(5)	(5)	(5)	0%	0%	(10)	(10)	0%
Share of Profit from Associates (net of tax)	0	(4)	(11)	-101%	-100%	(11)	(4)	189%
<b>Profit before tax and Exceptional items</b>	<b>74</b>	<b>63</b>	<b>29</b>	<b>18%</b>	<b>153%</b>	<b>103</b>	<b>130</b>	<b>-21%</b>
Exceptional items	(8)	-	(25)	0%	-69%	(33)	-	-
<b>Profit before tax</b>	<b>82</b>	<b>63</b>	<b>54</b>	<b>30%</b>	<b>51%</b>	<b>136</b>	<b>130</b>	<b>5%</b>
Tax	(32)	4	(18)	-950%	78%	(50)	(7)	626%
<b>Profit after tax</b>	<b>50</b>	<b>67</b>	<b>36</b>	<b>-25%</b>	<b>37%</b>	<b>86</b>	<b>123</b>	<b>-30%</b>
EBITDA margin	5.34%	6.12%	5.38%	-77 bps	-4 bps	5.36%	6.14%	-78 bps
PAT margin	1.91%	2.51%	1.51%	-60 bps	40 bps	1.72%	2.44%	-72 bps
Basic EPS	3.09	4.26	2.29	-27%	35%	5.38	7.96	-32%
Diluted EPS	3.05	4.23	2.27	-28%	35%	5.32	7.92	-33%

# Balance Sheet

(in ₹ cr)

Particulars	30-Sep-20	31-Mar-20	Var %
<b>Non-current assets</b>			
Fixed assets	436	514	-15%
Intangibles	1,118	978	14%
Investments	2	72	-97%
Other non-current assets	669	863	-22%
<b>Current assets</b>			
Trade receivables	898	998	-10%
Unbilled revenue	963	881	9%
Cash and cash equivalents	578	792	-27%
Loans & other current assets	198	220	-10%
<b>Total assets</b>	<b>4,863</b>	<b>5,319</b>	<b>-9%</b>
<b>Equity</b>			
Share capital	148	148	0%
Other equity	2,210	2,128	4%
Non controlling interest	85	77	11%
<b>Debt</b>			
Long term debt	79	115	-31%
Short term debt	544	1,032	-47%
<b>Other liabilities</b>			
Trade & other payables	125	163	-23%
Other Financial Liabilities	1,172	1,137	3%
Other provisions & tax liabilities	500	518	-3%
<b>Total equities and liabilities</b>	<b>4,863</b>	<b>5,319</b>	<b>-9%</b>



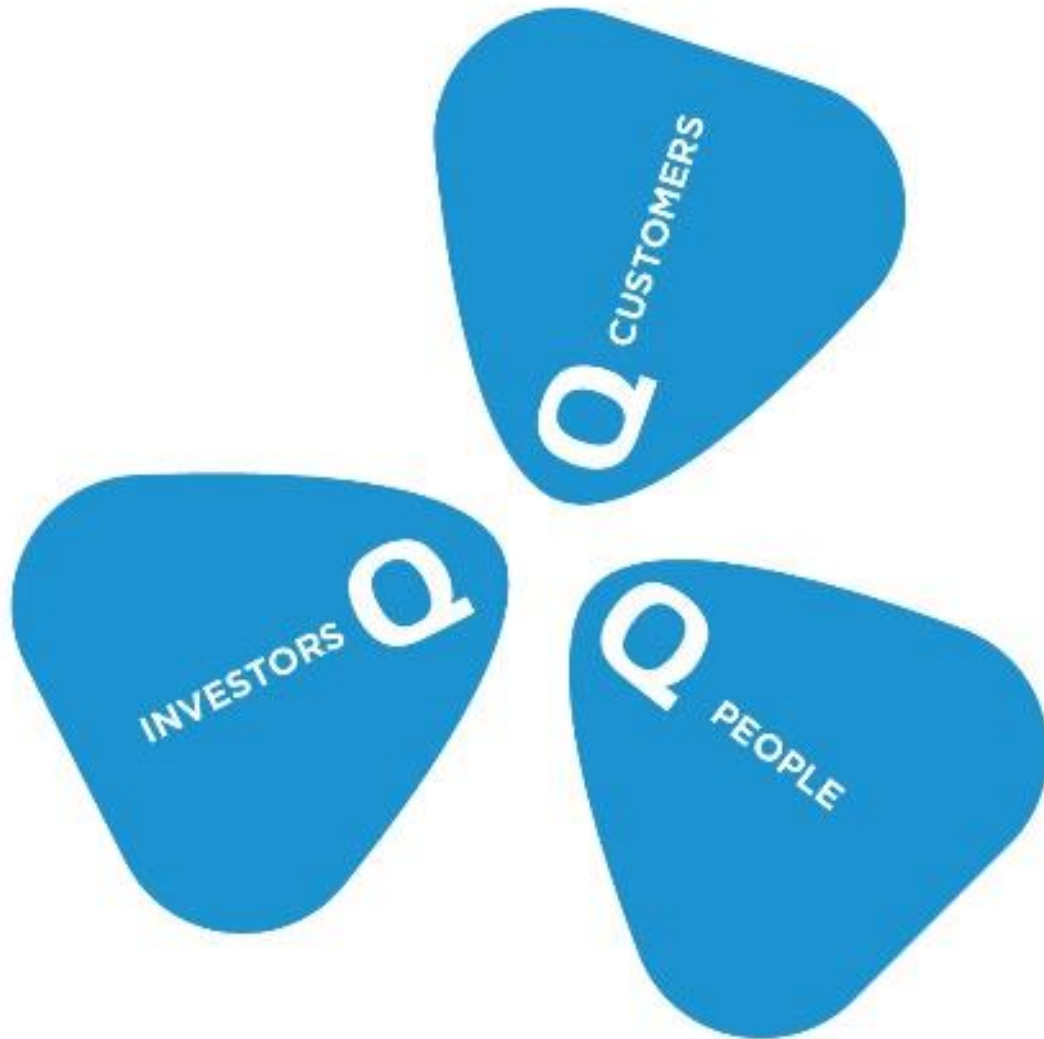
# Segment Reporting

(in ₹ cr)

Particulars	Sept 2020	Quarter ended			Half year ended		
		Jun 2020	Mar 2020	Dec 2019	Sept 2019	Sept 2020	Sept 2019
<b>Workforce Management Platform</b>							
Revenue	1,686	1,618	2,039	1,959	1,669	3,304	3,157
EBITDA	63	60	103	103	91	123	181
EBITDA %	3.72%	3.70%	5.10%	5.30%	5.50%	3.71%	5.73%

<b>Operating Asset Management Platform</b>							
Revenue	427	368	428	448	432	795	859
EBITDA	30	26	28	33	29	56	61
EBITDA %	6.95%	7.10%	6.60%	7.40%	6.70%	7.00%	7.10%

<b>Tech Services Platform</b>							
Revenue	502	423	528	544	551	926	1,031
EBITDA	67	55	58	66	63	122	109
EBITDA %	13.36%	13.00%	10.90%	12.10%	11.50%	13.21%	10.57%



## Winning Together

*In your win lies our win*