

ULJK FINANCIAL SERVICES

Moderator: Hi, good evening everyone and a very warm welcome. We appreciate you taking out the time out for the call. My name is Sukhwinder Sandhu from ULJK financial services. Would like to begin by introducing our company. ULJK is a 119 years old organization, we were established as an equity broking platform. Our promoters, are the Co-founders of BSE, currently the business is in its 4th generation. We continue our equity broking business, providing research on its invested companies through FII, MFs, banks and insurance company. I would like to now introduce you to the management of Quess Corp Limited, so we have Mr. Ravi Vishwanath, the Group CFO.

Ravi Vishwanath: Good afternoon everybody and how would you like to take this? As we are on our silent period, there's only so much information that we can part with. So, if there are any specific questions that our participants have, I'll be happy to take them so long as it doesn't trade on estimates, but other than that I'm happy to talk about the business prospects and don't really talk about the numbers. Would that be alright?

ULJK: Yeah, sure. I know since you're in the silent period we won't be expecting any disclosure from your side as well. We do have some set of questions with us, so we will continue once you have completed with your presentation.

Ravi Vishwanath: We don't have a presentation because we just concluded our analyst day last week and all the presentation that we have done is available on our website. All I can say is that all the businesses have turn around whether it's the workforce management, operating asset management and global tech solutions. Then there are some businesses which are network effects. These are businesses in which we have raised external capital in the last quarter and there will be some, where we will be raising external capital. These are your new age businesses. Other than that it is business as usual for us.

ULJK: Even though the results have been good, the leadership change has been sudden and abrupt, so could you tell us a little bit more about that and what are the key areas where you need to accelerate changes and transition within your organization in order to reach your goal?

Ravi Vishwanath: A lot has already been spoken about on the leadership exit. I would not like to touch upon it too much at this point of time. There's a lot that we've spoken about it. All I can say is that there were some differences at the top and so the CEO left, it was an amicable parting actually. There was no bad blood or anything. And we were able to find a worthy replacement for Suraj in Guruprasad Srinivasan. Guru has been with the company, from the beginning, understands all the parts of the business, he is being involved in at some point of time in most businesses, so he was a natural choice and so he actually has taken charge. It's been 45 days since he has taken charge and I think he has done a pretty good job so far. And so, fundamentally, there's not going to be any big change in how we're going to be doing things. If the last 2-3 years were an indicator, then the future is also going to be on similar lines. We set out on a path where we said, we will exit some non-core businesses that we will probably continue to do. We will exit some government contracts including the training business, basically any government project that has milestone based payments, we will exit those businesses. We

will get out of the training business by FY 24 after meeting our current obligations. We will continue to focus on our cash flows and continue to focus on our profitability. We will continue to focus on digitalization and digital enablement in the backend and we will continue to focus on cross sell. And, if you've seen the past in terms of progress, that we've made whether it is in terms of profitability or ROE or our OCF to EBITDA conversion, that's an indication that if we continue to do the same things better, I think we'll be on track to hit the target that we've set for ourselves, which is a 20% ROE.

ULJK: So my next question is, are you currently facing any supply constraint or price increase in GTS side?

Ravi Vishwanath: On the GTS side it has been a pleasant surprise for us, for example Conneqt which is the domestic contact center that we have, has done phenomenally well over the last many quarters and continues to be very, very promising. The fundamental shift that we're seeing is the mindset of an Indian consumer, to pick up the phone and speak to someone else on the other side of the line to solve their problems actually. That is a fundamental shift that we're seeing and that coupled with the growth of fintech companies over the last couple of years has propelled the business of Conneqt to all-time highs and we continue to see these kind of demands. Profitability also had actually gone up. Similarly Allsec has done well, and then the CLM business which is the customer lifecycle management business of Allsec, which predominantly deals with customers from the North American markets that had gone slow for a few years, we've been able to revive that part and that should actually start doing well. The Insurtech business also has done well. We've been able to turn that asset around over the last couple of years and today giving us decent margins. So, overall I think the GTS platform has done pretty well. Apart from these three, we have of course, Monster which has also turned around for us in terms of its performance. We've been able to raise external capital at a very healthy evaluation, which we will see a different avatar of Monster going forward.

Moderator: I would like to understand is there any negative impact of training and development business on your margin for the quarter on absolute terms?

Ravi Vishwanath: I can't talk about it for the quarter, but the training business is on a downward trajectory at this point of time so I mean all I can tell you is the margins won't be the same as what it was, when it was at the peak in FY20.

ULJK: What's the impact on the EBITDA for the food business for this quarter? And going forward for the coming quarter?

Ravi Vishwanath: I am afraid I can't answer that question specifically for the quarter because we are in silent period. But all I can tell you is that the food business is a very profitable business and we had some impact of it in Q3 when schools and colleges had reopened that business also had come back. But again, it all depends on the closure of schools and colleges. If schools and colleges are shut down due to the pandemic, then you will have a challenge otherwise that's a very healthy business and we're pretty happy with that business actually.

ULJK: What are your future plans towards the current segments? Are you going to introduce some other segments into this section, or continue to focus on the current verticals?

Ravi Vishwanath: The current verticals are fine as they are, but if we think that an introduction of a fourth vertical or fourth segment makes sense, we might do it.

ULJK: On the workforce management just wanted your thoughts on the margin aspects. It's been trending down specifically for this quarter. Was there any specific pass through or how should we really think about the margins in the business overall?

Ravi Vishwanath: I have alluded to this point before, WFM has a margin of 3.1% for this quarter and 3.3% for the previous quarter, 3.3% is a steady state margin for the particular business. You must appreciate one thing that general staffing accounts for more than 75% of the total revenues of the particular segment and the margin of general staffing is very low and when the net margins are very low. If in a particular quarter General staffing business go through the roof then my overall margins can get impacted because of this sheer effect of General Staffing on the overall number, that's something that outside our control, so I think the 3.3% margin is what you could look at as a base margin, and you could build your models accordingly.

ULJK: Are there any specific industries that are seeing a higher demand for a new talent or new jobs?

Ravi Vishwanath: I think we are seeing demands coming from BFSI, Fintech, we are seeing demands coming in from retail economy. Organized retail has not yet come back. E-commerce has come back quite strongly. We're seeing renewed interest with manufacturing. The new PLI schemes having been launched people are talking, has it translated to real off take on the ground, the answer is No, but at least people are talking about it.

ULJK: The last quarter has been one of the best quarter in terms of revenue, EBITDA and PBT. Is there any room for improvement or we can see this levels to sustain the coming quarter or on a future basis in terms of growth?

Ravi Vishwanath: I can't talk about that question specifically, but all I can tell you is that we are constantly trying to see how we can improve margin. We're constantly trying to see how we can improve our top line, because the addressable market is very large. So, our endeavor is to try and see how can we grow faster? How can we get better returns? How can we earn higher margins and how can we report higher profits for shareholders?

Moderator: Thank you, Ravi. We do not have any further questions.