

# Building lasting relationships

Investor Presentation

Q3FY21



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# Company Overview

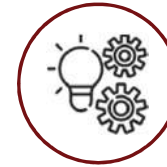
## Global leader in outsourcing solutions



**Quess Corp** subsidiary,  
backed by Fairfax Holdings  
(Canada)



**20+ years** of Global BPO  
service Excellence



**2 Decades** in Delivering  
Global Business Solutions



Service Delivery bundled  
with **Digital  
Transformations**



**400+ Client** engagements  
globally including Fortune  
100 companies



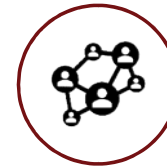
Listed at the **NSE & BSE**  
(NSE: ALLSEC)



**~4000** driven and dedicated  
employee workforce



**1M+** payslips processed per  
month groupwide



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

Market Leader in HRO Services

Leading Global BPM Player specializing in BFSI, E-Com, Retail and Consumer Electronics

# Leading provider of HRO end-to-end services

## 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, etc.



### Payroll

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



### Retiral

- PF Trust Accounting
- Loans
- Investments

## BPM: Cutting edge Digital Business Services offerings



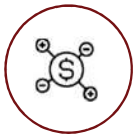
### Customer Experience Management

- Customer Support
- 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



### Healthcare RCM

- Revenue Cycle Management

# 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.
- 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



## **Q3FY21 Key Business Highlights**

# Q3FY21 Highlights



## Financial

- **Sterling performance** in current quarter with both Revenue and EBITDA above pre-Covid levels of Q4 FY20 (excluding seasonal year end EBITDA from HRO).
- **Headcount:** 4216 as on Dec 31, 2020 an increase of 315 over Sep 30, 2020 and increase of 224 over March 31, 2020
- **P&L statement:**
  - Revenue up 6% QoQ with strong bounce back in the DBS Domestic business
  - EBITDA grew strongly and stood at ₹ **18.1 cr**, up 30% QoQ
  - PAT at ₹ **8.9 cr**, up 38% QoQ
- **Balance Sheet:**
  - **Cash and short term investments increased by ₹ 13.4cr** from Sep 2020 to ₹ 184.6 cr
  - **OCF / EBITDA at 96%**
  - **Strong collections** reducing total receivables from ₹ 37.5cr in September 2020 to ₹ **36.5cr**
  - DSO reduced to 46 days from 50 days in September 2020



## Corporate

- **Cost Optimisation:**
  - Indirect cost down 11% from Q1 FY21 and 3% from Q2 FY21
- **Technology and new business investment**
  - Smartpay product modernization proceeding as per plan with an initial release by Q1 FY22
  - A new SME focused HRMS product is expected to be ready for Beta test by mid Q4 FY21 and a tentative soft market launch by Q1 FY22
- **Sales and Customer focus:**
  - Won 26 new customers during Q3FY21 with ACV of ~ ₹ 5 cr including cross sell ACV of ₹ 1cr
  - Large deals currently under implementation with ACV worthy ~ ₹ 3cr will yield revenues from Q1 FY22.
  - Entered into a partnership with a Global IT Company to provide payroll services to their clients



## Business

- **HRO:**
  - Added net **160,000+** payslips during Q3 FY21 reflecting the return of growth in this quarter which was muted in H1
  - EBIT margin improved 33% YoY to 35% in Q3'FY21
  - Multi-Country deal with a customer taking us to new Geographies – Singapore & Indonesia
  - Increasing traction on standalone Time and Attendance solutions
- **DBS:**
  - Domestic business continued its strong bounce back with a QoQ revenue growth of 32% which follows a 39% QoQ growth in previous quarter
  - Volumes from DBS International remained flat QoQ. We expect an improvement in Q4 FY21
  - Working on Insurance BPaaS offering for the US market leveraging Quess's North America Sales force and their InsureTech platform

## Financial performance

# Q3FY21 Financial Performance

## Revenue:

- 6% higher QoQ indicating a strong bounce back post Covid
- QoQ growth in DBS – Domestic 32%
- Revenue flat YoY and marginally ahead of Q4 20 reflecting pre-covid levels

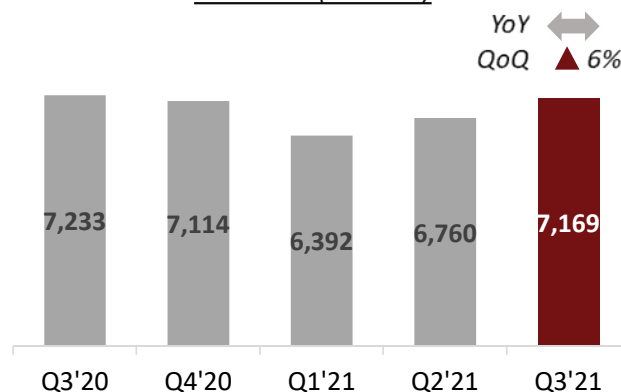
## Profitability:

- EBITDA up 30% QoQ due to higher revenues and lower MTM fx loss;
- YoY EBITDA up 10% and EBITDA excluding Covid expense of ₹ 1.2cr and MTM fx loss movement of ₹ 0.7 cr up 31%.

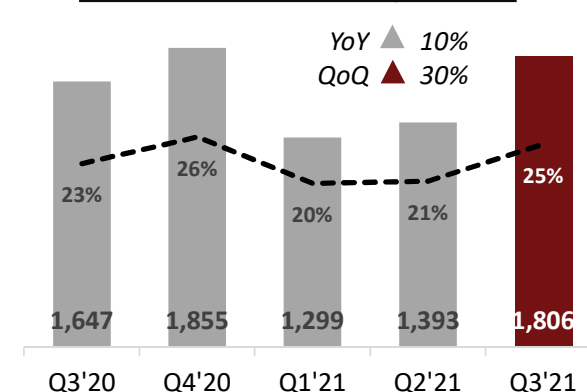
## Cash Generation:

- **Cash and short term investments increased by ₹13.4cr** from Sep 2020 to ₹ 184.6cr
- **OCF / EBITDA at 96%**
- **Strong collections** reducing total receivables from ₹ 37.5cr in Sep 2020 to ₹ 36.5cr.
- DSO continued the reducing trend reflecting strong collections despite the ongoing pandemic and stood at 46 days as against 50 days in September 2020

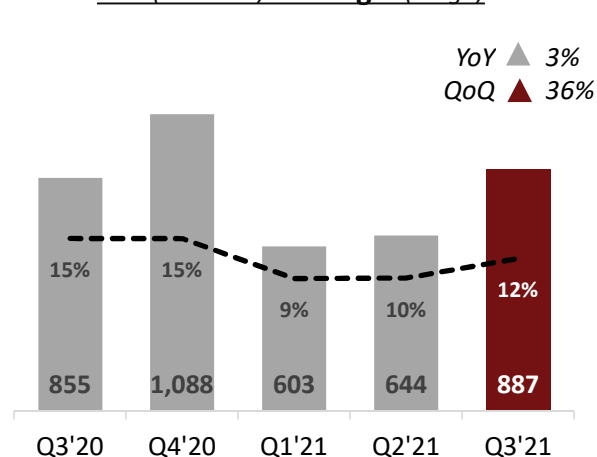
### Revenue (in ₹ lakh)



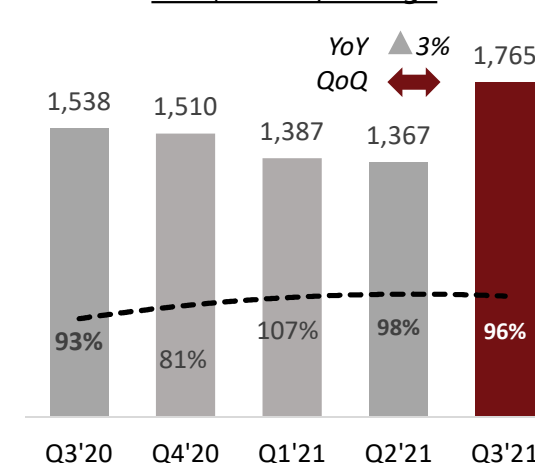
### EBITDA (in ₹ lakh) & margin (%age)



### PAT (in ₹ lakh) & margin (%age)



### OCF (in ₹ lakh) & %age



# 9MFY21 Financial Performance

## Revenue :

- 9% lower YoY with DBS down ₹ 21.0 cr and HRO up ₹1.3 cr
- Excluding the BOT revenues, YoY revenue down 5%

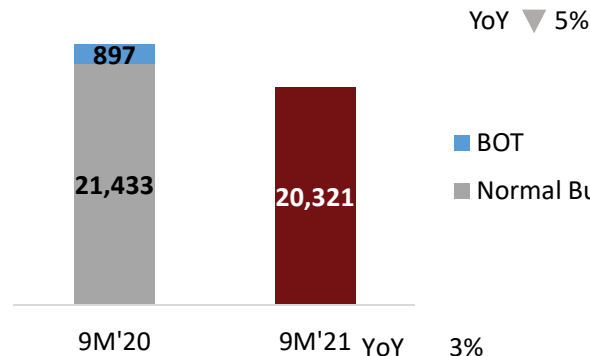
## Profitability :

- EBITDA down 21% on account of lower revenue, Covid expense of ₹ 5.2cr and MTM fx movement impact of ₹ 2.8cr in 9M'FY21.
- Excluding Covid Expense and MTM fx, EBITDA down 7%
- Excluding the EBITDA from BOT revenues, YoY EBITDA up by 2%

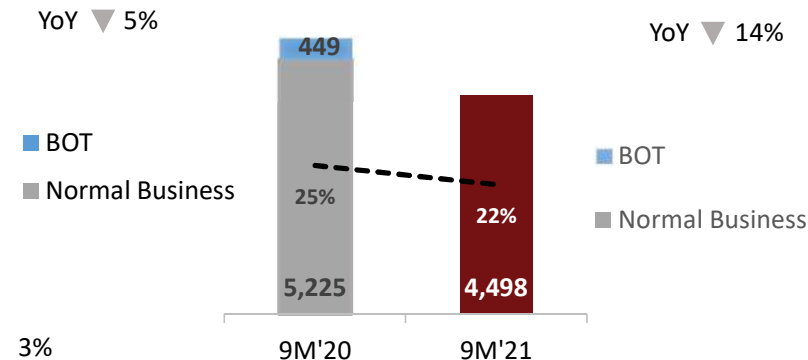
## Cash Generation & Debt Reduction :

- Cash and short term investments increased by ₹ 27.0cr to ₹ 184.6cr from ₹ 157.6cr in March 2020.
- OCF conversion at 100% for 9M FY21
- Total receivables reduced from ₹ 45cr in March 2020 to ₹ 36.5 cr in December 2020.
- DSO reduced to 46 days from 56 days in March 2020

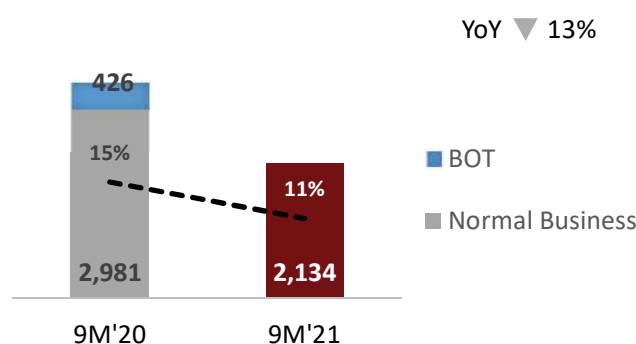
### Revenue (in ₹ lakh)



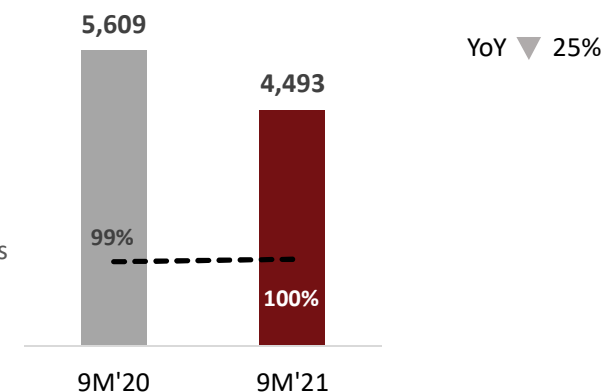
### EBITDA (in ₹ lakh) & margin (%age)



### PAT (in ₹ lakh) & margin (%age)



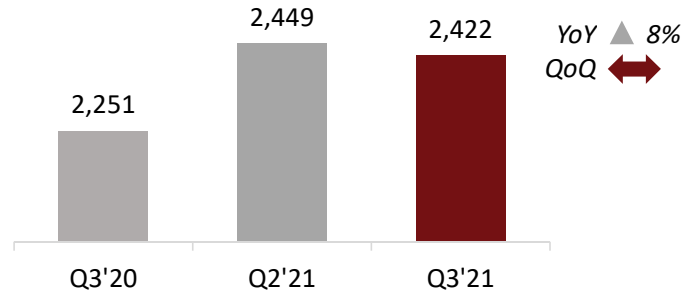
### OCF (in ₹ lakh) & %age



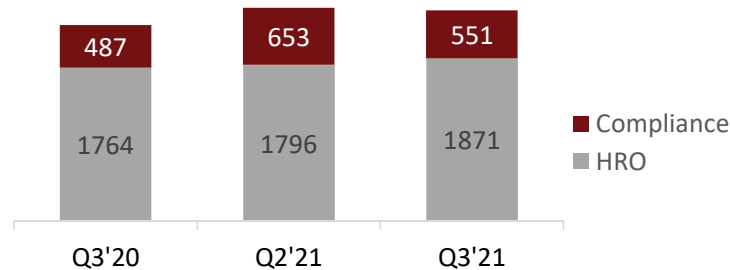
## **Business segment updates**

# Human Resource Operations (HRO) – Performance Snapshot

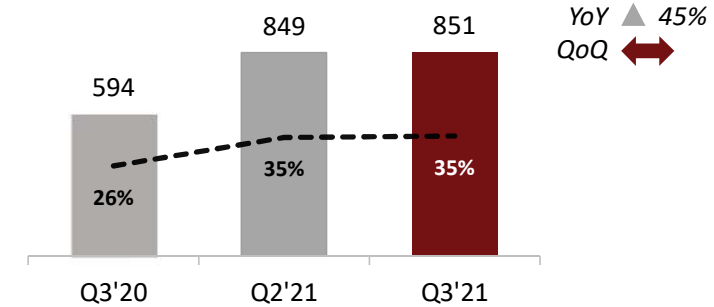
**Revenue (in ₹ lakh)**



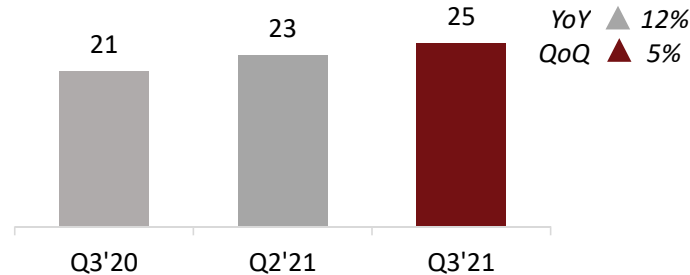
**Revenue break-up (in ₹ lakh)**



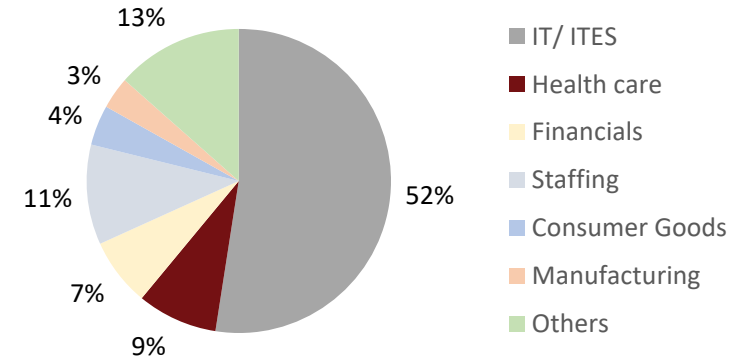
**EBIT (in ₹ lakh) & margin (%age)**



**Payslips processed (in ₹ lakh)**



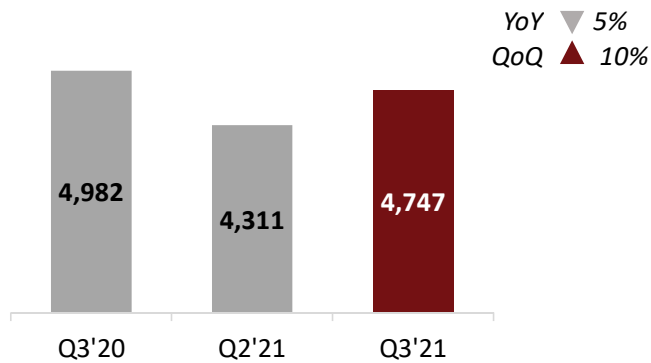
**Vertical-wise revenue split (in ₹ lakh)**



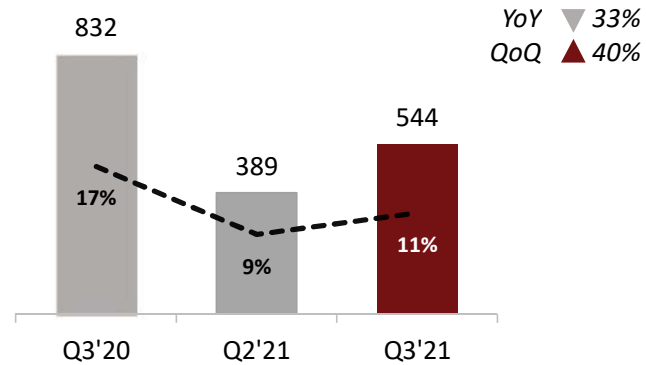
- Revenue remained flat QoQ, growth in international of 8% offset by marginal de-growth in domestic primarily in Compliance business. Q2 had seasonal revenues relating to various labour law registrations.
- EBIT `remained flat in line with revenue
- Payslips processed grew 7% QoQ and 18% YoY

# Digital Business Services (DBS) – Performance Snapshot

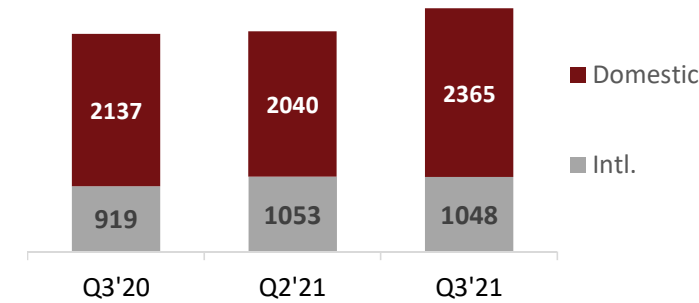
**Revenue (in ₹ lakh)**



**EBIT (in ₹ lakh) & margin (%age)**



**Headcount break-up**



- Revenue grew QoQ 10% with 32% growth in DBS Domestic business. DBS international remained flat QoQ.
- EBIT grew by 40% QoQ due to higher revenue in the domestic sector.
- EBIT down from Q3FY20 due to lower revenues and Covid related expenses amounting to ₹1.2 cr. in current quarter
- Total headcount increased to 3,413 up 10.3% QoQ. Domestic headcount was up 16% QoQ



# Annexures

# Income Statement

Consolidated	Quarterly			Var %		YTD Dec FY21		
Particulars	Q3 FY21	Q2 FY21	Q3 FY20	QoQ%	YoY %	9M FY21	9M FY20	YoY %
<b>Revenue from Operations</b>	<b>7,169</b>	<b>6,760</b>	<b>7,233</b>	6%	-1%	<b>20,321</b>	<b>22,330</b>	-9%
Less:								
Employee benefit expenses	(4,045)	(3,771)	(4,255)	7%	-5%	-11,388	-13,039	-13%
Other expenses	(1,318)	(1,596)	(1,331)	-17%	-1%	-4,435	-3,617	23%
<b>Total expenses</b>	<b>(5,363)</b>	<b>(5,367)</b>	<b>(5,586)</b>	<b>0%</b>	<b>-4%</b>	<b>-15,823</b>	<b>-16,656</b>	<b>-5%</b>
<b>EBITDA</b>	<b>1,806</b>	<b>1,393</b>	<b>1,647</b>	<b>30%</b>	<b>10%</b>	<b>4,498</b>	<b>5,674</b>	<b>-21%</b>
Other income	50	50	50	0%	0%	213	329	-35%
Finance cost	(37)	(82)	(44)	-55%	-16%	-155	-179	-13%
Depreciation & amortisation	(571)	(547)	(495)	4%	15%	-1,687	-1,477	14%
<b>Earnings before exceptional item &amp; tax</b>	<b>1,248</b>	<b>814</b>	<b>1,158</b>	<b>53%</b>	<b>8%</b>	<b>2,869</b>	<b>4,347</b>	<b>-34%</b>
Exceptional item								
<b>Earnings before tax</b>	<b>1,248</b>	<b>814</b>	<b>1,158</b>	<b>53%</b>	<b>8%</b>	<b>2,869</b>	<b>4,347</b>	<b>-34%</b>
Tax	(361)	(170)	(303)	112%	19%	-735	-940	-22%
<b>Profit after tax</b>	<b>887</b>	<b>644</b>	<b>855</b>	<b>38%</b>	<b>4%</b>	<b>2,134</b>	<b>3,407</b>	<b>-37%</b>
EBITDA Margin	25.2%	20.6%	22.8%	459 bps	242 bps	22.1%	25.4%	-328 bps
PAT margin	12.4%	9.5%	11.8%	285 bps	55 bps	10.5%	15.3%	-476 bps
Basic & Diluted EPS (in ₹)	5.82	4.22	5.61	38%	4%	14.00	22.36	-37%

# Balance Sheet

Particulars	31-Dec-20	31-Mar-20	Var %
<b>Non-Current Assets</b>			
Property Plant & Equipment	523	880	-41%
Other Intangible Assets	559	333	68%
Right of Use Assets	1,314	2,227	-41%
Other Non Current Assets	3,334	3,254	2%
	<b>5,730</b>	<b>6,695</b>	<b>-14%</b>
<b>Current Assets</b>			
Current Investments	3,738	3,339	12%
Cash & Cash equivalents	14,724	12,420	19%
Trade receivables	3,646	4,502	-19%
Unbilled revenues	1,441	1,382	4%
Other current assets	496	582	-15%
	<b>24,045</b>	<b>22,224</b>	<b>8%</b>
<b>Total Assets</b>	<b>29,775</b>	<b>28,919</b>	<b>3%</b>
<b>Equity &amp; Reserves</b>	<b>25,138</b>	<b>22,807</b>	<b>10%</b>
<b>Non-Current Liabilities</b>			
Lease liability	607	1,311	-54%
Other non-current Liability	571	467	22%
	<b>1,178</b>	<b>1,778</b>	<b>-34%</b>
<b>Current Liabilities</b>			
Lease liability	784	1,013	-23%
Trade Payables & Other current liabilities	2,675	3,321	-19%
	<b>3,459</b>	<b>4,334</b>	<b>-20%</b>
<b>Total Equity &amp; Liabilities</b>	<b>29,775</b>	<b>28,919</b>	<b>3%</b>

**Thank you**