

20th January 2021

BSE: 532633 | NSE: ALLSEC | ISIN: INE835G01018 | CIN: L72300TN1998PLC041033 | WWW.ALLSECTECH.COM

Revenue rebounds, with 460 bps EBITDA margin expansion and 38% PAT growth

Chennai, India – 20th January 2021: Allsec Technologies, a global leader in outsourcing solutions announced its financial results for the **third quarter (Q3 FY21)** ended 31st December 2020.

Highlights include:

- Strong rebound in revenues, with 6% growth over Q2'FY21
- Sterling operating performance with EBITDA margin higher by 460 bps QoQ
- Continuing robust cash generation with OCF/EBITDA at 96%

Key financial highlights

In ₹ lakh

Particulars	Q3FY21	Q2FY21	QoQ (%)	Q3FY20	YoY (%)
Revenue	7,169	6,760	6%	7,233	(1%)
EBITDA before COVID expenses & MTM Fx	1,994	1,749	14%	1,517	31%
COVID expenses	(117)	(148)	(21%)	-	-
MTM Fx Gain / (loss)	(71)	(207)	(66%)	130	
EBITDA	1,806	1,393	30%	1,647	10%
EBITDA margin (%)	25%	21%	460 bps	23%	242 bps
PBT	1,248	814	53%	1,158	8%
PAT	887	644	38%	855	4%
PAT Margin (%)	12%	10%	283 bps	12%	55 bps
Diluted EPS (in ₹)	5.82	4.22	38%	5.61	4%

The Company has rebounded quickly, ending the quarter with revenues close to Q3 FY20 levels. Operational efficiencies drove EBITDA higher than Q3 FY20, despite continued COVID-related costs (e.g., WFH solutions, additional office capacity to maintain social distancing norm).

Q3 FY21 Financial Highlights:

- Quarterly revenues higher 6% QoQ, at ₹ 71.7 cr.
 - Digital Business Services (DBS) segment revenues higher 10% QoQ, at ₹47.5 cr.
 - Human Resource Operations (HRO) segment revenue flat QoQ, at ₹24.2 cr.
- Quarterly EBITDA higher 30% QoQ, at ₹ 18.1 cr.
- Quarterly Profit after Tax (PAT) higher 38%, at ₹8.9 cr.
- Diluted Earnings Per Share (EPS) higher 38%, at ₹5.82
- OCF/EBITDA conversion at 96%

Business Update

➤ Digital Business Services (Customer Lifecycle Management):

- International business revenues remained flat QoQ, at ₹29.5 Cr. The business continues to face lower volumes especially in the collections business in the US.
- Domestic business revenues up 32% QoQ, back to pre-COVID levels at ₹17.9 Cr. This is the business' second consecutive quarter with >30% growth. However, challenges with respect to transportation of employees and additional capacity to manage social distancing norms are impacting profitability.

➤ Human Resources Operations:

- Domestic business excluding Stat Compliance grew 2% QoQ, at ₹13.1 Cr.
- International business grew 8% QoQ, at ₹5.6 Cr.
- 25 new customers were added during the quarter.
- Payslips processed grew 7% QoQ and 18% YoY, at 25 lakh in Q3 FY21.

Commenting on the performance, Mr. Suraj Moraje, Non-Executive Director said, “The Allsec management team has done a commendable job of returning the business to its pre-COVID levels and at significantly higher margins. We will continue to invest in growing the business, building superior technology, and furthering operational efficiencies.”

About Allsec Technologies Limited

Allsec Technologies Limited (BSE: 532633, NSE: [ALLSEC](#)), headquartered in Chennai, is a pioneer in the HRO space and is today India’s second largest Payroll Service Provider. Founded in 1998, Allsec has emerged as a global brand, offering high-end business process solutions across key industry verticals in 40 countries. With ~ 4,000 employees across India, UK, the Philippines and the US, Allsec processes more than 8 lakh pay slips each month for over 200 legal entities around the world. Allsec’s unique *SmartHR* and *SmartPay* platforms are designed to address the complex challenges in today’s HR environment, and the company has integrated the latest in tech – Robotic Process Automation (RPA), Smart Analytics, Chatbots and Mobility for enhanced employee engagement.

For further details on Allsec Technologies Limited, please visit: <http://www.allsectech.com>.

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