

# Building lasting relationships

Earnings Update

Q2 and H1 FY 22



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**Company Overview**

**Q2 FY22 Key Business Highlights**

**Financial Performance (Q2 and H1 FY22)**

**Business segments update**

**Annexures**

# 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)

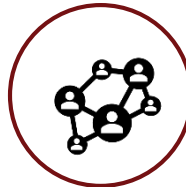
## HRO



**1M+** payslips processed per  
month

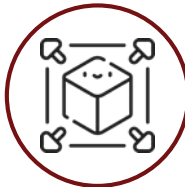


**400+ Client** engagements  
globally including Fortune  
100 companies



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

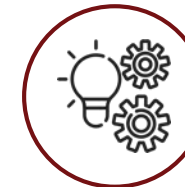
## DBS



Service Delivery bundled  
with **Digital**  
**Transformations**



**~3800** 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

~50 logos added in H1FY22

| 1,000,000+ payslips p.m (31%↑ over Sep'20) | ~200,000 Headcount on HRMS (50%↑ over Sep'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

5 logos, ACV ~ ₹ 38 cr added in H1 FY22

HC ~3800 (22% ↑ over Sep'20)



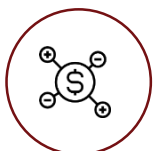
## Customer Experience Management

- 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

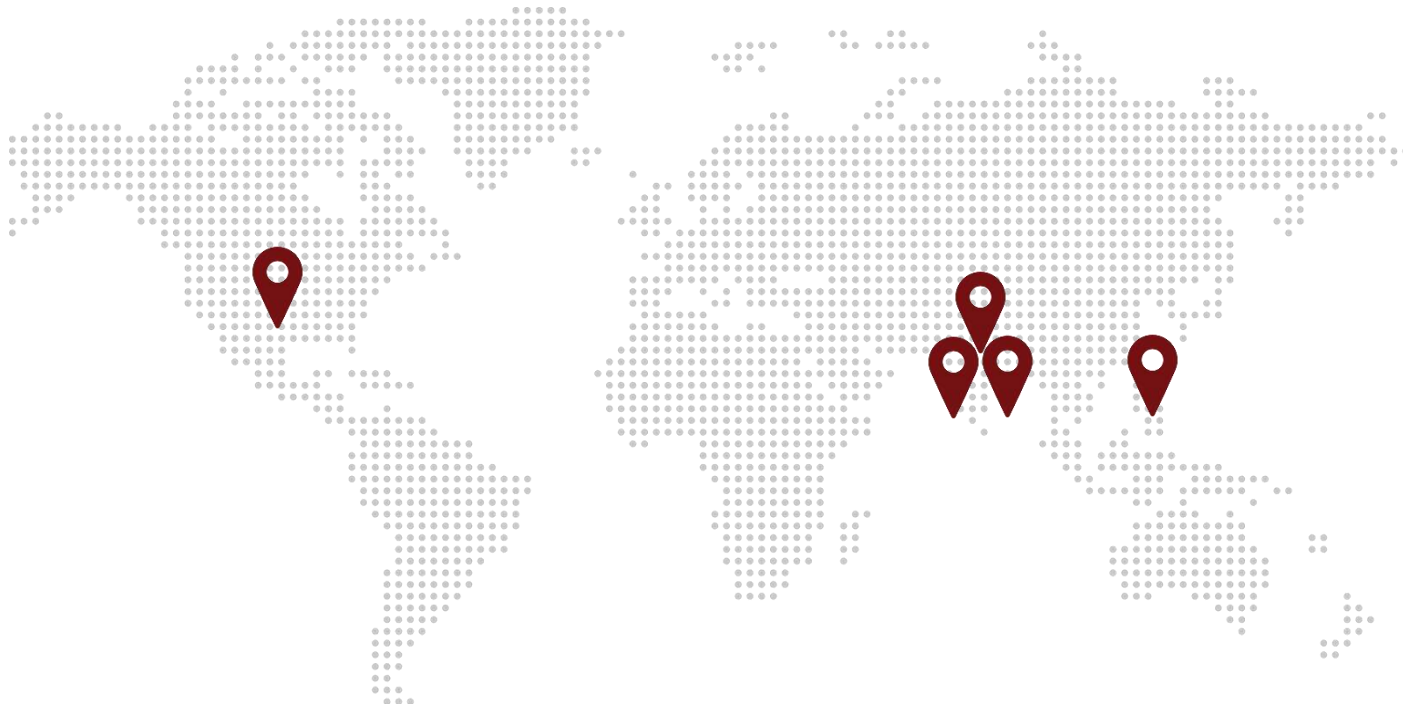


## Insurance

- Insurance BPaaS

# Global Delivery capabilities

- **Global Footprint** with proximity to Servicing Markets
- **~4600** employee workforce
- Multi-Industry, Multinational & Multi-Demographic **coverage**
- **5 Inter-Connected** Service Delivery Centers with site-to-site BCP, with ability to leverage Quess 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  |                    |

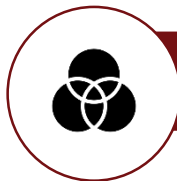


## Dallas, Texas USA



## **Q2FY22 Key Business Highlights**

# Q2FY22 Highlights



## Business

- **HRO:**
  - **Processed more than 1Mn payslips in Sep 2021**
  - Added net **214,000+** payslips during Q2 FY22 representing 7% growth over Q1 FY22 and 31% growth over Q2 FY21
  - Strategic partnership with large IT services Company bearing fruit with addition of 3 customers and around ~3,500 payslips under this program
- **DBS:**
  - Added **2** new logos with ACV of **₹5.7cr** and additional process with 2 existing customers with ACV of ~ **₹8.8cr**
  - AML investigation (Level 1) service capability added to our Chennai delivery centre
  - Introduced Bot Monitoring as a Service (Bot MaaS) on a pilot mode as a technical service desk for Bot developers
- **Headcount:**
  - HC as on Sep 30, 2021 was at 4661 an increase of 665 from June 30, 2021. The increase is largely from the DBS business



## Financial

- **Balance Sheet:**
  - **Cash and short term investments** increased by **₹9.6cr** from June 2021 to ₹178.1cr
  - **OCF** at **₹15.6cr** in Q2 FY22 an increase of 4% QoQ
  - Receivables DSO down at 51 days as compared to 52 in Q1 FY22
- **P&L statement:**
  - Revenue was at **₹77.1cr** an increase of 8% QoQ with DBS increasing by 7% and HRO by 10%
  - EBITDA stood at **₹18.8cr**, an increase of 19% QoQ and increase of 35% over Q2 FY21 reflecting strong growth in the current quarter
  - EBITDA margin % improved 230 bps to **24.4%** driven by growth in revenue and flat Indirect costs
  - PBT at **₹16.0cr**, an increase of 52% QoQ and increase of 96% YoY
  - PAT at **₹12.9cr**, an increase of 64% QoQ and increase of 101% YoY



## Corporate

- **Sales and Customer focus:**
  - DBS added a record **₹38cr** of ACV in H1 FY22 including **₹27cr** in the International business, reflecting the benefits of investments made in Sales and joint GTM strategies with Ques
  - Added 24 new customers with ACV of ~ **₹8.5cr** ; DBS - **₹5.7cr** and HRO **₹2.8cr**
  - Added additional processes from existing clients with ACV of ~ **₹10.5cr**; DBS - **₹8.8cr** and HRO - **₹1.7cr**
  - Focus on building partnerships for – Indian Referral Business, Overseas Payroll Partners and Integrated Partners
- **Investment in the business**
  - Smartpay (SP4) product modernization proceeding as per plan and we aim to onboard customers by Q4 FY22
  - Upgraded telephony infrastructure from CM7 to CM8
  - Set up outbound contact center with GSM gateway and client CRM integration for a large Real Estate Company

# Financial performance

# Q2FY22 Financial Performance

## Revenue:

- Increased 8% QoQ and increased 14% YoY with strong growth across DBS and HRO business

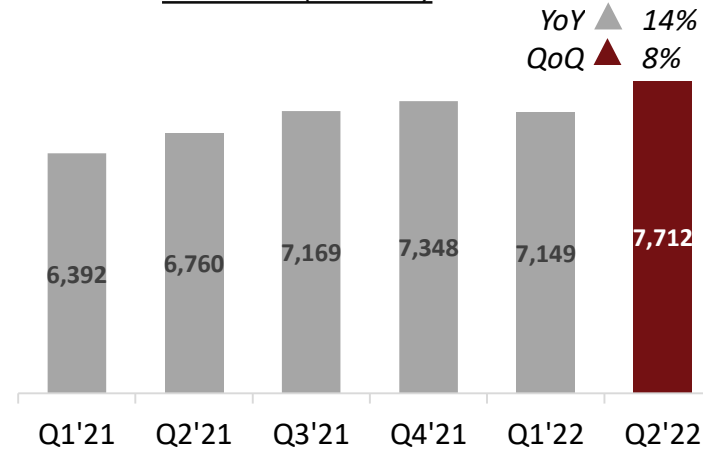
## Profitability:

- EBITDA increased by 19% QoQ and 35% YoY;
- EBITDA excluding COVID costs stood at ₹20.3cr an increase of 18% QoQ and 35% YoY
- PAT increased 64% QoQ due to
  - Higher EBITDA growth
  - Fx Gain of ₹100 Lakhs
  - Interest on IT refund ₹85 Lakhs

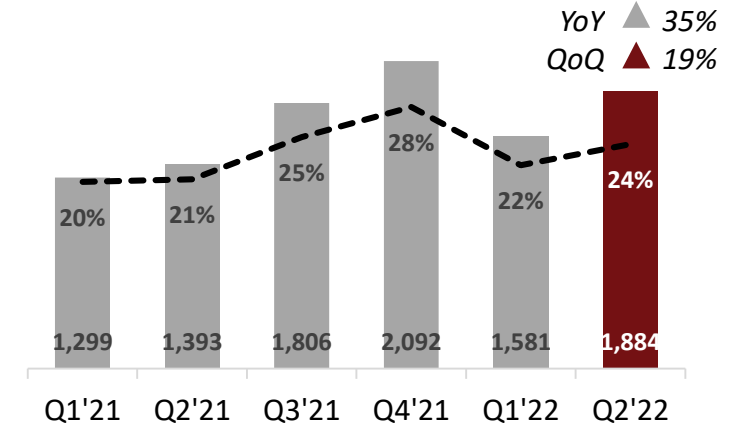
## Cash Generation :

- Cash and short term investments increased by ₹9.6cr to ₹178.1cr.
- OCF was at 15.6 cr an increase of 4% over Q1 FY22 and 14% over Q2 FY21
- DSO marginally down at 51 days as compared to 52 in Q1 FY22

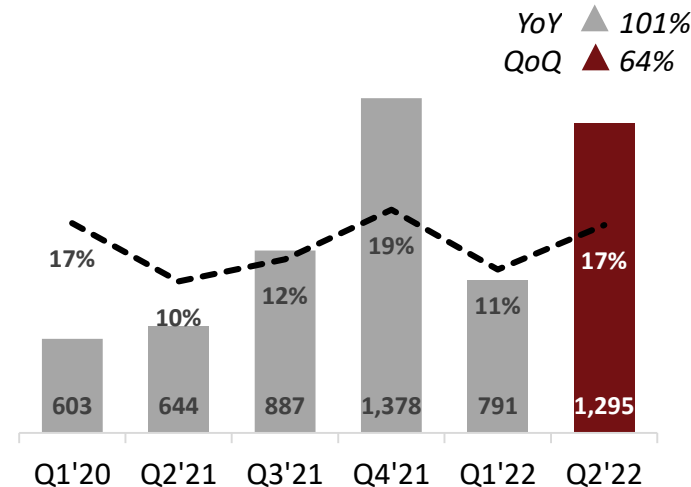
### Revenue (in ₹ lakh)



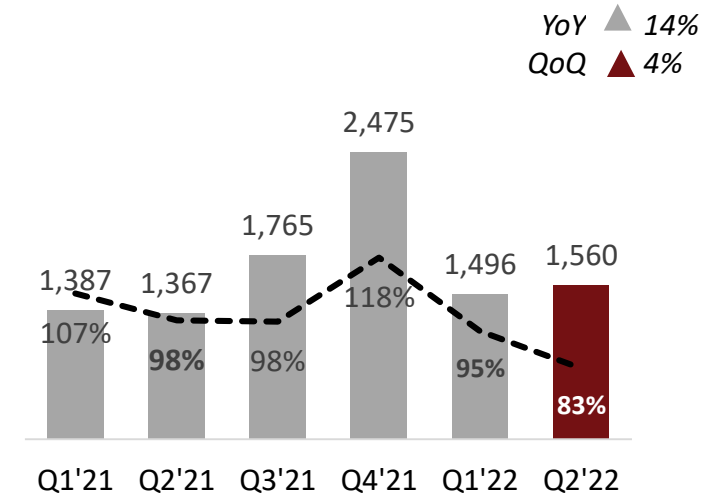
### EBITDA (in ₹ lakh) & margin (%age)



### PAT\* (in ₹ lakh) & margin (%age)



### OCF (in ₹ lakh) & %age



\* Q1 FY22 PAT excludes tax on dividend income ₹1588 lakhs

# H1FY22 Financial Performance

## Revenue :

- 13% higher YoY at ₹148.6cr
  - DBS up 12% at ₹94.2cr
  - HRO up 14% at ₹54.4cr

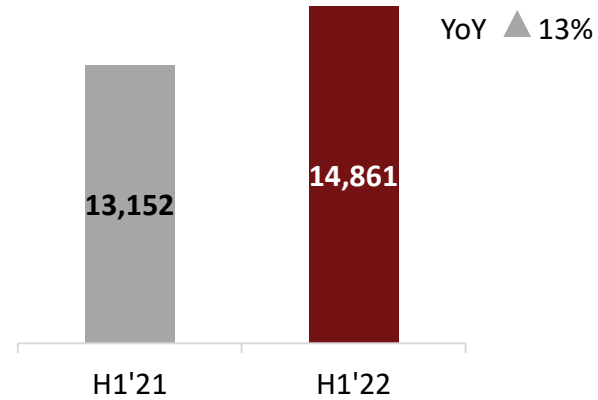
## Profitability :

- EBITDA up 29% on account of higher revenue, lower COVID cost in H1 FY22 as compared to FY21
- EBITDA excluding COVID cost higher by 21% at ₹37.5cr

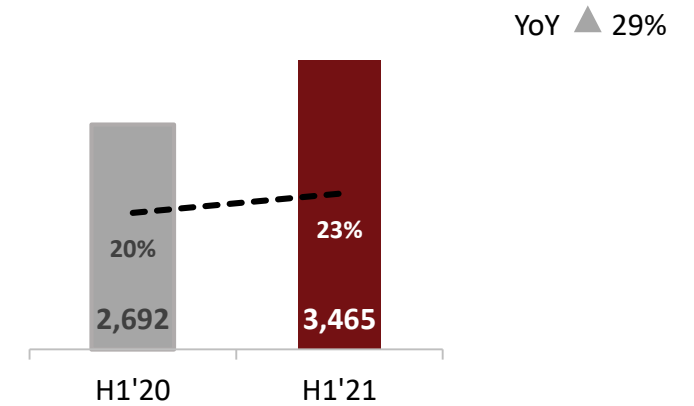
## Cash Generation :

- Cash and short term investments reduced by ₹20.2cr to ₹178.1cr from ₹198.3cr in March 2021. The reduction is due to dividend paid in Q1 FY22 ₹22.9cr and tax on dividend received from subsidiary of ₹15.9cr
- OCF was at **₹30.6cr** an increase of 11% over H1 FY21
- DSO was at 53 days as compared to 50 in H1 FY21

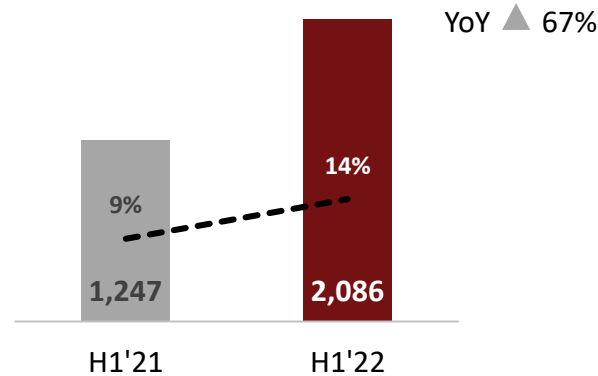
### Revenue (in ₹ lakh)



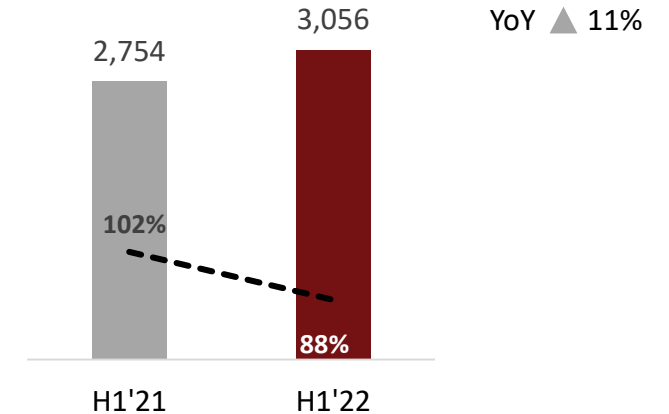
### EBITDA (in ₹ lakh) & margin (%age)



### PAT (in ₹ lakh) & margin (%age)



### OCF (in ₹ lakh) & %age

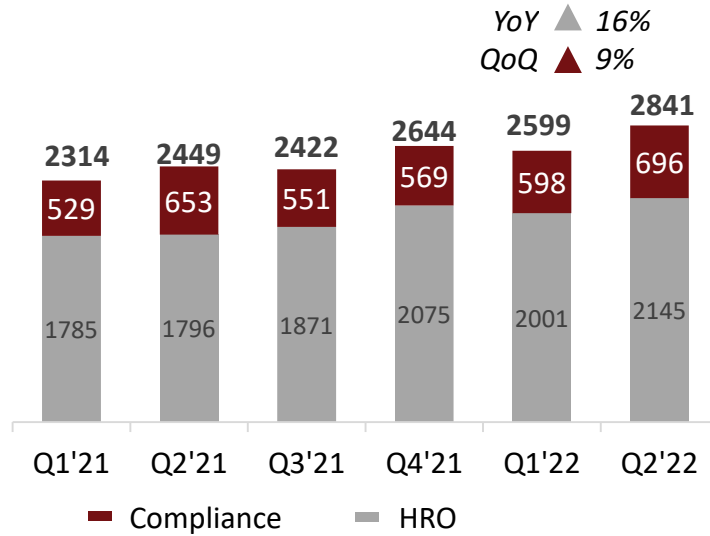


\* H1 FY22 PAT excludes tax on dividend income ₹1588 lakhs

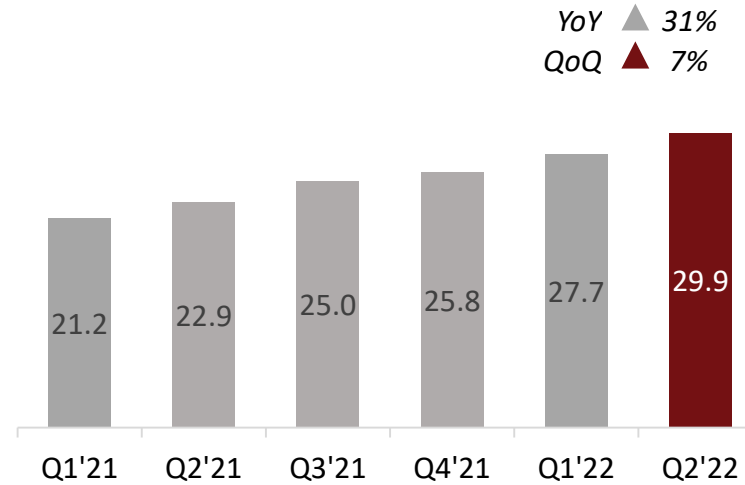
## **Business segment updates**

# Human Resources Operation (HRO) – Performance Snapshot

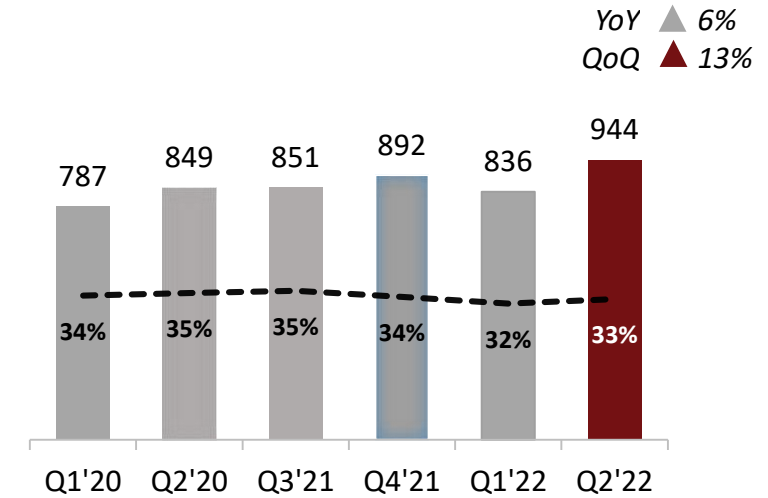
Revenue (in ₹ lakh)



Payslips processed (in Nos Lakhs);

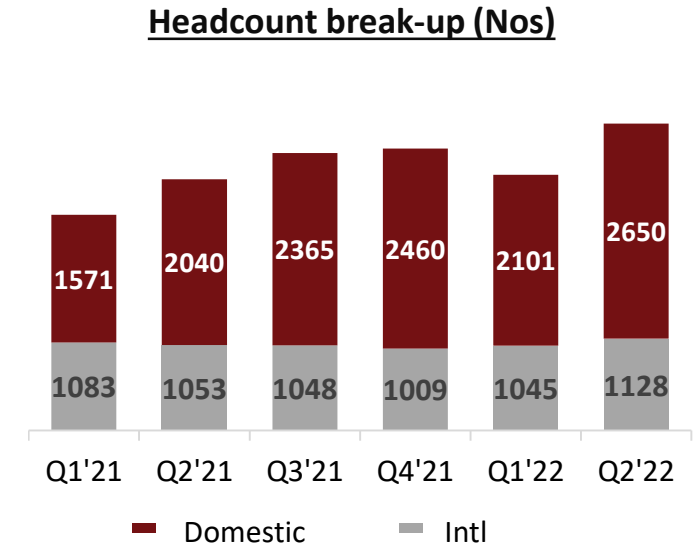
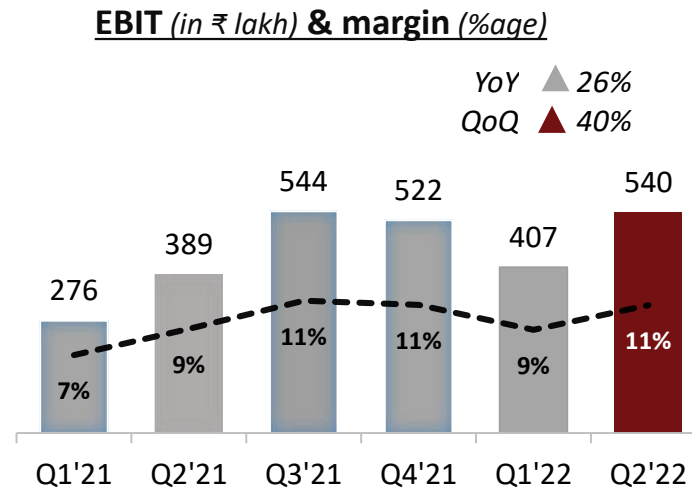
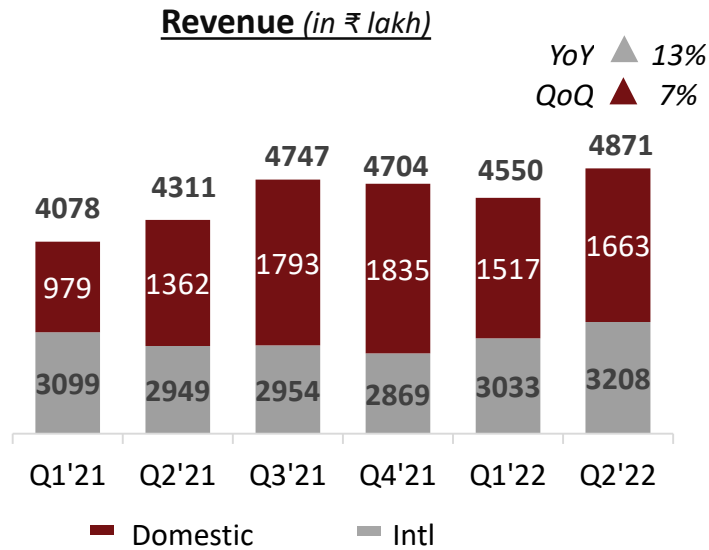


EBIT (in ₹ lakh) & margin (%age)



- Revenue higher 9% QoQ reflecting strong growth in HRO – Domestic growing 11% and HRO Stat growing 16% QoQ. HRO International remained flat
- Payslips processed grew 7% QoQ and 31% YoY; Processed 1 mn + payslips in the month of September 2021
- Added 23 customers with ACV of ₹430 Lakhs during the quarter

# Digital Business Services (DBS) – Performance Snapshot



- Revenue increased QoQ by 8% with DBS Domestic higher by 9% primarily due to returning volumes from existing customers, while DBS International increased by 6% with revenues coming from new customers on boarded during the quarter
- EBIT higher from Q1FY22 due to higher revenue, EBIT % improved by 214 bps QoQ as revenue increased and flat fixed costs
- Total headcount increased to 3,778 up 20% QoQ. Domestic headcount up 26% QoQ
- In DBS – International we have added 1 new logo and 2 new processes with existing customers adding to a total ACV of ₹14.5cr. This takes the YTD ACV added in this business to ~₹38cr



# Annexures

# Income Statement

In ₹ Lakhs

Consolidated	Quarterly			Var %		Half Yearly		
Particulars	Q1 FY22	Q1 FY22	Q2 FY21	QoQ%	YoY %	H1 FY22	H1 FY21	YoY %
<b>Revenue from Operations</b>	<b>7,712</b>	<b>7,149</b>	<b>6,760</b>	8%	14%	<b>14,861</b>	<b>13,152</b>	13%
Less:								
Employee benefit expenses	(4,233)	(4,141)	(3,771)	2%	12%	(8,374)	(7,343)	14%
Other expenses	(1,595)	(1,427)	(1,596)	12%	(0%)	(3,022)	(3,117)	(3%)
<b>Total expenses</b>	<b>(5,828)</b>	<b>(5,568)</b>	<b>(5,367)</b>	<b>5%</b>	<b>9%</b>	<b>(11,396)</b>	<b>(10,460)</b>	<b>9%</b>
<b>EBITDA</b>	<b>1,884</b>	<b>1,581</b>	<b>1,393</b>	<b>19%</b>	<b>35%</b>	<b>3,465</b>	<b>2,692</b>	<b>29%</b>
Other income	327	71	50	361%	554%	398	163	144%
Finance cost	(42)	(43)	(82)	(2%)	(49%)	(85)	(118)	(28%)
Depreciation & amortisation	(573)	(557)	(547)	3%	5%	(1,130)	(1,116)	1%
<b>Earnings before tax</b>	<b>1,596</b>	<b>1,052</b>	<b>814</b>	<b>52%</b>	<b>96%</b>	<b>2,648</b>	<b>1,621</b>	<b>63%</b>
Tax on Dividend income from Manila	-	(1,588)	-			(1,588)		
Normal Tax	(301)	(261)	(170)	15%	77%	(562)	(374)	50%
<b>Profit after tax</b>	<b>1,295</b>	<b>(797)</b>	<b>644</b>	<b>262%</b>	<b>101%</b>	<b>498</b>	<b>1,247</b>	<b>(60%)</b>
EBITDA Margin	24.4%	22.1%	20.6%	231 bps	382 bps	23.3%	20.5%	285 bps
PAT margin	16.8%	(11.1%)	9.5%	2,794 bps	727 bps	3.4%	9.5%	(613 bps)
Basic & Diluted EPS (in ₹)	8.50	(5.23)	4.22	(262%)	101%	3.27	8.18	(60%)

# Balance Sheet

In ₹ Lakhs

Particulars	30-Sep-21	31-Mar-21	Var %
<b>Non-Current Assets</b>			
Property Plant & Equipment	748	730	2%
Right of Use Assets	1,646	2,011	(18%)
Other Intangible Assets	937	600	56%
Other Non Current Assets	2,331	2,475	(6%)
	<b>5,662</b>	<b>5,816</b>	<b>(3%)</b>
<b>Current Assets</b>			
Current Investments	10,010	4,971	101%
Cash & Cash equivalents	7,800	14,862	(48%)
Trade receivables	4,360	4,203	4%
Unbilled revenues	1,708	1,515	13%
Other current assets	814	577	41%
	<b>24,692</b>	<b>26,128</b>	<b>(5%)</b>
<b>Total Assets</b>	<b>30,354</b>	<b>31,944</b>	<b>(5%)</b>
<b>Equity &amp; Reserves</b>	<b>24,665</b>	<b>26,512</b>	<b>(7%)</b>
<b>Non-Current Liabilities</b>			
Lease liability	811	647	25%
Other non-current Liability	781	622	25%
	<b>1,592</b>	<b>1,269</b>	<b>25%</b>
<b>Current Liabilities</b>			
Lease liability	910	1,517	(40%)
Trade Payables & Other current liabilities	3,187	2,646	20%
	<b>4,097</b>	<b>4,163</b>	<b>(2%)</b>
<b>Total Equity &amp; Liabilities</b>	<b>30,354</b>	<b>31,944</b>	<b>(5%)</b>

# Cash Flow Statement

In ₹ Lakhs

Particulars	H1 FY22	H1 FY21	FY21
PBT	2,648	1,621	4,371
Add: Non cash Expenses/(Income)	943	1,445	2,872
<b>Operating profit before working capital changes</b>	<b>3,591</b>	<b>3,066</b>	<b>7,243</b>
Changes in working capital	(535)	(312)	(261)
<b>Cash flow from Operations</b>	<b>3,056</b>	<b>2,754</b>	<b>6,982</b>
Capex	(530)	(456)	(719)
Tax expenses on Manila dividend	(1,538)		-
Current investments*	(4,841)	(375)	(1,440)
Interest received	4	4	16
<b>Cash flow from Investing activities</b>	<b>(6,905)</b>	<b>(827)</b>	<b>(2,143)</b>
Repayment of borrowings	(12)	(12)	(24)
Interest paid	(85)	(118)	(242)
Payment of lease liabilities	(924)	(797)	(1,666)
Dividend paid	(2,286)	-	-
<b>Cash flow from financing activities</b>	<b>(3,307)</b>	<b>(927)</b>	<b>(1,932)</b>
<b>Net change in cash and cash equivalents</b>	<b>(7,156)</b>	<b>1,000</b>	<b>2,907</b>
Cash taken over on business acquisition	-	-	-
Opening cash & cash equivalents	14,862	12,420	12,420
Exchange rate fluctuations	94	(128)	(465)
<b>Closing cash &amp; equivalents</b>	<b>7,800</b>	<b>13,292</b>	<b>14,862</b>
Mutual fund investments	10,010	3,830	4,971
<b>Closing cash and current investments</b>	<b>17,810</b>	<b>17,122</b>	<b>19,833</b>

- Represents investments made in Mutual funds

**Thank you**