

# Building lasting relationships

Earnings Update

Q4 FY21 and FY21



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# 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 groupwide

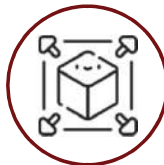


**400+ Client** engagements  
globally including Fortune  
100 companies



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

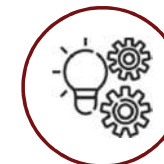
## DBS



Service Delivery bundled  
with **Digital  
Transformations**



**~3500** driven and dedicated  
employee workforce



**2 Decades** in Delivering  
Global Business Solutions

# Leading and fast growing provider of end-to-end HRO services

100+ logos added in current year | 860,000+ payslips p.m (16% ↑ over Mar'20) | ~200,000 Headcount on HRMS (50% ↑ over Mar'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



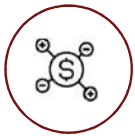
### Customer Experience Management

- 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
- **~4300** 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



## **Q4FY21 Key Business Highlights**

# Q4FY21 Highlights



## Business

- **HRO:**
  - Added net **85,000+** payslips during Q4 FY21, a quarter when new transitions are slower as Companies wait for cutover in new financial year
  - EBIT margin expanded by 336 bps YoY to 35% in Q4'FY21; FY21 margins expanded by 593 bps to 34%
  - Increasing traction on HRMS, Time and Attendance solutions. Volumes increased YOY by 50% and added 20 new customers in FY21
  - Selected by a large MNC as their preferred vendor for HRMS solutions across geographies
- **DBS:**
  - Made inroads into augmenting service lines in Mortgage/BFSI and LPOs with 2 key wins in the North America market in Q4 FY21
  - Domestic volumes remained flat QoQ and is likely to be impacted due to the COVID 2<sup>nd</sup> wave in India during Q1 FY22



## Financial

- **Continued Strong performance** in current quarter with both Revenue and EBITDA above pre-COVID levels of Q4 FY20.
- **Improved profitability** driven by higher HRO revenue share (36% in Q4 vs 33% in Q3) and operational efficiencies
- **Headcount:** 4307 as on March 31, 2021 an increase of 94 over Dec 31, 2020 and increase of 323 over March 31, 2020
- **P&L statement:**
  - Revenue increased by 2% QoQ as we consolidate the growth from Q3
  - EBITDA grew strongly and stood at **₹20.9cr**, an increase of 16% QoQ
  - PAT at **₹13.7cr**, an increase of 55% QoQ
- **Balance Sheet:**
  - **Cash and short term investments** increased by **₹13.7cr** from Dec 2020 to ₹198.3cr
  - **OCF / EBITDA at 120%** in Q4 FY21; **106%** for FY21
  - **Strong collections** reducing total receivables from ₹45.0cr in March 2020 to **₹42.0cr**
  - DSO reduced to **51 days** from 56 days in March 2020



## Corporate

- **Interim Dividend:**
  - Interim dividend of **₹15 per share** for FY21 was declared on 29 April 2021 and paid to all eligible shareholders on 15 May 2021. Total cash outflow was **₹22.86cr**
- **Cost Optimization:**
  - Indirect rent and facility cost reduced by 18% QoQ
- **Investment in the business**
  - Smartpay (SP4) product modernization proceeding as per plan and our SME focused HR product in testing phase.
- **Sales and Customer focus:**
  - Won 29 new customers during Q4FY21 with ACV of ~ ₹ 6.4cr
  - Large deals currently under implementation with ACV worth ~ ₹12cr will yield revenues from Q1/Q2 FY22.

## Financial performance

# Q4FY21 Financial Performance

## Revenue:

- Increased by 2% QoQ and 3% YoY reflecting marginal growth over pre-COVID numbers

## Profitability:

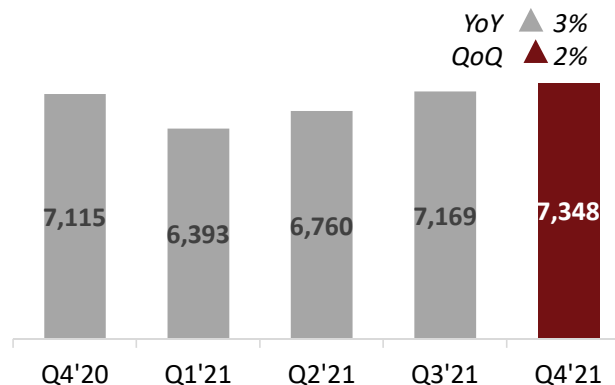
- EBITDA increased by 16% QoQ due to higher revenues and MTM fx gain in current quarter
- YoY EBITDA increased by 13% and EBITDA excluding COVID expense of ₹0.7cr up 17%

## Cash Generation:

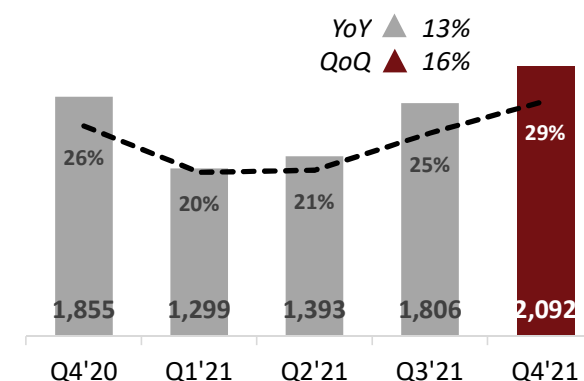
- Cash and short term investments<sup>#</sup> increased by ₹13.7cr from Dec 2020 to ₹198.3cr
- OCF / EBITDA at 120%
- Total receivables increased by ₹5.6cr to ₹42.0cr as compared to Q3 FY21 due to higher sales and slightly increased DSO during the current quarter
- DSO stood at 51 days as against 46 days in December 2020

<sup>#</sup> Cash balance prior to declaration of Interim dividend on 29<sup>th</sup> April 2021 amounting to ₹ 22.86 crores

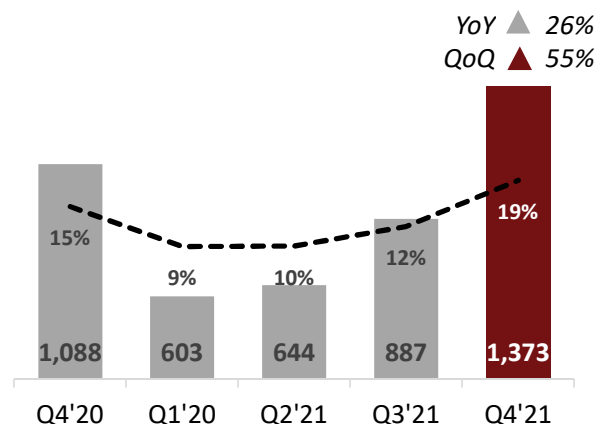
### Revenue (in ₹ lakh)



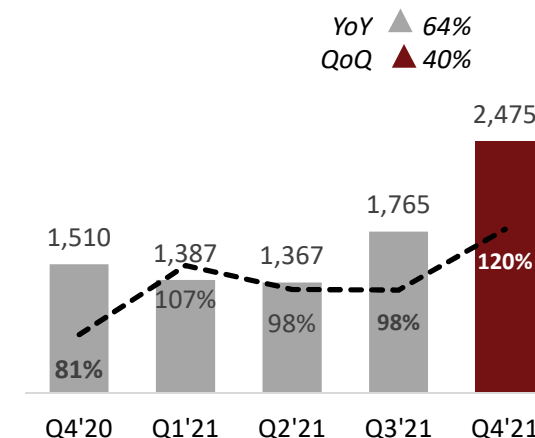
### EBITDA (in ₹ lakh) & margin (%age)



### PAT (in ₹ lakh) & margin (%age)



### OCF (in ₹ lakh) & %age



# FY21 Financial Performance

## Revenue :

- 6% lower YoY with DBS down ₹21.9cr and HRO up ₹4.2cr
- Excluding the BOT\* revenues, YoY revenue down 3%

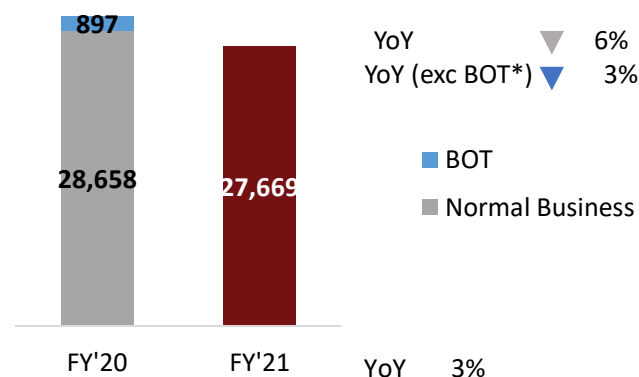
## Profitability :

- EBITDA reduced 12% on account of lower revenue, COVID expense of ₹5.9cr and MTM fx movement impact of ₹2.7cr.
- Normalised EBITDA after taking into account BOT\*, COVID related expenses and MTM fx higher by 5%. This is on account of higher share of revenue from HRO and Indirect expenses cost savings done during the current year

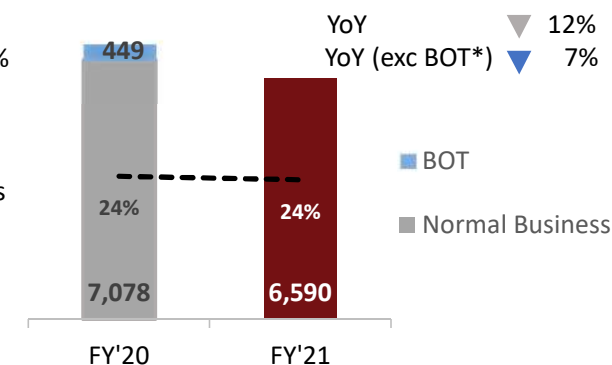
## Cash Generation & Debt Reduction :

- Cash and short term investments# increased by ₹40.7cr to ₹198.3cr from ₹157.6cr in March 2020.
- OCF conversion at 106% for FY21
- Total receivables reduced from ₹45cr in March 2020 to ₹42.0cr in March 2021.
- DSO reduced to 51 days from 56 days in March 2020

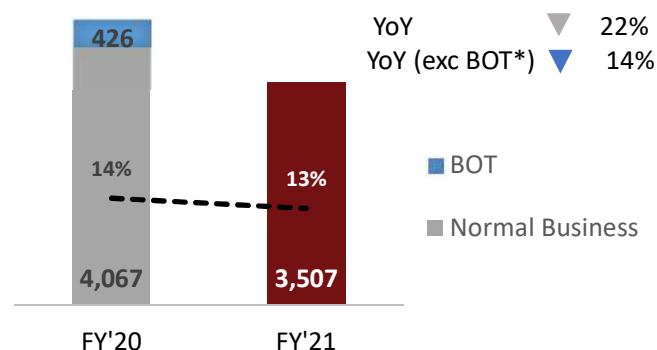
**Revenue (in ₹ lakh)**



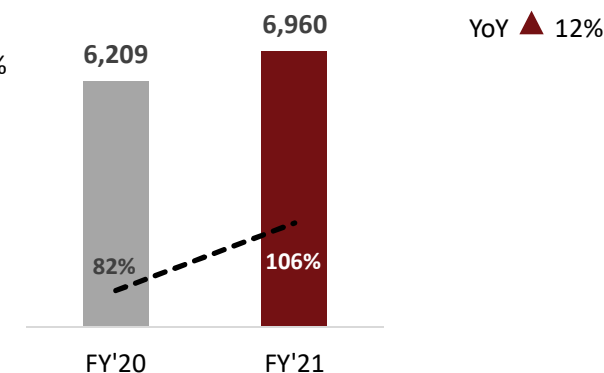
**EBITDA (in ₹ lakh) & margin (%age)**



**PAT (in ₹ lakh) & margin (%age)**



**OCF (in ₹ lakh) & %age**



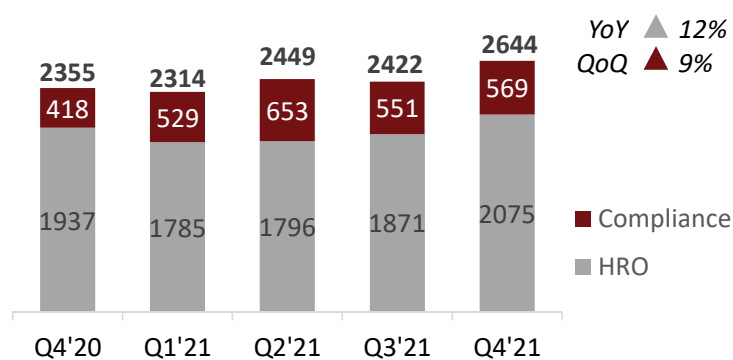
\*BOT - A specific project undertaken for a customer and transitioned to the customer on request. Considering the one off nature of this business we have excluded the same for comparison purpose

# Cash balance prior to declaration of Interim dividend on 29<sup>th</sup> April 2021 amounting to ₹22.86 crores

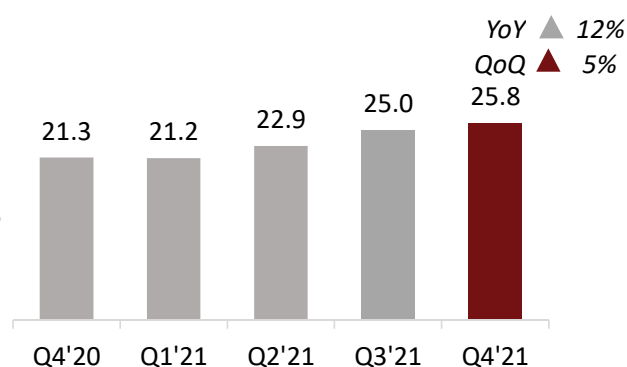
## **Business segment updates**

# Human Resource Operations (HRO) – Performance Snapshot

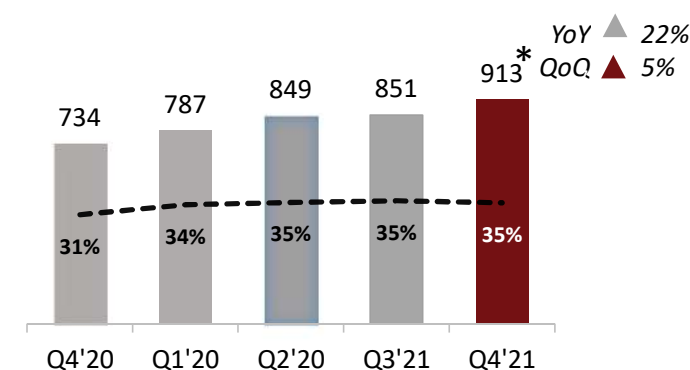
**Revenue (in ₹ lakh)**



**Payslips processed (in Nos Lakhs)**



**EBIT (in ₹ lakh) & margin (%age)**

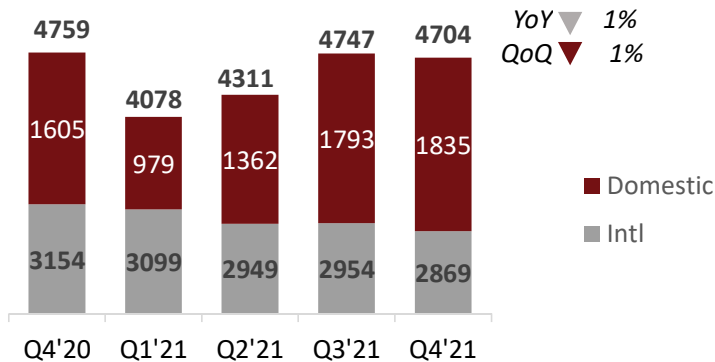


- Revenue grew 9% QoQ largely driven by year end tax revenues and 12% YoY
- Revenue growth came despite absence of existing-customer growth (usually around 8-10%), where headcount went down 2% during the year before ending the year at 4% higher than pre-COVID levels
- EBIT % remained flat in line with revenue
- Payslips processed grew 5% QoQ and 12% YoY
- Strong pipeline as we enter the new financial year

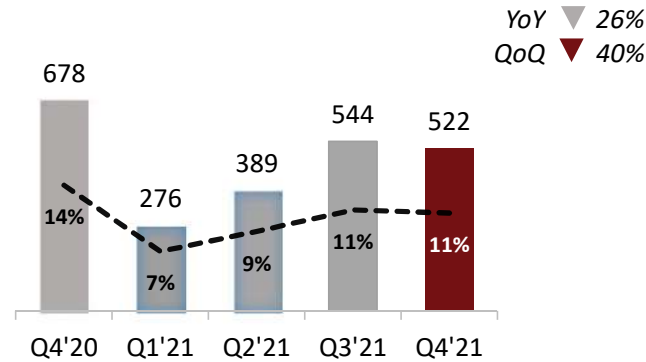
\* Excludes Ops & Selling cost incurred for SME platform

# Digital Business Services (DBS) – Performance Snapshot

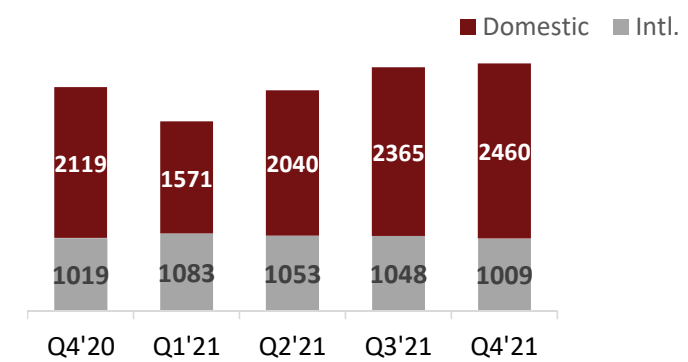
**Revenue (in ₹ lakh)**



**EBIT (in ₹ lakh) & margin (%age)**



**Headcount break-up (Nos)**



- Revenue marginally reduced QoQ by 1% with drop in International volumes by 4% due to client business de-growth for a large fx trading platform company offset by domestic growing by 2%. This de-growth is expected to be made up by other international customers by Q2 FY22
- EBIT down from Q3FY21 due to lower revenues
- Total headcount increased to 3,469 up 2% QoQ. Domestic headcount was up 4% QoQ
- Towards end of Q4, we have had two key wins in the US market which reflects a positive sentiment in the international business



## **Annexures**

# Income Statement

In ₹ Lakhs

Consolidated	Quarterly			Var %		FY		
Particulars	Q4 FY21	Q3 FY21	Q4 FY20	QoQ%	YoY %	FY21	FY20	YoY %
<b>Revenue from Operations</b>	<b>7,348</b>	<b>7,169</b>	<b>7,114</b>	2%	3%	<b>27,669</b>	<b>29,444</b>	(6%)
Less:								
Employee benefit expenses	(3,963)	(4,045)	(4,033)	(2%)	(2%)	(15,351)	(17,073)	(10%)
Other expenses	(1,293)	(1,318)	(1,227)	(2%)	5%	(5,728)	(4,844)	18%
<b>Total expenses</b>	<b>(5,256)</b>	<b>(5,363)</b>	<b>(5,259)</b>	<b>(2%)</b>	<b>(0%)</b>	<b>(21,079)</b>	<b>(21,917)</b>	<b>(4%)</b>
<b>EBITDA</b>	<b>2,092</b>	<b>1,806</b>	<b>1,855</b>	<b>16%</b>	<b>13%</b>	<b>6,590</b>	<b>7,527</b>	<b>(12%)</b>
Other income	151	50	80	202%	89%	364	409	(11%)
Finance cost	(89)	(37)	(47)	141%	89%	(244)	(226)	8%
Depreciation & amortisation	(652)	(571)	(513)	14%	27%	(2,339)	(1,990)	18%
<b>Earnings before tax</b>	<b>1,502</b>	<b>1,248</b>	<b>1,375</b>	<b>20%</b>	<b>9%</b>	<b>4,371</b>	<b>5,720</b>	<b>(24%)</b>
Tax	(124)	(361)	(287)	(66%)	(57%)	(859)	(1,227)	(30%)
<b>Profit after tax</b>	<b>1,378</b>	<b>887</b>	<b>1,088</b>	<b>55%</b>	<b>27%</b>	<b>3,512</b>	<b>4,493</b>	<b>(22%)</b>
EBITDA Margin	28.5%	25.2%	26.1%	328 bps	239 bps	23.8%	25.6%	(175 bps)
PAT margin	18.8%	12.4%	15.3%	638 bps	346 bps	12.7%	15.3%	(257 bps)
Basic & Diluted EPS (in ₹)	9.04	5.82	7.14	55%	27%	23.05	29.48	(22%)

# Balance Sheet

In ₹ Lakhs

Particulars	31-Mar-21	31-Mar-20	Var %
<b>Non-Current Assets</b>			
Property Plant & Equipment	730	880	(17%)
Right of Use Assets	1,711	2,227	(23%)
Other Intangible Assets	600	333	80%
Other Non Current Assets	2,775	3,254	(15%)
	<b>5,816</b>	<b>6,695</b>	<b>(13%)</b>
<b>Current Assets</b>			
Current Investments	4,971	3,339	49%
Cash & Cash equivalents	14,862	12,420	20%
Trade receivables	4,203	4,502	(7%)
Unbilled revenues	1,515	1,157	31%
Other current assets	577	806	(28%)
	<b>26,128</b>	<b>22,224</b>	<b>18%</b>
<b>Total Assets</b>	<b>31,944</b>	<b>28,919</b>	<b>10%</b>
<b>Equity &amp; Reserves</b>	<b>26,512</b>	<b>22,807</b>	<b>16%</b>
<b>Non-Current Liabilities</b>			
Lease liability	647	1,311	(51%)
Other non-current Liability	622	467	33%
	<b>1,269</b>	<b>1,778</b>	<b>(29%)</b>
<b>Current Liabilities</b>			
Lease liability	1,517	1,013	50%
Trade Payables & Other current liabilities	2,646	3,321	(20%)
	<b>4,163</b>	<b>4,334</b>	<b>(4%)</b>
<b>Total Equity &amp; Liabilities</b>	<b>31,944</b>	<b>28,919</b>	<b>10%</b>

# Cash Flow Statement

In ₹ Lakhs

Particulars	31-Mar-21	31-Mar-20
PBT	4,371	5,720
Add: Non cash Expenses/(Income)	2,872	2,113
<b>Operating profit before working capital changes</b>	<b>7,243</b>	<b>7,833</b>
Changes in working capital	(261)	(281)
<b>Cash flow from Operations</b>	<b>6,982</b>	<b>7,552</b>
Capex	(719)	(292)
Consideration towards business acquisition	-	(1,680)
Current investments*	(1,440)	4,543
Interest received	16	35
<b>Cash flow from Investing activities</b>	<b>(2,143)</b>	<b>2,606</b>
Repayment of borrowings	(24)	(1,379)
Interest paid	(242)	(226)
Payment of lease liabilities	(1,666)	(1,342)
Dividend paid	-	(1,832)
<b>Cash flow from financing activities</b>	<b>(1,932)</b>	<b>(4,779)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,907</b>	<b>5,379</b>
Cash taken over on business acquisition	-	130
Opening cash & cash equivalents	12,420	7,164
Exchange rate fluctuations	(465)	(253)
<b>Closing cash &amp; equivalents</b>	<b>14,862</b>	<b>12,420</b>

\* ₹14.40 cr represents investments made in Debt mutual funds during the current year.  
In FY20, it was net withdrawal of ₹45.43 cr

# Thank you