

24<sup>th</sup> January 2020

BSE: 536233 | NSE: ALLSEC | ISIN: INE835G01018 | CIN: L72300TN1998PLC041033 | WWW.ALLSECTECH.COM

## Allsec Technologies: Resilient and Consistent financial performance

Chennai, India – 24<sup>th</sup> January 2020: Allsec Technologies announced its financial results for the **third quarter (Q3'20)** and nine month (9m'20) ended **December 31, 2020** today.

### KEY FINANCIAL HIGHLIGHTS:

In ₹ Lakhs

Particulars	Q3 FY 20	Q3FY 19	YoY (%)	Q2 FY20	QoQ (%)	YTD FY20	YTD FY19	YoY (%)
Revenue	7,233	6,309	15%	7,905	-8%	22,330	19,482	15%
EBITDA	1,635	1,079	51%	2,116	-23%	5,802	2,459	136%
EBITDA Margin	22.60%	17.11%	549 bps	26.77%	-417 bps	25.98%	12.62%	1336 bps
PBT	1,158	1,066	8%	1,711	-32%	4,347	2,612	66%
PAT	855	744	15%	1,344	-37%	3,407	1,754	94%
PAT Margin	11.8%	11.8%	-1 bps	17.0%	-521 bps	15.3%	9.0%	626 bps
Diluted EPS (in ₹)	5.60	4.89	15%	8.82	-37%	22.36	11.51	94%

The HR Compliance business of M/s Coachieve Solutions Private Limited (a wholly owned subsidiary of Qess Corp Limited) was acquired via a slump sale in September 2019.

### ADJUSTED FINANCIAL HIGHLIGHTS:

#### Q3 FY20 Financial Highlights adjusted for the impact of IndAs116 and Coachieve

in ₹ Lakhs

Particulars	Q3 FY20				Q3 FY19	
	Results with Ind As 116 & Coachieve	Ind As116	Coachieve	Operating Results	Q3 FY19	YoY (%)
Revenue	7,233	-	(487)	6,746	6,309	7%
EBITDA	1,635	(377)	80	1,338	1,079	24%
Depreciation & Amortisation	495	(356)	(3)	136	138	(1%)
Finance Costs	46	(43)	(12)	(9)	9	200%
Other Income	62			62	134	(54%)
PBT	1,156	22	94	1,272	1,067	19%
Tax	303	6	0	309	322	(4%)
PAT	853	16	94	963	745	29%

<b>Diluted EPS (in ₹)</b>	5.60	0.10	0.62	6.32	4.89	29%
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- **Revenues** grew **15% YoY**, which was primarily driven by:
  - 15% YoY revenue increase in the **Human Resource Operations (HRO)** segment, reported at **₹17.6 cr** during the quarter as against ₹15.3 cr in Q3 FY19. On a QoQ basis, HRO revenue increased by **2%**.
  - The **Customer Lifecycle Management (CLM)** segment revenue increased by **4% YoY** to **₹49.8 cr** as compared to ₹47.8 cr in the corresponding period last year. CLM revenue was down by 3% QoQ.
- **EBITDA** grew significantly by **51% YoY** to **₹16.3 cr**.
- **EBITDA Margin** stood at **22.6%** during the quarter, which was **17.1%** in Q3 FY19.
- **Adjusted Profit after Tax (PAT)** increased **29% YoY** and stood at **₹9.6 cr** as compared to ₹7.4 cr in Q3 FY19.
- **Diluted Earnings Per Share (EPS)** stood at **₹6.32** for Q3 FY20 as against ₹4.89 in Q3 FY19.

### Nine months FY20 (YTD/9M FY20) Financial Highlights adjusted for the impact of IndAs116 and Coachieve

Particulars (in ₹ Lakhs)	YTD FY20				YTD FY19	
	Results with Ind As 116 & Coachieve	Ind As116	Coachieve	Operating Results	YTD FY19	YoY (%)
<b>Revenue</b>	22,330	-	(2,015)	20,315	19,482	4%
<b>EBITDA</b>	5,802	(1,122)	(44)	4,636	2,459	89%
<b>Depreciation &amp; Amortisation</b>	1,477	(1,061)	(6)	410	390	5%
<b>Finance Costs</b>	179	(148)	(27)	4	14	(74%)
<b>Other Income</b>	201		(6)	195	557	(65%)
<b>PBT</b>	4,347	87	(16)	4,418	2,612	69%
<b>Tax</b>	940	25	(0)	965	858	12%
<b>PAT</b>	3,407	62	(15)	3,453	1,754	97%
<b>Diluted EPS (in ₹)</b>	22.36	0.40	(0.10)	22.66	11.51	97%

- **9MFY20 Revenue** grew **15%** on the back of :
  - **19% YoY** revenue increase in the **Customer Lifecycle Management (CLM)** segment, reported at **₹152.7 cr** as compared to ₹128.7 cr in 9MFY19.
  - The **Human Resource Operations (HRO)** segment increased **20%** YoY to **₹50.7 cr** as against ₹42.4 cr in the same period last year.
  - There was a one-time revenue of ₹23.7 cr in YTD FY19 in the **Anti Money Laundering (AML)** segment.
- **9MFY20 EBITDA** grew **136%** YoY to **₹58.0 cr** as against 24.6 cr in 9MFY19.
- **EBITDA Margin** for **9MFY20** stood at **26.0%** as against 12.6% in 9MFY19.
- **Adjusted 9MFY20 PAT** of **₹34.5 cr** was higher by **97%** as against ₹17.5 cr in 9MFY19.
- **Diluted Earnings Per Share (EPS)** stood at **₹22.66** for **9MFY20** as against ₹11.51 in 9MFY19.

### Key Update

Mr. Raghunath P, Chief Financial Officer of the Company who has been serving us for the last 3+ years has decided to pursue career outside of the Company. Mr. Raghu has significantly contributed to the growth of the Company over the last 3 years.

Mr. Nataraj Lakshmipathy joined as Chief Financial Officer of the Company effective January 24, 2020. Mr. Lakshmipathy is a Qualified Chartered Accountant with over 2 decades of experience. Prior to joining Allsec, he has worked with MNCs and listed Blue Chip Companies across various industries. We believe his addition to the team will add great value in shaping the strategic initiatives of the Company.

## Segment Wise Performance

In ₹ Lakhs

Particulars	Q3 FY 20	Q3FY 19	YoY (%)	Q2 FY20	QoQ (%)
<b>CLM</b>					
Revenue	4,982	4,780	4%	5,132	(3%)
EBIT	832	904	-8%	950	(12%)
EBIT Margin	16.70%	18.91%	-221 bps	18.51%	-180 bps
<b>HRO (excluding Coachieve)</b>					
Revenue	1,765	1,529	15%	1,730	2%
EBIT	673	620	9%	740	(9%)
EBIT Margin	38.14%	40.54%	-240 bps	42.76%	-462 bps
<b>AML</b>					
Revenue		-		-	
EBIT	(40)	(499)	(92%)	(62)	(35%)

### ➤ Customer Lifecycle Management (CLM):

- Revenue of the **India domestic** business grew **9% YoY**. The YoY increase was primarily owing to our deepening relationship with existing customers.
- **International** business revenue grew 2% YoY and was flat QoQ at **₹31.8 cr**.
- **Headcount** stood at **3,054** employees, an increase of 131 compared to Q2 FY20.

### ➤ Human Resources Operations (HRO):

- The **India domestic** business grew 10% YoY to **₹12.5 cr** during the quarter as against ₹11.4 cr in Q3 FY19.
- **International** business grew **32% YoY** to **₹5.1 cr** as compared to ₹3.9 cr last quarter. On a sequential basis, the revenues grew 13%.
- During the quarter, we added **4 new customers** in the domestic business and **2 new customers** in the international business.
- **Headcount** was **411** employees, a 13% increase compared to the previous quarter.

**Commenting on the financial results, Chairman Mr. Ajit Isaac** said that, “Allsec delivered a robust financial performance with strong Revenue growth and more than doubled the EBITDA, on a year-on-year basis. . We are confident that post the complete integration of Allsec and Quess, we will be able to leverage our strengths and be well poised to become a market leader across both the verticals”.

### About Allsec Technologies Limited:

Allsec Technologies Limited (BSE: 532633, NSE: [ALLSEC](#)), headquartered in Chennai has been a pioneer in the HRO space and is today the second largest Payroll Service Provider in India. 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, Philippines and the US, Allsec processes about 6 lakh pay slips each month for over 200 legal entities around the world. Over the years, the company has built lasting relations with customers in the areas of Human Resource Management System (HRMS), Business Expenses Management, and HR Compliance. 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>.

For more information, please contact:

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