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Allsec Technologies: Resilient and Profitable growth

Chennai, India – 18th May 2020: Allsec Technologies announced its financial results for the **fourth quarter (Q4'20)** and year ended **March 31, 2020** today.

KEY FINANCIAL HIGHLIGHTS:

In ₹ Lakhs

Particulars	Q4 FY 20	Q4 FY 19	YoY (%)	Q3 FY20	QoQ (%)	FY'20	FY'19	YoY (%)
Revenue	7,114	6,634	7%	7,233	(2%)	29,444	26,116	13%
EBITDA	1,854	1,504	23%	1,647	13%	7,527	3,963	90%
EBITDA Margin	26.06%	22.67%	339 bps	22.77%	329 bps	25.56%	15.17%	1039 bps
PBT	1,375	271	407%	1,158	19%	5,720	2,883	98%
PAT	1,088	(187)	682%	855	27%	4,493	1,567	187%
PAT Margin	15.3%	(2.8%)	1811 bps	11.8%	347 bps	15.3%	6.0%	926 bps
Diluted EPS (in ₹)	7.14	(1.23)	680%	5.61	27%	29.48	10.28	187%

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.

FY20 Financial Highlights:

- **FY'20 Revenue** grew **13%** on the back of:
 - **12.5% YoY** revenue increase in the **Customer Lifecycle Management (CLM)** segment, reported at **₹200.3 cr** as compared to ₹178.1 cr in FY'19
 - The **Human Resource Operations (HRO)** segment increased **58% YoY** to **₹94.1 cr** as against ₹59.4 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
- **FY'20 EBITDA** grew **90% YoY** to **₹75.27 cr** as against 39.63 cr in FY'19
- **EBITDA Margin** for **FY'20** stood at **25.6%** as against 15.2% in FY19
- **Reported PAT** stood at **₹44.9 cr** and **Adjusted FY'20 PAT** for impact of IndAS116 and Coachieve is **₹45.1 cr**, higher by **188%** as against ₹15.7 cr in FY'19
- **Adjusted Diluted Earnings Per Share (EPS)** stood at **₹29.60** for **FY'20** as against ₹10.28 in FY'19

Q4FY20 Financial Highlights:

- **Revenues** grew **7%** YoY, which was primarily driven by:
 - 39% YoY revenue increase in the **Human Resource Operations (HRO)** segment, reported at **₹23.6 cr** during the quarter as against ₹16.9 cr in Q4 FY19. On a QoQ basis, HRO revenue increased by **5%**
 - The **Customer Lifecycle Management (CLM)** segment revenue was down by **4%** YoY to **₹47.6 cr** as compared to ₹49.4 cr in the corresponding period last year. CLM revenue was down by 4% QoQ
- **EBITDA** grew significantly by **23%** YoY to **₹18.5 cr**
- **EBITDA Margin** stood at **26%** during the quarter as against **23%** in the previous quarter
- **Profit after Tax (PAT)** was reported at **₹10.9 cr** during the quarter. **PAT** adjusted for the impact of IndAS 116 and Coachieve increased **672% YoY** and stood at **₹10.7 cr** as compared to (₹1.9 cr) in Q4 FY19
- **Diluted Earnings Per Share (EPS)** stood at **₹7.02** for Q4 FY20 as against (₹1.23) in Q4 FY19 post adjustment for IndAS and Coachieve

ADJUSTED FINANCIAL HIGHLIGHTS:
Q4 FY20 Financial Highlights adjusted for the impact of Ind As116 and Coachieve

in ₹ Lakhs

Particulars	Results with Ind As 116 & Coachieve	Q4 FY'20			Q4 FY'19	
		Ind AS 116	Coachieve	Operating Results	Q4 FY'19	YoY (%)
Revenue	7,114	0	(484)	6,630	6,634	0%
EBITDA	1,854	(408)	(33)	1,413	1,504	(6%)
Depreciation & Amortisation	513	(376)	(3)	134	136	(1%)
Finance Costs	47	(48)	-	-1	35	(103%)
Other Income	80	-	-	80	185	(57%)
Earnings before exceptional item & tax	1,375	-	-	1,375	1,518	(9%)
Exceptional item	-	-	-	0	1,247	(100%)
Earnings before tax	1,375	16	(30)	1,361	271	402%
Tax	287	5	-	292	458	(36%)
PAT	1,088	11	(30)	1,069	(187)	672%
Diluted EPS (in ₹)	7.14	0.07	(0.20)	7.02	(1.23)	672%

FY'20 Financial Highlights adjusted for the impact of IndAs116 and Coachieve

in ₹ Lakhs

Particulars	Results with Ind As 116 & Coachieve	FY'20			FY'19	
		Ind AS 116	Coachieve	Operating Results	FY'19	YoY (%)
Revenue	29,444	0	(2,499)	26,945	26,116	3%
EBITDA	7,527	(1,537)	(78)	5,913	3,963	49%
Depreciation & Amortisation	1,990	(1,437)	(9)	544	526	3%
Finance Costs	226	(189)	(28)	9	49	(81%)
Other Income	409	-	(5)	404	742	(45%)
Earnings before exceptional item & tax	5,720	-	-	5,720	4,130	38%
Exceptional item	-	-	-	0	1,247	(100%)
Earnings before tax	5,720	89	(46)	5,764	2,883	100%
Tax	1,227	26	0	1,253	1,316	(5%)
PAT	4,493	63	(45)	4,511	1,567	188%
Diluted EPS (in ₹)	29.48	0.42	(0.30)	29.60	10.28	188%

Segment Wise Performance (QoQ & YoY)

In ₹ Lakhs

S.No.	Description	Consolidated			
		Q4 FY'20	Q3 FY'20	FY'20	FY'19
1.	<u>SEGMENT REVENUES</u>				
	Customer Lifecycle Management (CLM)	4,759	4,982	20,032	17,808
	Human Resource Outsourcing (HRO)	2,355	2,251	9,412	5,942
	Anti Money Laundering and Regulatory Compliance (AML)	-	-	-	2,366
	Total revenue from operations	7,114	7,233	29,444	26,116
2.	<u>SEGMENT RESULTS</u>				
	Customer Lifecycle Management (CLM)	678	832	3,440	3,313
	Human Resource Outsourcing (HRO)	734	594	2,678	2,372
	Anti Money Laundering and Regulatory Compliance (AML)	(54)	(40)	(158)	(1,931)
	Total segment results	1,358	1,386	5,960	3,754
	Finance cost	(47)	(44)	(226)	(49)
	Other unallocable income / (expenses), net	64	(184)	(14)	(822)
	Total profit before tax	1,375	1,158	5,720	2,883

➤ Customer Lifecycle Management (CLM):

- Revenue of the **India domestic** business was down **2% YoY** to **₹16.1 cr**
- **International** business revenue was down 5% YoY and flat QoQ at **₹31.5 cr**
- **Headcount** stood at **3,137** employees, up 83 employees compared to Q3FY20

➤ Human Resources Operations (HRO):

- The **India domestic** business grew 8% YoY to **₹14.2 cr** during the quarter as against ₹13.2 cr in Q4 FY19
- **International** business grew **38% YoY** to **₹5.2 cr** as against ₹3.8 cr in the same period last year. On a sequential basis, the revenues grew 13%
- During the quarter, we added **16 new customers** in the domestic business and **5 new customers** in the international business
- **Headcount** was **425** employees, a 3% increase compared to the previous quarter

Commenting on the financial results, Chairman Mr. Ajit Isaac said that, *“The Allsec team has delivered impressive results in the company’s first year after Quess’ investment into it, with 90% EBITDA growth and 66% EBITDA to OCF conversion powered by impressive topline growth in both the CLM and HRO businesses. The team has shown admirable operational resilience in Q4 and beyond while continuing to drive significant upgrades in our leading payroll platform and the company’s overall digital intensity. This gives us confidence that the best is yet to come.”*

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 7 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>.

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