

Building lasting relationships

Investor Presentation

Q2FY21



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Company Overview

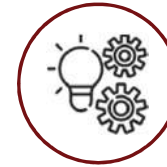
Global leader in outsourcing solutions



Quess Corp subsidiary,
backed by Fairfax Holdings
(Canada)



20+ years of Global BPO
service Excellence



2 Decades in Delivering
Global Business Solutions



Service Delivery bundled
with **Digital
Transformations**



400+ Client engagements
globally including Fortune
100 companies



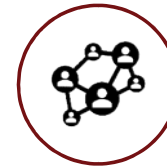
Listed at the **NSE & BSE**
(NSE: ALLSEC)



~4000 driven and dedicated
employee workforce



1M+ payslips processed per
month groupwide



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

Market Leader in HRO Services

Leading Global BPM Player specializing in BFSI, E-Com, Retail and Consumer Electronics

Leading provider of HRO end-to-end services

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, etc.



Payroll

Global, Configurable, Payroll
Tax Engines
Payroll Statutory & Control Reports



Retiral

- PF Trust Accounting
- Loans
- Investments

BPM: Cutting edge Digital Business Services offerings



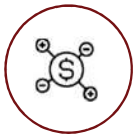
Customer Experience Management

- Customer Support
- 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



Healthcare RCM

- Revenue Cycle Management

Global Delivery capabilities

- **Global Footprint** with proximity to Servicing Markets.
- **~3000** employee workforce.
- Multi-Industry, Multinational & Multi-Demographic **coverage**.
- **5 Inter-Connected** Service Delivery Centers with site-to-site BCP.
- 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

Q2FY21 Key Business Highlights

Q2FY21 Highlights



Financial

- **Headcount:** 3901 as on Sep 30, 2020 an increase of 423 over June 30, 2020 and decrease of 91 over March 31, 2020
- **P&L statement:**
 - Revenue up 6% QoQ with strong bounce back in the DBS Domestic business
 - EBITDA stood at ₹ **13.9 cr**, up 7% QoQ
 - PAT at ₹ **6.4 cr**, up 7% QoQ
- **Cost focus:**
 - Improvement in people productivity, reduction in discretionary expenses and utilities has resulted in savings of around 10% in the indirect costs
- **Balance Sheet:**
 - **Cash and short term investments increased by ₹ 5.6cr** from June 2020 to ₹ 171.2cr
 - **OCF / EBITDA at 98%**
 - **Strong collections** reducing total receivables from ₹ 42.8cr in June 2020 to ₹ **37.5cr**
 - DSO reduced to 50 days from 60 days in June 2020



Corporate

- **Technology and new business investment**
 - Embarked on new business line creating a SaaS product for MSME
 - HRO dedicated infra setup completed in Manila
 - Product modernization of both SmartPay and Smart HR commenced
- **Sales and Customer focus:**
 - Added 32 new customers during Q2FY20 in HRO segment
 - Historically high pipeline in the HRO segment and increasing traction in the DBS US market
 - Entered into tie ups with referral partners to promote the SaaS platform
 - Cross selling between Allsec HRO and Stat business resulted in increased wallet share for 9 customers with an ACV of ~ ₹ 100L
 - Cross sell from Quess has added ACV of ~ ₹ 150Lacs, expected to go live end of Q3FY'21



Business

- **HRO:**
 - Added **90,000+** payslips
 - EBIT margin improved 30% YoY to 35% in Q2'FY21
 - Increasing revenue contribution from value added activities like HRMS
- **DBS:**
 - Customer Lifecycle Management rechristened as Digital Business Services to better reflect the evolving digitalisation of our Services
 - Domestic business bounced back during the quarter with a revenue growth of 39%
 - We won an Accounts Receivable business for global ecommerce Company
 - Added 240 Temporary seats to manage additional volumes and catering to social distancing norms
 - Strengthened our WFH processes in domestic business which enabled us to handle complex offerings and enhanced our performance

Financial performance

Q2FY21 Financial Performance

Revenue:

- 6% higher QoQ indicating a strong bounce back post Covid
- QoQ growth in DBS – Domestic 39%, HRO higher by 6%
- Revenue down 14% YoY and down 4% after excluding a BOT project that ended in Q2FY20 and one time revenue in Stat Compliance

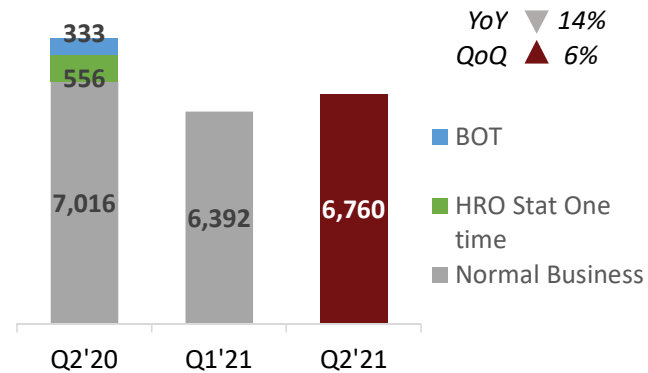
Profitability:

- EBITDA up 7% QoQ in line with increased revenues;
- YoY EBITDA excluding Covid expense of ₹ 1.5cr and MTM fx loss movement of ₹ 2.1 cr down 17%.
- Excluding Covid expense, MTM fx, BOT and stat compliance EBITDA down 7% YoY

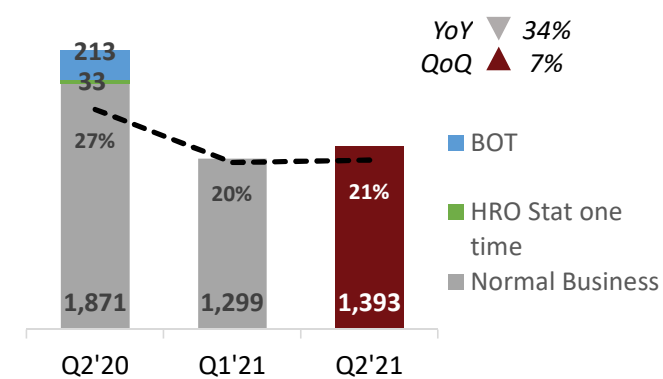
Cash Generation:

- **Cash and short term investments increased by ₹5.6cr** from June 2020 to ₹ 171.2cr
- **OCF / EBITDA at 98%**
- **Strong collections** reducing total receivables from ₹ 42.8cr in June 2020 to ₹ 37.5cr.
- DSO reduced to 50 days from 60 days in June 2020

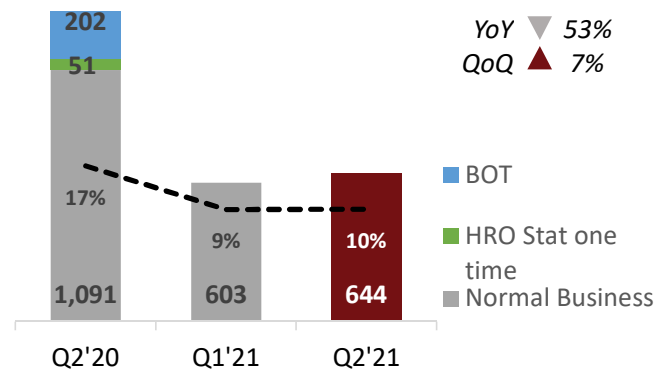
Revenue (in ₹ lakh)



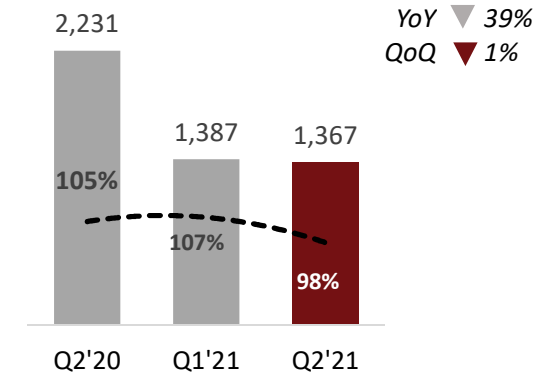
EBITDA (in ₹ lakh) & margin (%age)



PAT (in ₹ lakh) & margin (%age)



OCF (in ₹ lakh) & %age



H1FY21 Financial Performance

Revenue :

- 13% lower YoY with DBS down ₹ 19.0 cr and HRO down ₹.0.42 cr
- Excluding the BOT and Stat Compliance revenues, YoY revenue down 4%

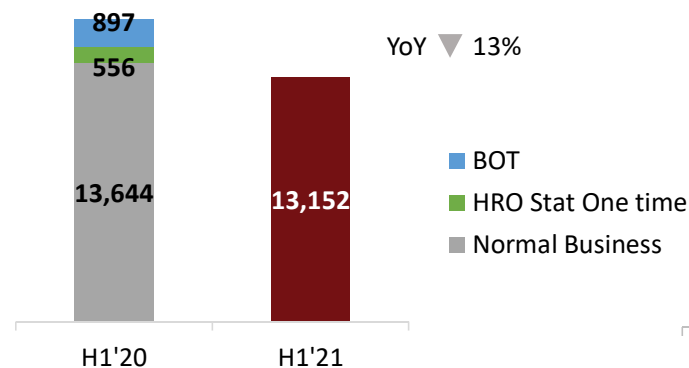
Profitability :

- EBITDA down 33% on account of lower revenue, Covid expense of ₹ 4.0cr and MTM fx impact of ₹ 3.8cr in H1 FY21.
- Excluding Covid Expense and MTM fx, EBITDA down 14%

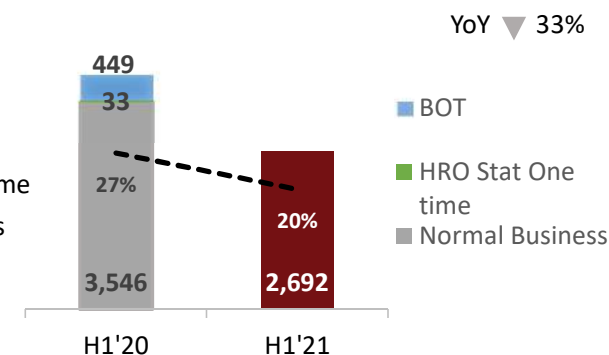
Cash Generation & Debt Reduction :

- Cash and short term investments increased by ₹ 13.6cr to ₹ 171.2cr from ₹ 157.6cr in March 2020.
- OCF conversion at 102% for H1 FY21
- Total receivables reduced from ₹ 45cr in March 2020 to ₹ 37.5 cr in September 2020.
- DSO reduced to 50 days from 56 days in March 2020

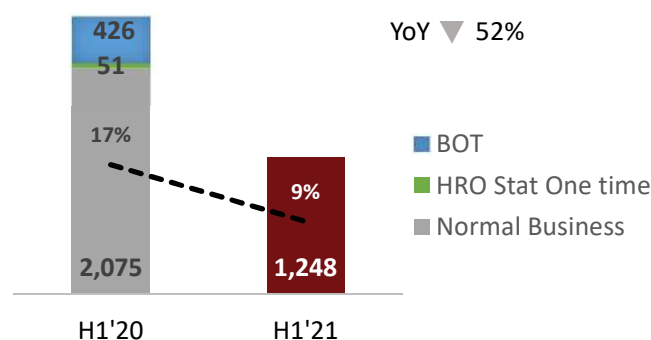
Revenue (in ₹ lakh)



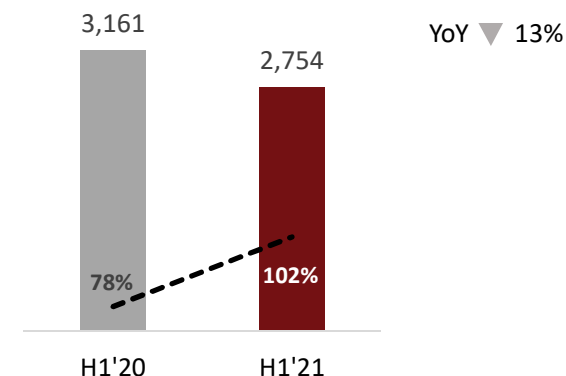
EBITDA (in ₹ lakh) & margin (%age)



PAT (in ₹ lakh) & margin (%age)



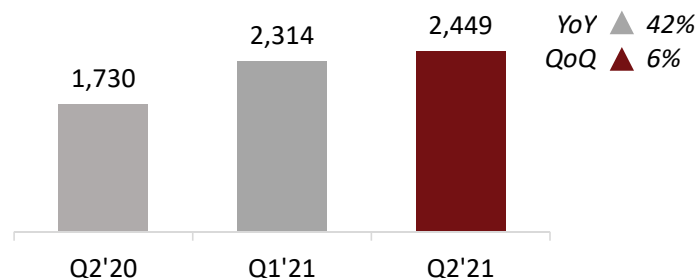
OCF (in ₹ lakh) & %age



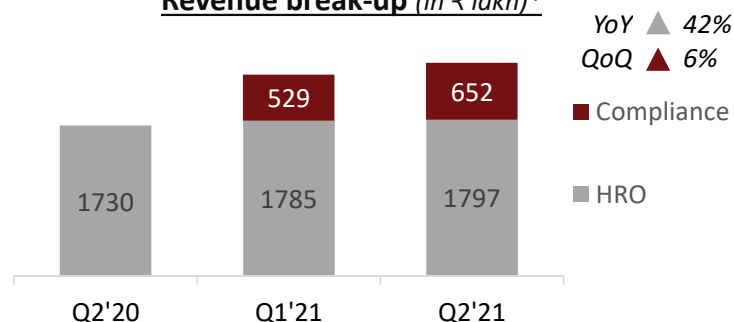
Business segment updates

Human Resource Operations (HRO) – Performance Snapshot

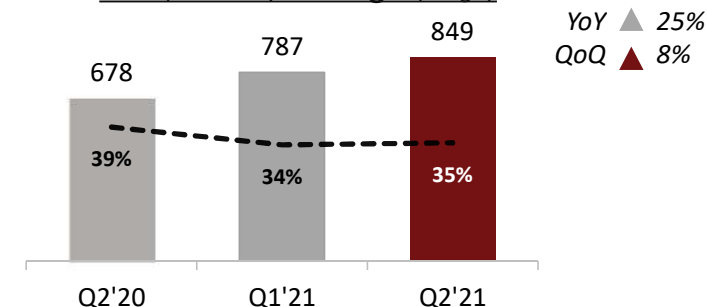
Revenue (in ₹ lakh)



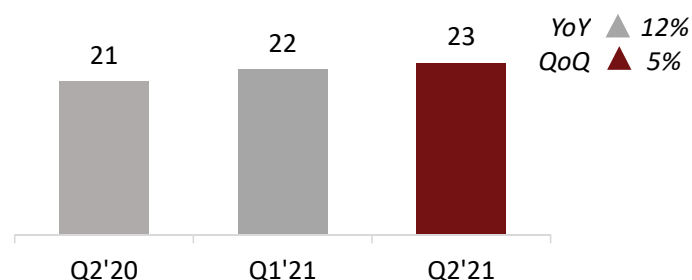
Revenue break-up (in ₹ lakh)*



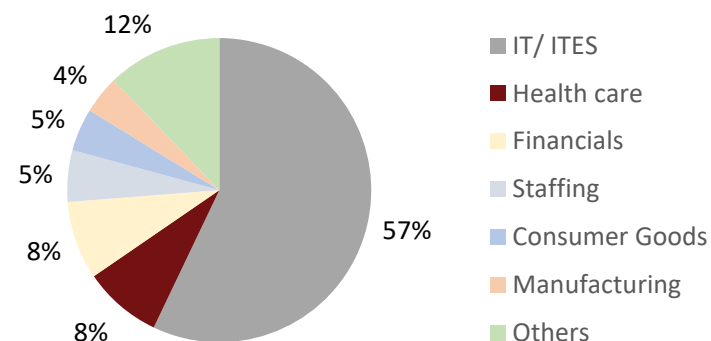
EBIT (in ₹ lakh) & margin (%age)



Payslips processed (Nos in lakhs)



Vertical-wise revenue split (in ₹ lakh)

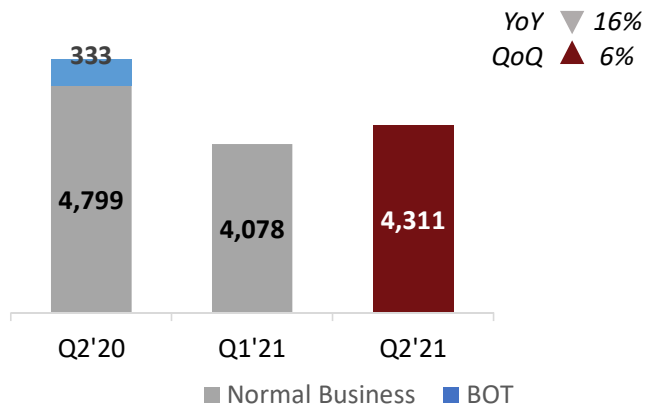


- Revenue grew QoQ 6% with growth in the HRO-domestic business by 5% and international business by 9%
- EBIT grew by 8% in line with revenue growth; YoY margin % lower due to addition of the Compliance business which has lower margins.
- Payslips processed grew 4% QoQ

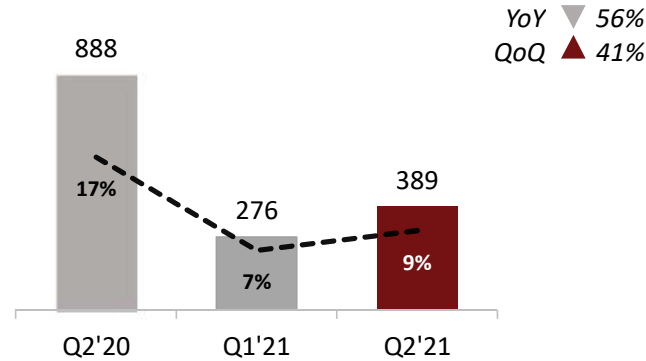
*Acquisition of the compliance business became effective on September 30, 2019 excluded from Revenue (₹ 1043 Lakhs) and EBIT (₹ 62 Lakhs) above

Digital Business Services (DBS) – Performance Snapshot

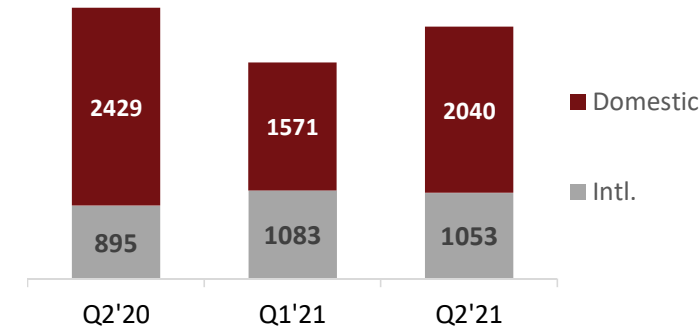
Revenue (in ₹ lakh)



EBIT (in ₹ lakh) & margin (%age)



Headcount break-up



- Revenue grew QoQ 6% with 39% growth in DBS Domestic business partially offset by 4% covid related volume drop in the DBS-International business, although our wallet share increased
- EBIT grew by 40% QoQ due to higher revenue in the domestic sector and also reduced impact of COVID-19 related costs in Q2FY20.
- EBIT down from Q2FY20 due to lower revenues and Covid related expenses amounting to ₹1.5 cr. In current quarter
- Total headcount increased to 3,093 up 16.5% QoQ, with 66% contribution of domestic headcount. Domestic headcount was up 30% QoQ
- US sales team was put in place by November 2019 however benefits are delayed due to the onset of the pandemic

Annexures

Income Statement

Consolidated	Quarterly			Var %		Half Yearly		Var %
Particulars	Q2 FY21	Q1 FY21	Q2 FY20	QoQ%	YoY %	H1 FY21	H1 FY20	YoY %
Revenue from Operations	6,760	6,392	7,905	6%	-14%	13,152	15,097	-13%
Less:								
Employee benefit expenses	-3,771	-3,572	-4,630	6%	-19%	-7,343	-8,784	-16%
Other expenses	-1,596	-1,521	-1,158	5%	38%	-3,117	-2,286	36%
Total expenses	-5,367	-5,093	-5,788	5%	-7%	-10,460	-11,070	-6%
EBITDA	1,393	1,299	2,117	7%	-34%	2,692	4,027	-33%
Other income	50	113	133	-56%	-62%	163	279	-41%
Finance cost	-82	-36	-61	128%	34%	-118	-135	-13%
Depreciation & amortisation	-547	-569	-478	-4%	14%	-1,116	-982	14%
Earnings before exceptional item & tax	814	807	1,711	1%	-52%	1,621	3,189	-49%
Exceptional item	-	-				-	-	
Earnings before tax	814	807	1,711	1%	-52%	1,621	3,189	-49%
Tax	-170	-204	-367	-17%	-54%	-374	-637	-41%
Profit after tax	644	603	1,344	7%	-52%	1,247	2,552	-51%
EBITDA Margin	21%	20%	27%	28 bps	-617 bps	20%	27%	-621 bps
PAT margin	10%	9%	17%	9 bps	-747 bps	9%	17%	-742 bps
Basic & Diluted EPS (in ₹)	4.22	3.96	8.82	7%	-52%	8.19	16.74	-51%

Balance Sheet

Particulars	30-Sep-20	31-Mar-20	Var %
Non-Current Assets			
Property, Plants & Equipment	815	880	-7%
Other intangible assets	553	333	66%
Right of Use Assets	1,723	2,227	-23%
Other non-current assets	3,419	3,255	5%
	6,510	6,695	
Current Assets			
Current Investments	3,830	3,339	15%
Cash & cash equivalents	13,292	12,420	7%
Trade receivables	3,747	4,502	-17%
Unbilled revenue	1,263	1,157	9%
Other current assets	751	806	-7%
	22,883	22,224	
Total Assets	29,393	28,919	
Equity & Reserves	24,223	22,807	6%
Non-current liabilities			
Lease liability	1,030	1,311	-21%
Other non-current liability	631	467	35%
	1,661	1,778	
Current liabilities			
Lease liability	795	1,013	-22%
Trade payables	1,940	2,463	-21%
Other current liability	774	858	-10%
	3,509	4,334	
Total Equity & Liabilities	29,393	28,919	

Cash Flow Statement

Particulars	30-Sep-20	31-Mar-20
PBT	1,621	5,720
Add: Non cash Expenses/(Income)	1,445	2,113
Operating profit before working capital changes	3,066	7,833
Changes in working capital	(312)	(1,624)
Cash flow from Operations	2,754	6,209
Capex	(456)	(292)
Current investments	(375)	2,863
Interest received	4	35
Cash flow from Investing activities	(827)	2,606
Repayment of Borrowing/Lease Liabilities	(809)	(1,379)
Interest paid	(118)	(225)
Dividend paid	-	(1,831)
Cash flow from Financing activities	(927)	(3,435)
Net change in Cash and Cash equivalents	1,000	5,380
Cash taken over on business acquisition	-	130
Opening cash & cash equivalents	12,420	7,163
Exchange rate fluctuations	(128)	(253)
Closing Cash & Cash equivalents	13,292	12,420

Thank you