



ALLSEC TECHNOLOGIES

*Building Lasting Relationships*

Q4 FY 2019

FY 2019

Earnings update

**May 17, 2019**

## **Disclaimer**

This presentation may include statements that are not historical in nature and that may be characterized as “forward-looking statements”, including those related to future financial and operating results, future opportunities and the growth of selected verticals in which the organisation is currently engaged or proposes to enter in future. You should be aware that future results could differ materially from past performance and also those contained the forward-looking statements, which are based on current expectations of the organisation’s management and are subject to a number of risk and uncertainties. These risks and other factors are described in Allsec’s annual reports published for the last ended fiscal year. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company. The information presented herein should not be construed as earnings guidance under the terms of the stock exchange listing agreements.

**1. Significant events**

**2. Performance Highlights**

**3. Performance Review & Analysis**

**4. Business Outlook**

## **Open offer by Conneqt Business Solutions Limited along with Quess Corp Limited**

- On April 17, 2019, Conneqt Business Solutions Limited (“Acquirer”) along with Quess Corp Limited (“Person Action in Concert” / “PAC”) made a Public Announcement for an Open Offer (“Offer”) for acquisition of upto 39,61,965 equity shares representing 26% of the voting capital of the Company. The Offer is pursuant to and in compliance with the requirements of SEBI (SAST) Regulations, 2011 and subsequent amendments thereto (“Takeover Regulations”). The price / consideration of the Offer is Rs. 320/- in cash per equity share which is determined in accordance with the Takeover Regulations.
- On the same day, the Acquirer also entered into two separate share purchase agreements with the promoters of the Company and Carlyle to acquire 53,87,155 equity shares representing 35.35% of the voting capital and 39,61,940 equity shares representing 26% of the voting capital of the Company respectively.
- The aforesaid transactions are expected to be completed by July 2019.
- More information on this transaction including details regarding the Public Announcement, Detailed Public Statement, proposed timelines and Open offer updates can be accessed from our website [www.allsectech.com](http://www.allsectech.com) or the website of NSE and BSE.

# Note on impairment of investment in the US

- Allsec has two operating subsidiaries in the US – Allsec Tech Inc and Retreat Capital Management (RCM)
- The US subsidiaries have a combined net book value of INR 20.4 cr as on March 31, 2019. The revenue from the US operations for FY 2019 is INR 35 cr and EBITDA loss amounted to INR 12.3 cr (excluding one time costs of INR 9.4 crores relating to overtime legal case)
- The US CLM business continues to show good growth with an year on year growth rate of 66%. The service delivery for these US customers are currently being delivered out of Manila and India. We believe that this business will continue to grow in the coming years as well and drive revenue and profitability across the group.
- AML business constituted a large part of revenue of the US operations during the last 3 years. However there have been no volumes in this segment since October 2018. The Company continues to pursue opportunities in this segment and as and when a new business kicks in there could be a potential uptick in revenue and profitability.
- However with a conservative view on the US business given that there is no immediate visibility on new customers in the AML segment, the Company has decided to provide for an impairment in the investment made into RCM.. The amount of such impairment for the year is INR13 crores and is disclosed in the accounts as an “Exceptional” item.
- For comparing operational results, Profit before tax and exceptional item (PBTE) has been provided in the presentation.

**1. Significant events** ✓

**2. Performance Highlights**

**3. Performance Review & Analysis**

**4. Business Outlook**

# Q4 FY 2019 Standalone Highlights

- Operating Revenue
  - Q4 FY19 revenue at INR 41.5 crores compared to INR 39.6 crores in Q3 FY19 and INR 33.8 crores in Q4 FY18
    - QoQ growth of 5%
    - YoY growth of 23%
  
- EBITDA
  - Q4 FY19 EBITDA at INR 9.8 crores compared to INR 10.0 crores in Q3 FY19 and INR 7.2 cr in Q4 FY18
    - QoQ de-growth of 2%
    - YoY growth of 36%
  
- Profit Before Tax & Exceptional item (PBTE)
  - Q4 FY19 PBTE at INR 8.6 crores compared to INR 8.9 crores in Q3 FY19 and INR 6.7 crores in Q4 FY18
    - QoQ de-growth of 4%
    - YoY growth of 28%
  
- PAT after exceptional item
  - Q4 FY19 Loss after tax stood at INR 8.0 crores compared to profit of INR 6.3 crores in Q3 FY19 and INR 8.1 crores in Q4 FY18. The reduction is primarily on account of Exceptional item and Deferred tax credit in the previous year.

# FY 2019 Standalone Highlights

- Operating Revenue
  - FY19 revenue at INR 153.2 crores compared to INR 128.8 crores in FY18
    - YoY growth of 19%
  
- EBITDA
  - FY19 EBITDA at INR 36.9 crores compared to INR 28.0 crores in FY18
    - YoY growth of 32%
  
- PBTE
  - FY19 PBTE at INR 33.2 crores compared to INR 24.8 crores in FY18
    - YoY growth of 34%
  
- PAT after exceptional item
  - PAT at INR 9.5 crores compared to INR 29.0 crores in FY18
    - YoY decrease of 67%

# Q4 FY 2019 Consolidated Highlights

## ➤ Operating Revenue

- Q4 FY19 revenue at INR 66.3 crores compared to INR 63.1 crores in Q3 FY19 and INR 60.8 crores in Q4 FY18
  - QoQ increase of 5%
  - YoY increase of 9%

## ➤ EBITDA

- Q4 FY19 EBITDA stood at INR 16.9 crores compared to INR 12.0 crores in Q3 FY19 and INR 13.17 crores in Q4 FY18
  - QoQ increase of 40%
  - YoY increase of 28%

## ➤ PBTE

- Q4 FY19 PBT stood at INR 15.2 crores compared to INR 10.7 crores in Q3 FY19 and INR 11.9 crores in Q4 FY18
  - QoQ increase of 43%
  - YoY increase of 28%

## ➤ PAT

- ❑ Q4 FY19 Loss after tax at INR 1.8 crores compared to INR 7.4 crores in Q3 FY19 and INR 12.4 crores in Q4 FY18

# FY 2019 Consolidated Highlights

- Operating Revenue
  - FY19 revenue at INR 261.2 crores compared to INR 325 crores in FY18
    - YoY decrease of 20%
  
- EBITDA
  - FY19 EBITDA stood at INR 46.4 crores compared to INR 68.3 crores in FY18
    - YoY decrease of 32%
  
- PBTE
  - FY19 PBTE stood at INR 41.3 crores compared to INR 63.6 crores in FY18
    - YoY decrease of 35%
  
- PAT
  - FY19 PAT at INR 15.7 crores compared to INR 59.5 crores in FY18
    - YoY decrease of 74%

**1. Significant events** ✓

**2. Performance Highlights** ✓

**3. Performance Review & Analysis**

**4. Business Outlook**

## Summary – India Operations Q4 FY19

In INR Lakhs	Q4FY18	Q3FY19	Q4FY19
Income from Services	3,384	3,963	4,149
Other Income	138	196	171
<b>Total Income</b>	<b>3,522</b>	<b>4,159</b>	<b>4,320</b>
Personnel and Operating expense	2,801	3,162	3,343
<b>EBIDTA</b>	<b>720</b>	<b>997</b>	<b>977</b>
<b>EBITDA (% of Income from Services)</b>	<b>21.3%</b>	<b>25.2%</b>	<b>23.6%</b>
Depreciation	85	108	108
Interest (Income) /expense, net	(35)	(3)	11
<b>Profit before tax &amp; Exceptional item (PBTE)</b>	<b>671</b>	<b>893</b>	<b>858</b>
<b>PBT (% of Income from Services)</b>	<b>19.8%</b>	<b>22.5%</b>	<b>20.7%</b>
<i>Exceptional Item</i>	-	-	1,307
<b>PBT</b>	<b>671</b>	<b>893</b>	<b>-449</b>
<b>TAX</b>	<b>(137)</b>	<b>266</b>	<b>349</b>
<b>PAT</b>	<b>808</b>	<b>627</b>	<b>-798</b>
<b>PAT (% of Income from Services)</b>	<b>23.9%</b>	<b>15.8%</b>	<b>-19.2%</b>

### Q4 FY19 vs Q3 FY19 :

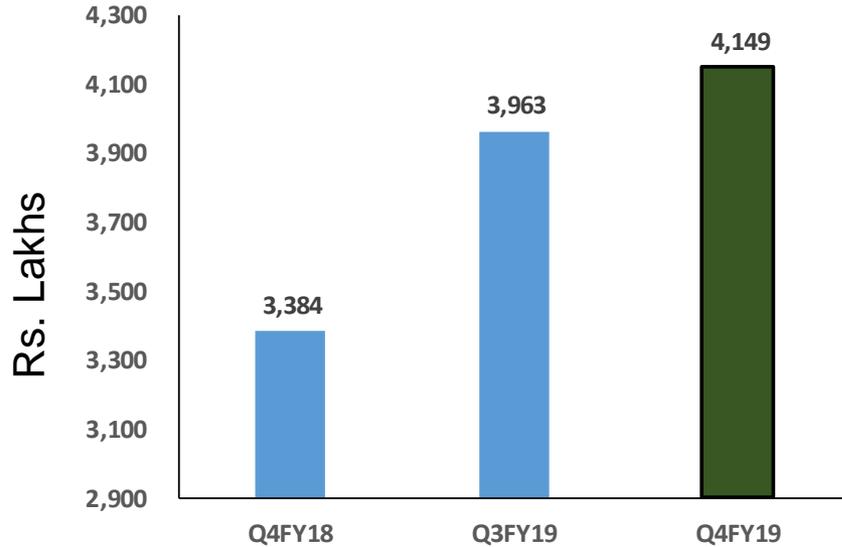
Revenue increased by 5%. EBITDA marginally down by 2%. PBTE marginally down in line with EBITDA. PAT lower on account of exceptional item and higher deferred tax.

### Q4 FY19 vs Q4 FY18:

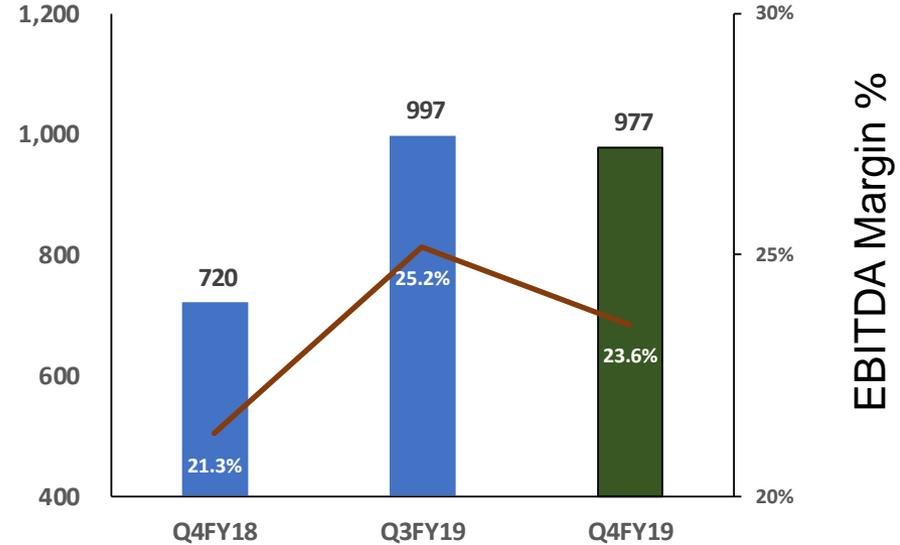
Revenue increased by 23% and EBITDA by 36%. PBTE higher in line with higher EBITDA. PAT lower due to Exceptional items and deferred tax credit in Q4 FY18.

# Summary – India Operations Q4 FY19

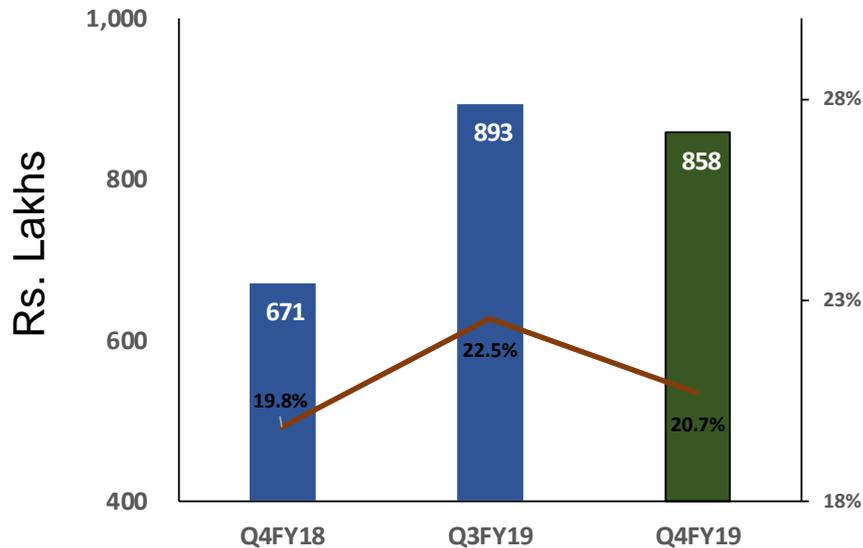
## Revenue from Operations



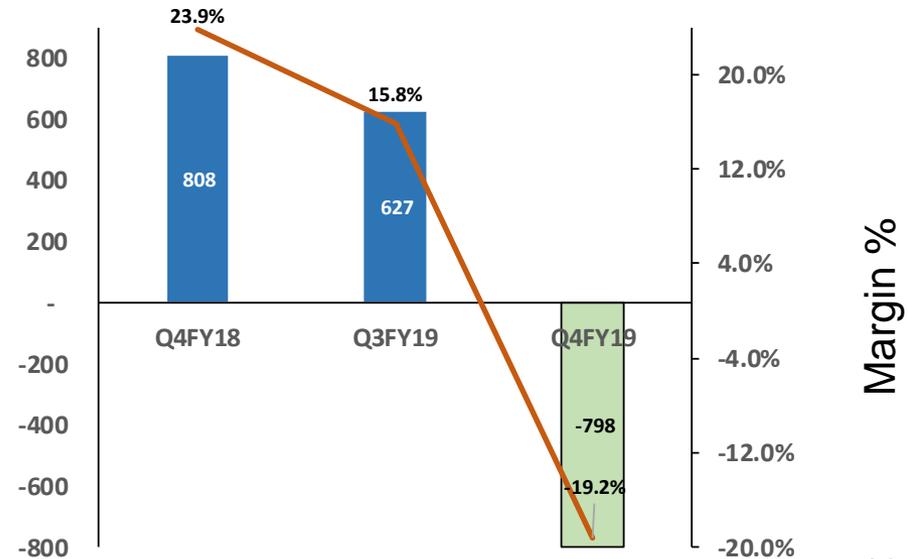
## EBITDA



## Profit Before Tax & Exceptional item

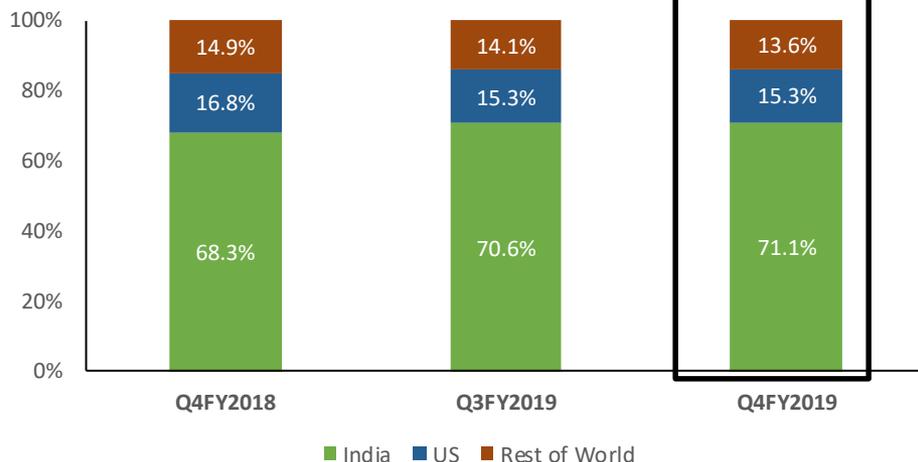


## Profit After Tax

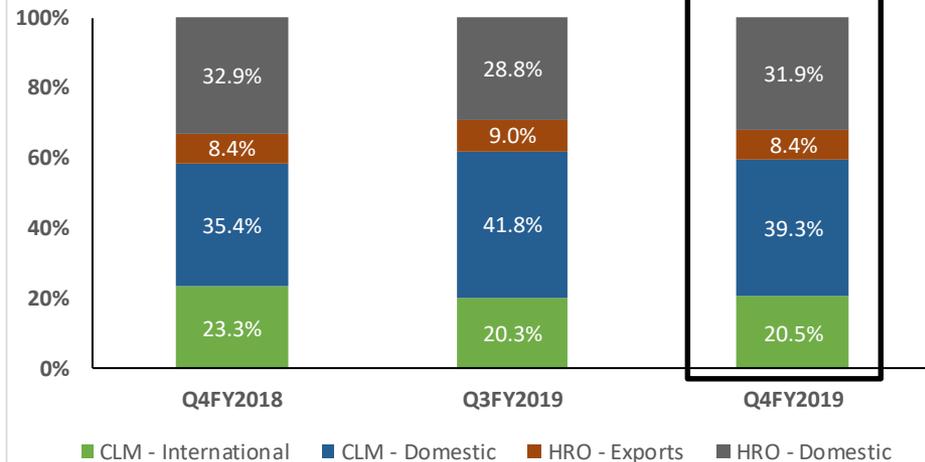


# Q4 FY19 Revenue Analysis – India

## Revenue by Customer Origination



## Revenue by Segment



(IN INR Lakhs)	Q4FY2018	Q3FY2019	Q4FY2019
CLM - International	787	806	851
CLM - Domestic	1,197	1,655	1,629
HRO - Exports	286	358	347
HRO - Domestic	1,114	1,143	1,322
	<b>3,384</b>	<b>3,963</b>	<b>4,149</b>

- CLM International grew 6% against Q3 FY 2019 and 8% YoY
- CLM domestic marginally down by 2% against Q3 FY 2019 and grew 36% YoY
- HRO exports marginally down by 3% against Q3 FY 2019 and grew 22% YoY
- HRO domestic grew 16% against Q3 FY 2019 and grew 19% YoY

## Summary – India Operations FY19

In INR Lakhs	FY 2018	FY 2019
Income from Services	12,878	15,317
Other Income	494	680
<b>Total Income</b>	<b>13,372</b>	<b>15,997</b>
Personnel and Operating expense	10,568	12,310
<b>EBIDTA</b>	<b>2,804</b>	<b>3,687</b>
<b>EBITDA (% of Income from Services)</b>	<b>21.8%</b>	<b>24.1%</b>
Depreciation	328	408
Interest (Income) /expense, net	(2)	(43)
<b>Profit before tax &amp; Exceptional item (PBTE)</b>	<b>2,478</b>	<b>3,322</b>
<b>PBT (% of Income from Services)</b>	<b>19.2%</b>	<b>21.7%</b>
<i>Exceptional Item</i>	-	1,307
<b>PBT</b>	<b>2,478</b>	<b>2,015</b>
<b>TAX</b>	<b>(421)</b>	<b>1064</b>
<b>PAT</b>	<b>2,899</b>	<b>951</b>
<b>PAT (% of Income from Services)</b>	<b>22.5%</b>	<b>6.2%</b>

### **FY19 vs FY18**

Revenue grew by 19% with strong growth in HRO & CLM domestic. EBITDA grew by 31% on account of higher revenue. PBTE higher on account of higher EBITDA.

One time impairment of investment in the US amounting to INR 13.1 cr resulted in lower PBT.

PAT lower on account of lower PBT, lower tax on account of accumulated losses and recognition of deferred tax credit in previous year

## Summary – Manila Operations Q4 FY19 and FY19

In INR Lakhs	Q4FY18	Q3FY19	Q4FY19
Income from Services	1,592	2,389	2,506
Other Income	56	-73	10
<b>Total Income</b>	<b>1,648</b>	<b>2,315</b>	<b>2,516</b>
Personnel and Operating expense	1,101	1,481	1,517
<b>EBIDTA</b>	<b>547</b>	<b>834</b>	<b>999</b>
<b>EBITDA (% of Income from Services)</b>	<b>34%</b>	<b>35%</b>	<b>40%</b>
Depreciation	12	24	23
Interest (Income) /expense, net	0	(1)	(1)
<b>PBT</b>	<b>535</b>	<b>811</b>	<b>977</b>
<b>PBT (% of Income from Services)</b>	<b>34%</b>	<b>34%</b>	<b>39%</b>
Tax	22	56	158
<b>PAT</b>	<b>513</b>	<b>755</b>	<b>819</b>
<b>PAT (% of Income from Services)</b>	<b>32%</b>	<b>32%</b>	<b>33%</b>

FY 2019	FY 2018	FY 2019
Income from Services	5,343	8,747
Other Income	132	-3
<b>Total Income</b>	<b>5,475</b>	<b>8,744</b>
Personnel and Operating expense	3,788	5,615
<b>EBIDTA</b>	<b>1,687</b>	<b>3,128</b>
<b>EBITDA (% of Income from Services)</b>	<b>32%</b>	<b>36%</b>
Depreciation	39	84
Interest (Income) /expense, net	56	(2)
<b>PBT</b>	<b>1,592</b>	<b>3,047</b>
<b>PBT (% of Income from Services)</b>	<b>30%</b>	<b>35%</b>
Tax	117	299
<b>PAT</b>	<b>1,475</b>	<b>2,748</b>
<b>PAT (% of Income from Services)</b>	<b>28%</b>	<b>31%</b>

### Q4 FY19 vs Q3 FY19 :

Revenue increased by 5%. EBITDA grew by 20%. PBT & PAT higher on account of higher EBITDA

### Q4 FY19 vs Q4 FY18:

Revenue increased by 74% and EBITDA by 157%. PBT and PAT higher on account of higher EBITDA

### FY19 vs FY18:

Revenue increased by 64% and EBITDA by 85%. PBT and PAT higher in line with higher EBITDA

## Summary – US Operations Q4 FY19 and FY19

In INR Lakhs	Q4FY18	Q3FY19	Q4FY19
Income from Services	1,326	349	364
Other Income	-	-	-
<b>Total Income</b>	<b>1,326</b>	<b>349</b>	<b>364</b>
Personnel and Operating expense	1,487	986	650
<b>EBIDTA</b>	<b>-161</b>	<b>-637</b>	<b>-286</b>
<b>EBITDA %(of Income from Services)</b>	<b>-12%</b>	<b>-182%</b>	<b>-79%</b>
Depreciation	12	7	5
Interest (Income) /expense, net	-7	2	21
<b>PBT</b>	<b>-166</b>	<b>-646</b>	<b>-313</b>
<b>PBT %(of Income from Services)</b>	<b>-13%</b>	<b>-185%</b>	<b>-86%</b>
TAX	69	0	(49)
<b>PAT</b>	<b>-235</b>	<b>-646</b>	<b>-263</b>
<b>PAT %(of Income from Services)</b>	<b>-18%</b>	<b>-185%</b>	<b>-72%</b>

In INR Lakhs	FY 2018	FY 2019
Income from Services	15,103	3,505
Other Income	-	-
<b>Total Income</b>	<b>15,103</b>	<b>3,505</b>
Personnel and Operating expense	12,858	5,680
<b>EBIDTA</b>	<b>2,245</b>	<b>-2,174</b>
<b>EBITDA %(of Income from Services)</b>	<b>15%</b>	<b>-62%</b>
Depreciation	84	34
Interest (Income) /expense, net	13	27
<b>PBT</b>	<b>2,148</b>	<b>-2,235</b>
<b>PBT %(of Income from Services)</b>	<b>14%</b>	<b>-64%</b>
TAX	710	(47)
<b>PAT</b>	<b>1,438</b>	<b>-2,187</b>
<b>PAT %(of Income from Services)</b>	<b>10%</b>	<b>-62%</b>

### Q4 FY19 vs Q3 FY19

Revenue marginally up. EBITDA loss lower due to provisions relating to legal cases in the US. PBT and PAT in line with EBITDA.

### Q4 FY19 vs Q4 FY18

Revenue lower due to AML. EBITDA, PBT & PAT lower on account of lower revenue

### FY19 vs FY18

Revenue lower due to AML. EBITDA, PBT and PAT lower on account of lower Revenue

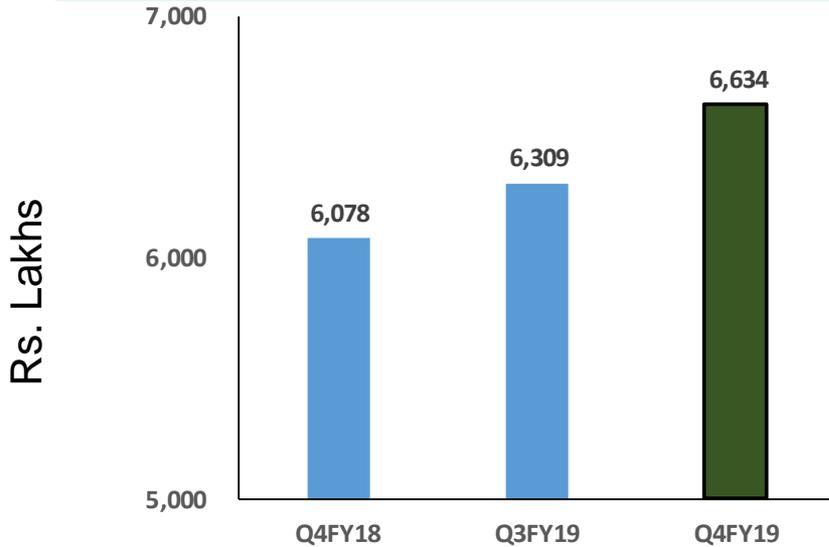
# Summary Consolidated Q4FY2019

In INR Lakhs	Q4FY18	Q3FY19	Q4FY19
Income from Services	6,078	6,309	6,634
Other Income	333	124	181
<b>Total Income</b>	<b>6,411</b>	<b>6,433</b>	<b>6,815</b>
Personnel and Operating expense	5,094	5,231	5,130
<b>EBIDTA</b>	<b>1,317</b>	<b>1,202</b>	<b>1,685</b>
<b>EBITDA %(of Income from Services)</b>	<b>21%</b>	<b>19%</b>	<b>25%</b>
Depreciation	108	139	136
Interest (Income) /expense, net	23	(2)	31
<b>Profit before tax &amp; Exceptional item (PBT)</b>	<b>1,186</b>	<b>1,066</b>	<b>1,518</b>
<b>PBTE %(of Income from Services)</b>	<b>18%</b>	<b>17%</b>	<b>22%</b>
Exceptional item			1,247
<b>PBT</b>	<b>1,186</b>	<b>1,066</b>	<b>271</b>
<b>TAX</b>	<b>(50)</b>	<b>322</b>	<b>458</b>
<b>PAT</b>	<b>1,236</b>	<b>744</b>	<b>-187</b>
<b>PAT %(of Income from Services)</b>	<b>19%</b>	<b>12%</b>	<b>-3%</b>

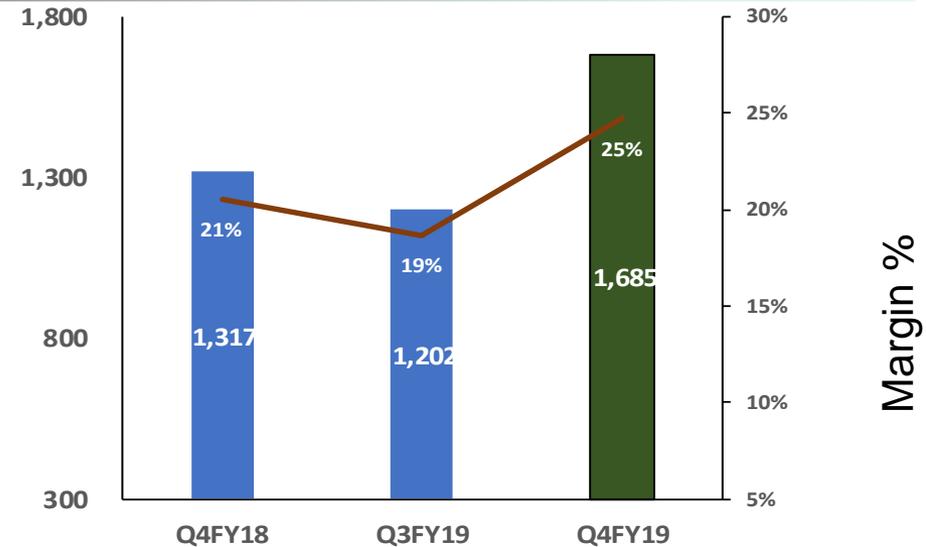
In INR Lakhs	FY2018	FY2019
Income from Services	32,496	26,116
Other Income	724	675
<b>Total Income</b>	<b>33,220</b>	<b>26,791</b>
Personnel and Operating expense	26,392	22,153
<b>EBIDTA</b>	<b>6,828</b>	<b>4,638</b>
<b>EBITDA %(of Income from Services)</b>	<b>21%</b>	<b>17%</b>
Depreciation	450	526
Interest (Income) /expense, net	19	(19)
<b>PBTE</b>	<b>6,359</b>	<b>4,130</b>
<b>PBTE %(of Income from Services)</b>	<b>19%</b>	<b>15%</b>
Exceptional item	-	1,247
<b>PBT</b>	<b>6,359</b>	<b>2,883</b>
<b>TAX</b>	<b>406</b>	<b>1316</b>
<b>PAT</b>	<b>5,953</b>	<b>2,814</b>
<b>PAT %(of Income from Services)</b>	<b>18%</b>	<b>11%</b>

# Summary – Consol Q4 FY19

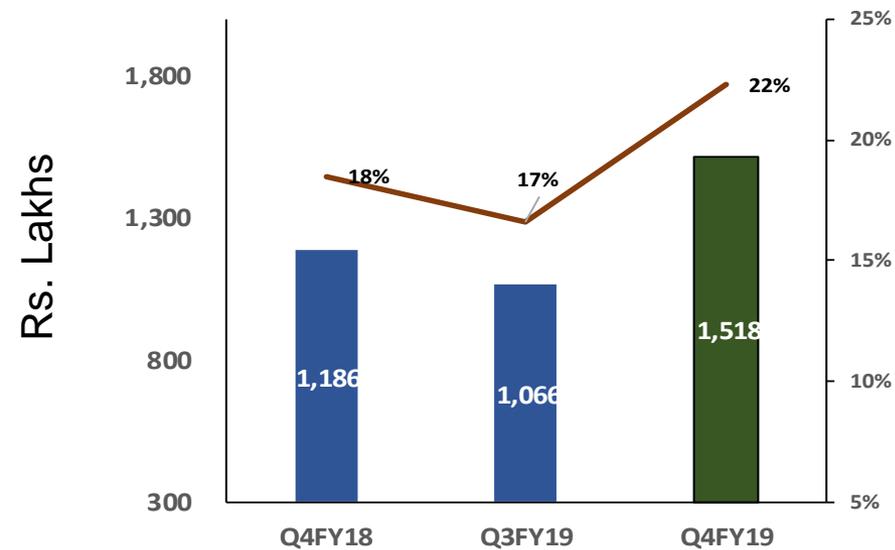
## Revenue from Operations



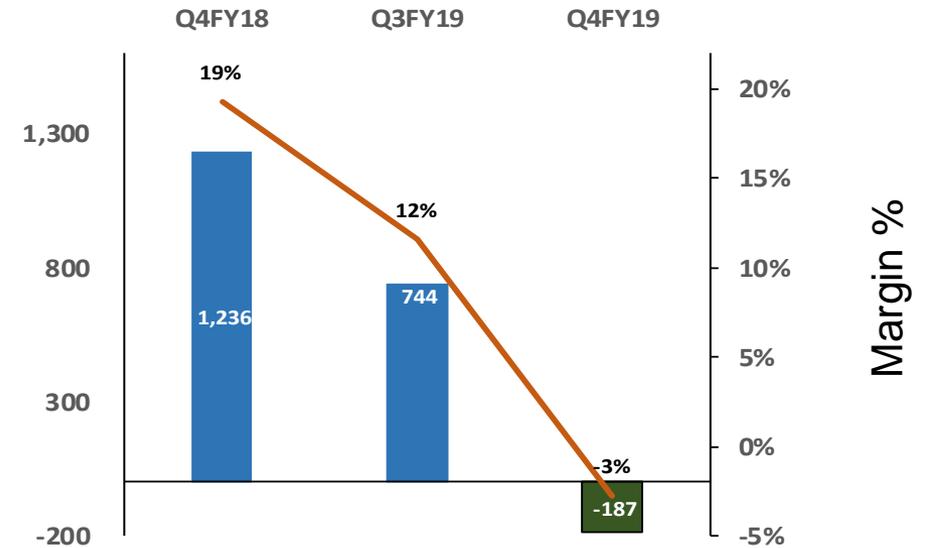
## EBITDA



## Profit Before Tax & Exceptional Item

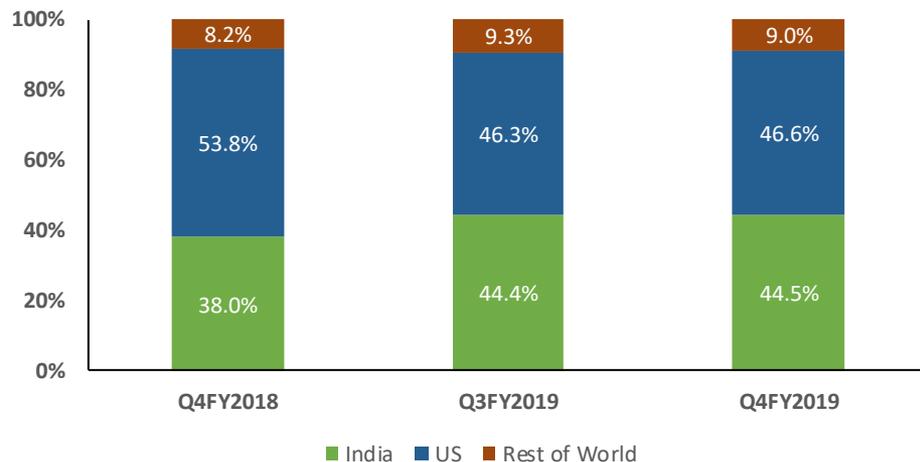


## Profit After Tax

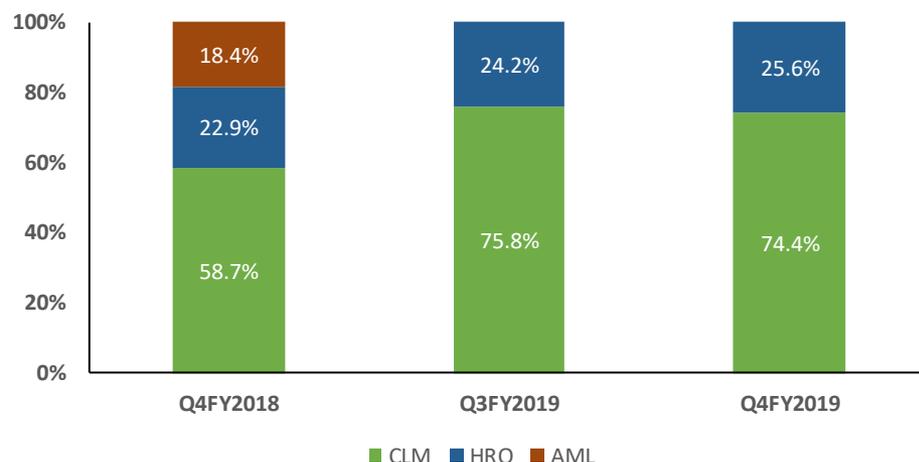


# Revenue – Consolidated

Revenue by Customer origination



Revenue by Segment



(IN INR Lakhs)	Q4FY2018	Q3FY2019	Q4FY2019
CLM	3,567	4,780	4,936
HRO	1,390	1,529	1,698
AML	1,121	-	-
<b>Total Revenue</b>	<b>6,078</b>	<b>6,309</b>	<b>6,634</b>

- *CLM QoQ had marginal growth of 3% and strong growth of 28% YoY*
- *HRO grew 10% QoQ and 18% compared to Q4 FY 2018*

	YTD FY 18	YTD FY 19
CLM	13,042	17,808
HRO	5,010	5,942
AML	14,444	2,366
<b>Total Revenue</b>	<b>32,496</b>	<b>26,116</b>

- *CLM grew 37% with strong growth in India Domestic and Manila International*
- *HRO grew 19% with growth coming from both International and Domestic customers*

**1. Significant events** ✓

**2. Performance Highlights** ✓

**3. Performance Review & Analysis** ✓

**4. Business Outlook**

# Business Outlook

- *HRO has strong momentum and will continue to do well with growth coming from both the HRO international and domestic markets.*
- *CLM India domestic business to sustain momentum. CLM International business likely to be stable*
- *Any volume in AML business is dependent on our ability to win new customers in this space.*