

Building lasting relationships

Investor Presentation

Q3FY21



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Contents

Company Overview

Q3FY21 Key Business Highlights

Financial Performance *(Q3 and 9 months FY21)*

Business segments update

Annexures

Company Overview

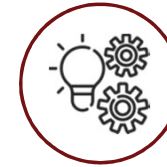
Global leader in outsourcing solutions



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



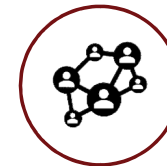
Listed at the **NSE & BSE**
(NSE: ALLSEC)



~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



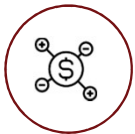
Customer Experience Management

- 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.
- **~4000** 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

Q3FY21 Key Business Highlights

Q3FY21 Highlights



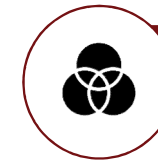
Financial

- **Sterling performance** in current quarter with both Revenue and EBITDA above pre-Covid levels of Q4 FY20 (excluding seasonal year end EBITDA from HRO).
- **Headcount:** 4216 as on Dec 31, 2020 an increase of 315 over Sep 30, 2020 and increase of 224 over March 31, 2020
- **P&L statement:**
 - Revenue up 6% QoQ with strong bounce back in the DBS Domestic business
 - EBITDA grew strongly and stood at ₹ **18.1 cr**, up 30% QoQ
 - PAT at ₹ **8.9 cr**, up 38% QoQ
- **Balance Sheet:**
 - **Cash and short term investments increased by ₹ 13.4cr** from Sep 2020 to ₹ 184.6 cr
 - **OCF / EBITDA at 96%**
 - **Strong collections** reducing total receivables from ₹ 37.5cr in September 2020 to ₹**36.5cr**
 - DSO reduced to 46 days from 50 days in September 2020



Corporate

- **Cost Optimisation:**
 - Indirect cost down 11% from Q1 FY21 and 3% from Q2 FY21
- **Technology and new business investment**
 - Smartpay product modernization proceeding as per plan with an initial release by Q1 FY22
 - A new SME focused HRMS product is expected to be ready for Beta test by mid Q4 FY21 and a tentative soft market launch by Q1 FY22
- **Sales and Customer focus:**
 - Won 26 new customers during Q3FY21 with ACV of ~ ₹ 5 cr including cross sell ACV of ₹ 1cr
 - Large deals currently under implementation with ACV worthy ~ ₹ 3cr will yield revenues from Q1 FY22.
 - Entered into a partnership with a Global IT Company to provide payroll services to their clients



Business

- **HRO:**
 - Added net **160,000+** payslips during Q3 FY21 reflecting the return of growth in this quarter which was muted in H1
 - EBIT margin improved 33% YoY to 35% in Q3'FY21
 - Multi-Country deal with a customer taking us to new Geographies – Singapore & Indonesia
 - Increasing traction on standalone Time and Attendance solutions
- **DBS:**
 - Domestic business continued its strong bounce back with a QoQ revenue growth of 32% which follows a 39% QoQ growth in previous quarter
 - Volumes from DBS International remained flat QoQ. We expect an improvement in Q4 FY21
 - Working on Insurance BPaaS offering for the US market leveraging Quess's North America Sales force and their InsureTech platform

Financial performance

Q3FY21 Financial Performance

Revenue:

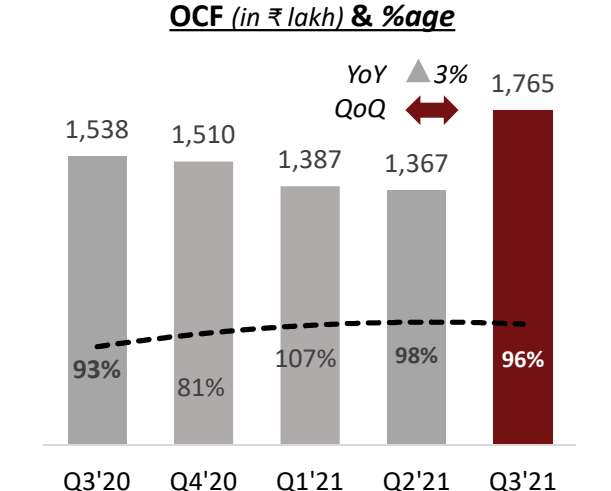
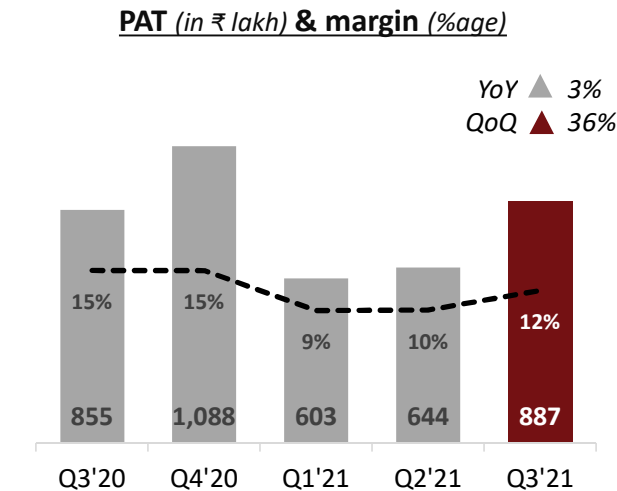
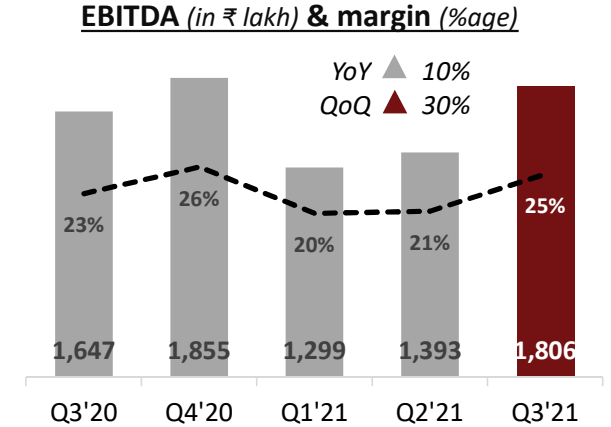
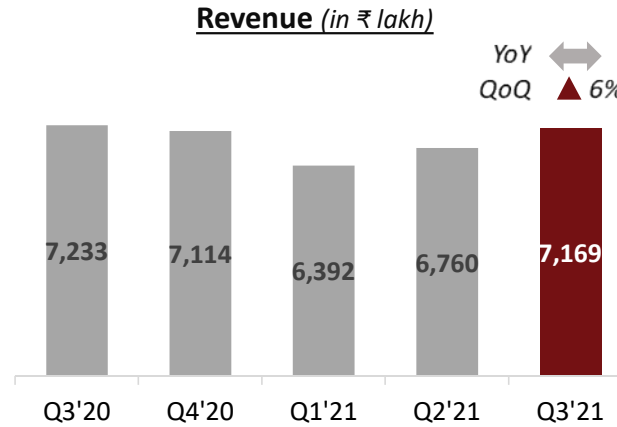
- 6% higher QoQ indicating a strong bounce back post Covid
- QoQ growth in DBS – Domestic 32%
- Revenue flat YoY and marginally ahead of Q4 20 reflecting pre-covid levels

Profitability:

- EBITDA up 30% QoQ due to higher revenues and lower MTM fx loss;
- YoY EBITDA up 10% and EBITDA excluding Covid expense of ₹ 1.2cr and MTM fx loss movement of ₹ 0.7 cr up 31%.

Cash Generation:

- Cash and short term investments increased by ₹13.4cr from Sep 2020 to ₹ 184.6cr
- OCF / EBITDA at 96%
- Strong collections reducing total receivables from ₹ 37.5cr in Sep 2020 to ₹ 36.5cr.
- DSO continued the reducing trend reflecting strong collections despite the ongoing pandemic and stood at 46 days as against 50 days in September 2020



9MFY21 Financial Performance

Revenue :

- 9% lower YoY with DBS down ₹ 21.0 cr and HRO up ₹1.3 cr
- Excluding the BOT revenues, YoY revenue down 5%

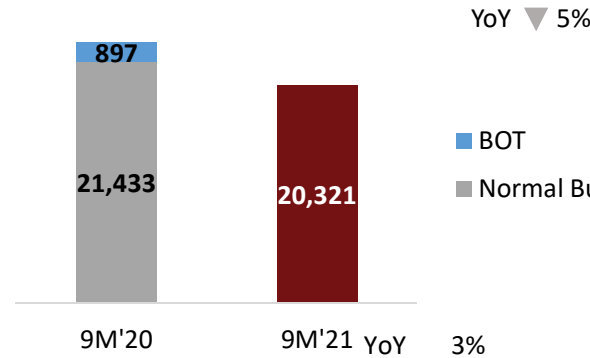
Profitability :

- EBITDA down 21% on account of lower revenue, Covid expense of ₹ 5.2cr and MTM fx movement impact of ₹ 2.8cr in 9M'FY21.
- Excluding Covid Expense and MTM fx, EBITDA down 7%
- Excluding the EBITDA from BOT revenues, YoY EBITDA up by 2%

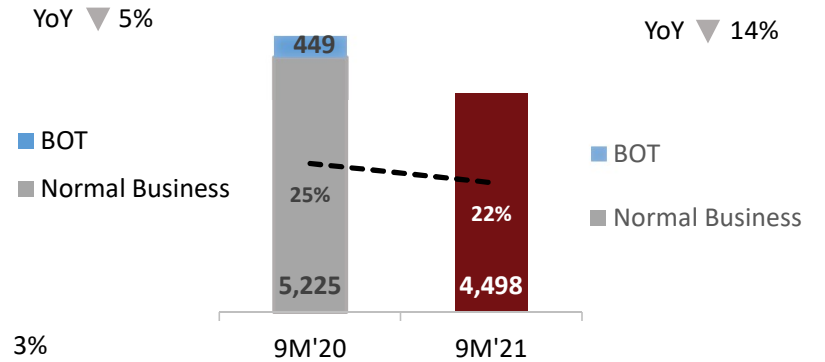
Cash Generation & Debt Reduction :

- Cash and short term investments increased by ₹ 27.0cr to ₹ 184.6cr from ₹ 157.6cr in March 2020.
- OCF conversion at 100% for 9M FY21
- Total receivables reduced from ₹ 45cr in March 2020 to ₹ 36.5 cr in December 2020.
- DSO reduced to 46 days from 56 days in March 2020

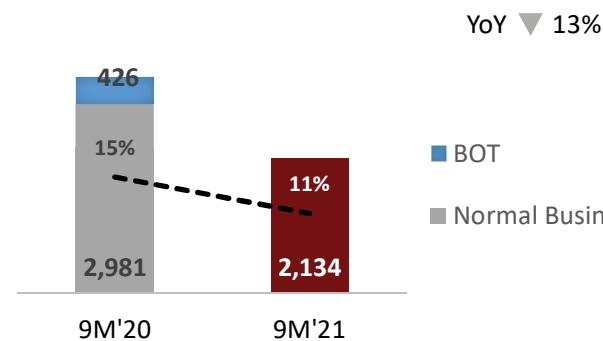
Revenue (in ₹ lakh)



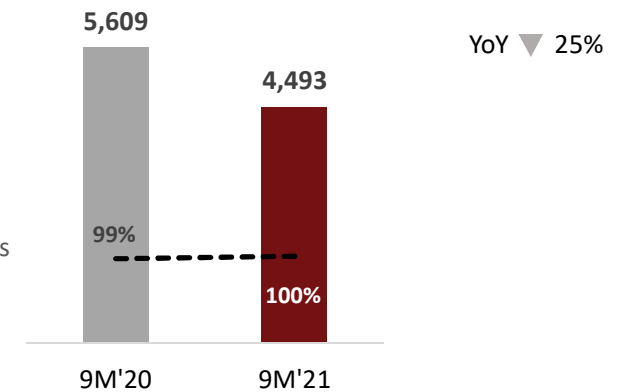
EBITDA (in ₹ lakh) & margin (%age)



PAT (in ₹ lakh) & margin (%age)



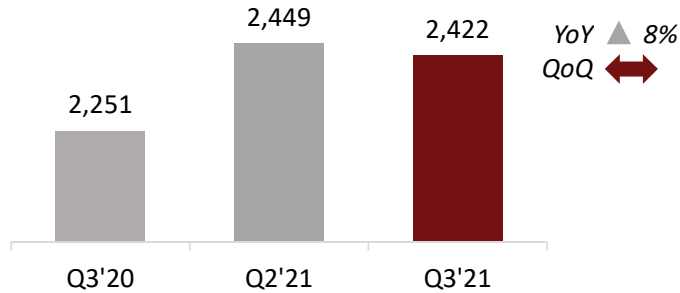
OCF (in ₹ lakh) & %age



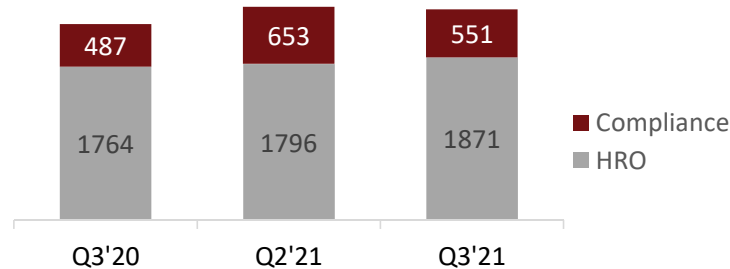
Business segment updates

Human Resource Operations (HRO) – Performance Snapshot

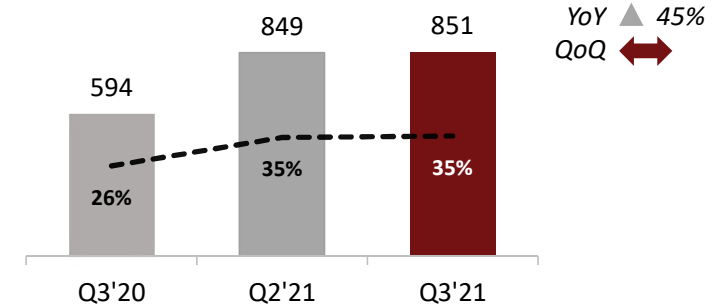
Revenue (in ₹ lakh)



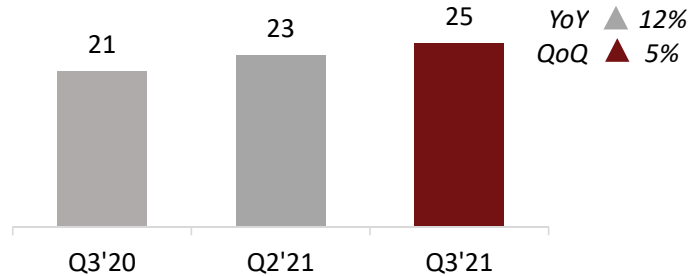
Revenue break-up (in ₹ lakh)



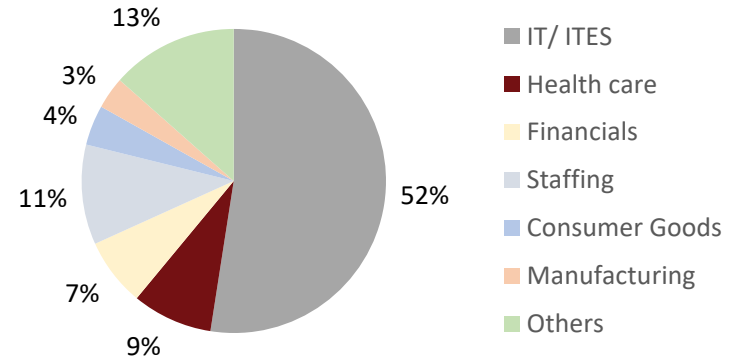
EBIT (in ₹ lakh) & margin (%age)



Payslips processed (in ₹ lakh)



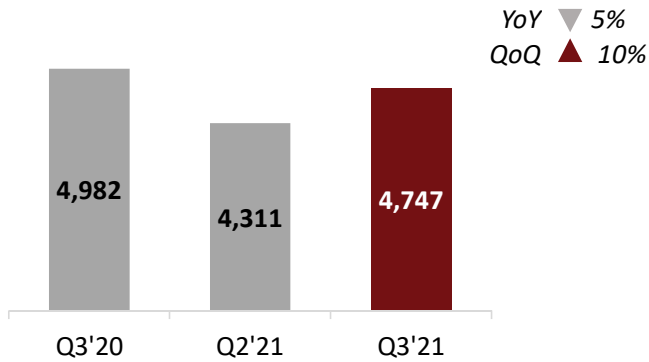
Vertical-wise revenue split (in ₹ lakh)



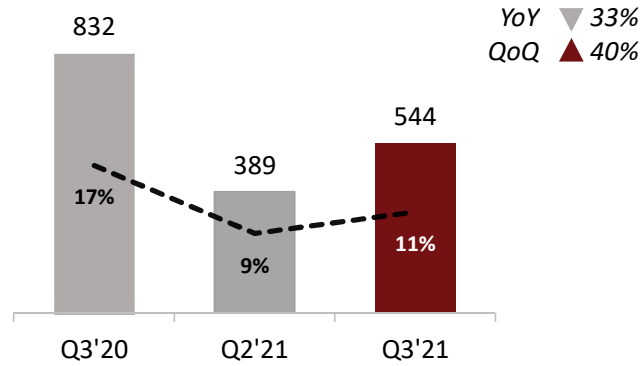
- Revenue remained flat QoQ, growth in international of 8% offset by marginal de-growth in domestic primarily in Compliance business. Q2 had seasonal revenues relating to various labour law registrations.
- EBIT remained flat in line with revenue
- Payslips processed grew 7% QoQ and 18% YoY

Digital Business Services (DBS) – Performance Snapshot

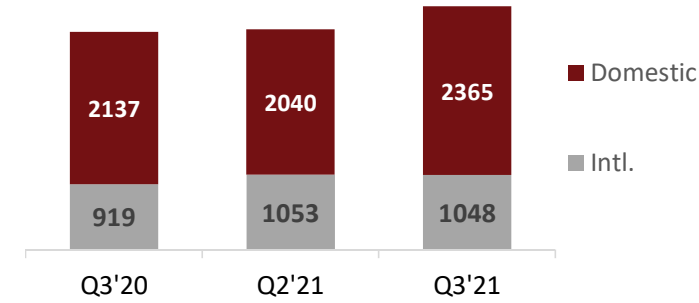
Revenue (in ₹ lakh)



EBIT (in ₹ lakh) & margin (%age)



Headcount break-up



- Revenue grew QoQ 10% with 32% growth in DBS Domestic business. DBS international remained flat QoQ.
- EBIT grew by 40% QoQ due to higher revenue in the domestic sector.
- EBIT down from Q3FY20 due to lower revenues and Covid related expenses amounting to ₹1.2 cr. in current quarter
- Total headcount increased to 3,413 up 10.3% QoQ. Domestic headcount was up 16% QoQ

Annexures

Income Statement

Consolidated Particulars	Quarterly			Var %		YTD Dec FY21		
	Q3 FY21	Q2 FY21	Q3 FY20	QoQ%	YoY %	9M FY21	9M FY20	YoY %
Revenue from Operations	7,169	6,760	7,233	6%	-1%	20,321	22,330	-9%
Less:								
Employee benefit expenses	(4,045)	(3,771)	(4,255)	7%	-5%	-11,388	-13,039	-13%
Other expenses	(1,318)	(1,596)	(1,331)	-17%	-1%	-4,435	-3,617	23%
Total expenses	(5,363)	(5,367)	(5,586)	0%	-4%	-15,823	-16,656	-5%
EBITDA	1,806	1,393	1,647	30%	10%	4,498	5,674	-21%
Other income	50	50	50	0%	0%	213	329	-35%
Finance cost	(37)	(82)	(44)	-55%	-16%	-155	-179	-13%
Depreciation & amortisation	(571)	(547)	(495)	4%	15%	-1,687	-1,477	14%
Earnings before exceptional item & tax	1,248	814	1,158	53%	8%	2,869	4,347	-34%
Exceptional item								
Earnings before tax	1,248	814	1,158	53%	8%	2,869	4,347	-34%
Tax	(361)	(170)	(303)	112%	19%	-735	-940	-22%
Profit after tax	887	644	855	38%	4%	2,134	3,407	-37%
EBITDA Margin	25.2%	20.6%	22.8%	459 bps	242 bps	22.1%	25.4%	-328 bps
PAT margin	12.4%	9.5%	11.8%	285 bps	55 bps	10.5%	15.3%	-476 bps
Basic & Diluted EPS (in ₹)	5.82	4.22	5.61	38%	4%	14.00	22.36	-37%

Balance Sheet

Particulars	31-Dec-20	31-Mar-20	Var %
Non-Current Assets			
Property Plant & Equipment	523	880	-41%
Other Intangible Assets	559	333	68%
Right of Use Assets	1,314	2,227	-41%
Other Non Current Assets	3,334	3,254	2%
	5,730	6,695	-14%
Current Assets			
Current Investments	3,738	3,339	12%
Cash & Cash equivalents	14,724	12,420	19%
Trade receivables	3,646	4,502	-19%
Unbilled revenues	1,441	1,382	4%
Other current assets	496	582	-15%
	24,045	22,224	8%
Total Assets	29,775	28,919	3%
Equity & Reserves	25,138	22,807	10%
Non-Current Liabilities			
Lease liability	607	1,311	-54%
Other non-current Liability	571	467	22%
	1,178	1,778	-34%
Current Liabilities			
Lease liability	784	1,013	-23%
Trade Payables & Other current liabilities	2,675	3,321	-19%
	3,459	4,334	-20%
Total Equity & Liabilities	29,775	28,919	3%

Thank you