

22nd October, 2020

BSE: 532633 | NSE: ALLSEC | ISIN: INE835G01018 | CIN: L72300TN1998PLC041033 | WWW.ALLSECTECH.COM

Strong Cash generation and steady performance through uncertain times

Chennai, India – 22nd October 2020: Allsec Technologies, a global leader in outsourcing solutions announced its financial results for the **second quarter (Q2 FY21) and Half year (H1 FY21)** ended 30th September 2020.

Highlights include:

- Strong rebound in revenues with 6% growth over Q1'FY21, while continuing operational profitability improvements
- Robust cash delivery with 98% OCF/EBITDA conversion and DSO down QoQ from 60 days to 50 days
- Acceleration of investments in technology and automation initiatives

Key financial highlights

In ₹ Lakhs

Particulars	Q2FY21	Q1FY21	QoQ(%)	Q2FY20	YoY%	H1FY21	H1FY20	YoY(%)
Revenue	6,760	6,392	6%	7,905	(14%)	13,152	15,097	(13%)
EBITDA before Covid exp & MTM fx	1,748	1,727	1%	2,117	(17%)	3,475	4,053	(14%)
Covid expense	(148)	(252)	(41%)	-	-	(400)	-	-
MTM FX Gain / (loss)	(207)	(176)	18%	-		(383)	(26)	
EBITDA	1,393	1,299	7%	2,117	(34%)	2,692	4,027	(33%)
EBITDA Margin %	21%	20%	28 bps	27%	(617)bps	20%	27%	(621)bps
PBT	814	807	1%	1,711	(52%)	1,621	3,189	(49%)
PAT	644	603	7%	1,344	(52%)	1,247	2,552	(51%)
PAT Margin %	10%	9%	9 bps	17%	(747)bps	9%	17%	(742)bps
Diluted EPS (in ₹)	4.22	3.96	7%	8.82	(52%)	8.19	16.74	(51%)

The uncertainty around covid-19 pandemic persisted in Q2, although to a lesser extent compared to Q1. In India, lockdowns in Chennai and Bengaluru at various stages impacted operations especially in the month of July and August. Manila continued to be under General Community Quarantine (GCQ) with restrictions on public transport and strict social distancing norms. However, we have seen signs of growth and an increase in volumes during the quarter.

We have also renamed the Customer Lifecycle Management business as **Digital Business Services (DBS)**, reflecting the evolving digital aspects of this business, which includes utilization of RPAs, Chatbots, AI and ML tools to better support our customers.

Q2 FY21 Financial Highlights:

- **Quarterly Revenue** was higher by **6% QoQ**.
 - The **Digital Business Services (DBS)** segment revenue was higher by 6% QoQ, at ₹43.11 cr.
 - The **Human Resource Operations (HRO)** segment revenue grew by 6% QoQ to ₹24.50 cr.
- **Quarterly EBITDA** was higher by 7% QoQ, at ₹ 13.9 cr
- **Quarterly Profit after Tax (PAT)** stood at ₹6.44 cr for Q2 FY 21.
- **Diluted Earnings Per Share (EPS)** stood at ₹4.22 for Q2 FY 21.
- **OCF conversion** at 98%

Business Update

➤ **Digital Business Services (DBS) (Customer Lifecycle Management):**

- The International business revenue was down 4% QoQ, to ₹29.6 Cr. The business continues to face lower volumes especially in the collections business in the US.
- Revenue of the Domestic business was up 39% QoQ, to ₹13.5 Cr. This business has bounced back in terms of volumes in Q2 FY21. However, challenges with respect to transportation of employees and additional capacity to manage social distancing norms are impacting the profitability.
- Headcount stood at 3,093 employees, up 439 employees compared to the previous quarter. Domestic headcount was up 30% QoQ

➤ **Human Resources Operations (HRO):**

- The Domestic business grew 5% QoQ to ₹19.3 Cr.
- The International business grew 9% QoQ to ₹5.2 Cr.
- 32 new customers were added in the quarter
- Payslips processed grew 4% QoQ to 23 lakh

Commenting on the performance, Mr. Suraj Moraje, Non-Executive Director said, “The Company has delivered growth amidst a challenging environment, with strong customer introduction momentum in the HRO business and a rapid recovery trajectory in the DBS business. We believe Allsec is well-poised for continued growth, and remain committed to investing in digitization and sales capabilities to further competitive advantage”

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 ~ 3,900 employees across India, UK, Philippines and the US, Allsec processes more than 7.5 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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