



**ALLSEC
TECHNOLOGIES
LIMITED**

Annual Report
2011 ~ 12



Board of Directors

Dr. Bala.V. Balachandran
Mr. T.Anantha Narayanan
Mr. A.Sankarakrishnan
Mr. Mahesh Parasuraman
Mr. Manish Gaur
Mr. A.Saravanan
Mr. R.Jagadish

Chairman
Director
Director
Investor Nominee
Investor Nominee
Director & President
Director & CEO

Management Team

Mr. R.Vaithyanathan
Mr. K.Narasimhan
Mr. C.Mahadevan
Mr. Saravanan Thambusamy
Mr. C.S.Bapaiah

Senior Vice President - Operations & HR
Vice President - Finance
Vice President - HR BPO
Vice President - Technology
Vice President - HR

AGM Legal & Company Secretary

Mr. A. Mohan Kumar

Auditors

S.R. Batliboi & Associates
Chartered Accountants
Chennai

Registered Office

7H Century Plaza,
560-562 Anna Salai
Teynampet, Chennai 600 018.

Corporate Office

46B Velachery Main Road
Velachery, Chennai 600 042.

Bankers

- Canara Bank
- HDFC Bank

Registrars & Transfer Agents

KARVY Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081



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Notice is hereby given that the 13th Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Thursday the 2nd August, 2012 at Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600018 to transact the following business:

Ordinary Business:

1. To consider and adopt the Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the period ended 31st March 2012 along with the Schedules, the report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. R Jagadish who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. A. Sankarakrishnan who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution;

“RESOLVED THAT M/s. S. R. Batliboi & Associates (Firm Registration No.: 101049W), Chartered Accountants, the retiring auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be decided by the Board of Directors plus reimbursement of actual travel and other out-of-pocket expenses.”

Special Business:

5. To consider and if thought fit to pass with or without modification the following resolution as on Ordinary Resolution:

“RESOLVED THAT Mr. Manish Gaur, a Director who was appointed as an Additional Director and who holds office as such upto the date of Thirteenth Annual General Meeting of the Company and in respect of whom Notice under section 257 of Companies Act, 1956 have been received from the member signifying the intention to propose Mr. Manish Gaur as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company and not liable to retire by rotation.”

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members of the Company and Transfer Books thereof will be closed from 30th July 2012 to 2nd August 2012 (both days inclusive).

3. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS facility is available. Hence, the members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, ECS mandates, power of attorney, change of address/ name, etc., to their depository participant only and not to the Company's Registrar and Transfer Agent. Changes intimated to the depository participant will help the Company and its Registrars to provide efficient and better services to the Members.
4. As per the Circular No.17/95/2011 CL-V dated 21st April 2011 issued by the Ministry of Corporate Affairs, to facilitate the Green Initiative in the Corporate Governance, share holders are allowed to receive the Notice/Documents like Annual report, etc through electronic mode i-e: to their e-mail address registered with the Company/Depository participant.

In line with the above initiative by the Ministry of Corporate Affairs, all the members are requested to update their email address on their respective depository account with the depository participant to provide better service at all times.

5. The proxies appointed, should bring their attendance slips sent herewith, duly filled in, for attending the meeting.
6. Members are requested to note that dividend not encashed or claimed within seven years from the date of transfer to the Company's unpaid dividend account, will, as per section 205A of the Companies Act, 1956 be transferred to the Investor Education and Protection Fund (IEPF). The detail of unpaid/ unclaimed dividend which shall be transferred to the IEPF during the year 2005-2006 is as follows:

Financial Year	Date of Declaration of Dividend	Last Date of Claiming unpaid dividend	Due Date for Transfer to IEPF
2005-2006	10 th July 2006	9 th July 2012	8 th August 2012

Members who wish to claim dividends, which remain unclaimed, are requested to either correspond with the Company Secretary at the Company's registered office or the Company's Registrar and Share Transfer Agent M/s. Karvy Computer Share Private Limited, Karvy House, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.

By Order of the Board

Place : Chennai,
Date : May 14, 2012

A. Mohan Kumar
Company Secretary

Registered Office :

7H, Century Plaza, 560-562, Anna Salai, Teynampet, Chennai 600 018.

**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No 5:**

Mr. Manish Gaur was appointed as an Additional Director by the Board of Directors at their meeting held on 2nd February 2012. The Additional Director appointed shall hold the office only up to the date of the Next Annual General Meeting of the Company. The Company has received a notice under section 257 of Companies Act, 1956 from member of his intention to propose the Candidature of Mr. Manish Gaur as Director of Company and shall not liable for retire by rotation.

Hence the proposed resolution. The Directors recommend that the resolution be passed.

None of the Directors except Mr. Manish Gaur is concerned or interested in the resolution.

Annexure to Item No.2 & 3 of the Notice

**Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mr. R. Jagadish	Mr. A Sankarakrishnan
Date of Birth	05-May-1962	27-October-1942
DIN	00033589	0054462
Date of Appointment on the Board	24-August-1998	23-July-2005
Qualifications	B.Sc. (Physics), Chartered Accountant, from Institute of Chartered Accountants of India and A Management Accountant from the Institute of Management Accountants, London	B.E. Mechanical
Shareholding in Allsec	23,20,081 Equity Shares of Rs.10/- each	NIL
List of Directorship held in Companies	Allsec Technologies Limited Allsectech Inc., - USA Allsectech Manila Inc., - Philippines Retreat Capital Management Inc., - USA	Allsec Technologies Limited India Cements Capital Limited India Cements Investment Services Limited The India Cements Limited Trinetra Cements Limited (Formerly known as Indo Zinc Limited)
Nature of expertise in specific functional areas	He has over 23 years of experience in enterprise creation and corporate management, which he has effectively used whilst being the co-promoter of the Allsec Group of Companies. As the Chief Executive Officer and Whole Time Director, he is responsible for the day to day operations of the Company. The Reappointment of Mr. R.Jagadish retiring by rotation will not alter terms of his appointment and the original terms of his appointment as Whole Time Director approved by the shareholders of the Company in the Extra-Ordinary General Meeting held on 8 th March 2010 remains unchanged.	He is a graduate from Guindy Engineering College, Chennai. He joined as Graduate Engineer in India Pistons Limited, a leading automobile ancillary manufacturing industry in the year 1965 and was elevated to the level of Executive Director in the year 1984. He joined as Managing Director in Kone Elevator India Pvt. Ltd., a leading manufacturing industry, a wholly owned subsidiary of Kone Corporation Finland in the year 1992. He led the modernization initiatives in Kone Elevators and was instrumental in turning Kone from sick to healthy, with a 40% market share. He retired from Kone in 2011.

Place: Chennai
Date : May 14, 2012

Registered Office:

7H, Century Plaza, 560-562, Anna Salai,
Teynampet, Chennai 600 018.

By Order of the Board

A.Mohan Kumar
Company Secretary

Financial Highlights



ALLSEC TECHNOLOGIES LIMITED

(Rs. in millions)

	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
A. Profit and Loss Account					
Income from services	990.16	964.92	1,220.80	1,415.44	1,247.10
Other income	50.10	133.55	107.07	35.77	50.50
Total income	1,040.26	1,098.47	1,327.87	1,451.21	1,297.60
Gross Profit before Interest, depreciation & Tax (EBITDA)	(24.08)	18.06	37.02	68.64	(32.80)
Depreciation & Amortisation	83.90	84.48	101.42	103.38	107.90
Profit before interest & tax	(107.98)	(66.42)	(64.40)	(34.74)	(140.70)
Interest	2.58	3.81	3.74	4.71	6.30
Profit before taxation	(110.56)	(70.23)	(68.14)	(39.45)	(147.00)
Profit after taxation	(135.50)	(72.28)	(68.14)	(39.45)	(147.00)
B. Balance Sheet					
Net fixed assets	291.44	266.67	356.99	358.82	313.10
Investments	793.24	453.81	271.59	425.29	311.80
Net current Assets	424.36	721.01	764.46	557.51	576.20
Total	1,509.04	1,441.49	1,393.04	1,361.62	1,201.10
Share Capital	152.38	152.38	152.38	152.38	152.38
Reserves & Surplus	1,352.99	1,283.19	1,215.06	1,175.60	1,028.72
Net Worth	1,505.37	1,435.57	1,367.44	1,327.98	1,181.10
Loan funds	3.67	5.92	25.60	33.64	20.00
Total	1,509.04	1,441.49	1,393.04	1,361.62	1,201.10
C. EPS (in Rs.)	(8.89)	(4.74)	(4.47)	(2.59)	(9.64)
Diluted EPS (in Rs)	(8.89)	(4.74)	(4.47)	(2.59)	(9.64)
Book Value per share	98.79	94.21	89.74	87.15	77.50
Capital employed	1,509.04	1,441.49	1,393.04	1,361.62	1,201.10
Return on Capital Employed (ROCE in %)	-7%	-5%	-5%	-3%	-12%
Return on Networth (RONW in %)	-7%	-5%	-5%	-3%	-12%
Fixed Assets Turnover (No of times)	3.40	3.62	3.42	3.94	3.98
Working Capital Turnover (No of times)	2.33	1.34	1.60	2.45	2.16
EBITDA as a % of total income	-2%	2%	3%	5%	-3%
Net Profit (Loss) as a % of total income	-13%	-7%	-5%	-3%	-12%



The work culture at Allsec is one of growth, innovation and progress with a diversified workforce that drives customer and client satisfaction. Our success is the success of our employees and our growth depends upon how we continually deliver consistent and reliable world class services to all our clients and their customers. This continuing success story begins in recruiting the right manpower with the right attitude that moves on to achieve huge milestones both in the International and Domestic segments.

The key client expectations and our business goals are achieved by identifying and aligning specific skills, knowledge, values and attitude of our dedicated manpower. Our well-structured HR processes have attracted a large number of talented young people from the resource pool available in India, Philippines and the US. Through a highly structured career path, cross-functional opportunities and performance-oriented incentives, our employees are highly motivated which enables us to retain talent.

Talent Engagement and Management

We recognize the importance of a “Warm and Cordial Welcome” during the induction process for new employees, which helps them settle into the system comfortably. The Induction program facilitates the new hires by familiarizing them with other employees/peer group, the environment, the role and the Company’s business activities and policies. During the current year, the Induction and Onboarding policy was completely revamped, enabling us to focus on the nesting period of new hires.

As a team, we have experienced that Employee Engagement is about creating opportunities for employees to connect with their peers, subordinates and supervisors. This in turn helps them to bond and align with the wider organization. It also creates an environment where employees are motivated to connect with their work and go the extra mile in bringing a smile to our client’s customers.

With over a decade of experience servicing a multitude of clients, handling millions of transactions, our workforce has evolved by bringing changes to old methods, techniques in improving client satisfaction & driving customer focus on the work floor. Our accreditations stand testimony to the fact that Allsec is a worthy and strategic business partner. We have established this by encouraging different awards to our employees. The awards have been given in a ceremony in which top-level executives present these awards to the recipients.

Corporate Health & Wellness

We believe that “Health is Wealth” and a healthy workforce is one that ensures that everyone has a sense of well being and this in turn aligns with the Organisational objective of providing our employees with a healthy work environment where productivity is at its best. An online mailer was developed to provide employees with the tips on healthy eating, personal hygiene and habits and general tips on stress management. The positive response from our employees to the Corporate Wellness Program has resulted in Free Dental Checks, Free Acupuncture camps and Stress Management workshops conducted by specialists, which benefited all.

We have also concentrated on helping the new hires counter the initial demands of working in shifts. As many of the new employees are coming into BPO industry for the first time, this activity becomes critical and helps them to perform better in the existing work environment.

Festival Celebrations

To cater to our diversified workforce, numerous events and activities were organized by the HR team during the festive seasons to engage employees and these events were celebrated as a big family occasion in our respective centers. There was active participation across all centers that helped conduct all events by reliving the traditions and customs associated with each one of them. The events ranged from Mega Dance competitions to Dandiya nights to Navarathri Golu and music competitions. Every employee at Allsec actively participated in the celebrations at all our centers and these events were extensively covered in “Beyond Calling”, our internal magazine.

Celebrating a separate week called Esha Week, especially for our women employees was a first time initiative focusing particularly on the issues faced by working women. The major touch points were building inner resilience in women, managing stress at work and enabling to create work life balance.

Corporate Social Responsibility

Allsec has always been active in Corporate Social Responsibility initiatives and Community Outreach activities.

Following activities were held during this year:

- Blood donation camps
- Book donation for children

There was excellent participation from our employees for these initiatives.



Directors Report

The Directors have pleasure in presenting to you the 13th Annual Report of the company covering the financial year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Income from Services	1,247.1	1,415.4
Other Income	50.5	35.8
Total Income	1,297.6	1,451.2
Profit/(Loss) before Interest, Depreciation & Tax (EBITDA)	(32.8)	68.6
Depreciation & Amortisation	107.9	103.3
Profit/(Loss) before interest & tax	(140.7)	(34.7)
Interest & Finance charges	6.3	4.7
Profit/(Loss) before taxation	(147.0)	(39.4)
Profit/(Loss) after taxation	(147.0)	(39.4)
Profit/(Loss) brought forward	(192.6)	(153.2)
Surplus/(Deficit) carried forward to Balance Sheet	(339.6)	(192.6)

Dividend

Due to the loss incurred during the year, the Board of Directors of your Company does not recommend any dividend for the Financial Year 2011-12.

Business Outlook

The company was able to clock higher revenues in the domestic market during the year, growing by over 15%. However the Company is in the process of repricing of all the Domestic Contracts, so that all contracts are profitable. Your company's focus on profitability will yield better results in the coming years.

During this year, there is a reduction of exports revenue by 40%, though this was compensated by a huge increase in Domestic business. Drop in exports revenue is mainly due to market conditions in USA not improving during the year. The new businesses which we got have only gone to backfill lost business during last year and this has resulted in a reduced revenue growth from USA, which has always been our dominant market.

Even though economy in US and UK is not showing definite signs of improvement, we believe we will see

significant growth in the next few years. With additional focus on business development in US, your company believes that growth in business from the US and UK is achievable in the years to come.

Due to a sharp reduction in exports revenue during the year, which is our main strength, the results for the year have been below par as can be seen above. In the last quarter of 2010-11, your company lost one of the top clients from USA which has affected our performance very badly. During the year, your Company has added a few clients and also increased volumes with existing clients. Your company is also in talks with existing clients to explore new opportunities and we are very confident to get back to the old days of higher exports and profitability. Your company is currently exploring opportunity in specific verticals like Mortgage and Health Care Industries in the US Market.

Acquisition of Retreat Capital Management Inc last year seems a right step taken by your Company and the results of Retreat are very encouraging as can be seen from the consolidated results. The growth potential looks good and in the coming years, the contribution to Profit from Retreat business will be substantial. Your company has also added few clients in the mortgage non voice space and with Retreat's domain knowledge, business growth in this vertical can be achieved in coming years.

The company is continuing to pursue growth through the organic route in both the markets and see very good traction for growth in both US and Domestic Markets. The company has delivery centers in USA, India and Manila for the international segment and has Domestic delivery centers in major cities in India. It has the capability to offer delivery in multiple Indian languages.

Manila centre was acquired in 2009 and has a seat capacity of around 600. This is a strategic centre for our business as many of US Clients prefer Manila as a Delivery Centre. Due to overall market conditions in USA, our business is affected which has resulted in loss situation in Manila centre also. With increased possibility of billing from existing and new clients in the current and future years, we feel the loss situation in Manila centre will be reversed. In the view of Management, the investment made in our Manila Centre (wholly owned subsidiary) of Rs.102 Million and the advances recoverable given to them amounting to Rs.122.50 Million do not require any adjustments in the stand alone financials as of now. The Auditors have made an observation vide para 4 in their Report regarding this and this may be treated as our explanation.

The Company has not made provisions towards certain Receivables aggregating to Rs.61.3 Million in respect of two foreign customers, where amounts are substantially overdue. On the basis of available information and regular confirmation of balances from



customers showing their intent to pay the same, the Company is confident of recovering the entire amount and therefore not made any provision in the books of accounts. The Auditors have however made an observation vide para 5 in their Report regarding this and this may be treated as our explanation.

Quality & Information Security

The vision of Quality and Information security at Allsec is to institutionalize excellence in quality of service and security of data of Clients, customers and Organization by developing and deploying simple, efficient and effective processes using the latest Quality models in accordance with ISO 9001:2008 interlined with data security controls prescribed by International standards such as ISO 27001:2005. As part of its continuous improvement program, your Company is recertified for ISO 9001:2008 (Quality Management System) and ISO 27001:2005 (Information Security Management). To take this to next paradigm, your company is recertified for PCI DSS and accomplished compliance with HIPAA for service delivery locations in India.

During the current year, in addition to the existing PCI DSS and HIPAA compliance at Manila, your company has achieved PCI DSS certification for service delivery location at Dallas in US. Further, existing SAS 70 Type II certification for HR BPO services is graduated to ISAE 3402 certification in line with the new International auditing standard to realize higher levels of maturity and be consistent with business and market needs in HR outsourcing.

Disclosure as per Securities and Exchange Board of India (Employees Stock option Scheme and Employee Stock Purchase Scheme) Guidelines, 2011

The details are given in Annexure–A to Directors Report.

Responsibility Statement

Your Directors confirm the following:

- (i) That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets

of the company and for preventing and detecting fraud and other irregularities;

- (iv) That the directors had prepared the annual accounts on a going concern basis.

Subsidiaries

The company has three subsidiaries as at year end namely Allsectech Inc, USA, Allsectech Manila Inc., Philippines and Retreat Capital Management Inc, USA.

A Statement containing brief financial particulars of the subsidiary companies for the year ended 31st March, 2012 is included in the Annual Report. The Consolidated Financial Statements of the Company and its Subsidiaries prepared in accordance with Accounting Standard AS-21 form part of the Annual Report and Accounts.

The Annual Accounts of the said subsidiaries and the related detailed information will be made available to the investors of the Company/Subsidiaries, seeking such information at any point of time. The copies of Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Corporate Office of the Company.

Deposits:

Your company has not accepted any deposit from the public during the period under review and did not have any outstanding deposits.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Your Company being in the Information Technology Enabled Services (ITES), the provisions relating to conservation of energy and technology absorptions are not applicable. The details of the earnings and expenditure in foreign currency are given below:

Particulars	INR (Millions)
Earnings in Foreign Currency	408.1
Expenditure in Foreign Currency	60.1
Remittance of Dividend in Foreign Currency	NIL

Directors

Mr. R. Jagadish and Mr. A. Sankarakrishnan, Directors retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Manish Gaur representing M/s. First Carlyle Ventures Mauritius, was appointed as additional director on 13th October, 2011. The Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose Mr. Manish Gaur as a candidate for the office of Director and accordingly a resolution will be placed before the members at the forthcoming Annual General Meeting.

**Corporate Governance**

A Report on Management Discussion & Analysis of Performance and Compliance of Corporate Governance under Clause 49 of the listing agreement & Certificate from Auditors confirming compliance of conditions of Corporate Governance is included in this Annual Report.

Investor Services

Your company will constantly endeavor to give the best possible services to the investors. Towards this end, the following are some of the initiatives taken by the Company:

The investor Information section of the Website of the Company (www.allsectech.com), furnishes important financial details and other data of frequent reference by the investors. The Company also has a Shareholders/ Investors Relation Committee to address shareholders grievances if any and resolve them as & when they are highlighted.

The Company has provided an exclusive email id: investorcontact@allsectech.com for the investors to facilitate the redressal of the queries and complaints of the investors.

The Company has appointed M/s Karvy Computershare Pvt Ltd as Registrars & Share Transfer Agents for attending to issues relating to physical shares and routine services requests.

Shareholders can also address any unresolved issues or information requests by postal mail to - The Company Secretary, Allsec Technologies Limited, 46B, Velachery Main Road, Velachery, Chennai - 600 042.

Shareholders are requested to update their email addresses with their respective depository participants so that the Company can provide better services at all times.

Auditors

M/s. S.R.Batliboi & Associates, Chartered Accountants were re-appointed as Auditors of the company at the annual general meeting held on 4th August, 2011. M/s. S.R.Batliboi & Associates retire at this Annual General meeting and being eligible offers themselves for re-election.

Employees

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended regarding the employees, is given in the Annexure to the Directors' Report. However, as per the provisions of Section 219 of the Companies Act, 1956, the Report and Accounts are being sent to all the members of the Company, excluding the aforesaid information. The said information would be filed with the Registrar of Companies and also would be available for inspection by the members at the Corporate Office of the Company. Any member interested in obtaining such particulars may also write to the Company Secretary, Allsec Technologies Limited, 46B, Velachery Main Road, Velachery, Chennai 600042.

Acknowledgement

Your Directors wish to place on record their appreciation for the excellent support and co-operation given by customers, shareholders, service providers and Government Agencies.

Your Directors also record their appreciation and gratitude to Financial Institution and Bankers for their continued support and timely assistance in meeting the Company's resource requirements. Your Directors acknowledge the dedicated services rendered by all the employees of the company.

For and on behalf of the Board of Directors

A. Saravanan
Director

R. Jagadish
Director

Place: Chennai
Date : May 14, 2012



Disclosure as per Securities and Exchange Board of India (Employees Stock option Scheme and Employee Stock Purchase Scheme) Guidelines, 2011

Employees Stock Option Schemes

The Compensation Committee of the Board authorized the grant of the following options to the eligible employees in terms of the relevant schemes. Upon exercise, the holders of each stock option are entitled to one equity share.

Date of Grant	ESOS 2010	Exercise Price (per option)
August 4, 2010	390,000	Rs.45.05

Descriptions	ESOS 2010
a. Options granted	390,000
b. The pricing formula	At the Market Price
c. Options vested	NIL
d. Options exercised	NIL
e. The total number of shares arising as a result of exercise of options	NIL
f. Options Cancelled	NIL
g. Options lapsed	47,000
h. Variation of terms of options	N.A
i. Money realized by exercise of options	NIL
j. Total number of options in force	343,000

k. Employee wise details of options granted to :

(i) Senior Managerial Personnel :

Name	Designation	No. of Options granted under ESOS 2010
Mr.R.Vaithyanathan	Senior Vice President - Operations & HR	25,000
Mr.C. Mahadevan	Vice President - HR BPO	20,000
Mr.K. Narasimhan	Vice President - Finance	15,000
Mr. Saravanan Thambusamy	Vice President - Technology	15,000
Mr. C.S.Bapaiah	Vice President – HR	20,000
Mr. Rafael A Martinez	Vice President - Allsectech Inc, USA Subsidiary Company	25,000

(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year - Not Applicable.

(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant - Not Applicable

l. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20. Rs.(9.64).

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the Compensation cost for ESOS 2010 been recognized based on the fair value at the date of grant in accordance with binomial method, the amounts of the Company's net profit and earnings per share would have been as follows :

Particulars	Profit /(Loss) after tax (Rs in Lakhs)	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2012			
- Amounts as Reported	(1,470)	(9.64)	(9.64)
- Amounts as per pro-forma	(1,506)	(9.88)	(9.88)
Year ended March 31, 2011			
- Amounts as Reported	(394)	(2.59)	(2.59)
- Amounts as per pro-forma	(442)	(2.90)	(2.90)

The fair value of options was estimated at the date of grant using the binomial method with the following assumptions:

Particulars	ESOS 2010
Risk-free interest rate	7.25%
Expected life	5 years
Expected volatility	56%
Expected dividend yield	-
Share price on the date of grant	Rs.45.05
Expected forfeiture	30%

For and on behalf of the Board of Directors

A. Saravanan
Director

R. Jagadish
Director

Place : Chennai
Date : May 14, 2012



**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER TO THE BOARD**

We hereby certify that -

- a. We have reviewed financial statements for the period ended 31st March, 2012 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal control over Financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to Financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d. We have indicated wherever applicable, to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: Chennai
Date : May 14, 2012

R. Jagadish
Director & CEO

K. Narasimhan
Vice President - Finance



A. Mandatory Requirements

1. Company's Philosophy

The Company lays great importance on investor service, investor communication, highest level of transparency, accountability and responsibility in its operations and all interactions with its shareholders, investors, lenders, employees and Government. Your Directors are committed to adopt the best Corporate Governance practices.

2. Board of Directors

The Board comprises of a Non-executive Director as Chairman, 2 Executive Directors and 4 Non-Executive Directors.

The Board functions as a full Board or through Committees. The policy decisions and control vests with Board and the operational issues are handled by the Committees. Both the Board and Committees meet at regular intervals.

The Board has 3 Committees viz. Audit Committee, Compensation Committee and Shareholders/Investor Relation Committee.

During the year 2011 - 2012, 4 Board Meetings were held on 16th May 2011, 4th August 2011, 02nd November 2011 and 2nd February 2012.

Name	Designation	Category	Attendance		Other Board	
			Board Meeting	Last AGM	Director Ships [#]	Committee Memberships ^{\$}
Dr. Bala V Balachandran	Chairman	Independent, Non-Executive	2	Yes	1	1
T. Anantha Narayanan	Director	Independent, Non-Executive	4	Yes	5	3
A. Sankarakrishnan	Director	Independent, Non-Executive	4	Yes	4	2
Shankar Narayanan	Director	Investor Nominee, Non-Executive	1	No	1	1
Madhava Menon		Investor Nominee, Non-Executive	3	Yes	1	1
Mahesh Parasuraman	Director	Investor Nominee, Non-Executive	1	No	1	-
Manish Gaur	Director	Investor Nominee, Non-Executive	3	Yes	-	-
A. Saravanan	Director & President	Non-Independent, Executive	4	Yes	-	-
R. Jagadish	Director & CEO	Non-Independent, Executive				

Excluding Private Limited Companies, Foreign Companies and Section 25 Companies.

\$ Includes membership in Audit Committee and Share holders/Investor Relation committee only.

The criteria for making payment of remuneration to the Non-executive Directors are as follows:

An amount of Rs. 20,000/- per meeting is being paid towards Sitting Fee for attending meetings of the Board, Committee of Directors and the Audit Committee, to the Non-executive Directors in accordance with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956.

Code of Conduct for Directors and Senior Management

The Code of Conduct for the Directors and Senior Management of the Company is available on the Company's website: www.allsectech.com. All the Board

members and the Senior Management Personnel have confirmed the Compliance with the Code.

3. Audit Committee

The Audit Committee presently consists of Independent and Non-Independent directors. The Committee currently comprises of Mr. T. Anantha Narayanan, Mr. A. Sankarakrishnan and Mr. R. Jagadish. The composition of the Audit Committee complies with the requirements of Clause 49 of the listing agreement entered into with the Stock Exchanges. During the year, 4 Audit Committee meetings were held on 16th May 2011, 4th August 2011, 2nd November 2011 and 2nd February 2012.

Name	Category	Status	Attendance
T. Anantha Narayanan	Independent, Non-Executive	Chairman	4
A. Sankarakrishnan	Independent, Non-Executive	Member	4
R. Jagadish	Non-Independent, Executive	Member	4



The objective of the Committee is to comply with the requirements of the clause 49 of the Listing Agreement entered with the Stock Exchanges and Section 292A of the Companies Act, 1956.

4. Compensation Committee

The Compensation committee presently consists of Independent and Non-Independent directors. The Committee currently comprises of Dr. Bala V Balachandran, Mr. A. Sankarakrishnan, Mr.T. Anantha Narayanan and Mr. A. Saravanan. During the year there was no meeting held under this committee.

The objective of the Committee is:

- To determine and recommend to the Board of Directors the remuneration package of the Managing Director and the Whole-time Directors.
- To review and determine the remuneration package of the senior management.
- To approve in the event of loss or inadequate profits in any year, the minimum remuneration payable to the Managing Director and the Whole-time Directors within the limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956.
- To grant stock options under the Employees Stock Option Scheme and perform other functions of compensation committee as required/recommended by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.
- To determine and amend the remuneration package of the key management personnel of the company and to frame policies to attract, motivate and retain personnel; and
- Other functions of a Remuneration Committee as required/recommended in the Listing Agreement.

The remuneration paid to the whole time directors is approved by the Committee of Board and Shareholders at the general meeting as required by the Companies Act, 1956. The details of the remuneration paid to the directors for the year ended 31st March 2012 is given below:

Executive Directors

(Rs. In Lakhs)

Name	Salary & Allowances	Commission	Total
A.Saravanan	126.72	Nil	126.72
R. Jagadish	126.72	Nil	126.72

Non-Executive Directors

(Rs. In Lakhs)

Name of Director	Sitting Fees	
	Board	Audit Committee
Dr. Bala V Balachandran	0.40	-
T. Anantha Narayanan	0.80	0.80
A. Sankarakrishnan	0.80	0.80
Shankar Narayanan Madhava Menon	-	-
Mahesh Parasuraman	-	-
Manish Gaur	-	-

5. Shareholders / Investor Relation Committee :

The composition of the Shareholders/Investor Relation Committee complies with the requirements of Clause 49 of the listing agreement entered with the Stock Exchanges.

- The Shareholders/Investor Relation Committee presently consists of Mr. A. Sankarakrishnan, Mr. A. Saravanan and Mr. R. Jagadish. During the year, 1 (one) Committee meeting was held on 2nd February 2012.
- This Committee deals with and approves the share transfers, transmission, etc., as required from time to time and all other matters relating to investor relations and grievances.
- Mr. A. Mohan Kumar, Company Secretary is the compliance officer nominated for this purpose.
- The details of investor complaints during the year 2011 – 2012 are:

Complaints received	Resolved	Not solved to the satisfaction of shareholders	Pending
Nil	Nil	Nil	Nil



6. General Body Meetings

I. Location, time and date where last three Annual General Meetings were held are given below:

Financial Year	Date	Time	Venue
2008-09	July 31, 2009	10.00 A.M	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
2009-10	August 4, 2010	10.00 A.M	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
2010-11	August 4, 2011	10.00 A.M.	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018

II. Special Resolutions passed in the previous 3 Annual General Meetings

- No Special Resolution was passed in the AGM held on 31st July, 2009
- Special Resolution was passed in the AGM held on 4th August, 2010
 - Resolution for issue of Employee Stock Options to employees of the Company
 - Resolution for issue of Employee Stock Options to employees of the subsidiary Companies.
- No Special Resolution was passed in the AGM held on 4th August 2011.

III. Extra-Ordinary General Meetings

- Location, time and date where last three Extra-Ordinary General Meetings were held are given below:

Date	Time	Venue
12 th October, 2006	11.00 A.M.	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
21 st February, 2008	11.00 A.M.	46C, Velachery Main Road, Velachery, Chennai – 600 042
8 th March, 2010	3.00 P.M.	46C, Velachery Main Road, Velachery, Chennai – 600 042

- The following Special Resolutions were passed at the Extra-Ordinary General Meetings (EGM):

- At the EGM dated 12th October, 2006
 - Resolution for amendment to Articles of Association.
 - Resolution for authorizing the increase in the limits for investment by Foreign Institutional Investors (FII) to 100%.
 - Resolution for approval of the Employment Agreement with Mr. A. Saravanan, Whole time Director.
 - Resolution for approval of the Employment Agreement with Mr. R. Jagadish, Whole time Director.
- At the EGM dated 21st February, 2008
 - Resolution for payment of remuneration and re-appointment of Mr. A. Saravanan, Whole time Director.
 - Resolution for payment of remuneration and re-appointment of Mr. R. Jagadish, Whole time Director.
- At the EGM dated 8th March, 2010
 - Resolution for payment of remuneration and re-appointment of Mr. A. Saravanan, Whole time Director.
 - Resolution for payment of remuneration and re-appointment of Mr. R. Jagadish, Whole time Director.

No resolution has been passed last year through postal ballot and no special resolution is proposed to be conducted through postal ballot.

7. Disclosures

There have been no materially significant related party transactions that may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the Notes to Accounts.

There have been no instances of non-compliance on any matters relating to capital markets, nor have any penalty/strictures been imposed on the company by the stock exchange or SEBI or any statutory authority on such matters.

All mandatory requirements of Clause 49 have been complied with. The details of Non Mandatory requirements as adopted by company are furnished under Section B at the end of this report.



8. Means of Communication :

- The Quarterly results are being published in one leading national (English) newspaper normally Financial Express or Business Line and in one vernacular newspaper (Makkalkural or Malai Murasu). The Quarterly results are also displayed on the Company's website- www.allsectech.com.
- The Company's website also displays Annual Report, shareholding pattern, code of conduct and other shareholders information.
- The Management Discussion and Analysis Report is also given as part of the Annual Report.

9. General Shareholders Information

A. Annual General Meeting

Date and Time : 2nd August 2012 at 10.00 A.M.

Venue : Narada Gana Sabha, Mini Hall, 314,
TTK Salai, Alwarpet, Chennai 600 018.

B. Financial Year

The Financial Year of the Company is April – March. The results for every quarter will be declared within the time period prescribed under the Listing Agreement.

C. Date of Book Closure

31st July 2012 to 2nd August 2012 (Both days inclusive)

D. Listing on Stock Exchanges

The shares of the Company are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

E. Stock Code / Symbol:

NSE – Scrip Code – Allsec

BSE – Scrip Code – 532633

F. Market Price Data – High / Low during each month in the last Financial Year & Performance in comparison to NSE/ BSE index etc

Market information details for the year 2011 - 2012

Month	National Stock Exchange				Bombay Stock Exchange			
	Price		Indices		Price		Indices	
	High	Low	High	Low	High	Low	High	Low
Apr-11	30.90	22.75	5,944.45	5,693.25	30.00	22.50	19,811.14	18,976.19
May-11	28.75	20.90	5,775.25	5,328.70	26.80	21.05	19,253.87	17,786.13
Jun-11	24.90	15.85	5,657.90	5,195.90	23.25	17.30	18,873.39	17,314.38
Jul-11	21.25	17.50	5,740.40	5,453.95	21.45	18.75	19,131.70	18,131.86
Aug-11	20.50	12.80	5,551.90	4,720.00	21.40	12.95	18,440.07	15,765.53
Sep-11	17.20	12.50	5,169.25	4,758.85	17.35	12.00	17,211.80	15,801.01
Oct-11	16.00	12.20	5,399.70	4,728.30	16.05	12.50	17,908.13	15,745.43
Nov-11	17.60	11.50	5,326.45	4,639.10	15.50	11.98	17,702.26	15,478.69
Dec-11	13.90	10.10	5,099.25	4,531.15	14.99	10.11	17,003.71	15,135.86
Jan-12	18.80	9.00	5,217.00	4,588.05	18.98	9.75	17,258.97	15,358.02
Feb-12	16.60	12.00	5,629.95	5,159.00	16.45	12.35	18,523.78	17,061.55
Mar-12	14.30	10.95	5,499.40	5,135.95	14.25	10.70	18,040.69	16,920.61



G. Registrars and Transfer Agents

KARVY Computershare Private Limited

Unit : Allsec

Plot No.17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081.

Tel : +91 40 44655000; Fax: +91 40 23431551

E-mail: einward.ris@karvy.comWebsite: www.karvy.com

H. Share Transfer System

Karvy Computershare Private Limited is the Registrar and Share Transfer Agent of the Company. The shares lodged for physical transfer /transmission/ transposition, if any, would be registered within the prescribed time limit, if the document are complete in all respects. The shares in the dematerialised form are admitted for trading with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

I. Category wise distribution of equity shares as of 31st March, 2012:

Category	No. of Share	% of Holding
Promoters Holding :		
Indian Promoters	4,665,163	30.61%
Person Acting in Concert	Nil	Nil
Non Promoters Holding:		
Institutional Investors	552,962	3.63%
Financial Institutions/Banks	NIL	NIL
Foreign Institutional Investors	498,816	3.27%
Foreign Venture Capital	4,702,858	30.86%
Foreign Corporate Bodies	684,362	4.49%
Others:		
Private Corporate Bodies	479,607	3.15%
Indian Public	3,475,035	22.81%
Non Resident Indians	167,176	1.10%
Others	12,347	0.08%
TOTAL	15,238,326	100.00%

Distribution Schedule

Category (Amount)	No. of Holders	% To Holders	Total shares	Amount (Rs.)	% To Equity
1-5000	5496	86.88	662,275	6,622,750	4.35
5001-10000	398	6.29	313,483	3,134,830	2.06
10001-20000	206	3.26	309,366	3,093,660	2.03
20001-30000	68	1.07	170,393	1,703,930	1.12
30001-40000	31	0.49	107,046	1,070,460	0.70
40001-50000	31	0.49	147,984	1,479,840	0.97
50001-100000	50	0.79	363,244	3,632,440	2.38
100001 & above	46	0.73	13,164,535	131,645,350	86.39
TOTAL	6326	100.00	15,238,326	152,383,260	100.00

J. Outstanding GDRs/ADRs/warrants or any convertible instruments conversion date and likely impact on equity- Not applicable.

K. Plant locations

Allsec Technologies Limited has its offices/service delivery centers in India at Chennai, Trichy, Bengaluru, Hyderabad, Pune, Mumbai and Delhi.

The details of our subsidiaries are as given below:

Name of the Subsidiary	% of controlling Interest
Allsectech Inc., at USA	100%
Allsectech Manila Inc., at Philippines.	100%
Retreat Capital Management Inc., at USA.	66%



- L. Dematerialization of shares and liquidity
As on March 31, 2012 about 99.99% of the shares were held in dematerialized form.
- M. Address for Investor Correspondence
For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address (Share holders holding in physical form) or any other query relating to shares, please write to:

Karvy Computershare Private Limited,
Unit : Allsec
Plot No.17 - 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Tel : +91 40 44655000
E-mail: einward.ris@karvy.com.
Website: www.karvy.com

For General Correspondence:

The Company Secretary
Allsec Technologies Limited,
46-B, Velachery Main Road,
Velachery, Chennai 600 042
Tel.: +91 44 4299 7070
Fax: +91 44 2244 7077
E-mail : investorcontact@allsectech.com
Web site: www.allsectech.com

B. Non-Mandatory Requirements

The following is the non mandatory requirement of Clause 49 which has been adopted by company as on date.

Remuneration Committee/Compensation Committee:

The Board has set up a Compensation Committee/ Remuneration Committee with 3 Non-executive and 1 executive director as members of the committee.

DECLARATION

The Board of Directors of the Company has adopted the "Code of Conduct" for the Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the Code for the year 2011 - 2012.

Place : Chennai
Date : May 14, 2012

R Jagadish
Director & CEO

**AUDITORS' CERTIFICATE****To****The Members of Allsec Technologies Limited**

We have examined the compliance of conditions of corporate governance by Allsec Technologies Limited, for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR S. R. BATLIBOI & ASSOCIATES

(Firm Registration Number: 101049W)

Chartered Accountants

Place : Chennai

Date : May 14, 2012

per S Balasubrahmanyam

Partner

Membership No.: 053315



INDIAN ITES INDUSTRY – DEVELOPMENTS & OUTLOOK

The BPO industry in India has become one of the most significant growth catalysts for the country's economy. In the last decade, the industry has grown 16 times in size. In addition to fuelling India's economy, direct and indirect employment creation is estimated at 4.5 million. India is the leading BPO destination, accounting for over 37% of total global sourcing BPO revenues, followed by Canada and Philippines.

BPO industry today is a diversified sector spanning across multiple services and becoming the hotbed for knowledge workers in the country. India headquartered; multinational firms, Global in-house centers and niche firms are building the sector in the country contributing to process excellence, transformation and best practices. Indian BPO industry is undergoing a transition. While the second phase of Indian outsourcing industry has begun, a new set of challenges like economic slowdown and flourishing market of Philippines are the latest challenges.

While the global macro economic scenario remained uncertain, the industry exhibited resilience and adaptability in continually reinventing itself to retain its appeal to clients. Embracing emerging technologies, increased customer-centricity, deepening focus on new markets, adopting new business models are some successful growth strategies followed by the industry.

Indian IT-BPO industry-aggregate revenues cross the USD 100 billion mark, export revenues (including Hardware) estimated to reach USD 69.1 billion in FY 2012 growing by over 16%; Domestic revenues (including Hardware) at about USD 31.7 billion, growing by over 9%. BPO segment is expected to grow by 14% overall in FY 2012. Domestic market is expected a healthy growth of 17% in FY 2012.

Indian BPO Industry - Sector-wise revenue break-up

	2010-11	2011-12 E	% inc
BPO USD bn	16.9	19.3	14%
Exports USD bn	14.1	16.0	13%
Domestic INR bn	127	149	17%
Domestic USD Bn	2.8	3.3	-

Notes:E=:Estimates Figures may not add up due to rounding off.

Source : NASSCOM

Exports

The BPO export segment grew by 13% to reach USD 16 Billion in FY 2012. In the last few years, the BPO segment has been focusing on re-engineering itself in order to deliver transformational impact on customers.

BPO firms are increasing onshore and near shore footprint to enable customer entry to local markets. Firms have also been actively implementing non linear growth initiatives.

US continue to drive exports in this year also. BFSI vertical is set to increase its share of exports, while telecom registered a degrowth. Emerging verticals like retail, healthcare, media and utilities recorded significant growth in this year.

Domestic

Domestic BPO segment is expected to grow by 17% in FY 2012, to reach Rs.149 billion, driven by demand from voice-based (including local language) services and increasing adoption by both traditional and emerging verticals.

Industry Outlook

FY 2012 is a landmark year – while the Indian IT-BPO industry weathered uncertainties in the global business environment, this is also the year when the industry is set to reach a significant milestone – aggregate revenue for FY 2012 is expected to cross USD 100 billion.

BPO firms move from efficiency to effectiveness – focusing on re-engineering themselves in order to deliver transformational impact to customers – follow a 'Verticalised' approach by developing in-depth capabilities across verticals; increase onshore footprint and implement non-linear growth initiatives.

Indian BPO firms are developing future-ready solutions – platform + cloud and creating customer impact through service delivery excellence. Knowledge services segment is the fastest growing among BPO segments at over 15%; Indian Companies have pioneered outsourcing in areas such as data analytics, data management and legal services. Data analytics is expected to grow 19%, much faster than BPO industry average; key drivers include emergence of analytic tools, rising volumes of data, increased data-driven decision making and emergence of on-demand models.

Future market opportunity:

Despite 2011 ending in a difficult economic environment, some geographic regions and services are expected to circumvent the situation in 2012. Global GDP, after growing by 2.7% in 2011, is expected to grow 2.5% in 2012, with developing economies growing thrice as fast as the developed economies. Better economic conditions in the second half of the year, signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward.

- Global technology related spend expected to grow by 5% in 2012.



- Global sourcing to continue growth trend as organisations aim to cut costs, access local market and innovation and sourcing requirements.
- Indian IT-BPO services exports expected to grow by 11-14% while domestic services to grow by 13-16%. (in Rs.terms)
- India accounts for less than 5% of global technology spending – tremendous untapped potential for growth of Indian IT-BPO sector, in both core as well as emerging opportunities.
- To achieve this growth, the sector has to continue to re-invent itself – through new business models, global delivery, partnerships and transformative focus.
- Prevailing global megatrends presents new opportunities and risks for the industry, which will shape the technology industry landscape.
- IT-BPO sector will need to build on its strengths and address challenges around competition, talent, security and business environment.

OPPORTUNITIES & THREATS

OPPORTUNITIES

❖ Core Competency

The strategy of Allsec has always been to grow by developing its expertise in specific verticals. This has helped us sharpen our training & processes for specific domains enabling us to achieve domain specialization resulting in delivering quality solutions to each of our customers. We have been in the international business for 10 years and have continuously refined our offerings to suit this market. We expanded our offering in the domestic market by positioning our services to suit the domestic business with its unique features like multi language requirements etc. Currently our horizontal of specialization are in Customer Life cycle management, telemarketing, collections, Quality assurance, Payroll management, mortgage, technical support and Web development support. We look to grow in each of these horizontal and also identify and develop vertical specialization in other geographies and domains to grow our offerings continuously.

❖ Client Acquisition

The focus on winning fresh clients across geographies where we can serve on the strength of our core competencies on the basis of our track record of delivery and positive client references is an ongoing process. Allsec is also in the process of extending its core competency in the Indian domestic markets. There has been a steady increase in the domestic business especially in retail and BFSI segments. With our philosophy of long term client relationships, which has served us well with our international clients, we are

sure that we will be able to maintain our track record and strike long term relationships with all our Domestic clients as well.

In non-voice segment, with the growth of domestic call center business, our Quality Assurance process triggered great interest in many of the captive/ outsourced centers of domestic Telecom and BFSI segment clients. Having acquired knowledge and experience of servicing in different Indian languages and with the Pan-India presence, there are enough opportunities to grow this multifold. Post our acquisition of Retreat mortgage business, there has been a considerable increase in revenues from this business and we see a visibility of high growth in the coming years. Our strength in the platform based HR-BPO business is our track record of delivery coupled with responsive services which has helped us grow this business steadily. We are now making significant investments in a cutting edge technology platform and this coupled with strong process and domain strength, we expect that our Payroll business will have a significant growth across geographies in the next year.

❖ Quality

The vision of Quality and Information security at Allsec is to institutionalize excellence in quality of service and security of data of Clients, customers and Organization by developing and deploying simple, efficient and effective processes using the latest Quality models in accordance with ISO 9001:2008 interlined with data security controls prescribed by International standards such as ISO 27001:2005. As part of its continuous improvement program, your Company is recertified for ISO 9001:2008 (Quality Management System) and ISO 27001:2005 (Information Security Management). To take this to next paradigm, your company is recertified for PCI DSS and accomplished compliance with HIPAA for service delivery locations in India.

During the current year, in addition to the existing PCI DSS and HIPAA compliance at Manila, your company has achieved PCI DSS certification for service delivery location at Dallas in US. Further, existing SAS 70 Type II certification for HR BPO services is graduated to ISAE 3402 certification in line with the new International auditing standard to realize higher levels of maturity and be consistent with business and market needs in HR outsourcing.

❖ Capacity

With the acquisition of call center division of i2i Telesource Pvt Limited, in the year 2008, we added around 1000 seats for the domestic business. Another 1500 seats in different locations were also added and we have also relocated/upgraded most of the i2i facilities over a period of last 3 years. Today, Allsec has a pan India presence with facilities in locations such as Delhi,



Mumbai, Hyderabad, Bengaluru, Chennai, Pune and Trichy. The Company has also invested in additional technology investments primarily to cater to its new client additions in the Domestic segment. Apart from India, we also have a capacity of 600 seats in Manila, Philippines and more than 100 seats in Dallas, USA.

THREATS

ATTRITION:

Allsec, is in an industry where attrition is one of the major concern areas. Allsec has an annual attrition of 40 % and is within the industry benchmark which ranges between 30% and 50%.

The Company also faces tough challenge in getting employable manpower from the large manpower pool available. Allsec has been investing a lot of resources for training candidates on the basic skills that are required to make them employable. These are also done through partnering with educational institutions and governmental organizations.

The attrition rate in the Domestic segment is also on similar lines. Allsec has extended its learning in the International segment to Domestic market and necessary processes are in place to ensure that right candidates are being hired, trained and retained. However, the availability of employable candidates is higher in the pool available for Domestic segments.

Further, efforts are also taken in the direction of training, employee referral scheme, employee satisfaction surveys and other creative activities to address the threat posed by attrition.

RISKS AND CONCERNS

BUSINESS RISKS

The economic slow down and competition from other low cost countries like Philippines, Vietnam, South Africa and China are the two main reasons for the reduction in demand for international outsourcing business from India. The economic slow down has also triggered a lot of changes in the existing operational philosophy of many enterprises, especially in the areas of outsourcing. This coupled with governmental policies will continue to affect the demand in the outsourcing arena. The low cost operators from other countries continue to be competitors in the few outsourcing deals that are happening across the globe.

Also, the proposed withdrawal of tax benefits for the outsourcing enterprises by the US Government may also considerably reduce the opportunity for services to be outsourced.

The decline in demand in International market and unutilized capacity in India has forced many International Players including major players to concentrate on the domestic market. This has considerably increased the competition and consequently affected the profitability in the domestic market.

This threat is in addition to the possible pricing and volume reduction pressures in the international clientele.

FINANCIAL RISKS

GEOGRAPHICAL CONCENTRATION OF CLIENTS

Our revenues are still dependent on clients located in the United States/United Kingdom or from Indian subsidiaries of such companies and we are looking to increase revenues from US/UK clients. Also, the growth that we have achieved in the domestic market will reduce this risk although with lower margins. We believe that with the growth this year internationally, we will achieve an optimum mix of clients, though this is dependant on favorable client addition in US/UK geographies.

EXCHANGE FLUCTUATION

Movements in exchange rates continue to be a major threat. The current economic slow down and possible reduction in price by our existing customers may adversely affect the earnings and expenditure in foreign currency. We are currently adopting hedging strategies as approved by the Board and in addition use bank balances in foreign currency to meet our foreign currency liabilities. These measures would assist in reducing the impact of unfavorable movements in exchange rates. However, our results of operation will be affected if the rupee-dollar rates continues to behave in a volatile manner in future or rupee appreciates significantly against dollar and other currencies.

COST ARBITRAGE

Our most significant costs are the salaries and related benefits of our operations staff and other employees. Wage costs in India have historically been significantly lower than wage costs in the United States and other developed countries, which has been one of our competitive advantages in the international market. However, wages in India are increasing at a faster rate compared to the developed countries, which may reduce our competitive advantage in relation to pricing. We may need to increase the levels of employee compensation more rapidly than in the past to remain competitive and to attract necessary employees. Wage increases in the long-term may reduce our profit margins in both the domestic and international businesses.



INDIAN TAXATION RISK

Taxes and other levies imposed by the Government of India and/or the States of India that we operate in like: (i) Customs Duties; (ii) Service Tax; (iii) Income Tax; (iv) Value Added Tax etc., has affected the BPO industry.

Certain changes introduced over the years had their impact on the ITES industry, inclusion of profits eligible for 10A deduction for computing Minimum Alternate Tax, introduction of Service Tax on accrual basis with respect to related party transactions instead of on payment basis, Service Tax introduction on import of services under reverse charge method etc. which have had a dampening effect on the Industry. The withdrawal of Sec 10A benefit on deduction of export profits for IT/ITES units will have a great impact for our Company in the years to come.

LEGAL AND CONTRACTUAL RISKS

Our business is subject to a variety of country specific regulations. Particularly, we must comply with a number of laws in the respective geographies in relation to debt collection and telephone and email based solicitation.

The requirements of many of these regulations are complex and the failure to comply could result in enforcement or private actions which can potentially affect our reputation and in turn adversely affect our business. In addition, these laws are subject to change and new laws affecting our business may be enacted, which could significantly affect the demand for, and our ability to provide, certain service offerings and significantly increase the cost of regulatory compliance.

INFRASTRUCTURE RISKS

The Company has invested substantially in the state of the art infrastructure and equipment in its centers to provide a world-class service to its customers. Service to our clients also depend on the uninterrupted functioning of these equipment, power and stability of telecom network. Any obsolescence in the infrastructure and equipment leading to incompatibility with client's systems or any disruption in the essential services may affect the business of the company.

HUMAN RESOURCES RISK

There have been cases of companies losing BPO orders for not being able to demonstrate a competent team that can manage a large workforce. High level of attrition further complicates the problem. In this industry, we have seen atleast 40% of the workforce change jobs every year. There is a gap between the supply and demand of work force. Further, the available man power is not immediately employable in terms of the skill sets required for the industry. Thus the shortage of supply in quality manpower both at the managerial level and at the agent's level may significantly affect the functioning of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has a well-defined and documented internal control system that is adequate and commensurate with the size and nature of its business. Adequate checks and balances and control systems are established to ensure that assets of the company are safeguarded and transactions are executed under proper authorization and are properly recorded in the books of account. There exists a proper definition of roles and responsibilities across the organization to ensure information flow and effective monitoring. The Company has an independent Internal Audit carried out periodically by a firm of Chartered Accountants who draw out their audit program based on risk assessments and in consultation with the Audit committee. The Company has an Audit Committee consisting of 3 Directors which has a majority of Independent Directors. This committee reviews the internal audit reports, statutory audit reports, the quarterly and/annual financial statements and discusses all significant audit observations and follow up actions arising from them. It further monitors the risk exposures of the company. The committee also reviews and recommends to the Board, the terms of appointment of the statutory auditors and internal auditors.

MATERIAL DEVELOPMENTS ON HUMAN RESOURCE FRONT INCLUDING HEAD COUNT:

As at 31st March 2012, number of employees was 5513 –a decrease of 2485 from the previous year end figure of 7998.

For detailed write up and section on HR and Training and material developments, please refer pages no. 6 of the Annual Report.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Allsec is currently providing voice and data services to its International and Domestic clients in the Information Technology Enabled Services Sector (ITES).

Exports constituted major share of Revenue in the previous two years. However, in the last year due to the increased volumes in the Indian domestic outsourcing work and also due to the slow down in the US which led to declines in quantum of export revenues, the proportion of domestic revenues has significantly increased as shown below.

(Rs. in Million)

For the year ended	Exports	%	Domestic	%	Total income
31 st March, 2012	408.10	33	838.95	67	1,247.05
31 st March, 2011	684.81	48	730.64	52	1,415.45



DISCUSSION ON FINANCIAL AND OPERATIONAL PERFORMANCE AND FINANCIAL CONDITION (STANDALONE):

Overview

The following discussion is based on our audited standalone financial statements which have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of

the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company except for changes in accounting policy if any, made to ensure compliance with law for the applicable periods. The discussion should be read in conjunction with the Audited Standalone Financial statements of the Company and Notes on Accounts.

RESULTS OF OPERATIONS - PERFORMANCE SUMMARY

	2011-12		2010-11		% increase/ (decrease) over previous year
	Rs. in Million	% of Total revenues	Rs. in Million	% of Total revenues	
INCOME					
Income – Operations	1,247.1	96	1,415.4	98	(12)
Income – Others	50.5	4	35.7	2	41
A) Income – Total	1,297.6	100	1,451.1	100	(11)
COSTS					
Connectivity costs	81.4	6	97.8	7	(17)
Staff cost	901.8	69	950.5	66	(5)
Other Costs	347.2	27	334.2	23	4
B) Total costs	1,330.4	103	1,382.5	96	(4)
C) Profit/(Loss) before Interest, depreciation & taxes	(32.8)	(3)	68.6	4	-
Depreciation & amortization	107.9	8	103.3	7	4
Interest	6.3		4.7		34
D) Profit/(loss) before Taxes	(147.0)	(11)	(39.4)	(3)	(273)
Taxes	-	-	-	-	-
E) Profit/(Loss)after Taxes	(147.0)	(11)	(39.4)	(3)	(273)

(Note: Figures in brackets in tables above indicate negative numbers or losses or decrease)

Earnings per share data (Basic/Diluted)

Year ended 31 st March 2012	Rs.(9.64)
Year ended 31 st March 2011	Rs.(2.59)



PROFIT AND LOSS ACCOUNT

1. Income from Operations

The table below provides the details of income and its composition:

(Rs in Million)

Income	Year Ended 31 st March 2012	Year Ended 31 st March 2011	Increase/ (Decrease) in %
Exports	408.1	684.8	(40)
Domestic	839.0	730.6	15
Total	1,247.1	1,415.4	(12)

There is a steep decrease in export revenue, primarily due to reduced USD billing from our existing Clients and loss of one Client last year. The dollar rupee exchange rate has been volatile over the current year and the previous year. However the average conversion rates have been favorable in the current year to the tune of 5%.

The large jump in domestic revenue both in absolute terms and as a percentage of total revenue is due to increased volumes from both existing and new Domestic Clients.

2. Other Income

Other Income for the current year stood at Rs.50.5 million as compared to Rs.35.7 million in the previous year – an increase of Rs.15 million or 41%. The increase is mainly due to:

- Favorable foreign exchange rates during the year, the gain on exchange rates amounted to Rs.11.9 million.
- Reduction in interest income more than offset by miscellaneous income amounting to Rs.3.3 million.

3. Expenditure

The reduction in employee costs and connectivity costs partly offset by increase in selling and administration expenses has resulted in lower expenditure during the year.

(Rs. in Million)

	Year ended 31 st March 2012	Year ended 31 st March 2011	Favourable/ (unfavourable) in % over previous year
	Amount	Amount	
Connectivity cost (Note 1)	81.4	97.8	17
Employee costs and benefits (Note 2)	901.8	950.5	5
General and administration expenses (Note 3)	325.9	313.6	(4)
Selling expenses (Note 4)	21.3	20.6	(3)
Finance charges	6.3	4.7	(34)
Depreciation (Note 5)	107.9	103.3	(4)

Note 1: The connectivity cost has come down as the PSTN cost is reduced due to lower overseas calls in line with decreased US billing to our Clients. We have also changed from IPLC to MPLS resulting in savings in connectivity cost.

Note 2: The decrease in employee cost is mainly on account of lower head count to cater to international and domestic business. The company had 5513 employees as at the end of the year (PY 7998). Due to lower numbers, the associated costs of recruitment and training costs have also reduced as compared to previous year.

The above has resulted in a decrease of 4% or Rs.33.6 million in salaries and related contributions and a decrease of 55% or Rs.15 million in recruitment and training cost in the current year.

Note 3: The total increase in general and admin expenses in the current year was Rs.12 million or 4% compared to the previous year.

The increase in general and admin expenses is due to rent and electricity and infrastructure and assets maintenance expenses amounted to roughly Rs.8 million due to increase in rates.

We have closed down one of the center in Chennai and had to write off the leasehold improvements relating to that to the tune of Rs.4 million.

Note 4: Increase in selling expenses is primarily due to higher exchange rate payable for selling commission. Business promotion expenses remained at the same level as of last year.

Note 5: The increase in Depreciation represents depreciation on account of Software Upgrade undertaken in the 3rd Quarter of the last year and full impact has come in this year. The Company has upgraded in line with latest technology, all the dialers and loggers, which will help in smooth functioning of the operations in the years to come. The increase in Depreciation on account of this is Rs.12 million. There is a reduction in depreciation to the tune of Rs.8 million due to closure of one Center and lapse of useful life of some Assets.

4. Provision for Tax

Provision for tax includes current tax, deferred taxes, fringe benefit tax apart from MAT credit entitlement. However during this financial year, there was no current taxes provision or MAT entitlement credit as there was no MAT payable on account of there being a loss as per MAT provisions.



FINANCIAL CONDITION - BALANCE SHEET

(Note: Figures given in brackets refer to previous year figures)

1. Share Capital

The Equity Capital of the Company as on 31st March 2012 stands at Rs.152.4 million and has remained constant over the previous Balance sheet date.

2. Employee Stock Option Plan (ESOP):

Employee Stock Option Scheme (ESOS), 2006

The shareholders at the Annual General Meeting held on 10th July 2006, have approved an Employee Stock Option Scheme 2006 which provides for an issue of 600,000 options to the employees. Consequently, the compensation committee had granted the 350,000 options on 25th January 2007 at an exercise price of Rs.289.75 per share. Out of the 350,000 options granted, the entire 350,000 options have been cancelled/lapsed as on 31st March 2012 and no options are outstanding as at 31st March 2012.

Employee Stock Option Scheme (ESOS), 2010

The shareholders at the Annual General Meeting held on 4th August 2010, have approved an Employee Stock Option Scheme 2010 which provides for an issue of 600,000 options to the employees. Consequently, the compensation committee had granted the 390,000 options on August 4, 2010 at an exercise price of Rs. 45.05 per share. Out of the 390,000 options granted, 47,000 options have been cancelled/lapsed as on 31st March 2012 and balance of 343,000 are outstanding as at 31st March 2012.

3. Reserves and Surplus

The Company's Reserves and Surplus as on 31st March 2012 stood at Rs.1,028.7 million represented by capital reserve at Rs.25.1 million (same as last year), share premium on the equity shares amounting to Rs.1,202 million (same as last year), General Reserve at Rs. 141 million (Previous Year Rs.131 million) and debit balance in Profit & Loss account at Rs.339.6 million. (Previous Year Rs.193 million) The movement in General Reserve is on account of options that got lapsed due to employee separations.

4. Long Term Borrowings

Secured loan balance of Rs.2.3 million represents balance payable towards finance lease obligation (HP loans). This decreased by Rs.1.4 million during the year from Rs.3.7 million as at 31st March 2011 and this is primarily due to closure of HP loans due to completion/resignation of employees.

5. Other long-term liabilities

Trade payables which are non current amounting to Rs.11.9 million is shown under this head. (Previous year – NIL)

6. Provisions

Due to change in the Revised Format of Schedule VI of Companies Act, provisions were categorized into long term and short term.

Provision for Gratuity for the current year is at Rs.19 million as against Rs.20 million in the last year. Rs.17 million out of Rs.19 million is considered as Long term and shown accordingly.

Other provision for leave benefits and employee bonus has come down significantly from Rs.18 million to Rs.13 million as at March 2012.

7. Short term Borrowings:

This represents bank overdraft and there is a reduction of Rs.12 million during the year.

8. Other Current Liabilities

Trade payables, being payable to suppliers of goods and services has decreased to Rs.119 million as compared to Rs.133 million.

Other liabilities has also decreased from Rs.67 million to Rs.42 million. Main components are

	Rs. (million)
Service Tax Payable	6
TDS Payable	(1)
Others	15

9. Fixed Assets

There has been addition of Rs.53 million (Previous year: Rs.51 million) in tangible fixed assets primarily due to additions to Computers and servers of Rs.8 million; call centre equipment Rs.31 million and office equipment and lease hold improvements of Rs.1.1 million on account of work in domestic centers.

The total assets disposed off during the year amounted to Rs.24 million (Previous year: Rs.19 million) mainly due to closure of one delivery center in Chennai. (There will be a corresponding reduction in accumulated depreciation).

After providing for depreciation of Rs.77 million (Previous year: Rs.85 million) for the year, the net block of fixed assets stood at Rs.240 million as on 31st March 2012 compared to Rs.272 million as at 31st March 2011.

10. Intangible Assets

Intangible assets comprise block of software used for call centre operation and goodwill. During the year there



was an addition in Software of Rs.45 million being the software upgrade in dialers and loggers and new platform for our Payroll vertical which in our opinion will bring increased revenues in next year and subsequent years. The goodwill which arose on business purchase of the call centre division of i2i Telesource Pvt Ltd in earlier year is being amortized over a period of 5 years. The closing net block of software and goodwill are respectively Rs.64 million and Rs.7 Million as at the end of the year.

11. Non Current Investments

Total Investments represent the amount of equity capital invested in three subsidiaries.

During the year we have remitted USD 500,000 (Rs.23 Million) towards subscription of Share Capital in one of our subsidiary in US.

There was no movement in investment in other existing subsidiaries during the year.

12. Loans and Advances

As per requirement of Revised Schedule VI Format, we have classified loans and advances into Long term and Short term and regrouped previous year figures wherever necessary.

Long Term Loans and Advances:

Head	As at 31 st March 2012	As at 31 st March 2011	Increase/ (decrease)
Capital Advances	0.1	-	0.1
Security Deposits	66.3	74.9	(8.6)
Loan to related party	122.5	98.4	24.1
Prepaid expenses	0.9	1.5	(0.6)
Taxes receivable	159.3	138.7	20.6
Total	349.1	313.5	35.6

Short Term Loans and Advances

Head	As at 31 st March 2012	As at 31 st March 2011	Increase/ (decrease)
Security Deposits	14.7	6.2	8.5
Advances Recoverable	10.0	11.8	(1.8)
Others	6.3	2.5	3.8
Total	31.0	20.5	10.5

Balance of loan to subsidiary represents balance in loan given to subsidiary Allsectech Manila Inc. Movement represents fresh loan given during the current year.

Taxes receivable includes from advance tax and tax deducted at source. The increase in this head is primarily due to increase in tax deducted at source and balance due to increase in domestic business which is subject to TDS.

13. Trade Receivables

As per requirement of Revised Schedule VI Format, we have classified Trade Receivables into Long term and Short term and regrouped previous year figures wherever necessary.

Long term Receivables of Rs.61.3 million represents long due from two of our client.

Current Trade receivable decreased to Rs.27.37 million as at 31st March 2012 as against Rs.28.87 million as at 31st March 2011. The sundry debtors in terms of days of sales stood at 98 days as at 31st March 2012 as against 90 days as at 31st March 2011.

14. Other Assets

Non Current bank balances represent the Fixed Deposit given as a Margin Money for opening SBLC with Banks and are maturing after 31st March 2013. Interest accrued on those deposits is also classified with the deposit as Long term.

Other current assets represents Fixed Deposits which are maturing before 31st March 2013 and interest accrued on those deposits.

15. Current Investments

Current investments represent balances invested in mutual funds as at 31st March 2012. The Balance as at 31st March 2012 is Rs.51 Million as compared to Rs. 187 Million as at 31st March 2011. The reduction is mainly due to redemption of Mutual funds for utilization for our working capital needs.

16. Cash and Bank Balances

Cash and Bank balances decreased to Rs.46.8 million as at 31st March 2012 as against Rs.117.1 million as at 31st March 2011. This represents year-end cash and bank balances available in current and deposit accounts.

Disclaimer This discussion and analysis report 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 organization 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 organization's management and are subject to a number of risk and uncertainties. These risks and other factors are described in Allsec's annual reports. 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.



To

The Members of Allsec Technologies Limited

1. We have audited the attached Balance Sheet of Allsec Technologies Limited ('the Company') as at 31st March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *The financial statements include investments by the Company in its wholly owned subsidiary Allsectech Manila Inc., Philippines of Rs. 1,020 lakhs and advances recoverable of Rs. 1,225 lakhs. As more fully discussed in Note 20 of the financial statements, the subsidiary has incurred losses upto 31st March 2012 and is also undertaking several initiatives to improve its income from operations and establish profitable operations. The recovery of the value of such investment in and advances to the subsidiary is dependent upon the ability of the subsidiary to establish successful operations in the future and achieve sustained profitability. In view of the operational and financial position of the subsidiary as noted above, we are unable to comment on the adjustments, if any, that may be required to be made to the carrying value of such investments and advances.*
5. *As more fully discussed in note 12.1 to the financial statements, we report that the net trade receivables as at 31st March 2012 of Rs. 3,350 lakhs, include receivables from two foreign customers aggregating Rs. 613 lakhs, which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no*

provision is required in this regard. In view of the above, and having regard to the significant uncertainty involved, we are unable to comment on the provision required, if any, for such balances.

6. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. *Except for the effect of the matters stated in paragraph 4 and 5*, in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and, *except for the possible effects of the matter stated in paragraph 4 and 5 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2012;
 - (ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
 - (iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm registration No.: 101049W

Place: Chennai
 Date : May 14, 2012

per S Balasubrahmanyam
 Partner
 Membership No.: 053315



Annexure referred to in paragraph 3 of our report of even date

Re: Allsec Technologies Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) Having regard to the nature of the Company's business clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (iii) (a) The Company has granted loans to its wholly-owned subsidiary, which is included in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,225 lakhs and the year end balance of loans granted was Rs. 1,225 lakhs.
- (b) The Company has made interest-free loans to its wholly-owned subsidiary. According to the information and explanations given to us, and having regard to management's representation that the interest free loans are given to wholly-owned subsidiaries of the Company in the interest of the Company's business, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted are re-payable on demand. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the rendering of services. The activities of the Company did not involve any purchase of inventory or sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the Company in respect of purchase of fixed assets and rendering of services.
- (v) (a) According to the information and explanations provided by management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. Statutory dues in respect of excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state



- insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable.
- (c) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute.
- (x) *Without considering the possible effects of the matters stated in paragraphs 4 and 5 of our auditor's report*, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth *but it has incurred cash losses in the current financial year*. The Company had not incurred cash losses in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has no dues to debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities. The Company does not have any debentures.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues and accordingly, the provisions of clause 4(xx) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm registration No.: 101049W

Place: Chennai
 Date : May 14, 2012

per S Balasubrahmanyam
 Partner
 Membership No.: 053315

Balance Sheet

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	1,524	1,524
Reserves and surplus	4	10,287	11,757
		<u>11,811</u>	<u>13,281</u>
Non-current liabilities			
Long-term borrowings	5	23	37
Long-term provisions	6	208	191
		<u>231</u>	<u>228</u>
Current liabilities			
Short-term borrowings	7	156	276
Trade payables	8	1,191	1,328
Other current liabilities	8	455	670
Short-term provisions	6	116	190
		<u>1,918</u>	<u>2,464</u>
Total		<u>13,960</u>	<u>15,973</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	2,400	2,723
Intangible assets	9	717	574
Capital work-in-progress		14	295
Non-current investments	10	2,609	2,378
Long-term loans and advances	11	3,491	3,135
Trade receivables	12.1	613	597
Other non-current assets	12.2	82	44
		<u>9,926</u>	<u>9,746</u>
Current assets			
Current investments	13	509	1,874
Trade receivables	12.1	2,737	2,887
Cash and bank balances	14	468	1,171
Short-term loans and advances	11	310	205
Other current assets	12.2	10	90
		<u>4,034</u>	<u>6,227</u>
Total		<u>13,960</u>	<u>15,973</u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

For and on behalf of the Board of Directors

Firm Registration No.: 101049W

Chartered Accountants

per S Balasubrahmanyam

Partner

Membership No: 053315

Place: Chennai

Date : May 14, 2012

A Saravanan

Director

R Jagadish

Director

A Mohan Kumar

Company Secretary

Profit and Loss Account

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Notes	Year ended March 31, 2012	Year ended March 31, 2011
Income			
Revenue from operations			
- Income from IT enabled services		12,471	14,154
Other income	15	505	357
Total revenue (I)		12,976	14,511
Expenses			
Connectivity costs		814	978
Employee benefits expense	16	9,018	9,505
Other expenses	17	3,472	3,342
Total (II)		13,304	13,825
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		(328)	686
Depreciation and amortization expense	9	1,079	1,033
Finance costs	18	63	47
Profit/(loss) before tax		(1,470)	(394)
Tax expenses			
Current tax		-	-
Deferred tax (refer note 19)		-	-
Total tax expense		-	-
Profit/(loss) for the year		(1,470)	(394)
Earnings per equity share			
Net profit / (loss) available to equity shareholders		(1,470)	(394)
Weighted average number of equity shares used in computing			
- basic and diluted earnings per share		152	152
Basic and diluted earnings per share (equity shares, par value Rs 10/- each) (Rs.)		(9.64)	(2.59)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

For and on behalf of the Board of Directors

Firm Registration No.: 101049W

Chartered Accountants

per S Balasubrahmanyam

A Saravanan

R Jagadish

A Mohan Kumar

Partner

Director

Director

Company Secretary

Membership No: 053315

Place: Chennai

Date : May 14, 2012

Cash Flow Statement

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash flow from operating activities		
Loss before tax	(1,470)	(394)
Loss before tax	(1,470)	(394)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	1,079	1,033
(Loss)/Profit on sale of fixed assets	9	9
Unrealized foreign exchange gain	(128)	113
Provision for bad & doubtful debts on Advances	8	17
Interest expense	20	9
Net gain on sale of current investments	(93)	(96)
Liabilities No Longer Required Written Back	(28)	(20)
Interest income	(45)	(145)
Dividend income	(3)	(6)
Operating profit before working capital changes	(651)	520
Movements in working capital :		
(Increase)/decrease in trade payables and provisions	(392)	89
(Decrease)/increase in trade receivables	266	454
(Decrease)/increase in loans and advances	(36)	123
(Decrease)/increase in other assets	88	-
Cash generated from/(used in) operations	(725)	1,186
Direct taxes paid (net of refunds)	(206)	(535)
Net cash flow from/ (used in) operating activities (A)	(931)	651
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(702)	(690)
Proceeds from sale of fixed assets	75	24
Withdrawal from term deposits	31	(386)
Proceeds of current investments	5,768	14,039
Purchase of current investments	(4,310)	(14,486)
Investment in subsidiary	(231)	(994)
Loans advanced to subsidiary	(241)	(162)
Interest received	42	201
Dividends received	3	6
Net cash flow from/(used in) investing activities (B)	435	(2,448)

Cash Flow Statement

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2012	Year ended March 31, 2011
C. Cash flows from financing activities		
Proceeds from long-term borrowings	-	35
Repayment of long-term borrowings	(14)	(58)
Repayment from short-term borrowings	(120)	104
Interest paid	(20)	(9)
Net cash flow from/(used in) in financing activities (C)	(154)	72
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(650)	(1,725)
Effect of exchange differences on cash & cash equivalents held in foreign currency	(1)	5
Cash and cash equivalents at the beginning of the year	826	2,546
Cash and cash equivalents at the end of the year	175	826
D. Components of cash and cash equivalents		
Cash on hand	1	1
Cheques/drafts on hand		
With banks		
– on current account	173	424
– on deposit account	-	400
– unpaid dividend accounts*	1	1
Total cash and cash equivalents (Note 14)	175	826

Summary of significant accounting policies

* The company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid matured debenture liabilities.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No.: 101049W

Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam

Partner

Membership No: 053315

A Saravanan

Director

R Jagadish

Director

A Mohan Kumar

Company Secretary

Place: Chennai

Date : May 14, 2012

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

1. Corporate information

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on August 24, 1998 as a limited company under the Companies Act, 1956 and is listed on the National Stock Exchange of India ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Company is engaged in the business of providing IT enabled services for customers located in India and outside India. The services provided by the Company include data verification, processing of orders received through telephone calls, telemarketing, monitoring quality of calls of other call centers, customer services and HR and payroll processing. The Company has delivery centers at Chennai, Bengaluru, Mumbai, Delhi, Trichy, Hyderabad and Pune.

As at year end, the Company has three subsidiaries, Allsectech Inc., USA, Allsectech Manila Inc., Philippines and Retreat Capital Management Inc., USA.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.

Asset Description	Rates (SLM)
Plant and machinery	4.75% - 16.21%
Furniture and fixtures	6.33%
Vehicles	9.50%

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period (3 – 4 years), whichever is less. Assets individually costing Rupees five thousand or less are fully depreciated in the year of purchase.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Computer Software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software (4 years), or over the license period of the software, whichever is shorter.

Goodwill

Goodwill is amortized using the straight-line method over a period of five years based on management estimates.

(e) Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(f) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income from services

Income from IT enabled services is derived from both time based and unit priced contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contract with the customer.

Unbilled revenue represents accrual of income relating to services provided but not billed as at the year end.

Dividend income

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange difference

All exchange differences arising on settlement / conversion of foreign currency transactions are included in the statement of profit and loss account.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying monetary assets / liabilities, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the statement of profit and loss account in the reporting period in which the exchange rates change. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the period.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

(j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation. The costs of providing benefits under such plans are determined on the basis of actuarial valuation at each year-end. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents provision for employee benefits based on the criteria laid down in revised schedule VI.

(k) Income taxes

Tax expense comprises current and deferred income taxes. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(m) Segment reporting

Identification of segments

The Company's operations predominantly relate to IT enabled services and accordingly this is the only primary reportable segment. The Company has considered geographical segment as the secondary segment, based on the location of the customers invoiced.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(n) Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit or loss after tax attributable to equity share holders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(o) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

(s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
3 Share capital		
Authorized shares (No. in lakhs)		
200 [March 31, 2011: 200] Equity shares of Rs.10/- each	2,000	2,000
13.5 [March 31, 2011: 13.5] Convertible Preference Shares of Rs. 100/- each	1,350	1,350
Issued, subscribed and fully paid-up shares (No. in lakhs)		
152 [March 31, 2011: 152] Equity Shares of Rs.10/- each fully paid up	1,524	1,524
Total issued, subscribed and fully paid-up share capital	1,524	1,524

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2012		March 31, 2011	
	No. of Shares (in lakhs)	Amount	No. of Shares (in lakhs)	Amount
At the beginning of the period	152	1,524	152	1,524
Issued during the period	-	-	-	-
Outstanding at the end of the period	152	1,524	152	1,524

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the current year as well as the previous year.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

Equity shares of Rs.10/- each fully paid

Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares (in lakhs)	% holding in the class	No. of Shares (in lakhs)	% holding in the class
Saravanan A	23	15.39%	23	15.39%
Jagadish R	23	15.22%	23	15.22%
First Carlyle Ventures Mauritius	47	30.86%	47	30.86%
Ashish Dhawan	11	7.05%	11	7.05%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 22.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
4 Reserves and surplus		
Capital reserve	251	251
Securities premium reserve	12,019	12,019
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	101	108
Less: deletions / adjustments during the year	101	7
Closing Balance	-	101
General reserve		
Balance as per the last financial statements	1,312	1,305
Add: Transferred from employee stock options outstanding	101	7
Closing Balance	1,413	1,312
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	(1,926)	(1,532)
Profit / (loss) for the year	(1,470)	(394)
Net deficit in the statement of profit and loss	(3,396)	(1,926)
Total reserves and surplus	10,287	11,757
5 Long-term borrowings		
Other loans and advances		
Finance lease obligation (Secured)*		
Non-current portion	23	37
Current maturities	21	23
	44	60
The above amount includes		
Secured borrowings	44	60
Amount disclosed under the head "other current liabilities" (note 8)	(21)	(23)
Net long-term borrowings	23	37

*Finance lease obligations are secured by hypothecation of the respective vehicles acquired on hire purchase.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
6 Provisions		
Long-term		
Provision for employee benefits		
Provision for gratuity (refer note 21)	174	142
Provision for leave benefits	34	49
Total long term provisions	208	191
Short-term		
Provision for employee benefits		
Provision for employee bonus	53	78
Provision for gratuity (refer note 21)	16	55
Provision for leave benefits	47	57
Total short term provisions	116	190
Total Provisions	324	381
7 Short-term borrowings		
Bank overdraft (secured)	156	276
Total short-term borrowings	156	276
The Company has an overdraft facility with a bank, which is secured against book debts of the Company. The overdraft is repayable on demand and carries interest @13.75% to 14.25% p.a.		
8 Other current liabilities		
Trade payables (refer note 28)	1,191	1,328
Other liabilities		
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation)	21	23
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	1	1
Others		
- Withholding and other tax payables	121	202
- Foreign currency payable	34	-
- Other non trade payables	278	444
	455	670
Total other current liabilities	1,646	1,998

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

9 Fixed assets

Particulars	Tangible assets						Intangible assets		
	Plant and machinery			Furniture and Fixtures	Leasehold Improvements	Vehicles*	Total	Goodwill	Computer Software
	Computers and Servers	Call Centre Equipment	Office Equipment						
Cost as at April 1, 2010	1,647	3,276	713	648	1,528	169	7,981	254	955
Additions	305	158	16	4	12	17	512	-	288
Disposals	(160)	-	(4)	-	-	(28)	(192)	-	-
At March 31, 2011	1,792	3,434	725	652	1,540	158	8,301	254	1,243
At March 31, 2012	1,848	3,741	746	633	1,462	164	8,594	254	1,689
Depreciation \ Amortization as at April 1, 2010	1,062	2,273	192	317	1,013	31	4,888	82	658
Charge for the year	204	341	34	30	225	16	850	51	132
Disposals	(154)	-	(1)	-	-	(5)	(160)	-	-
At March 31, 2011	1,112	2,614	225	347	1,238	42	5,578	133	790
At March 31, 2012	1,307	2,941	231	358	1,311	46	6,194	184	1,042
Net Block									
At March 31, 2011	680	820	500	305	302	116	2,723	121	453
At March 31, 2012	541	800	515	275	151	118	2,400	70	647

*Vehicles includes vehicles taken on finance lease - Gross block Rs.104 (March 31, 2011: Rs 103) ; Depreciation charge for the year Rs. 7 (March 31, 2011: Rs.9); Accumulated depreciation Rs.30 (March 31, 2011: Rs. 23); Net book value Rs.74 (March 31, 2011: Rs. 80).

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2012	As at March 31, 2011
10 Non-Current Investments		
Trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries - unquoted equity instruments		
Allsectech Inc, USA	595	364
- Common stock hundred (March 31, 2011-hundred), fully paid up		
Allsectech Manila Inc., Philippines	1,020	1,020
- 8.13 (March 31, 2011 - 8.13) Equity shares of Php 100 each fully paid up		
Retreat Capital Management Group	994	994
- Common stock six hundred and sixty (March 31, 2011 - six hundred and sixty), fully paid up		
	<u>2,609</u>	<u>2,378</u>
Aggregate amount of unquoted investments	<u>2,609</u>	<u>2,378</u>
11 Loans and Advances		
(Unsecured, considered good unless stated otherwise)		
Long-term loans and advances		
Capital advances	1	-
Security deposits	663	749
Loan and advances to related parties (refer note 20, 25 (3))	1,225	984
Advances recoverable in cash or kind	9	15
Other loans and advances		
- Advance income-tax (net of provision for taxation)	1,593	1,387
Total long-term loans and advances	<u>3,491</u>	<u>3,135</u>
Short-term loans and advances		
Security deposits	147	62
Advances recoverable in cash or kind	100	118
Other loans and advances		
- Foreign currency receivable	-	25
- Balances with statutory/ government authorities	63	-
Total short-term loans and advances	<u>310</u>	<u>205</u>
Total loans and advances	<u>3,801</u>	<u>3,340</u>
Long-term Loans and advances from related parties include		
Allsectech Manila Inc., Philippines	1,225	984

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2012	As at March 31, 2011
12 Trade Receivables and Other Assets		
12.1 Trade Receivables (unsecured)		
Non-current trade receivable		
- Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good*	613	597
- Considered doubtful	-	50
	<u>613</u>	<u>647</u>
Less: Provision for doubtful receivables	-	50
Total non-current trade receivable	<u>613</u>	<u>597</u>
Current trade receivable		
- Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	399	13
Other receivables, considered good	2,338	2,874
Total Current trade receivable	<u>2,737</u>	<u>2,887</u>
Current trade receivable from related parties include		
Dues from Allsectech Inc, USA	431	514
*As at March 31, 2012, the Company has receivables of Rs.613 lakhs (March 31, 2011: Rs.597 lakhs) from two customers, Academic Funding Foundation and K2 Financials which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company along with the interest on such dues and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no provision is required in this regard.		
12.2 Other Assets		
(Unsecured, considered good unless stated otherwise)		
Other non-current assets		
Non-current bank balances (Note 14)	62	40
Others		
Interest accrued on fixed deposits	20	4
Total Other non-current assets	<u>82</u>	<u>44</u>
Other current assets		
Others		
Interest accrued on fixed deposits	-	13
Unbilled revenues	10	77
Total Other current assets	<u>10</u>	<u>90</u>

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2012	As at March 31, 2011
13 Current Investments		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted mutual funds	509	1,874
(Net Asset Value Rs. 513, March 31, 2011: Rs. 1,894)		
Total current investments	509	1,874
Aggregate amount of quoted investments		
(Net Asset Value Rs. 513, March 31, 2011:Rs. 1,894)	509	1,874
Aggregate amount of unquoted investments	-	-
Details of current investments		
Current investments in mutual funds at the year end comprise:		
	March 31, 2012	
	No of units (in lakhs)	Amount
Name of Mutual fund		
Birla Sun Life Cash Plus Institutional Growth	0.35	60
Reliance Liquid Fund - Treasury Plan	7.70	199
Kotak Floater Short Term - Growth Plan	2.87	50
ICICI Prudential Money Market Fund Cash Option Growth Plan	0.68	100
Baroda Pioneer Liquid Fund - Institutional Growth Plan	0.08	100
Total		509
	March 31, 2011	
	No of units (in lakhs)	Amount
Name of Mutual fund		
HDFC CMF - Treasury Advantage Plan	4.79	101
Religare Credit Opportunities Fund	9.19	100
HDFC Cash Management Fund	4.90	100
SBI SHF Ultra Short Term Fund	12.43	155
ICICI Prudential Blended Plan	9.99	102
Templeton India Ultra Short Bond Fund	8.37	104
Reliance Monthly Interval Fund	7.88	104
HDFC Quarterly Interval Fund	9.85	102
Fidelity Ultra Short Term Debt Fund	8.55	103
Kotak Quarterly Interval Plan Series 10	10.00	100
UTI Fixed Income Interval Fund	7.82	101
Religare FMP	10.19	102
Kotak Quarterly Interval Plan Series 7	10.00	100
ICICI Prudential Liquid Super Institutional Plan	0.69	100
ICICI Prudential Blended Plan B	9.50	100
SBI Premier Liquid Fund	6.43	100
Reliance Liquid Fund	4.21	100
Sundaram Ultra Short Term Fund	7.67	100
Total		1,874

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2012	As at March 31, 2011
14 Cash and Bank Balances		
Current		
Cash and cash equivalents		
Balances with banks:		
- On current accounts	173	424
- Deposits with original maturity of less than three months	-	400
- On unpaid dividend account	1	1
Cash on hand	1	1
	<u>175</u>	<u>826</u>
Other bank balances		
- Deposits with original maturity for more than 3 months but less than 12 months	-	100
- Margin money deposit	293	245
	<u>293</u>	<u>345</u>
	<u>468</u>	<u>1,171</u>
Non-current		
Other bank balances		
- Margin money deposit	62	41
	<u>62</u>	<u>41</u>
Amount disclosed under non-current assets (refer note 12.2)	(62)	(41)
Total cash and bank balances	<u>468</u>	<u>1,171</u>

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 355, [March 31, 2011: Rs 286] are subject to first charge to secure the Company's letter of credit

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

	Year ended March 31, 2012	Year ended March 31, 2011
15 Other Income		
Interest income on		
- Bank deposits	45	145
- Others	35	-
Dividend income on current investments	3	6
Profit on sale of current investments	93	96
Exchange differences (net)	203	84
Liabilities no longer required written back	28	20
Rental income	98	-
Miscellaneous income	-	6
	<u>505</u>	<u>357</u>
16 Employee Benefit Expense		
Salaries, wages and bonus	7,636	7,953
Contribution to provident and other fund	524	543
Gratuity expense (note 21)	43	54
Staff welfare expenses	690	682
Recruitment and training	125	273
	<u>9,018</u>	<u>9,505</u>
17 Other Expenses		
Electricity	708	686
Rent and amenities	1,231	1,138
Rates and taxes	32	7
Insurance	21	35
Repairs and maintenance		
- Plant and machinery	321	336
Others	391	419
Selling commission	190	181
Other selling expenses	23	25
Travelling and conveyance	160	167
Communication costs	30	26
Legal and professional fees #	186	168
Provision for doubtful debts and advances	8	17
Loss on sale of fixed assets (net)	9	9
Loss on fixed assets written off	33	-
Miscellaneous expenses	129	128
	<u>3,472</u>	<u>3,342</u>
# Payment to auditor (Included under legal and professional fees)		
As auditor:		
Audit fee	19	19
In other capacity:		
Other services (certification fees)	1	1
Reimbursement of expenses	-	1
	<u>20</u>	<u>21</u>
18 Finance Costs		
Interest	20	9
Bank charges	43	38
	<u>63</u>	<u>47</u>

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

- 19.** The Company has not recognised deferred tax assets arising primarily on account of carried forward tax losses and unabsorbed depreciation, as subsequent realisation of such amounts is not virtually certain.

20. Diminution in the value of investments and recoverability of loans made to a subsidiary in Philippines

The financial statements include investments in the wholly owned subsidiary Allsectech Manila Inc., Philippines, of Rs. 1,020 lakhs (March 31, 2011: 1,020 lakhs) and advances recoverable of Rs. 1,225 lakhs (March 31, 2011: 984). Allsectech Manila Inc. has been incurring losses and as of March 31, 2012, the aggregate losses of Rs. 1,701 lakhs have eroded its entire equity. Management is of the view that the income from operations of Allsectech Manila Inc. have been lower than the anticipated levels primarily on account of loss of customers and under utilization of capacity. Allsectech Manila Inc. has undertaken various initiatives in expanding the customer base and expects that such additional efforts initiated by the management would result in significant increase in revenues and achieve sustained profitability. Based on the above and considering the business plans for the future, management is of the view that no provision is required to be made to the carrying value of such investments and advances.

21. Gratuity benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rupees one million. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity.

Statement of Profit and Loss account

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost	40	34
Interest cost on benefit obligation	17	13
Expected return on plan assets	(1)	(3)
Net actuarial (gain) / loss recognized in the year	(13)	10
Net employee benefit expense	43	54

Balance Sheet

Details of provision for gratuity

Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	(192)	(208)	(200)	(170)	(108)
Fair value of plan assets	2	11	36	49	56
Plan asset / (liability)	(190)	(197)	(164)	(130)	(52)
Experience adjustment on plan asset	(1)	3	1	1	5

Experience adjustment on plan liabilities was gain of Rs. 5 (March 31, 2011: loss of Rs. 52; March 31, 2010: gain of Rs. 46).

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Opening defined benefit obligation	208	200
Interest cost	17	13
Current service cost	40	34
Benefits paid	(59)	(51)
Actuarial (gains)/losses on obligation	(14)	12
Closing defined benefit obligation	192	208

Changes in the fair value of plan assets are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Opening fair value of plan assets	11	36
Expected return	1	3
Contributions by employer	50	20
Benefits paid	(59)	(51)
Actuarial gains/(losses)	(1)	3
Closing fair value of plan assets	2	11

Actual return on plan assets	-	6
------------------------------	---	---

The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Investments with insurer	100%	100%

Assumptions

Particulars	As at March 31, 2012	As at March 31, 2011
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%

The fund is administered by Life Insurance Corporation of India. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company does not currently have any estimates of the contribution to be paid to the plan during the next year. Accordingly, the same has not been disclosed.

22. Employee stock option plans

The Company has two stock option plans that provide for the granting of stock options to employees including Directors of the Company (not being promoter Directors and Executive Directors, holding more than 10% of the equity shares of the Company). The option plans are summarized below:

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Employee Stock Option Scheme (ESOS), 2006

The shareholders at the Annual General Meeting held on July 10, 2006, had approved an Employee Stock Option Scheme 2006 (ESOS 2006) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted the 350,000 options on January 25, 2007 at an exercise price of Rs. 289.75 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

Particulars	As at March 31, 2012	As at March 31, 2011
Options outstanding, beginning of year	197,000	211,500
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	197,000	14,500
Options outstanding, end of year	-	197,000
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	-	197,000
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options	-	10 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Employee Stock Option Scheme (ESOS), 2010

The shareholders at the Annual General Meeting held on August 4, 2010, had approved an Employee Stock Option Scheme 2010 (ESOS 2010) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted the 390,000 options on August 4, 2010 at an exercise price of Rs. 45.05 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

Particulars	As at March 31, 2012	As at March 31, 2011
Options outstanding, beginning of year	374,000	-
Options granted during the year	-	390,000
Options exercised during the year	-	-
Options lapsed during the year	31,000	16,000
Options outstanding, end of year	343,000	374,000
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	171,500	-
- Options not eligible for exercise at year end	171,500	374,000
Weighted average remaining contract life of options	3 years 4 months	4 years 4 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

The summary of the movements in options is as follows:

Particulars	No of options	Weighted average excise price (Rs.)	No of options excise price (Rs.)	Weighted average
Outstanding at the beginning of the period	571,000	129.47	211,500	289.75
Granted during the year	-	-	390,000	45.05
Lapsed during the year	228,000	256.48	(30,500)	161.38
Outstanding at the end of the year	343,000	45.05	571,000	129.47

Particulars	As at March 31, 2012	As at March 31, 2011
Weighted average share price at the date of excise (Rs.)	-	-
Range of share price of options outstanding at the year end (Rs.)	45.05	45.05 – 129.47

Pro-forma Disclosures for ESOS 2010

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2010 been recognized based on the fair value at the date of grant in accordance with binomial method, the amounts of the Company's net loss and earnings per share would have been as follows:

Particulars	Profit / (Loss) after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2012			
- Amounts as reported	(1,470)	(9.64)	(9.64)
- Amounts as per pro-forma	(1,506)	(9.88)	(9.88)
Year ended March 31, 2011			
- Amounts as reported	(394)	(2.59)	(2.59)
- Amounts as per pro-forma	(442)	(2.90)	(2.90)

The fair value of options was estimated at the date of grant using the binomial method with the following assumptions:

Particulars	ESOS 2010
Risk-free interest rate	7.25%
Expected life	5 years
Expected volatility	56%
Expected dividend yield	-
Share price on the date of grant	Rs. 45.05
Expected forfeiture	30%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

23. Leases

Finance leases

Vehicles include cars obtained on finance lease. The lease terms range between 3 and 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	March 31, 2012	March 31, 2011
Total as at year end		
Minimum lease payments	50	69
Less: finance charges	6	9
Present value	44	60
Not later than one year		
Minimum lease payments	24	28
Less: finance charges	3	5
Present value	21	23
Later than one year but not later than five years		
Minimum lease payments	26	41
Less: finance charges	3	4
Present value	23	37
Later than five years		
Minimum lease payments	Nil	Nil
Less: finance charges	Nil	Nil
Present value	Nil	Nil

Operating leases

Office premises in India are obtained under operating lease. Lease rentals incurred during the year of Rs. 1,231 (previous year Rs. 1,132) have been charged as an expense in the statement of profit and loss account. The lease terms vary between 3 and 9 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

Particulars	March 31, 2012	March 31, 2011
Upto 1 year	1,157	1,091
1 to 5 years	2,534	2,867
Beyond 5 years	305	465
Total	3,996	4,423

24. Segment information

The Company's operations predominantly relate to IT enabled services and accordingly this is the only primary reportable segment. The Company has considered geographical segment as the secondary segment, based on the location of the customers invoiced.

Information about secondary segments	March 31, 2012	March 31, 2011
Revenue from services		
United States of America	2,338	6130
India	8,488	7390
Others	1,645	634
Total	12,471	14,154

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Fixed assets used in the Company's business have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to assets and capital expenditure since a meaningful segregation of the available data is onerous.

25. Related party disclosures

1. Names of related parties

Relationship	Name of the party
Subsidiaries	Allsectech Inc., USA Allsectech Manila Inc., Philippines Retreat Capital Management Inc., USA
Key management personnel	Whole time directors: A. Saravanan R. Jagadish

2. Transactions with related parties:

Particulars	Subsidiaries		Key Management	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Selling commission – expenses				
— Allsectech Inc.	190	181	-	-
Service income -billed to				
— Allsectech Inc.	73	2,998	-	-
Purchase of fixed assets				
— Allsectech Inc.	110	-	-	-
Advances made				
— Allsectech Manila Inc.	89	165	-	-
Investment in subsidiary				
— Allsectech Inc.	230	-	-	-
— Retreat Capital Management Inc., USA	-	994	-	-
Remuneration - Wholetime Directors'				
— Salaries	-	-	253	253

The Company has extended guarantees aggregating to Rs.639 (USD 13.60) (previous year – Rs.221 (USD 4.95)) on behalf of its subsidiary Allsectech Inc., USA.

3. Balances with related parties:

Particulars	Subsidiaries		Key Management	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Trade Receivable				
— Allsectech Inc.	431	514	-	-
— Allsectech Inc.	90	53	-	-
Loans and Advances				
—Allsectech Manila Inc.	1,225	984	-	-
Investment in subsidiary				
— Allsectech Inc.	595	364	-	-
— Allsectech Manila Inc.	1,020	1,020	-	-
— Retreat Capital Management Inc., USA	994	994	-	-
Maximum amounts outstanding during the year				
Loans and Advances				
— Allsectech Manila Inc.	1,225	984	-	-

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

26. Contingencies and commitments

Particulars	March 31, 2012	March 31, 2011
Commitments		
Capital contracts yet to be executed	99	432
Contingent liabilities		
Claims against the Company not acknowledged as debts*	109	109

* Represents demand received from the Tamil Nadu Electricity Board in January 2008 relating to reclassification disputes on the tariff category applicable to the Company in two of its delivery centers with retrospective effect from 2005. The Company has obtained an interim stay order from the Hon'ble High Court of Madras against this claim. The Company considers the claim to be erroneous and as not payable under the specified tariff category applicable to ITES units.

27. Derivative instruments and unhedged foreign currency exposure

The Company had used derivative financial instruments in the form of forward exchange contracts to hedge its risks associated with foreign currency fluctuations during the year. Accounting policy for forward exchange contracts is given in note 2.1 (r) above.

(a) The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Particulars	Foreign Currency	March 31, 2012		March 31, 2011	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	-	-	51.57	2,319
Payables	USD	0.05	3	3.38	151
Bank balances	USD	0.46	23	4.14	185
	GBP	0.03	3	0.03	2
Investments	USD	60.24	2,609	55.24	2,378

(b) Derivatives outstanding as at the year end

Particulars	Purpose
Forward contract to sell US\$ US\$ 11.51 lakhs (March 31, 2011: Nil)	Hedge of highly probable foreign currency sales

28. Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current and previous year.

29. Value of imports calculated on CIF basis

Particulars	March 31, 2012	March 31, 2011
Capital goods	114	98

Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

30. Expenditure in foreign currency (accrual basis)

Particulars	March 31, 2012	March 31, 2011
Connectivity cost	309	488
Selling commission	190	181
Foreign travel	24	16
Maintenance charges	21	88
Legal and professional charges	53	14
Others	4	-

31. Earnings in foreign currency (accrual basis)

Particulars	March 31, 2012	March 31, 2011
Service income	4,081	6,848

32. Previous year figures

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI has a significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No.: 101049W

Chartered Accountants

per S Balasubrahmanyam

Partner

Membership No: 053315

Place: Chennai

Date : May 14, 2012

For and on behalf of the Board of Directors

A Saravanan

Director

R Jagadish

Director

A Mohan Kumar

Company Secretary

**Statement Pursuant to section 212 of
the Companies Act, 1956**



ALLSEC TECHNOLOGIES LIMITED

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,
1956 RELATING TO SUBSIDIARY COMPANY**

(Rs. in Thousands)

1. Name of the Subsidiary Company	Allsectech Inc.,	Allsectech Manila Inc.	Retreat Capital Management Inc., US
2. Financial Year of the Subsidiary ended on	31 st March 2012	31 st March 2012	31 st March 2012
3. Extent of interest in Subsidiary Company	100%	100%	66%
4. Net aggregate amount of the Profit/(Loss) of the Subsidiary Company so far as it concerns the members of the Company			
a) Dealt within the Company's Accounts			
I) For the Financial Year of the Subsidiary.	Nil	Nil	Nil
II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	Nil	Nil	Nil
b) Not Dealt with in the Company's Accounts			
I) For the Financial Year of the Subsidiary.	(8,610)	(52,764)	43,831
II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	(32,607)	(113,575)	(284)
5. Change in the interest of the Company between the end of the financial year of the Subsidiary Companies and the Company's Financial Year ended 31 st March 2012	NA	NA	NA
6. Material Changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial Year ended 31 st March, 2012			
a. Fixed Assets	NA	NA	NA
b. Investments			
c. Money Lent			
d. Money borrowed other than those for meeting Current Liabilities			

Information of Subsidiary Companies for the year ended March 31, 2012 disclosed under Section 212(8) of the Companies Act, 1956 as per the General Circular #2/2011 dated 2nd February, 2011 issued by the Central Government

S.No.	Particulars	Allsectech Inc.,		Allsectech Manila Inc		Retreat Capital Management Inc	
		US Dollar	Rs.	Philippine peso	Rs.	US Dollar	Rs.
	Period	01-APR-2011 to 31-MAR-2012		01-APR-2011 to 31-MAR-2012		01-APR-2011 to 31-MAR-2012	
(a)	Capital	1,310,000	66,639,700	81,250,000	97,844,500	10,000	445,900
(b)	Reserves	(940,481)	(47,842,268)	(163,015,199)	(196,309,423)	1,465,737	74,562,049
(c)	Total Assets	1,632,415	83,040,951	39,690,256	47,796,594	7,898,010	401,771,788
(d)	Total Liabilities	1,262,896	64,243,520	121,455,455	146,261,517	3,232,273	164,425,739
(e)	Investment (Except in case of investment in Subsidiaries)	-	-	-	-	-	-
(f)	Turnover	2,369,296	120,526,088	82,371,567	99,135,368	8,796,402	447,472,970
(g)	Profit/(Loss) Before Taxation	(213,224)	(10,846,705)	(44,824,604)	(53,979,581)	2,100,268	106,840,616
(h)	Provision for Taxation	(4,571)	(232,527)	-	-	794,769	40,429,913
(i)	Profit After Taxation	(217,795)	(11,079,232)	(44,824,604)	(53,979,581)	1,305,498	66,410,703
(j)	Proposed Dividend	-	-	-	-	-	-

Exchange Rate (INR) for USD 50.87 and Php 1.20424

For and on behalf of the Board of Directors

Place : Chennai
Date : May 14, 2012

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary



ALLSEC TECHNOLOGIES LIMITED

***Consolidated Financial Statements
for the year ended March 31, 2012***



ALLSEC TECHNOLOGIES LIMITED

Auditors' Report

on Consolidated Financial Statements



ALLSEC TECHNOLOGIES LIMITED

To

The Board of Directors

Allsec Technologies Limited

1. We have audited the attached consolidated balance sheet of Allsec Technologies Limited and its subsidiaries, Allsectech Inc., USA, Allsectech Manila Inc., Philippines and Retreat Capital Management Inc., USA (together referred to as the "Group") as at March 31, 2012, the consolidated statement of profit and loss and also the related consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 5,320 lakhs as at March 31, 2012, total revenue of Rs. 6,575 lakhs and net cash flows amounting to Rs. 69 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

5. *As more fully discussed in note 11.1 to the financial statements, we report that the net trade receivables as at March 31, 2012 of Rs. 4,989 lakhs, include receivables from two foreign customers aggregating Rs. 613 lakhs, which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no provision is required in this regard. In view of the above, and having regard to the significant uncertainty involved, we are unable to comment on the provision required, if any, for such balances.*
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *except for the possible effect of the matter stated in paragraph 5 above*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;
 - (b) in the case of the consolidated statement of profit and loss, of the loss of the Group, for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group, for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Firm registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam

Place : Chennai

Partner

Date : May 14, 2012

Membership No.: 053315

Consolidated Balance Sheet

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,524	1,524
Reserves and surplus	4	8,391	10,130
		<u>9,915</u>	<u>11,654</u>
Minority Interest		254	22
Non-current Liabilities			
Long-term borrowings	5	23	37
Long-term provisions	6	207	49
		<u>230</u>	<u>86</u>
Current Liabilities			
Short-term borrowings	7	156	276
Trade payables	8	2,109	1,482
Other current liabilities	8	1,048	756
Short-term provisions	6	116	332
		<u>3,429</u>	<u>2,846</u>
Total		<u>13,828</u>	<u>14,608</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	2,906	3,260
Intangible assets	9	1,728	1,628
Capital work-in-progress		14	295
Long-term loans and advances	10	2,462	2,196
Trade receivables	11.1	613	597
Other non-current assets	11.2	82	45
		<u>7,805</u>	<u>8,021</u>
Current assets			
Current investments	12	510	1,874
Trade receivables	11.1	4,376	2,785
Cash and bank balances	13	741	1,512
Short-term loans and advances	10	374	311
Other current assets	11.2	22	105
		<u>6,023</u>	<u>6,587</u>
Total		<u>13,828</u>	<u>14,608</u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No.: 101049W

Chartered Accountants

per S Balasubrahmanyam,

Partner,

Membership No: 053315

Place: Chennai

Date : May 14, 2012

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Consolidated Profit and Loss Account

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Schedule	Year ended March 31, 2012	Year ended March 31, 2011
Income			
Revenue from operations		18,314	15,852
Other income	14	543	412
Total revenue (I)		18,857	16,264
Expenses			
Connectivity costs		915	1,037
Employee benefits expense	15	12,426	10,647
Other expenses	16	5,073	3,889
Total (II)		18,414	15,573
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		443	691
Depreciation and amortization expense	9	1,414	1,377
Finance costs	17	78	50
Profit/(loss) before tax		(1,049)	(736)
Tax expenses			
Current tax		423	21
Deferred tax (Note 18)		-	-
Total tax expenses		423	21
Profit/(loss) after tax and before minority interest		(1,472)	(757)
Share of minority interest in profit		226	1
Profit/(loss) after tax and minority interest		(1,698)	(758)
Earnings per equity share			
Net profit/(loss) available to equity shareholders		(1,698)	(758)
Weighted average number of equity shares used in computing basic and diluted earnings per share		152	152
Basic and diluted earnings per share (equity shares, par value Rs.10/- each) (Rs.)		(11.14)	(4.97)

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No.: 101049W

Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam,
Partner,
Membership No: 053315

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place: Chennai

Date : May 14, 2012

Consolidated Cash Flow Statement

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash flow from operating activities:		
Net profit / (loss) before tax and minority interest	(1,049)	(736)
Profit before tax	(1,049)	(736)
Depreciation/amortization	1,414	1,376
Loss/(Profit) on sale of fixed assets	29	5
Provision for bad & doubtful debts on Advances	8	17
Unrealized foreign exchange loss	(29)	58
Liabilities No Longer Required Written Back	(28)	(20)
Net gain on sale of current investments	(93)	(96)
Interest expense	22	9
Interest income	(45)	(146)
Dividend income	(3)	(6)
Operating profit before working capital changes	226	461
Movements in working capital :		
(Increase)/decrease in trade payables and provisions	883	1,377
Decrease/(increase) in trade receivables	(1,476)	364
(Decrease)/increase in loans and advances	(112)	(1,016)
(Decrease)/increase in other assets	70	-
Cash generated from /(used in) operations	(409)	1,186
Direct taxes paid (net of refunds)	(640)	(556)
Net cash flow from/ (used in) operating activities (A)	(1,049)	630
B. Cash flows from investing activities:		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(1,203)	(831)
Proceeds from sale of fixed assets	154	29
Withdrawal from term deposits	31	(386)
Proceeds of current investments	5,768	14,039
Purchase of current investments	(4,310)	(14,486)
Investment in subsidiary	-	(994)
Interest received	42	201
Dividends received	3	6
Net cash flow from/(used in) investing activities (B)	485	(2,422)

Consolidated Cash Flow Statement

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2012	Year ended March 31, 2011
C. Cash flow from financing activities:		
Proceeds from long-term borrowings	-	35
Repayment of long-term borrowings	(14)	(58)
Proceeds from short-term borrowings	-	104
Repayment of short-term borrowings	(120)	-
Interest paid	(22)	(9)
Net cash flow from/(used in) in financing activities (C)	(156)	73
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(720)	(1,719)
Effect of exchange differences on cash & cash equivalents held in foreign currency	1	5
Cash and cash equivalents taken over on acquisition of controlling Interest in subsidiaries	-	(208)
Cash and cash equivalents at the beginning of the year	1,167	2,673
Cash and cash equivalents at the end of the year	448	1,167
D. Components of cash and cash equivalents		
Cash on hand	1	1
With banks		
- on current account	446	765
- on deposit account	-	400
- unpaid dividend accounts*	1	1
Total cash and cash equivalents (Note 13)	448	1,167

Summary of significant accounting policies

*The company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid matured debenture liabilities.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No.: 101049W

Chartered Accountants

per S Balasubrahmanyam,

Partner,

Membership No: 053315

Place: Chennai

Date : May 14, 2012

For and on behalf of the Board of Directors

A Saravanan

Director

R Jagadish

Director

A Mohan Kumar

Company Secretary

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

1. Corporate information

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on August 24, 1998 as a limited company under the Companies Act, 1956 and is listed on the National Stock Exchange of India ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Company is engaged in the business of providing IT enabled services for customers located in India and outside India. The services provided by the Company include data verification, processing of orders received through telephone calls, telemarketing, monitoring quality of calls of other call centers, customer services and HR and payroll processing. The Company has delivery centers at Chennai, Bengaluru, Mumbai, Delhi, Trichy, Hyderabad and Pune.

The Company has three subsidiaries as at the year end. These are:

- Allsectech Inc., USA ('Allsectech') – A wholly owned subsidiary of the Company incorporated on September 14, 2000 in the state of Delaware, USA. This subsidiary is engaged primarily in the business of providing marketing support services to the Company.
- Allsectech Manila Inc ('ATM') (formerly Kingdom Builders Inc, Philippines) – A wholly owned subsidiary of the Company engaged in the business of IT enabled services including web development, web design, search engine optimization, strategic teleservices, customer care and quality management. The Company had acquired controlling interest in this Company on February 14, 2008.
- Retreat Capital Management Inc., USA ('Retreat') – During the previous year, the Company had acquired 66% of the outstanding equity capital of Retreat. The Company is engaged in the business of providing loss mitigation, portfolio management and management consulting services for mortgage lender, servicers, asset managers and investors.

Allsectech, ATM and Retreat shall hereinafter, be collectively referred to as "the Subsidiaries". Allsec, along with Subsidiaries, shall hereinafter, be collectively referred to as "the Group".

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act') to reflect the financial position and the results of operations of the Group. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. Further, the financial statements are presented in the general format specified in the revised Schedule VI notified under the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act are not required and so they may not reflect all the disclosure requirements of the Act.

2.1 Summary of significant accounting policies

(a) Preparation of consolidation

- i. The Consolidated Financial Statements ('CFS') of the Group have been prepared based on a line-by-line consolidation of the balance sheet as at March 31, 2012 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2012.
- ii. The financial statements of the Subsidiaries considered for the purpose of consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2012.
- iii. The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iv. All material inter-company transactions and balances between the entities included in the CFS have been eliminated on consolidation.
- v. Any excess / shortage of cost to the Company of its investment in the subsidiaries over its proportionate share in the equity of such subsidiaries as at the date of the investment are recognized as goodwill / capital reserve in the CFS.
- vi. Minority interests have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

(d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.

Asset Description	Rates (SLM)
Plant and machinery	4.75 - 16.21%
Furniture and fixtures	6.33%
Vehicles	9.50%

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period (3 – 4 years), whichever is less. Assets individually costing Rupees five thousand or less are fully depreciated in the year of purchase.

The assets of Allsectech aggregating to Rs. 155 lakhs (1.13% of the total group assets) are depreciated using straight line method over its estimated useful life of three years for computers and accessories and five years for furniture and fixtures.

The assets of ATM aggregating to Rs. 1,475 (10.79% of the total group assets) are depreciated using the straight line method over its estimated useful life as follows:

Asset Description	Useful life
Computer and accessories	2 – 3 years
Furniture and fixtures	3 – 5 years
Vehicles	3 – 5 years
Leasehold improvements	5 years

The assets of Retreat aggregating to Rs. 288 lakhs (2.11% of the group assets) are depreciated using the straight line method over its estimated useful live of five years for computers, furniture and fixtures.

No adjustments have been recognized for the difference arising on account of differing estimates of useful life for similar group of assets in the consolidated entities, since Management believes that such differing estimates are appropriate having regard to the pattern of usage of such assets in each of the entities.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Computer Software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software 4 years, or over the license period of the software, whichever is shorter.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Goodwill

Goodwill on consolidation of ATM and acquisition of i2i are amortized using the straight-line method over a period of five years based on management estimates. Goodwill on acquisitions after April 1, 2010 has been tested for impairment and are not amortised.

(f) Leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(g) Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

The carrying amount of goodwill arising on consolidation is reviewed for impairment in accordance with the requirements of Accounting Standard 28 "Impairment of Assets" and impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

(h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Income from services

Income from IT enabled services is derived from both time based and unit priced contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contract with the customer.

Unbilled revenue represents accrual of income relating to services provided but not billed as at the year end.

Dividend income

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange difference

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying monetary assets / liabilities, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the period.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Translation of integral and non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself. The resulting difference on account of translations is recorded in the profit and loss account.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

(k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation. The costs of providing benefits under such plans are determined on the basis of actuarial valuation at each year-end. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents provision for employee benefits based on the criteria laid down in revised schedule VI.

(l) Income taxes

Tax expense comprises current and deferred income taxes. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

(m) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(n) Segment reporting

Identification of segments

The Group's operations predominantly relate to IT enabled services and accordingly this is the only primary reportable segment. The Group has considered geographical segment as the secondary segment, based on the location of the customers invoiced.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(o) Earnings per share

The earnings considered in ascertaining the Group's earnings per share comprise the net profit or loss after tax attributable to equity share holders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(p) Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(s) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

(t) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
3 Share capital		
Authorized shares (No. in lakhs)		
200 [March 31, 2011: 200] Equity shares of Rs.10/- each	2,000	2,000
13.5 [March 31, 2011: 13.5] Convertible Preference Shares of Rs.100/- each	1,350	1,350
Issued, subscribed and fully paid-up shares (No. in lakhs)		
152 [March 31, 2011: 152] Equity Shares of Rs. 10/- each fully paid up	1,524	1,524
Total issued, subscribed and fully paid-up share capital	1,524	1,524

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2012		March 31, 2011	
	No. of Shares (in lakhs)	Amount	No. of Shares (in lakhs)	Amount
At the beginning of the period	152	1,524	152	1,524
Issued during the period	-	-	-	-
Outstanding at the end of the period	152	1,524	152	1,524

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the current year as well as the previous year.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

Equity shares of Rs.10/- each fully paid

Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares (in lakhs)	%holding in the class	No. of Shares (in lakhs)	%holding in the class
Saravanan A	23	15.39%	23	15.39%
Jagadish R	23	15.22%	23	15.22%
First Carlyle Ventures Mauritius	47	30.86%	47	30.86%
Ashish Dhawan	11	7.05%	11	7.05%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 20.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
4 Reserves and surplus		
Capital Reserve	251	251
Securities premium reserve	12,019	12,019
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	101	108
Add: gross compensation for options granted during the year	-	-
Less: deletions/ adjustments during the year	101	7
Closing Balance	<u>-</u>	<u>101</u>
General reserve		
Balance as per the last financial statements	1,312	1,305
Add: Transferred from employee stock options outstanding	101	7
Closing Balance	<u>1,413</u>	<u>1,312</u>
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(3,557)	(2,799)
Profi/(Loss) for the year	(1,698)	(758)
Net deficit in the statement of profit and loss	<u>(5,255)</u>	<u>(3,557)</u>
Foreign currency translation reserve		
Balance, beginning of year	4	17
Add: Exchange difference during the year on net investment in non-integral operations	(41)	(13)
	<u>(37)</u>	<u>4</u>
Total reserves and surplus	<u>8,391</u>	<u>10,130</u>
5 Long-term borrowings		
Other loans and advances		
Finance lease obligation*		
Non-current portion	23	37
Current maturities	21	23
	<u>44</u>	<u>60</u>
The above amount includes Secured borrowings	44	60
Amount disclosed under the head "other current liabilities" (Note 8)	(21)	(23)
Net long-term borrowings	<u>23</u>	<u>37</u>

*Finance lease obligations are secured by hypothecation of the respective assets acquired on hire purchase

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
6 Provisions		
Long-term		
Provision for employee benefits		
Provision for gratuity (note 19)	174	-
Provision for leave benefits	33	49
Total long term provisions	207	49
Short-term		
Provision for employee benefits		
Provision for employee bonus	53	78
Provision for gratuity (note 19)	16	197
Provision for leave benefits	47	57
Total short term provisions	116	332
Total Provisions	323	381
7 Short-term borrowings		
Bank overdraft (secured)	156	276
Total short-term borrowings	156	276
The Company has an overdraft facility with a bank, which is secured against book debts of the Company. The overdraft is repayable on demand and carries interest @ 13.75% to 14.25% p.a.		
8 Other current liabilities		
Trade payables	2,109	1,482
Other liabilities		
Current maturities of long-term borrowings (Note 5) (Includes current maturity of finance lease obligation)	21	23
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	1	1
Others		
- Withholding and other tax payables	714	440
- Foreign Currency Payable	34	-
- Other non trade payables	278	292
	1,048	756
	3,157	2,238

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



9 - Fixed assets

Description of assets	Tangible assets							Intangible assets			
	Plant and machinery			Furniture and fixtures	Leasehold improvements	Vehicles*	Total	Good will on acquisition	Computer Software	Good will	
	Computers Services	Call Centre equipment	Office equipment							Consolidation	Total
Cost as at April 1, 2010	2,259	3,382	713	798	1,968	180	9,300	254	955	274	1,483
Additions	448	195	16	24	32	17	732	-	288	953	1,241
Disposals	160	-	4	-	-	40	204	-	-	-	-
At March 31, 2011	2,547	3,577	725	822	2,000	157	9,828	254	1,243	1,227	2,724
Additions	349	327	120	31	165	32	1,024	-	460	-	460
Disposals	99	42	74	22	89	26	352	-	2	-	2
At March 31, 2012	2,797	3,862	771	831	2,076	163	10,500	254	1,701	1,227	3,182
Depreciation/Amortization as at April 1, 2010	1,361	2,376	192	385	1,211	40	5,565	82	660	117	859
Charge for the year	380	344	34	66	332	17	1,173	51	132	54	237
Disposals	153	-	1	-	-	16	170	-	-	-	-
At March 31, 2011	1,588	2,720	225	451	1,543	41	6,568	133	792	171	1,096
Charge for the year	404	333	94	33	316	15	1,195	51	254	55	360
Disposals	22	3	37	19	77	11	169	-	2	-	2
At March 31, 2012	1,970	3,050	282	465	1,782	45	7,594	184	1,044	226	1,454
Net Block											
At March 31, 2011	959	857	500	371	457	116	3,260	121	451	1,056	1,628
At March 31, 2012	827	812	489	366	294	118	2,906	70	657	1,001	1,728

*Vehicles includes vehicles taken on finance lease: Gross block Rs.104 (March 31, 2011: Rs. 103); Depreciation charge for the year Rs. 7 (March 31, 2011: Rs.9); Accumulated depreciation Rs.30 (March 31, 2011: Rs. 23) and Net book value Rs.74 (March 31, 2011: Rs.80)

Additions and Depreciation charge for the year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs.(202) and Rs.(141) respectively.

Additions and Depreciation charge for the previous year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs.(53) and Rs.(31) respectively.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
10 Loans and advances (Unsecured, considered good unless stated otherwise)		
Long-term loans and advances		
Capital advances	1	-
Security deposit	859	805
Advances recoverable in cash or kind	9	15
Other loans and advances		
Advance income-tax (net of provision for taxation)	1,593	1,376
Total Long-term loans and advances	2,462	2,196
Short-term loans and advances		
Security deposit	147	62
Advances recoverable in cash or kind	163	224
Other loans and advances		
Foreign currency receivable	-	25
Balances with statutory/government authorities	64	-
Total Short-term loans and advances	374	311
Total loans and advances	2,836	2,507
11 Trade receivables and other assets		
11.1 Trade receivables (unsecured)		
Non-current trade receivable		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good*	613	597
- Considered doubtful	-	50
	613	647
Less: Provision for doubtful receivables	-	50
Total Non-current trade receivable	613	597
Current trade receivable		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	371	252
Other receivables, considered good	4,005	2,533
	4,376	2,785
Total Current trade receivable	4,376	2,785

*As at March 31, 2012, the Company has receivables of Rs.613 lakhs (March 31, 2011 - 597 Lakhs) from two customers, Academic Funding Foundation and K2 Financials which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company along with the interest on such dues and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no provision is required in this regard.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
11.2 Other assets (Unsecured, considered good unless stated otherwise)		
Other Non-current assets		
Non-current bank balances (Note 13)	62	41
Others		
Interest accrued on fixed deposits	20	4
Total Other non-current assets	82	45
Other current assets		
Others		
Interest accrued on fixed deposits	-	13
Unbilled revenues	22	92
Total Other current assets	22	105
12 Current investments		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted mutual funds	509	1,874
(Net Asset Value Rs. 513, March 31, 2011: Rs. 1,894)		
Un Quoted Investment	1	-
	510	1,874
Aggregate amount of quoted investments		
(Net Asset Value Rs. 513, March 31, 2011:Rs. 1,894)	510	1,874
Details of current investments		
Current investments in mutual funds at the year end comprise:		
Name of Mutual fund	March 31, 2012 No of units (in lakhs)	Amount
Birla Sun Life Cash Plus Institutional Growth Plan	0.35	60
Reliance Liquid Fund - Treasury Plan	7.70	199
Kotak Floater Short Term - Growth Plan	2.87	50
ICICI Prudential Money Market Fund Cash Option Growth Plan	0.68	100
Baroda Pioneer Liquid Fund - Institutional Growth Plan	0.08	100
Total		509

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Name of Mutual fund	March 31, 2011 No of units (in lakhs)	Amount
HDFC CMF - Treasury Advantage Plan	4.79	101
Religare Credit Opportunities Fund	9.19	100
HDFC Cash Management Fund	4.90	100
SBI SHF Ultra Short Term Fund	12.43	155
ICICI Prudential Blended Plan	9.99	102
Templeton India Ultra Short Bond Fund	8.37	104
Reliance Monthly Interval Fund	7.88	104
HDFC Quarterly Interval Fund	9.85	102
Fidelity Ultra Short Term Debt Fund	8.55	103
Kotak Quarterly Interval Plan Series 10	10.00	100
UTI Fixed Income Interval Fund	7.82	101
Religare FMP	10.19	102
Kotak Quarterly Interval Plan Series 7	10.00	100
ICICI Prudential Liquid Super Institutional Plan	0.69	100
ICICI Prudential Blended Plan B	9.50	100
SBI Premier Liquid Fund	6.43	100
Reliance Liquid Fund	4.21	100
Sundaram Ultra Short Term Fund	7.67	100
Total		1,874

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2012	As at March 31, 2011
13 Cash and bank balances		
Current		
Cash and cash equivalents		
Balances with banks:		
- On current accounts-Schedule Bank	173	424
- On current accounts-Non Scheduled Bank	273	341
- Deposits with original maturity of less than three months	-	400
- On unpaid dividend account	1	1
Cash on hand	1	1
	<u>448</u>	<u>1,167</u>
Other bank balances		
- Deposits with original maturity for more than 3 months but less than 12 months	-	100
- Margin money deposit	293	245
	<u>293</u>	<u>345</u>
	<u>741</u>	<u>1,512</u>
Non-current		
Other bank balances		
- Margin money deposit	62	41
	<u>62</u>	<u>41</u>
Amount disclosed under non-current assets (note 11.2)	(62)	(41)
Total cash and bank balances	<u>741</u>	<u>1,512</u>

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 355, [March 31, 2011: Rs 286] are subject to first charge to secure the Company's letter of credit.

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2012	Year ended March 31, 2011
14 Other income		
Interest income on		
- Bank deposits	45	146
- Others	35	-
Profit on sale of Current investments	3	6
Net gain on sale of current investments	93	96
Exchange differences (net)	225	139
Liabilities no longer required written back	28	19
Rental income	98	-
Miscellaneous income	16	6
	<u>543</u>	<u>412</u>
15 Employee benefit expense		
Salaries, wages and bonus	10,901	8,933
Contribution to provident and other fund	633	679
Gratuity expense (note 19)	43	54
Staff welfare expenses	722	703
Recruitment and training	127	278
	<u>12,426</u>	<u>10,647</u>
16 Other expenses		
Electricity	794	767
Rent and amenities	1,571	1,388
Rates and taxes	103	29
Insurance	84	43
Repairs and maintenance		
- Plant and machinery	336	356
- Others	419	441
Other selling expenses	33	34
Travelling and conveyance	428	235
Communication costs	56	44
Legal and professional fees	860	361
Provision for doubtful debts and advances	8	17
Bad debts written off	-	11
Loss on sale of fixed assets (net)	29	5
Miscellaneous expenses	352	158
	<u>5,073</u>	<u>3,889</u>
Payment to auditor		
As auditor:		
Audit fee	19	19
In other capacity:		
- Other services (certification fees)	1	1
- Reimbursement of expenses	-	1
	<u>20</u>	<u>21</u>

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



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PARTICULARS	As at March 31, 2012	As at March 31, 2011
17. Finance costs		
Interest	22	9
Bank charges	56	41
	<u>78</u>	<u>50</u>

- 18.** The Group has not recognised deferred tax assets arising primarily on account of carried forward tax losses and unabsorbed depreciation, as subsequent realisation of such amounts is not virtually certain.

19. Gratuity benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rupees one million. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss account and the funded status and amounts recognized in the balance sheet for gratuity.

Profit and Loss account

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost	40	34
Interest cost on benefit obligation	17	13
Expected return on plan assets	(1)	(3)
Net actuarial (gain)/loss recognized in the year	(13)	10
Net employee benefit expense	43	54

Balance Sheet

Details of provision for gratuity

Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	(192)	(208)	(200)	(170)	(108)
Fair value of plan assets	2	11	36	49	56
Plan asset / (liability)	(190)	(197)	(164)	(130)	(52)
Experience adjustment on plan asset	(1)	3	1	1	5

Experience adjustment on plan liabilities was gain of Rs. 5 (March 31, 2011: loss of Rs. 52; March 31, 2010: gain of Rs.46).

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Opening defined benefit obligation	208	200
Interest cost	17	13
Current service cost	40	34
Benefits paid	(59)	(51)
Actuarial (gains) / losses on obligation	(14)	12
Closing defined benefit obligation	192	208

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

Changes in the fair value of plan assets are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Opening fair value of plan assets	11	36
Expected return	1	3
Contributions by employer	50	20
Benefits paid	(59)	(51)
Actuarial gains/(losses)	(1)	3
Closing fair value of plan assets	2	11
Actual return on plan assets	-	6

The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Investments with insurer	100%	100%

Assumptions

Particulars	As at March 31, 2012	As at March 31, 2011
Discount rate	8.50%	8.00%
Expected return on plan assets	8.60%	8.00%

The fund is administered by Life Insurance Corporation of India. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Group does not currently have any estimates of the contribution to be paid to the plan during the next year. Accordingly, the same has not been disclosed.

20. Employee stock option plans

The Group has two stock option plans that provide for the granting of stock options to employees including Directors of the Company (not being promoter Directors and Executive Directors, holding more than 10% of the equity shares of the Company). The option plans are summarized below:

Employee Stock Option Scheme (ESOS), 2006

The shareholders at the Annual General Meeting held on July 10, 2006, had approved an Employee Stock Option Scheme 2006 (ESOS 2006) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted the 350,000 options on January 25, 2007 at an exercise price of Rs. 289.75 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



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Particulars	As at March 31, 2012	As at March 31, 2011
Options outstanding, beginning of year	197,000	211,500
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	197,000	14,500
Options outstanding, end of year	-	197,000
Options outstanding at the year end comprise:		
- Options eligible for exercise at year end	-	197,000
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options	-	10 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Employee Stock Option Scheme (ESOS), 2010

The shareholders at the Annual General Meeting held on August 4, 2010, had approved an Employee Stock Option Scheme 2010 (ESOS 2010) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted the 390,000 options on August 4, 2010 at an exercise price of Rs. 45.05 per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

Particulars	As at March 31, 2012	As at March 31, 2011
Options outstanding, beginning of year	374,000	-
Options granted during the year	-	390,000
Options exercised during the year	-	-
Options lapsed during the year	31,000	16,000
Options outstanding, end of year	343,000	374,000
Options outstanding at the year end comprise:		
- Options eligible for exercise at year end	171,500	-
- Options not eligible for exercise at year end	171,500	374,000
Weighted average remaining contract life of options	3 years 4 months	4 years 4 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



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The summary of the movements in options is as follows:

Particulars	No. of options	Weighted average excise price (Rs.)	No. of options	Weighted average excise price (Rs.)
Outstanding at the beginning of the period	571,000	129.47	211,500	289.75
Granted during the year	-	-	390,000	45.05
Lapsed during the year	228,000	256.48	(30,500)	161.38
Outstanding at the end of the year	343,000	45.05	571,000	129.47

Particulars	As at March 31, 2012	As at March 31, 2011
Weighted average share price at the date of excise (Rs.)	-	-
Range of share price of options outstanding at the year end (Rs.)	45.05	45.05 – 129.47

Pro-forma Disclosures for ESOS 2010

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2010 been recognized based on the fair value at the date of grant in accordance with binomial method, the amounts of the Company's net loss and earnings per share would have been as follows:

Particulars	Profit/(Loss) after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2012			
- Amounts as reported	(1,698)	(11.14)	(11.14)
- Amounts as per pro-forma	(1,734)	(11.38)	(11.38)
Year ended March 31, 2011			
- Amounts as reported	(758)	(4.97)	(4.97)
- Amounts as per pro-forma	(806)	(5.29)	(5.29)

The fair value of options was estimated at the date of grant using the binomial method with the following assumptions:

Particulars	ESOS 2010
Risk-free interest rate	7.25%
Expected life	5 years
Expected volatility	56%
Expected dividend yield	-
Share price on the date of grant	Rs. 45.05
Expected forfeiture	30%

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



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The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

21. Leases

Finance leases

Vehicles include cars obtained on finance lease. The lease terms range between 3 and 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	March 31, 2012	March 31, 2011
Total as at year end		
Minimum lease payments	50	69
Less: finance charges	6	9
Present value	44	60
Not later than one year		
Minimum lease payments	24	28
Less: finance charges	3	5
Present value	21	23
Later than one year but not later than five years		
Minimum lease payments	26	41
Less: finance charges	3	4
Present value	23	37
Later than five years		
Minimum lease payments	Nil	Nil
Less: finance charges	Nil	Nil
Present value	Nil	Nil

Operating leases

Office premises are obtained under operating lease. Lease rentals incurred during the year of Rs.1,571(previous year Rs. 1,382) have been charged as an expense in the statement of profit and loss account. The lease terms vary between 3 and 9 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

Particulars	March 31, 2012	March 31, 2011
Upto 1 year	1,373	1,306
1 to 5 years	2,534	2,994
Beyond 5 years	305	465
Total	4,212	4,765

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



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22. Segment information

The Group's operations predominantly relate to IT enabled services and accordingly this is the only primary reportable segment. The Group has considered geographical segment as the secondary segment, based on the location of the customers invoiced.

Information about secondary segments	March 31, 2012	March 31, 2011
Revenue from services		
United States of America	8,181	7,827
India	8,488	7390
Others	1,645	634
Total	18,314	15,851

Fixed assets used in the Group's business have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Group believes that it is currently not practicable to provide segment disclosures relating to assets and capital expenditure since a meaningful segregation of the available data is onerous.

23. Related party disclosures

1. Names of related parties

Relationship

Key Management Personnel

Name of the party

Whole time directors:

A. Saravanan

R. Jagadish

2. Transactions with related parties:

Particulars	Key Management Personnel	
	March 31, 2012	March 31, 2011
Remuneration - Wholetime Directors' — Salaries	253	253

24. Contingencies and commitments

Particulars	March 31, 2012	March 31, 2011
Commitments		
Capital contracts yet to be executed	99	432
Contingent liabilities	109	109
Claims against the Company not acknowledged as debts*		

* Represents demand received from the Tamil Nadu Electricity Board in January 2008 relating to reclassification disputes on the tariff category applicable to the Company in two of its delivery centers with retrospective effect from 2005. The Company has obtained an interim stay order from the Hon'ble High Court of Madras against this claim. The Company considers the claim to be erroneous and as not payable under the specified tariff category applicable to ITES units.

Consolidated Notes

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)



ALLSEC TECHNOLOGIES LIMITED

25. Derivative instruments

The Company had used derivative financial instruments in the form of forward exchange contracts to hedge its risks associated with foreign currency fluctuations during the year. Accounting policy for forward exchange contracts is given in note 2.1 (r) above.

Derivatives outstanding as at the year end

Particulars	Purpose
Forward contract to sell US \$ US\$ 11.51 lakhs (March 31, 2011: Nil)	Hedge of highly probable foreign currency sales

26. Previous year figures

Till the year ended March 31, 2011, the Group was using the general format specified under the pre-revised Schedule VI to the Act, for preparation and presentation of its financial statements. For the year ended March 31, 2012, the same has been presented under the general format specified under the revised Schedule VI notified under the Act. The Group has reclassified previous year figures to conform to this year's classification.

Previous year figures include the assets and liabilities as at March 31, 2011 and transactions of Retreat for the period from February 1, 2011 (date of acquisition of controlling interest) to March 31, 2011. Accordingly, figures of the current year are not strictly comparable with those of the prior year.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No.: 101049W

Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam,

Partner,

Membership No: 053315

Place: Chennai

Date : May 14, 2012

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary



ALLSEC TECHNOLOGIES LIMITED

Regd. Office: 7H Century Plaza, 560-562 Anna Salai, Teynampet, Chennai 600 018.
Corp. Office: 46 B Velachery Main Road, Velachery, Chennai 600 042.

Mr./Ms _____

ATTENDANCE SLIP

Date &
Time

Thursday
2nd August 2012
10.00 AM

Venue

Narada Gana Sabha,
Mini Hall, 314, TTK Salai,
Alwarpet, Chennai 600018

Folio No.

No. of Shares

DEMAT PARTICULARS DP ID No.

I N

Client ID No.

I hereby record my presence at the
13th Annual General Meeting of the Company

Signature of Member / Proxy

MEMBER

☐

PROXY

☐

(Please tick as applicable)

- Note :
1. The Proxy form should be filled in full and the proxy form signed across revenue stamp should reach the share Transfer Agents M/s. Karvy or the Registered Office of the Company at least 48 hours before the scheduled time of the meeting.
 2. Only Shareholders of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF THIS ATTENDANCE SLIP duly completed and signed.
 3. Shareholders are requested to bring their copies of Annual Report with them.
 4. Shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.



ALLSEC TECHNOLOGIES LIMITED

Regd. Office: 7H Century Plaza, 560-562 Anna Salai, Teynampet, Chennai 600 018.
Corp. Office: 46 B Velachery Main Road, Velachery, Chennai 600 042.

DP ID No.

I

N

Client ID No.

FORM OF PROXY

Folio No.

No. of Shares held

I / We of

being Member (S) of ALLSEC TECHNOLOGIES LIMITED hereby appoint

..... of

..... Or failing him

..... of

..... As my / our

Proxy to vote for me / us on my / our behalf at the 13th ANNUAL GENERAL MEETING of the Company to be held at 10.00 AM on Thursday, the 2nd August 2012 and at any adjournment thereof.

Date

Signature

Re. 1
Revenue
Stamp