



Board of Directors

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

Chairman
Director
Investor Nominee
Investor Nominee
Director
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 LLP
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, Vittalrao Nagar
Madhapur, Hyderabad - 500 081



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Notice is hereby given that the 14th Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Monday the 12th August, 2013 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 2013 and the Profit and Loss Account for the period ended 31st March 2013 along with the Schedules, the report of the Directors and Auditors thereon.
- 2) To appoint a Director in the place of Mr. T. Anantha Narayanan who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in the place of Mr. A. Saravanan 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 LLP (ICAI 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 Ordinary Resolution:

“RESOLVED THAT Mr. Aravinthan Wijay, a Director who was appointed as an Additional Director and who holds office as such upto the date of the Fourteenth Annual General Meeting of the Company and in respect of whom Notice under section 257 of the Companies Act 1956, has been received from the member signifying the intention to propose Mr. Aravinthan Wijay as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company and is 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 7th August 2013 to 12th August, 2013 (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 details of unpaid/ unclaimed dividend for the years 2005 – 2006 and 2006 - 2007 which shall be transferred to the IEPF are as follows:

Financial Year	Date of Declaration of Dividend	Last Date of Claiming unpaid dividend	Due Date for Transfer to IEPF
2005-2006	10th July 2006	9th July 2013	8th August 2013
2006-2007	27th July 2007	26th July 2014	25th August 2014



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, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.

By Order of the Board

A. Mohan Kumar
Company Secretary

Place: Chennai

Date : May 8, 2013

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.Aravinthan Wijay was appointed as an Additional Director by the Board of Directors at their meeting held on 2nd August, 2012. The Additional Director appointed shall hold the office only upto 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 a member of his intention to propose the candidature of Mr. Aravinthan Wijay as Director of the company and is liable to retire by rotation.

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

None of the Directors except Mr.Aravinthan Wijay 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. T. Anantha Narayanan	Mr. A. Saravanan
Date of Birth	9-April-1945	18-April-1962
DIN	0007227	00033683
Date of Appointment on the Board	20-October-2005	24-August-1998
Qualifications	A.C.A.(Associate Chartered Accountant)/ A.I.C.W.A.(Associate ICWA)	B.Sc. (Physics), Chartered Accountant from The Institute of Chartered Accountants of India
Shareholding	NIL	27,18,259 Equity shares of Rs.10/- each (17.84% on the paid-up capital)
List of Directorship held in Companies	1 Ashok Leyland Project Services Ltd. 2 Ashley Holdings Ltd. 3 Ashley Investments Ltd. 4 Sundaram Asset Management Co. Ltd. 5 Sanco Trans Ltd 6 Ashley Services Ltd	1 Allsec Technologies Limited 2 Allsectech Inc., - USA 3 Allsectech Manila Inc., - Philippines
Nature of expertise in specific functional areas	He is a Chartered Accountant and Cost Accountant by qualification and was with Ashok Leyland group for over 25 years. He is an expert in corporate planning and financial structuring and shall guide the company in corporate governance matters.	Mr.A.Saravanan is a qualified Chartered Accountant. He has over 27 years of experience in finance and management across different industry segments, which he has effectively used whilst being the co-promoter of the Allsec group of companies. He headed marketing initiatives in areas of investments, merchant banking, portfolio management, brokerages and debt syndication for the Allsec group of companies. As the President and Whole Time Director, he is responsible for business development, strategy and finance and he also directly oversees the marketing initiatives of the Company across all geographies. The re-appointment of Mr. A. Saravanan 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 by way of Postal Ballot on 15th March 2013 remains unchanged.

By Order of the Board

A.Mohan Kumar

Company Secretary

Place: Chennai

Date : May 8, 2013

Registered Office:

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



(Rs. in Million)

	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013
A Profit and Loss Account					
Income from services	964.92	1,220.80	1,415.44	1,247.10	1,074.77
Other income	133.55	107.07	35.77	50.50	35.12
Total income	1,098.47	1,327.87	1,451.21	1,297.60	1,109.89
Gross Profit before Interest, depreciation & Tax (EBITDA)	18.06	37.02	68.64	(32.80)	73.63
Depreciation & Amortisation	84.48	101.42	103.38	107.90	101.35
Profit before interest & tax	(66.42)	(64.40)	(34.74)	(140.70)	(27.72)
Interest	3.81	(3.74)	4.71	6.30	5.61
Profit before taxation	(70.23)	(68.14)	(39.45)	(147.00)	(33.33)
Profit after taxation	(72.28)	(68.14)	(39.45)	(147.00)	(33.33)
B Balance Sheet					
Net fixed assets	266.67	356.99	358.82	313.10	238.46
Investments	453.81	271.59	425.29	311.80	353.20
Net current Assets	721.01	764.46	577.51	576.20	565.04
Total	1,441.49	1,393.04	1,361.62	1,201.10	1,156.70
Share Capital	152.38	152.38	152.38	152.38	152.38
Reserves & Surplus	1,283.19	1,215.06	1,175.60	1,028.72	995.45
Net worth	1,435.57	1,367.44	1,327.98	1,181.10	1,147.83
Loan funds	5.92	25.60	33.64	20.00	8.87
Total	1,441.49	1,393.04	1,361.62	1,201.10	1,156.70
C EPS (in Rs)	(4.74)	(4.47)	(2.59)	(9.64)	(2.19)
Diluted EPS (in Rs)	(4.74)	(4.47)	(2.59)	(9.64)	(2.19)
Book Value per share	94.21	89.74	87.15	77.50	75.33
Capital employed	1,441.49	1,393.04	1,361.62	1,201.10	1,156.70
Return on Capital Employed (ROCE in %)	-5%	-5%	-3%	-12%	-3%
Return on Networth (RONW in %)	-5%	-5%	-3%	-12%	-3%
Fixed Assets Turnover (No of times)	3.62	3.42	3.94	3.98	4.51
Working Capital Turnover (No of times)	1.34	1.60	2.45	2.16	1.90
EBITDA as a % of total income	2%	3%	5%	-3%	7%
Net Profit (Loss) as a % of total income	-7%	-5%	-3%	-12%	-3%



The HR Team at Allsec worked with the theme “An Engaged Employee is a Satisfied Employee” and this was seen in how Allsec’s 2400+ workforce across India, US and Philippines worked in complete Synergy. The Recruitment, Training & Development and Employee Relations teams achieved all benchmarks set for attaining higher levels of employee morale and productivity. The integration of businesses across locations resulted in HR process and systems up scaling to meet the challenges in operating from 5 locations which is key to sustaining Allsec’s competitive edge.

As organizations continue to operate in a dynamic global scenario, Allsec Technologies focused in converting challenges into opportunities and with this commitment, invested in building people competencies on an unparalleled scale. Allsec seamlessly focused on defining and redefining its HR Policies in order to attract the best talent into the company. Talent Acquisition and Training set its brand value through Operational Efficiency, Quality and People Management by hiring candidates with the right attitude and honing the skills by providing customized training programs to suit the competency requirements of our clients. The recruitment processes moved online to scale up hiring of suitable candidates from reputed Science, Arts and Engineering Colleges through Campus Recruitment to meet the ever growing business needs. The constant focus to expand business saw fresh talent being hired from Management Schools for the Marketing & Business Development Team. Training remained imperative in nurturing human capital and developing talent through structured training modules, by promoting open culture, transparency and professional integrity.

Through a highly structured career path, cross-functional opportunities and performance-oriented incentives, our employees are highly motivated which enables us to manage and build talent within the organization.

The Employee Relations Team ensured that the combined potential of the workforce was synchronous with the Culture and DNA of the organization. Employee engagement activities enhanced team dynamics, by ensuring that every employee in the organization works for better results and is willing to take on additional initiatives for the betterment of oneself and the organization. The strong emotional bond formed by Employee Engagement drives

resulted in higher retention & productivity levels and lower absenteeism. The correlation between positive business outcomes and effective employee engagement were seen in key factors followed at Allsec such as:

- ♦ Employee Clarity of Job Expectation
- ♦ Career Advancement Opportunities
- ♦ Regular feedback – Performance, Quality and other factors
- ♦ Relationship with peer, team members and supervisors
- ♦ Internal Communication Process
- ♦ Rewards and Recognition Programs
- ♦ Fun at Work Initiatives

The Allsec’s Employee Referral program is testimonial to the levels of Employee Satisfaction, where close to 40% of the new hires for the year were referred by our employees. This was also seen for our strategic operations and support functions.

Our success is determined by how our culture is in sync with the Allsec’s Mission, Vision and Value Systems. It is in this milieu that we operate to ensure a workplace which is characterized by how people interact, organize their tasks, conduct business and relate to leadership. Sustaining the organization’s culture across all business domains is a challenge. However, we have ensured that it is embedded right from day one of an employee joining us.

Allsec’s Corporate Social Responsibility is a source of inspiration to its employees. CSR initiatives witnessed participation from all levels within the organization and in a few occasions reached out to involve the kith & kin of its employees.

5S @ Allsec

This year we have decided to take yet another conscious step to make our work environment world class and hence will focus and emphasize on a complete makeover of our workplace. In order to achieve this, we have adopted 5S, a Japanese workplace organization method.

5S is in its initial phase and after successful implementation, Allsec will become the front runner amongst ITeS companies in India to be 5S compliant.



Directors Report

The Directors have pleasure in presenting to you the 14th Annual Report of the company covering the financial year ended 31st March 2013.

FINANCIAL RESULTS:

The performance of the Company for the financial year 2012-13 is summarized below:

(Rs. in Million)

Particulars	CONSOLIDATED		STANDALONE	
	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12
Income from Services	3200.7	1831.4	1074.8	1247.1
Other Income	41.6	54.3	35.1	50.5
Total Income	3242.3	1885.7	1109.9	1297.6
Profit/(Loss) before Interest, Depreciation & Tax (EBIDTA)	405.7	44.3	73.7	(32.8)
Depreciation & Amortisation	147.7	141.4	101.4	107.9
Profit /(Loss) before interest & tax	258.0	(97.1)	(27.7)	(140.7)
Interest & Finance charges	51.7	7.8	5.6	6.3
Profit /(Loss) before taxation	206.3	(104.9)	(33.3)	(147.0)
Profit /(Loss) after taxation	88.4	(147.2)	(33.3)	(147.0)
Profit /(Loss) after taxation and Minority Interest	19.5	(169.8)	-	-
Profit / (Loss) brought forward	(525.5)	(355.7)	(339.6)	(192.6)
Surplus/(Deficit) carried forward to Balance Sheet	(506.0)	(525.5)	(372.9)	(339.6)

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 2012-13.

Business Outlook

The Consolidated total Income grew from Rs. 1885.7 Million to Rs. 3242.3 Million, a growth of 72% over the previous financial year. EBIDTA has increased by 9 times from Rs. 44.3 Million to Rs. 405.7 Million which is the highest for the Company. Net Profit after Taxation is at Rs. 19.5 Million, while it was a loss of Rs. 169.8 Million for the previous year. The contribution to increased profitability is from Retreat Capital Management Inc, the subsidiary which we acquired in 2010.

The Standalone total Income has decreased from Rs.1297.6 Million to Rs. 1109.9 Million over the previous financial year. The Company was in the process of re-pricing all the Domestic Contracts so that all contracts are profitable. Due to this, we did not renew contracts with 2 major Clients whose pricing was not acceptable to us. This has resulted in lower revenues

from domestic clients by 32% for the year. However your Company's focus on profitability has yielded better EBITDA this year.

There is an increase in Exports revenue by 24% in local currency terms. The new businesses which we got have gone to backfill lost business during last year and this has resulted in a 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 will be good and profitability will improve substantially.

Net loss After Tax reduced considerably from Rs. 147 Million to Rs 33 Million, a decline of 77% over previous financial year. During the year, we had written off old receivables amounting to Rs. 42.6 Million and we have also spent money on closing of delivery centers consequent to closure of two contracts with Domestic clients. Considering this, your Company has actually made Operating Profit for the year. Detailed analysis of the Standalone results forms part of the Management Discussion and Analysis (MDNA) report provided separately as part of the Annual Report.

The Auditors have made qualified opinion in Para 1 and Para 2 under "basis of qualified opinion" in the Audit Report for the year 2012-13. We have given our detailed explanation to this qualified opinion in Note 20(a) & (b) of the Notes forming part of the Accounts. In view of this, we have not made any provision in the books of Accounts. The same may be considered as our explanation to the qualified opinion of the Auditors.

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.

The company is continuing to pursue growth through the Organic route and sees 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 and has the potential to offer delivery capabilities in multiple Indian languages.

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 Organizations 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, ISO 9001:2008 (Quality Management System), ISO 27001:2005 (Information Security Management), PCI DSS compliance certifications are renewed at Chennai location of your company. To take this to the next paradigm, Manila is certified for ISO 27001:2005 and PCI DSS & HIPAA. Further, existing ISAE 3402 which is a graduated version of SAS 70 Type II certification for HR BPO is renewed to ensure consistency with business and market needs in HR outsourcing. Several client audits took place on information security and data privacy and results indicated that the company accomplished required compliance with their contractual and standards' requirements.

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:

- That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- That the directors had prepared the annual accounts on a going concern basis.

Subsidiaries

The Company has four subsidiaries as at year end namely Allsectech Inc, USA, Allsectech Manila Inc., Philippines, Retreat Capital Management Inc, USA and Centigral Inc, USA.

A Statement containing brief financial particulars of the subsidiary companies for the year ended March 31, 2013 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	507.5
Expenditure in Foreign Currency	69.0
Remittance of Dividend in Foreign Currency	Nil

Directors

Mr. T. Anantha Narayanan and Mr. A Saravanan, Directors retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Aravinthan Wijay, a Director who was appointed as an Additional Director and who holds office as such upto the date of Fourteenth Annual General Meeting of the Company and in respect of whom Notice under section 257 of Companies Act, 1956 has been received from members signifying their intention to propose Mr. Aravinthan Wijay as a candidate for the office of Director and accordingly a resolution will be placed before the members at the forthcoming Annual General Meeting.

Mr. A. Sankarakrishnan, a Director on the Board of the Company, expired on 9th April, 2013. The Board condoles the death of Mr. A. Sankarakrishnan and records its appreciation of the valuable services rendered by him.



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 Ltd, 46B, Velachery Main Road, Velachery, Chennai 600042.

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 LLP, (Previously known as M/s. S.R.Batliboi & Associates) Chartered Accountants were re-appointed as Auditors of the

company at the annual general meeting held on 2nd August, 2012. M/s. S.R.Batliboi & Associates LLP 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

Chennai
May 8, 2013



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
August 2, 2012	100,000	Rs.45.05

Descriptions	ESOS 2010
a. Options granted	490,000
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	59,000
h. Variation of terms of options	N.A
i. Money realized by exercise of options	NIL
j. Total number of options in force	431,000

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	Senior Vice President - Allsectech Inc, USA, Subsidiary Company	25,000
Mr. Aravinthan Wijay	President & CEO - Retreat Capital Management Inc, USA, Subsidiary Company.	100,000

- 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.

I. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 - Rs. (2.19).

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, 2013			
- Amounts as Reported	(333)	(2.19)	(2.19)
- Amounts as per pro-forma	(333)	(2.19)	(2.19)
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)

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 8, 2013



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

We hereby certify that -

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2013 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 controls 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) all 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 8, 2013

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 2012 - 2013, 4 Board Meetings were held on 14th May 2012, 2nd August 2012, 1st November 2012 and 5th February 2013.

Name	Designation	Category	Attendance		Other Board	
			Board Meeting	Last AGM	Director ships [#]	Committee Memberships ^{\$}
Dr. Bala V Balachandran	Chairman	Independent, Non-executive	3	Yes	1	1
T. Anantha Narayanan	Director	Independent, Non-Executive	4	Yes	6	6
A. Sankarakrishnan**	Director	Independent, Non-Executive	4	Yes	4	2
Mahesh Parasuraman	Director	Investor Nominee, Non-Executive	3	Yes	1	-
Manish Gaur	Director	Investor Nominee, Non-Executive	4	Yes	-	-
Aravinthan Wijay	Director	Professional Non-Executive	2	No	-	-
A. Saravanan	Director & President	Non-Independent, Executive	4	Yes	-	-
R. Jagadish	Director & CEO	Non-Independent, Executive	4	Yes	-	-

** Mr. A. Sankarakrishnan expired on 9th April 2013 and ceased to be a Director.

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 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. During the year, the Committee comprised 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 14th May 2012, 2nd August 2012, 1st November 2012 and 5th February 2013.

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

** Mr. A. Sankara Krishnan expired on 9th April 2013 and ceased to be a member of this Committee.



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.

Dr. Bala V Balachandran was inducted into the Audit Committee in place of Mr. A. Sankarakrishnan with effect from 25th April 2013.

4. Compensation Committee :

The Compensation committee presently consists of Independent and Non-Independent directors. During the year, the Committee had Dr. Bala V Balachandran, Mr.A.Sankarakrishnan, Mr.T.Anantha Narayanan and Mr.A.Saravanan as members. Mr. A.Sankarakrishnan expired on 9th April 2013 and ceased to be a member.

During the year, one meeting was 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 to the Companies Act, 1956.
- Grant of 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 2013 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
Mahesh Parasuraman	-	-
Manish Gaur	-	-
Aravinthan Wijay	-	-

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.

- 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.
- During the year, the Shareholders/Investor Relation Committee had Mr. A. Sankarakrishnan, Mr. A. Saravanan and Mr. R. Jagadish as members.
- Mr. A. Mohan Kumar, Company Secretary is the compliance officer nominated for this purpose.
- The details of investor complaints during the year 2012 – 2013 are:

Complaints received	Resolved	Not solved to the satisfaction of shareholders	Pending
2	2	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
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
2011-12	August 2, 2012	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

- 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.
- No Special Resolution was passed in the AGM held on 2nd August 2012.

III. Extra-Ordinary General Meetings

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

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

- b) 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.

IV. Postal Ballot

Special Resolution(s) through Postal ballot was passed on 15th March 2013:

- For payment of remuneration and re-appointment of Mr. A. Saravanan, Whole time Director.
- For payment of remuneration and re-appointment of Mr. R. Jagadish, Whole time Director.

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 and in one vernacular newspaper (Malai Sudar). 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 : 12th August 2013 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

7th August 2013 to 12th August 2013 (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 2012 - 2013

Month	National Stock Exchange				Bombay Stock Exchange			
	Price		Indices		Price		Indices	
	High	Low	High	Low	High	Low	High	Low
Apr-12	12.95	11.10	5378.75	5154.30	13.50	11.10	17,664.10	17,010.16
May-12	15.10	10.20	5279.60	4788.95	15.19	10.00	17,432.33	15,809.71
Jun-12	36.75	13.20	5286.25	4770.35	37.24	13.50	17,448.48	15,748.98
Jul-12	40.90	28.00	5348.55	5032.40	41.05	28.05	17,631.19	16,598.48
Aug-12	41.75	28.55	5448.60	5164.65	41.90	28.55	17,972.54	17,026.97
Sep-12	34.70	27.10	5735.15	5215.70	35.40	27.55	18,869.94	17,250.80
Oct-12	38.45	27.50	5815.35	4888.20	37.60	29.65	19,137.29	18,393.42
Nov-12	61.15	36.30	5885.25	5548.35	63.25	36.50	19,372.70	18,255.69
Dec-12	73.00	55.50	5965.12	5823.15	73.60	56.00	19,612.18	19,149.03
Jan-13	83.75	63.00	6111.80	5935.20	83.95	64.35	20,203.66	19,508.93
Feb-13	79.00	49.55	6052.95	5671.90	78.90	49.35	19,966.69	18,793.97
Mar-13	51.50	43.00	5971.20	5604.85	52.95	43.25	19,754.66	18,568.43



G. Registrars and Transfer Agents

Karvy Computershare Private Limited

Unit : Allsec

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

Tel : +91 40 44655000.

E-mail: einward.ris@karvy.com

Website: 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 March 31, 2013:

Category	No. of Share	% of Holding
Promoters Holding:		
Indian Promoters	5,380,521	35.31%
Person Acting in Concert	Nil	Nil
Non Promoters Holding:		
Institutional Investors	NIL	NIL
Financial Institutions /Banks	NIL	NIL
Foreign Institutional Investors	498,816	3.27%
Foreign Venture Capital	4,702,858	30.86%
Foreign Corporate Bodies	NIL	NIL
Others:		
Private Corporate Bodies	457,796	3.0%
Indian Public	3,424,570	22.47%
Non Resident Indians	178,259	1.17%
Others	595,506	3.92%
TOTAL	15,238,326	100.00%

Distribution Schedule

Category (Amount)	No. of Holder	% To Holders	Amount (Rs)	% To Equity
1 - 5000	4,618	88.33	5,049,600	3.31
5001 - 10000	273	5.22	2,190,950	1.44
10001 - 20000	143	2.74	2,158,250	1.42
20001 - 30000	51	0.98	1,282,260	0.84
30001 - 40000	30	0.57	1,041,180	0.68
40001 - 50000	20	0.38	928,620	0.61
50001 - 100000	39	0.75	2,696,280	1.77
100001 & Above	54	1.03	137,036,120	89.93
TOTAL	5,228	100.00	152,383,260	100.00

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

K. Delivery Centers

Allsec Technologies has its offices/ Service delivery centers in India at Chennai, Trichy, Bengaluru, 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 Group at USA.	66%
Centigral Inc at USA	80%



- L. Dematerialization of shares and liquidity
As on March 31, 2013 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, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081

Tel : +91 40 44655000

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

Website: www.karvy.com

For General Correspondence:

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 2012-2013.

Place : Chennai
Date : May 8, 2013

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 March 31, 2013, 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 LLP
(ICAI Firm Registration Number: 101049W)
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place : Chennai
Date : May 8, 2013



INDIAN ITes INDUSTRY – DEVELOPMENTS & OUTLOOK

During the past several years, global economic situations have been very challenging. Uncertainty and moderation of economic activity across the world was the key feature of the year. In the face of a volatile economic environment, 2012 recorded a steady growth of 4.8 percent for technology and related services sector with a worldwide spending of USD 1.9 trillion. Business Process Management (BPM) services contributed to majority of the growth and recorded USD 164 Billion with 5.1 percent growth.

FY 2013 has been a year of transition and transformation for the Indian IT-BPM industry as it struggled but continued its growth trajectory albeit at a slower pace despite global economic uncertainty. In the beginning of the year, NASSCOM predicted slow growth for India IT-BPM Industry in FY 2013 with a lesser growth rate of around 14% with revenues of around US\$115 Billion, while the recent estimates shows aggregate revenues of US\$ 108 Billion only. The industry also has been expanding into newer verticals and geographies, attracting new customer segments, and transforming from technology partners to strategic business partners.

Despite the entry of many other low cost destinations like Philippines, India continues to maintain its dominant position as the leading cost efficient service provider. The burgeoning of new Tier II cities in India offering outsourcing services at a discount to Tier I cities has given additional advantage. The market share of the BPM industry in India saw a rise from 34% in 2009-10 to 37% in 2012-13.

During the year, BPM services exports saw a faster growth of 12.2 percent, higher than 10.2 percent overall growths in the Industry. Sector wise revenue break up is as below:

Indian BPM Industry - Sector-wise revenue break-up

	2010-11	2011-12	2012-13E	% inc
BPM USD billion	16.9	19.3	20.9	8%
Exports USD billion	14.1	15.9	17.8	12%
Domestic INR billion	127	149	167	12%
Domestic USD billion	2.8	3.3	3.1	-

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

Source: NASSCOM

Exports:

The BPM segment that has been reinventing itself in the past few years is expected to be the fastest growing at 11.9% and estimated to gross USD 17.8 Billion in FY 2013. Business drivers for the year have been New Verticals and Geographies, Restructured business model

and Transformation and Innovation. BPM providers increasingly focussed on transforming client businesses through a mix of re-engineering skill, technology enablement and new service delivery methods.

Domestic

Domestic BPM segment is expected to grow by 12.1 percent in FY 2013 to reach INR 167 Billion. This is mainly due to the demand for hosted services and higher uptake by traditional and emerging verticals including the government.

Future Outlook

The global economy is set to improve from 2013 onwards, with global GDP expected to increase by 3.5 percent and further by 4.1 percent in 2014. Global IT-BPM spend is expected to be on the surge- growth of over 5 percent in 2013 to touch USD 2 Trillion. In that, BPM spending in 2013 is expected to be driven by F&A and procurement segments, followed by HR outsourcing and customer care.

The \$20-Billion Indian BPM services industry is expected to clock a double-digit growth, around 12-15%, for the financial year 2013-14, driven by high-end transformational services, according to industry experts. BPM companies are betting big on areas like banking, financial services and accounting, supply chain and healthcare to drive its next phase of growth.

For the industry to continue on the growth path and to counter challenges of alternative outsourcing destinations like Philippines and China, it will have to mitigate the following challenges:

- Ongoing global recession is having an impact on business sentiments and customer confidences particularly in US and Europe.
- Challenging labour conditions and reduced job creations in these geographies, governments are increasingly resorting to protectionism to boost their economies.
- Threat of taxation on outsourcing firms.
- Upcoming Indian elections in 2014 could affect the domestic demand.
- Rising wage inflation and currency volatility continued to be areas of concern.
- Cyber espionage is a serious emerging threat that could lead to security compromise and data breaches, risk of insider threats due to liberal access to client networks are other challenges.

BPM firms need to continue to transform their business models and strategies to overcome the above challenges and to ensure future growth. They need to expand to new markets, further enhancing customer centricity, flexible delivery models and continue to make strategic investments.



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. With our 10+ years of experience servicing multitude of clients, handling millions of transactions. Allsec has the experience, expertise and customizable solutions that focus on customer delight. 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. We are a leading provider of outsourced solutions in customer engagement, sales & retention and quality assurance for businesses across BFSI, Insurance, Telecommunication, Retail, Healthcare, Energy & Utilities and Technology. Our solutions are reflective of our outlook and focus. Building Lasting Relationships - at Allsec, it's a culture that percolates into everything we do. We look to grow in each of these horizontals 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 and on the basis of our track record of delivery and positive client references is ongoing. Allsec was successful in acquiring a range of Clients in Indian domestic markets over the past 4 years. However during the year, we have made a strategic decision of letting go two large clients due to pricing problems. However we have added many other clients during the year at pricing acceptable to us. 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 the 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. Our strength in the platform based HR-BPM business is our track record of delivery coupled with responsive services which have helped us grow this business steadily. We have made significant investments in a cutting edge technology

platform and this together with strong process and domain strength, we expect that our Payroll business will have a significant growth across geographies in the next year and we expect a big jump in revenues from this vertical.

❖ 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, ISO 9001:2008 (Quality Management System), ISO 27001:2005 (Information Security Management), PCI DSS compliance certifications are renewed at Chennai location of your company. To take this to the next paradigm, Manila is certified for ISO 27001:2005 and PCI DSS & HIPAA are renewed. Further, existing ISAE 3402 which is a graduated version of SAS 70 Type II certification for HR BPM is renewed to ensure consistency with business and market needs in HR outsourcing. Several client audits took place on information security and data privacy and results indicated that the company accomplished required compliance with their contractual and standards' requirements.

❖ Capacity

Allsec has a pan India presence with facilities in 5 locations such as Delhi, Mumbai, Bengaluru, Chennai and Trichy. We have closed some of the domestic delivery centers due to closure of two of our domestic clients and consolidated delivery in other locations. Apart from India, we also have a capacity of 600 seats in Manila and 100 seats in Dallas, USA.

❖ Acquisition Targets

In FY 2013, our Company continued to scout for potential acquisition targets both in International and Domestic segments with available cash and cash equivalents. Your Company has invested in US based Company in healthcare and data analytics space last year. Your Company is confident that the revenues and profitability would improve substantially through our subsidiaries in the next year and the years to follow that.

THREATS

ATTRITION

Allsec, is in an industry where attrition is one of the major areas of concern. This year, Allsec has an annual attrition of 47% which is higher than average mainly due to ramping down activity during the year.



The Company also faces a tough challenge in recruiting 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 the 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 schemes, employee satisfaction surveys and other critical activities to address the threat posed by attrition.

RISKS AND CONCERNS

BUSINESS RISKS

As discussed in first few paragraphs, the business risks involved in our industry are varied and can be broadly classified as below:

- ♦ International Economic Downturn
- ♦ Low cost competition from other countries.
- ♦ Proposed changes in Legislation
- ♦ Protectionist measures by current US Administration affecting scope of outsourcing.
- ♦ Increased competition and pricing issues in the Domestic market.
- ♦ Threat of taxation on outsourcing firms.
- ♦ Upcoming Indian elections in 2014 could affect the domestic demand.
- ♦ 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.
- ♦ Possible pricing and volume reduction pressures amidst the international clientele.

FINANCIAL RISKS

GEOGRAPHICAL CONCENTRATION OF CLIENTS

Our Company has a global footprint and the revenues are still dependent on clients located in US or from Indian subsidiaries of US companies. As a strategy we are looking to increase the share of our Revenues from US / UK as the margins are better compared to Domestic business. As a result, the Company is exposed

to various risks typically associated with doing business in various countries, many of which are beyond the control of the management.

EXCHANGE FLUCTUATION

Movements in exchange rates continue to be a major threat. There has been volatility in the exchange rate between INR and USD in the recent years and these currencies may continue to fluctuate significantly in future as well. However the rupee depreciated during FY 2013 and has helped our company realise better. 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. 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.

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., may affect the BPM 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 payment basis, Service Tax introduction on import of services under reverse charge method etc. which have had a dampening effect on the Industry. It is now clear that Sec 10A benefit on deduction of export profits for IT/ ITeS units has not been extended beyond 31 March 2011 and this stand by the Government of India 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 United States and United Kingdom 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 centres 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

BPM industry is a labour intensive industry and the Company's success depends on its ability to retain key employees. Historically high employee attrition has been a common feature and our Company has also experienced a very high level of attrition. There have been cases of companies losing BPM orders for not being able to demonstrate a competent team that can manage a large workforce. High level of attrition further complicates the problem. 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 agents' 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 comprising 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 2013, total number of employees stood at 2479 which is a reduction of 3034 (55%) from the previous year end figure of 5513.

For detailed write up on our HR activities and material developments, please refer the section titled "HR and Training" of this 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). Due to loss of some key customers in US market, the share of Exports to Domestic came down substantially and was around 1/3 of total Revenues in the last year. During the year under review, due to International clients added coupled with huge reduction in domestic revenues, Exports as a % of total revenue has increased to 47% (It was around 56% in the quarter ending March 31, 2013).

(Rs. in Million)

For the year ended	Exports	%	Domestic	%	Total income
31 March 2013	507.52	47	567.25	53	1,074.77
31 March 2012	408.10	33	838.95	67	1,247.05

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

	2012-13		2011-12		% Increase/ decrease over previous year
	Rs in Million	% of Total revenues	Rs in Million	% of Total revenues	
INCOME					
Income – Operations	1,074.8	97	1,247.1	96	(14)
Income – Others	35.1	3	50.5	4	(30)
A) Income – Total	1,109.9	100	1,297.6	100	(14)
COSTS					
Connectivity costs	68.2	6	81.4	6	(16)
Staff cost	615.7	55	901.8	69	(32)
Other Costs	352.3	32	347.2	27	1
B) Total costs	1036.2	93	1330.4	103	(22)
C) Profit/(Loss) before Interest, depreciation & taxes	73.7	7	(32.8)	(3)	(325)
Depreciation & amortization	101.4	9	107.9	8	(6)
Interest	5.6	1	6.3	0	(11)
D) Profit /(loss)before Taxes	(33.3)	(3)	(147.0)	(11)	77
Taxes	-	-	-	-	-
E) Profit /(Loss)after Taxes	(33.3)	(3)	(147.0)	(11)	77

* =-less than 1%

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

Earnings per share data (Basic / Diluted)

Year Ended 31 March 2013	Rs (2.19)
Year Ended 31 March 2012	Rs (9.64)



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 March 31, 2013	Year Ended March 31, 2012	Increase/ (Decrease) in %
Exports	507.5	408.1	24
Domestic	567.3	839.0	(32)
Total	1,074.8	1,247.1	(14)

There is an Increase in export revenue primarily due to increased USD billing from our existing and new Clients by 11%. The dollar rupee exchange rate has been favorable throughout the current year. The average conversion rates have been favorable in the current year to the tune of 13%.

Domestic revenue has seen a decline during the year due to closure of contracts with two major clients. We had closed those contracts as the pricing was not acceptable to us. We have however added up few smaller clients with better pricing and have contributed to both Revenue and PAT. HR Payroll services division has shown an increase of 26% over previous year.

2. Other Income

Current year stood at Rs 35 Million as compared to Rs. 51 Million in the previous year – a decrease of Rs.16 Million or (30) %. The decrease is mainly due to:

- Lower foreign exchange gain during the year amounting to INR 7 Million.
- There is a reduction during the year in rental receipts due to subleasing of one of our facility to the tune of INR 5 Million.
- There is a reduction in interest / dividend income from our surplus money investments to the tune of INR 5.4 Million.

3. Expenditure

During the year, there is a reduction in total expenditure of Rs. 294 Million while reduction in revenues amounted to Rs. 172 Million. This is despite one time charge of Bad debts written off during the year amounting to Rs. 43 Million. This was primarily due to lower manpower costs and lower infrastructure costs due to ramp down activities in domestic market and savings in costs.

	Year ended March 31, 2013	Year ended March 31, 2012	Favourable / (unfavourable) in % over previous year
	Amount	Amount	
	Rs. in Million		%
Connectivity cost (Note 1)	68.2	81.4	16
Employee costs and benefits (Note 2)	615.7	901.8	32
General and administration expenses (Note 3)	328.7	325.9	(1)
Selling expenses (Note 4)	23.6	21.3	(11)
Finance charges	5.6	6.3	11
Depreciation (Note 5)	101.4	107.9	6

Note 1: The decrease in cost of connectivity is due to conversion from linear IPLC to redundant MPLS based connectivity and Optimization of our Co-lo Space and various circuits during the year. This is despite increased expenses due to overseas call charges resulting from increased volumes and depreciating rupee.

Note 2: The decrease in employee cost is mainly on account of lower head count catering to domestic Clients, as during the year Company had not renewed the contract with two of our major clients. The company had 2479 employees as at the end of the year (PY 5513). Due to lower numbers the associated costs of employee benefits and welfare expenses and recruitment costs have also reduced as compared to previous year. This has resulted in a decrease of 32% or Rs 286 million in salaries and related employee benefits and welfare expenses in the current year.

Note 3: The total increase in general and admin expenses in the current year was Rs. 2.8 million or 0.86% compared to the previous year.

- During the year, receivable from client outstanding for more than 4 years totaling to Rs. 64 million was partially settled by the Client by paying around Rs. 21 Million which has helped in cash flows. However Company had to write off the balance amount of Rs. 43 million in the books. This is a onetime expenditure during the year and will not repeat in coming years.
- The other increase in general and admin expenses are due to higher legal and professional fees and other miscellaneous expenditure incurred during the year amounting to Rs. 12 Million.
- However, due to closure of few centers, there is a marked savings in expenditure relating to those centers like rent, electricity, repairs and maintenance and communication costs and offset the increases mentioned in above paragraphs. Savings on account of this is around Rs. 70 Million.



Note 4: Increase in selling expenses is primarily due to higher exports sales and higher exchange rate payable for selling commission due to INR depreciation. Business promotion expenses was lower during the year.

Note 5: Depreciation has reduced by 6% as compared to previous year, due to closure of few delivery centers.

4. Provision for Tax

Provision for tax includes current and deferred taxes. During this financial year, there was no current taxes provision due to loss situation. There was no MAT payable due to 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 March 31, 2013 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), 2010:

The shareholders at the Annual General Meeting held on August 4, 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 and 100,000 options on August 2, 2012 at an exercise price of Rs 45.05 /- per share. Out of the 490,000 options granted, 59,000 options have been cancelled/lapsed as on March 31, 2013 and balance of 431,000 are outstanding as at 31 March 2013.

3. Reserves and Surplus

The Company's Reserves and Surplus as on March 31, 2013 stood at Rs. 995 Million represented by capital reserve at Rs. 25 Million (same as last year), share premium on the equity shares amounting to Rs. 1,202 Million (same as last year), Rs. 141 Million representing General Reserve (same as last year), Rs. 373 Million (previous year : Rs. 340 Million) representing debit balance in the profit and loss account, an addition of Rs. 33 Million during the year, due to reasons mentioned in the above paragraphs.

4. Long Term Borrowings

Secured loan balance of Rs. 8.9 Million represents balance payable towards Finance lease obligation (HP loans). This has increased by Rs 6.6 Million during the year from Rs. 2.3 Million as at 31 March 2012 and this is primarily due to new employees availing the Car scheme of the company which is a welfare measure provided by the Company.

5. Provisions

Due to change in the new 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. 19.8 Million as against Rs. 19 Million in the previous year. Rs. 5 Million out of Rs. 19.8 Million is considered as Long term and shown accordingly.

Provision for Leave benefits for the current year is at Rs. 7 Million as against Rs. 8 Million in the previous year. Long term provision is Rs. 3 Million.

Provision for Employee bonus has come down from Rs. 5 Million to Rs. 4 Million as at 31 March 2013.

6. Short term Borrowings:

This represents bank overdraft and there is nil balance as at 31 March, 2013, as we have not utilized any amount from the banks for our working capital needs. The amount which was outstanding as at 31 March, 2012 was Rs. 16 Million.

7. Other Current Liabilities

Trade payables, being payable to suppliers of goods and services has decreased to Rs. 70 Million as compared to Rs. 119 Million. This is mainly due to closing down of few centers during the year and resultant lower expenditure.

- Other liabilities have also decreased by Rs. 18 Million from Rs. 45 Million to Rs. 27 Million.
- Withholding and other tax payables has come down by Rs. 2 Million.
- Foreign Currency payable has come down by Rs. 3 Million.
- Sundry Creditors Non trade payables have come down by Rs.13 Million.

8. Fixed Assets – Tangible

Additions to Fixed Assets amounted to Rs. 14 Million (previous year : Rs. 54 Million) in tangible fixed assets primarily due to additions to Vehicles (employee welfare scheme of Rs.12 Million) call centre equipment and Computers and Servers - Rs.1.4 Million and office equipment of Rs. 0.8 Million.

The total assets disposed off during the year amounted to Rs. 130 Million (Previous year: Rs. 24 Million) mainly due to closure of few delivery centers during the year. We have disposed off some of the Computers and Call centre equipments during the year amounting to Rs. 74 Million; office equipment and Furniture & fixtures of Rs. 22 Million and Vehicles of Rs. 7 Million.

We have also scrapped lease hold improvements done at our centers which were closed during the year. The



original cost of the same is Rs. 26 Million and the same has been provided as accelerated depreciation during the year.

After providing for depreciation of Rs. 67 Million (Previous year: Rs. 77 Million) for the year, the net block of fixed assets stood at Rs. 179 Million as on March 31, 2013 compared to Rs. 240 Million as at March 31, 2012.

9. Fixed Assets - Intangible

Intangible assets comprise block of software used for call centre operation and goodwill. During the year, there was an addition in Software of Rs. 13 Million being the software upgrade in voice loggers, Microsoft SQL server licenses and additional expenditure on new platform for our Payroll vertical which in our opinion will bring increased revenues in 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. 50 Million as at 31 March 2013 and Rs. 72 Million as at 31 March 2012.

10. Non Current Investments

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

During the year, the Company had entered into a Share Subscription Agreement ('SSA') dated August 23, 2012 with the shareholders of Centigral Inc, USA ('Centigral'). Centigral is engaged in the business of providing management consultancy services in health care and business analytics. As per the terms of SSA, the Company has acquired 80% of the paid up capital of Centigral on September 11, 2012. We have remitted USD 64,000 (Rs. 3.5 Million) towards that.

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

11. Loans & Advances

Long Term Loans and Advances:

(Rs in Million)

Head	As at March 31, 2013	As at March 31, 2012
Capital Advances	-	0.1
Security Deposits	47.7	66.3
Loan to related party	10.9	122.5
Advances towards investment in preference shares	144.3	-
Prepaid expenses	0.8	0.9
Taxes receivable	152.0	159.3
Total	355.7	349.1

Deposits primarily reflect the security deposits for utilities and office premises paid. There is a repayment of deposits during the year due to closure of centers.

During the year, your Board has approved to convert loan given to WOS in Manila into non voting preference shares. However pending approval from Manila authorities, we have moved this loan to Advances towards investment in preference shares.

Loan to related party amounting to Rs 10.9 Million (USD 200,000) represents loan given to our Subsidiary in USA during the year.

During the year, we have received Income tax refund pertaining to FY 2009-10 and this has resulted in lower taxes receivable.

Short Term Loans and Advances:

Head	As at March 31, 2013	As at March 31, 2012
Security Deposits	5.8	14.7
Advances recoverable	3.4	2.9
Prepaid expenses	5.7	7.1
Balances with Statutory authorities	1.8	6.3
Foreign Currency receivable	0.9	-
Total	17.6	31.0

Deposits primarily reflect the security deposits for utilities and office premises paid. There is a repayment of deposits during the year due to closure of centers.

12. Trade Receivables

Long term Receivables – Nil for current year and Rs. 64 Million for previous year represents long due from one of our client. During the year, we have entered into settlement with this client and recovered Rs. 21 Million and written off the balance amount of Rs. 43 Million.

Current Trade receivable decreased to Rs. 236 Million as at March 31, 2013 as against Rs. 274 Million as at March 31, 2012.

The sundry debtors in terms of days of sales decreased significantly to 80 days as at March 31, 2013 as against 98 days as at March 31, 2012.

13. Other Assets

Non Current bank balances represent the Fixed Deposit given as a Margin Money for opening SBLC



with Banks and are maturing after 31 March 2014. Interest accrued on those deposits is also classified with the deposit as Long term.

Other current assets represent Fixed Deposits which are maturing before 31 March 2013 and interest accrued on those deposits and unbilled revenues.

15 Current Investments

Current investments represent balances invested in mutual funds as at 31 March 2013. The Balance as at 31 March 2013 is Rs. 89 Million as compared to Rs. 51 Million as at 31 March 2012. The increase is mainly due to better cash flows from operations and reduced working capital needs due to lower operating costs in the second half of 2012-13.

16. Cash and Bank Balances

Cash and Bank balances increased to Rs. 81 Million as at 31 March 2013 as against Rs. 47 Million as at 31 March 2012. This represents year end cash and bank balances available in current and deposit accounts including margin money deposits accounts. The increase is due to better cash flows during the year.

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

Report on the Financial Statements

We have audited the accompanying financial statements of Allsec Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

1. The financial statements as at March 31, 2013 include investments of Rs. 1,020 lakhs (March 31, 2012: Rs. 1,020 lakhs) in its wholly owned subsidiary Allsectech Manila Inc., Philippines and advances towards investment in preference share capital of Rs.1,443 lakhs (March 31, 2012: Rs.1,225 lakhs) from such subsidiary. The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2013. The recovery of the value of such investment in 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. Our audit opinion on the financial statements for the year ended March 31, 2012 was also qualified in respect of the above matter.
2. The financial statements as at March 31, 2013 include investments of Rs. 595 lakhs in its wholly owned subsidiary Allsectech Inc., USA and receivable balance (net) of Rs.595 lakhs from such subsidiary. The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2013.

The recovery of the value of such investment in 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 receivables.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) 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;
 - (d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

per S Balasubrahmanyam
 Partner
 Membership Number: 053315

Place: Chennai
 Date : May 8, 2013

**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 during the current 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. 1,552 lakhs and the year end balance of loans granted was Rs. 109 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. The loans given are interest free.
- (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 the internal control system of the Company in respect of these areas.
- (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 became 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 and cess on account of any dispute, other than the following

Nature of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax*	-	2004 to 2007	Commissioner of Income Tax (Appeals)

*The order passed by the assessing officer have impact on the unabsorbed losses and unabsorbed depreciation that can be carried forward.

- (x) *Without considering the possible effects of the matters described in the Basis for Qualified Opinion paragraph of our main 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 and the Company has not incurred any cash losses in the current financial year. *The Company had 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 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 management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

Place: Chennai
 Date : May 8, 2013

per S Balasubrahmanyam
 Partner
 Membership Number: 053315

Balance Sheet

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Notes	As at March 31, 2013	As at March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,524	1,524
Reserves and surplus	4	9,954	10,287
		<u>11,478</u>	<u>11,811</u>
Non-current liabilities			
Long-term borrowings	5	89	23
Long-term provisions	6	79	208
		<u>168</u>	<u>231</u>
Current liabilities			
Short-term borrowings	7	-	156
Trade payables	8	704	1,191
Other current liabilities	8	272	455
Short-term provisions	6	231	116
		<u>1,207</u>	<u>1,918</u>
Total		<u>12,853</u>	<u>13,960</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	1,789	2,400
Intangible assets	9	504	717
Capital work-in-progress		91	14
Non-current investments	10	2,644	2,609
Long-term loans and advances	11	3,557	3,491
Trade receivables	12.1	-	613
Other non-current assets	12.2	-	82
		<u>8,585</u>	<u>9,926</u>
Current assets			
Current investments	13	888	509
Trade receivables	12.1	2,358	2,737
Cash and bank balances	14	811	468
Short-term loans and advances	11	176	310
Other current assets	12.2.1	35	10
		<u>4,268</u>	<u>4,034</u>
Total		<u>12,853</u>	<u>13,960</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 LLP
ICAI 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 8, 2013

Profit and Loss Account

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Notes	Year ended March 31, 2013	Year ended March 31, 2012
Income			
Revenue from operations			
- Income from IT enabled services		10,748	12,471
Other income	15	351	505
Total revenue (I)		11,099	12,976
Expenses			
Connectivity costs		682	814
Employee benefits expense	16	6,157	9,018
Other expenses	17	3,523	3,472
Total (II)		10,362	13,304
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		737	(328)
Depreciation and amortization expense	9	1,014	1,079
Finance costs	18	56	63
Profit / (loss) before tax		(333)	(1,470)
Tax expenses			
Current tax		-	-
Profit / (loss) for the year		(333)	(1,470)
Earnings per equity share			
Net profit / (loss) available to equity shareholders		(333)	(1,470)
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.)		(2.19)	(9.64)

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 LLP

ICAI 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 8, 2013

Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2013	As at March 31, 2012
A. Cash flow from operating activities		
Loss before tax from continuing operations	(333)	(1,470)
Loss before tax	(333)	(1,470)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	1,014	1,079
(Loss) / profit on sale of fixed assets	21	9
Unrealized foreign exchange gain	(57)	(128)
Provision for doubtful debts and advances written off	463	8
Interest expense	14	20
Net gain on sale of current investments	(52)	(93)
Liabilities No Longer Required	(42)	(28)
Interest income	(34)	(45)
Dividend income	(1)	(3)
Operating profit before working capital changes	993	(651)
Movements in working capital :		
(Increase)/decrease in trade payables and provisions	(682)	(392)
(Decrease)/increase in trade receivables	530	266
(Decrease) / increase in loans and advances	(46)	(36)
(Decrease)/increase in other assets	65	88
Cash generated from/(used in) operation	860	(725)
Direct taxes paid (net of refunds)	358	(206)
Net cash flow from/ (used in) operating activities (A)	1,218	(931)
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets	(258)	(702)
Proceeds from sale of fixed assets	61	75
Investments in / (withdrawal from) term deposits	(88)	31
Proceeds of current investments	6,005	5,768
Purchase of current investments	(6,331)	(4,310)
Investment in subsidiary	(35)	(231)
Loans advanced to subsidiary	(250)	(241)
Interest received	26	42
Dividends received	1	3
Net cash flow from/(used in) investing activities (B)	(869)	435

Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2013	As at March 31, 2012
C. Cash flows from financing activities		
Proceeds from long-term borrowings	135	-
Repayment of long-term borrowings	(63)	(14)
Repayment of short-term borrowings	(156)	(120)
Interest paid	(14)	(20)
Net cash flow from/(used in) in financing activities (C)	(98)	(154)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	251	(650)
Effect of exchange differences on cash & cash equivalents held in foreign currency	4	(1)
Cash and cash equivalents at the beginning of the year	175	826
Cash and cash equivalents at the end of the year	430	175
D. Components of cash and cash equivalents		
Cash on hand	1	1
Cheques/ drafts on hand	-	-
With banks		
-- on current account	428	173
-- unpaid dividend accounts*	1	1
-- unpaid matured debentures*	-	-
Total cash and cash equivalents	430	175

Summary of significant accounting policies

2.1

*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 LLP
ICAI Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 8, 2013

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

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') is a public Company domiciled in India and 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 and Trichy.

During the year, the Company had entered into a share subscription agreement ('SSA') dated August 23, 2012 with the shareholders of Centigral Inc, USA ('Centigral'). Centigral is engaged in the business of providing management consultancy services in health care and business analytics. As per the terms of SSA, the Company has acquired 80% of the paid up capital of Centigral on September 11, 2012.

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

Notes

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



ALLSEC TECHNOLOGIES LIMITED

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.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to 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

Where the Company is the lessee:

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.

Notes

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



ALLSEC TECHNOLOGIES LIMITED

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed. Only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(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.

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 recognized when the right to receive payment is established by the reporting date.

Interest

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

Notes

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



ALLSEC TECHNOLOGIES LIMITED

(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 recognized as income or expenses in the period in which they arise.

(iv) Forward exchange contracts

In relation to the forward contracts are 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 recognized 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 amortized 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.

(i) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid the deficit payable to the scheme is recognized as liability after deduction the contribution already paid. If the contribution already paid exceeds the contribution due for service received before the balance sheet date then excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund.

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 plan 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

Notes

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



ALLSEC TECHNOLOGIES LIMITED

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 tax. 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.

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

Notes

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



ALLSEC TECHNOLOGIES LIMITED

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, 2013	As at March 31, 2012
3 Share capital		
Authorized shares (No. in lakhs)		
200 [March 31, 2012: 200] Equity shares of Rs. 10/- each	2,000	2,000
13.5 [March 31, 2012: 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, 2012: 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, 2013		March 31, 2012	
	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, 2013		As at March 31, 2012	
	No. of Shares (in lakhs)	% holding in the class	No. of Shares (in lakhs)	% holding in the class
Saravanan A	27.18	17.84%	23.45	15.39%
Jagadish R	26.62	17.47%	23.20	15.22%
First Carlyle Ventures Mauritius	47.03	30.86%	47.03	30.86%
Ashish Dhawan	10.75	7.05%	10.75	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, 2013	As at March 31, 2012
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
Less: deletions / adjustments during the year	-	101
Closing Balance	-	-
General reserve		
Balance as per the last financial statements	1,413	1,312
Add: Transferred from employee stock options outstanding	-	101
Closing Balance	1,413	1,413
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	(3,396)	(1,926)
Profit / (loss) for the year	(333)	(1,470)
Net deficit in the statement of profit and loss	(3,729)	(3,396)
Total reserves and surplus	9,954	10,287
5 Long-term borrowings		
Other loans and advances		
Finance lease obligation (Secured) *		
Non-current portion	89	23
Current maturities	27	21
	116	44
The above amount includes		
Secured borrowings	116	44
Amount disclosed under the head "other current liabilities" (note 8)	(27)	(21)
Net long-term borrowings	89	23
*Finance lease obligations are secured by hypothecation of the respective vehicles acquired on hire purchase & carry an average interest rate of 10 % with repayment term of 5 years.		

Notes

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2013	As at March 31, 2012
6 Provisions		
Long-term		
Provision for employee benefits		
Provision for gratuity (refer note 21)	46	174
Provision for leave benefits	33	34
Total long term provisions	79	208
Short-term		
Provision for employee benefits		
Provision for employee bonus	38	53
Provision for gratuity (refer note 21)	152	16
Provision for leave benefits	41	47
Total short term provisions	231	116
Total Provisions	310	324
7 Short-term borrowings		
Bank overdraft (secured)	-	156
Total short-term borrowings	-	156
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 @ 14.00 % to 14.25 % p.a.		
8 Other current liabilities		
Trade payables (refer Note 28)	704	1,191
Other liabilities		
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation)	27	21
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	98	121
- Foreign currency payable	-	34
- Other non trade payables	146	278
- Others	-	-
Total other current liabilities	976	1,646

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, 2011	1,792	3,434	725	652	1,540	158	8,301	254	1,243
Additions	83	311	95	3	11	32	535	-	448
Disposals	(27)	(4)	(74)	(22)	(89)	(26)	(242)	-	(2)
At March 31, 2012	1,848	3,741	746	633	1,462	164	8,594	254	1,689
Additions	3	11	8	-	-	120	142	-	130
Disposals	(251)	(493)	(130)	(92)	(260)	(73)	(1,299)	-	(39)
At March 31, 2013	1,600	3,259	624	541	1,202	211	7,437	254	1,780
Depreciation \ Amortization as at April 1, 2011	1,112	2,614	225	347	1,238	42	5,578	133	790
Charge for the period	205	330	43	30	151	15	774	51	254
Disposals	(10)	(3)	(37)	(19)	(78)	(11)	(158)	-	(2)
At March 31, 2012	1,307	2,941	231	358	1,311	46	6,194	184	1,042
Charge for the period	143	234	98	43	133	20	671	50	293
Disposals	(233)	(485)	(116)	(92)	(259)	(32)	(1,217)	-	(39)
At March 31, 2013	1,217	2,690	213	309	1,185	34	5,648	234	1,296
Net Block									
At March 31, 2012	541	800	515	275	151	118	2,400	70	647
At March 31, 2013	383	569	411	232	17	177	1,789	20	484

Vehicles includes vehicles taken on finance lease: Gross block Rs.208 (March 31, 2012: 104) ; Depreciation charge for the year Rs. 12 (March 31, 2012: Rs. 7) ; Accumulated depreciation Rs. 32 (March 31, 2012: Rs. 30) ; Net book value Rs. 176 (March 31, 2012: Rs. 74)

* The company has revised the useful life of certain assets during the year, resulting in an additional depreciation of Rs. 172 lakhs .

Notes

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS		As at March 31, 2013	As at March 31, 2012
10	Non-current investments		
	Trade investments (valued at cost unless stated otherwise)		
	Investment in subsidiaries - unquoted equity instruments		
	Allsectech Inc, USA	595	595
	- Common stock hundred (March 31, 2012 - hundred), fully paid up		
	Allsectech Manila Inc., Philippines	1,020	1,020
	- 8.13 (March 31, 2012 - 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, 2012 - six hundred and sixty), fully paid up		
	Centigral Inc	35	-
	- Common stock (March 31, 2012 - Nil), fully paid up		
		<u>2,644</u>	<u>2,609</u>
	Aggregate amount of unquoted investments	2,644	2,609
11	Loans and advances		
	(Unsecured, considered good unless stated otherwise)		
	Long-term loans and advances		
	Capital advances	-	1
	Advances towards investment in preference shares (refer note 20, 25 (3))	1,443	-
	Security deposits	477	663
	Loan and advances to related parties (refer note 20, 25 (3))	109	1,225
	Advances recoverable in cash or kind	-	1
	Other loans and advances		
	- Advance income-tax (net of provision for taxation)	1,520	1,593
	- Prepaid expenses	8	8
	Total long-term loans and advances	3,557	3,491
	Short-term loans and advances		
	Security deposits	58	147
	Advances recoverable in cash or kind	34	29
	Other loans and advances		
	Prepaid expenses	57	71
	Foreign currency receivable	9	-
	Balances with statutory/ government authorities	18	63
	Total short-term loans and advances	176	310
	Total loans and advances	3,733	3,801

Notes

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2013	As at March 31, 2012
Long-term Loans and advances from related parties include		
Allsectech Manila Inc.	1,443	1,225
Centigral Inc.	109	-
12 Trade receivables and other assets		
12.1 Trade receivables (unsecured)		
Non-current trade receivable		
- Considered good	-	613
Total non-current trade receivable	<u>-</u>	<u>613</u>
Current trade receivable		
- Considered good	580	399
Other receivables, considered good	1,778	2,338
Total Current trade receivable	<u>2,358</u>	<u>2,737</u>
Current trade receivable from related parties include		
Dues from Allsectech Inc, USA	690	431
Dues from Retreat Capital Management Inc.,	105	-
12.2 Other assets		
(Unsecured, considered good unless stated otherwise)		
Other non-current assets		
Non-current bank balances (Note 14)	-	62
Others		
Interest accrued on fixed deposits	-	20
Total Other non-current assets	<u>-</u>	<u>82</u>
12.2.1 Other Current Assets		
Interest accrued on fixed deposits	28	-
Unbilled revenues	7	10
Total Other current assets	<u>35</u>	<u>10</u>

Notes

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS		As at March 31, 2013	As at March 31, 2012
13 Current investments			
Current investments (valued at lower of cost and fair value, unless stated otherwise)			
Unquoted mutual funds		888	509
(Net Asset Value Rs. 892, March 31, 2012: Rs. 513)			
Total current investments		888	509
Details of current investments			
Current investments in mutual funds at the year end comprise:			
Name of Mutual fund	March 31, 2013 No of units (in lakhs)	Amount	
Kotak Floater Long Term - Growth	1.46	27	
Reliance Liquid Fund - Treasury Plan - Institutional Option-Growth Plan	0.01	41	
Pramerica Liquid Fund - Growth Option	0.08	102	
Baroda Pioneer Liquid Fund - Institutional Growth Plan	0.08	101	
Tata Floater Fund - Growth	0.04	77	
Religare Liquid Fund - Super Institutional Growth	0.06	102	
Reliance Short Term Fund-Growth Plan Growth Option	4.63	100	
SBI Magnum Insta Cash Fund Liquid Floater - Regular Plan - Growth	0.05	100	
Reliance Medium Term Fund - Growth Plan - Growth Option	4.14	100	
ICICI Prudential Ultra Short Term - Regular Plan - Growth	11.68	138	
Total		888	
Name of Mutual fund	March 31, 2012 No of units (in lakhs)	Amount	
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	

Notes

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS		As at March 31, 2013	As at March 31, 2012
14	Cash and bank balances		
	Current		
	Cash and cash equivalents		
	Balances with banks:		
	- On current accounts	428	173
	- On unpaid dividend account	1	1
	Cash on hand	1	1
		430	175
	Other bank balances		
	- Deposits with original maturity for more than 3 months but less than 12 months	-	-
	- Margin money deposit	381	293
		381	293
		811	468
	Non-current		
	Other bank balances		
	- Deposits with original maturity for more than 12 months	-	-
	- Margin money deposit	-	62
		-	62
	Amount disclosed under non-current assets (refer note 12.2)	-	(62)
	Total cash and bank balances	811	468

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 381, [March 31, 2012: Rs 355] 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, 2013	Year ended March 31, 2012
15 Other income		
Interest income on		
- Bank deposits	34	45
- Others	44	35
Dividend income on current investments	1	3
Profit on sale of current investments	52	93
Exchange differences (net)	128	203
Liabilities no longer required written back	42	28
Rental income	50	98
	<u>351</u>	<u>505</u>
16 Employee benefit expenses		
Salaries, wages and bonus	5,095	7,636
Contribution to provident and other fund	341	524
Gratuity expense (note 21)	48	43
Staff welfare expenses	518	690
Recruitment and training	155	125
	<u>6,157</u>	<u>9,018</u>
17 Other expenses		
Electricity	555	708
Rent	1,011	1,231
Rates and taxes	25	32
Insurance	22	21
Repairs and maintenance		
Plant and machinery	287	321
Others	339	391
Selling commission	224	190
Other selling expenses	12	23
Travelling and conveyance	167	160
Communication costs	16	30
Legal and professional fees #	244	186
Provision for doubtful debts and advances / written off	463	8
Loss on sale of fixed assets (net)	21	9
Loss on fixed assets written off	-	33
Miscellaneous expenses	137	129
	<u>3,523</u>	<u>3,472</u>
# Payment to auditor (Included under legal and professional fees)		
As auditor:		
Audit fee	19	19
In other capacity:		
Other services (certification fees)	2	1
Reimbursement of expenses	-	-
	<u>21</u>	<u>20</u>
18 Finance costs		
Interest	14	20
Bank charges	42	43
	<u>56</u>	<u>63</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 realization of such amounts is not virtually certain.

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

The financial statements as at March 31, 2013 include investments of Rs. 1,020 lakhs (March 31, 2012 : Rs. 1,020 lakhs) in its wholly owned subsidiary Allsectech Manila Inc., Philippines and advances towards investment in preference share capital of Rs.1,443 lakhs (shown as advance recoverable as at March 31, 2012: Rs. 1,225) in such subsidiary. The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2013. Management has undertaken several initiatives to improve its income from operations and establish profitable operations. Allsectech Manila Inc has made profits during the past two quarters on account of expansion of customer base and improved capacity utilisation and expects that such additional efforts initiated by the management would result in significant increase in the revenue and 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.

Also, the Company has via its Board Meeting dated February 05, 2013 decided to convert the loan given to Allsectech Manila Inc. amounting to Rs. 1,443 lakhs (USD 26.57 lakhs) in to preference share capital subject to approval from the relevant regulatory authorities in Manila, Philippines. Pending receipt of such approvals, the same has been disclosed as advance towards investment in preference share capital.

(b) Diminution in the value of investments in a subsidiary in US

The financial statements as at March 31, 2013 include investments of Rs. 595 lakhs in its wholly owned subsidiary Allsectech Inc., USA and receivable balance (net) of Rs.595 lakhs from such subsidiary. The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2013. Management has undertaken several initiatives to improve its income from operations and establish profitable operations. The recovery of the value of such investment in the subsidiary is dependent upon the ability of the subsidiary to establish successful operations in the future 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 summarizes 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, 2013	Year ended March 31, 2012
Current service cost	35	40
Interest cost on benefit obligation	16	17
Expected return on plan assets	-	(1)
Net actuarial (gain) / loss recognized in the year	(3)	(13)
Net employee benefit expense	48	43

Notes

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



ALLSEC TECHNOLOGIES LIMITED

Balance sheet

Details of provision for gratuity

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	(207)	(192)	(208)	(200)	(170)
Fair value of plan assets	9	2	11	36	49
Plan asset / (liability)	(198)	(190)	(197)	(164)	(121)
Experience adjustment on plan asset	-	(1)	3	1	1

Experience adjustment on plan liabilities was gain of Rs. 6 (March 31, 2012: 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, 2013	As at March 31, 2012
Opening defined benefit obligation	192	208
Interest cost	16	17
Current service cost	35	40
Benefits paid	(33)	(59)
Actuarial (gains) / losses on obligation	(3)	(14)
Closing defined benefit obligation	207	192

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

Particulars	As at March 31, 2013	As at March 31, 2012
Opening fair value of plan assets	2	11
Expected return	-	1
Contributions by employer	40	50
Benefits paid	(33)	(59)
Actuarial gains / (losses)	-	(1)
Closing fair value of plan assets	9	2
Actual return on plan assets	-	-

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, 2013	As at March 31, 2012
Investments with insurer	100%	100%

Assumptions

Particulars	As at March 31, 2013	As at March 31, 2012
Discount rate	8.00%	8.50%
Expected return on plan assets	8.70%	8.60%

Notes

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



ALLSEC TECHNOLOGIES LIMITED

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:

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 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 are given below:

Particulars	As at March 31, 2013	As at March 31, 2012
Options outstanding, beginning of year	-	197,000
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	-	197,000
Options outstanding, end of year	-	-
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	-	-
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options	-	-
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 390,000 options on August 4, 2010 and 100,000 options on August 2, 2012 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 are given below:

Notes

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



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Particulars	As at March 31, 2013	As at March 31, 2012
Options outstanding, beginning of year	343,000	374,000
Options granted during the year	100,000	-
Options exercised during the year	-	-
Options lapsed during the year	12,000	31,000
Options outstanding, end of year	431,000	343,000
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	431,000	171,500
- Options not eligible for exercise at year end	-	171,500
Weighted average remaining contract life of options	2 years 4 months	3 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		

The summary of the movements in options is as follows:

Particulars	No of options (2012-2013)	Weighted average exercise price (Rs.)	No of options (2011-2012)	Weighted average exercise price (Rs.)
Outstanding at the beginning of the period	343,000	45.05	571,000	129.47
Granted during the year	100,000	45.05	-	-
Lapsed during the year	12,000	45.05	228,000	256.48
Outstanding at the end of the year	431,000	45.05	343,000	45.05

Particulars	As at March 31, 2013	As at March 31, 2012
Weighted average share price at the date of exercise (Rs.)	-	-
Range of share price of options outstanding at the year end (Rs.)	45.05	45.05

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, 2013			
- Amounts as reported	(333)	(2.19)	(2.19)
- Amounts as per pro-forma	(333)	(2.19)	(2.19)
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)

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

Notes

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



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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.

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, 2013	March 31, 2012
Total as at year end		
Minimum lease payments	144	50
Less: Finance charges	28	6
Present value	116	44
Not later than one year		
Minimum lease payments	38	24
Less: Finance charges	11	3
Present value	27	21
Later than one year but not later than five years		
Minimum lease payments	106	26
Less: Finance charges	17	3
Present value	89	23
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. 1,011 (previous year Rs. 1,231) 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, 2013	March 31, 2012
Up to 1 year	784	1,157
1 to 5 years	1,214	2,534
Beyond 5 years	74	305
Total	2,099	3,996

Notes

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



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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, 2013	March 31, 2012
Revenue from services		
United States of America	2,624	2,338
United Kingdom	2,310	1,264
India	5,787	8,488
Others	27	381
Total	10,748	12,471

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, liabilities 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 Centrigal Inc., USA
Key management personnel	Whole Time Directors: A. Saravanan R. Jagadish

2. Transactions with related parties:

Particulars	Subsidiaries		Key Management	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Selling commission – expenses -- Allsectech Inc.	224	190	-	-
Service income -billed to -- Allsectech Inc.	232	73	-	-
-- Retreat Capital Management Inc	106	-	-	-
Purchase of fixed assets -- Allsectech Inc.	-	110	-	-
Reimbursement of expenses incurred by WOS on behalf of Parent Company				
-- Allsectech Inc.	39	-	-	-
-- Allsectech Manila Inc.	97	-	-	-
Advances made				

Notes

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



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-- Allsectech Manila Inc.	141	89	-	-
-- Centigral Inc	109	-	-	-
Investment in subsidiary				
-- Allsectech Inc.	-	230	-	-
-- Centigral Inc	35	-	-	-
Remuneration - Wholetime Directors'				
-- Salaries	-	-	253	253

The Company has extended guarantees aggregating to Rs. 521 (USD 9.60) (previous year – Rs. 488 (USD 9.60)) on behalf of its subsidiary Allsectech Inc., USA.

3. Balances with related parties:

Particulars	Subsidiaries		Key Management	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Trade Receivable				
-- Allsectech Inc.	690	431	-	-
-- Retreat Capital Management Inc	105	-	-	-
Payables				
-- Allsectech Inc.	96	90	-	-
Loans and Advances				
--Allsectech Manila Inc. *	-	1,225	-	-
-- Centigral Inc	109	-	-	-
Investment in subsidiary				
-- Allsectech Inc.	595	595	-	-
-- Allsectech Manila Inc.	1,020	1,020	-	-
-- Retreat Capital Management Inc., USA	994	994	-	-
-- Centigral Inc	35	-	-	-
Advance towards investment in preference share capital				
*-- Allsectech Manila Inc.	1,443	-	-	-
Maximum amounts outstanding during the year				
Loans and Advances				
--Allsectech Manila Inc.	1,443	1,225	-	-
-- Centigral Inc	109	-	-	-

* The Company has via its Board Meeting dated February 05, 2013 decided to convert the loan given to Allsectech Manila Inc. amounting to Rs. 1,443 lakhs (USD 26.57 lakhs) into preference share capital subject to approval from the relevant regulatory authorities in Manila, Philippines. Pending receipt of such approvals, the same has been disclosed as advance towards investment in preference share capital.

Notes

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



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26. Contingencies and commitments

Particulars	March 31, 2013	March 31, 2012
Commitments		
Capital contracts yet to be executed	1	99
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, 2013		March 31, 2012	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	21.54	1,169	-	-
	GBP	0.05	5	-	-
Payables	USD	2.86	157	0.05	3
Bank balances	USD	5.87	319	0.46	23
	GBP	-	-	0.03	3
Investments	USD	60.88	2,644	60.24	2,609
Loan to subsidiary	USD	2.00	109	24.07	1,225
Advances towards investment in preference shares	USD	26.57	1,443	-	-

(b) Derivatives outstanding as at the year end

Particulars	Purpose
Forward contract to sell US \$ US \$ Nil (March 31, 2012: US \$ 11.51 Lakhs)	Hedge of highly probable foreign currency sales

Notes

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



ALLSEC TECHNOLOGIES LIMITED

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, 2013	March 31, 2012
Capital goods	-	114

30. Expenditure in foreign currency (accrual basis)

Particulars	March 31, 2013	March 31, 2012
Connectivity cost	266	309
Selling commission	224	190
Foreign travel	49	22
Maintenance charges	49	21
Legal and professional charges	93	53
Others	9	4

31. Earnings in foreign currency (accrual basis)

Particulars	March 31, 2013	March 31, 2012
Service income	5,075	4,081

32. Previous year figures

Previous year figures have been regrouped / reclassified, wherever necessary, to conform to current year's classification.

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration No.: 101049W
Chartered Accountants

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No: 053315

A Saravanan **R Jagadish** **A Mohan Kumar**
Director **Director** **Company Secretary**

Place: Chennai
Date: May 8, 2013

Place: Chennai
Date: May 8, 2013

Notes

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



ALLSEC TECHNOLOGIES LIMITED

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

(Rs in Thousands)

1.	Name of the Subsidiary Company	Allsectech Inc.,	Allsectech Manila Inc.,	Retreat Capital Management Inc., US	Centigral Inc
2.	Financial Year of the Subsidiary ended on	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
3.	Extent of interest in Subsidiary Company	100%	100%	66%	80%
4.	Net aggregate amount of the Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of the Company				
	a) Dealt with in the Company's Accounts				
	I) For the Financial Year of the Subsidiary.	Nil	Nil	Nil	Nil
	II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	Nil	Nil	Nil	Nil
	b) Not Dealt with in the Company's Accounts				
	I) For the Financial Year of the Subsidiary.	(62,570)	(10,193)	212,523	(11,431)
	II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	(41,217)	(166,339)	44,115	0
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 31st March 2013	NA	NA	NA	NA
6.	Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial year ended 31st March 2013				
	a. Fixed Assets				
	b. Investments	NA	NA	NA	NA
	c. Money lent				
	d. Money borrowed other than those for meeting Current Liabilities				

Information of Subsidiary Companies for the year ended March 31, 2013 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

Sl. No.	Particulars	Allsectech Inc.,		Allsectech Manila Inc		Retreat Capital Management Inc		Centigral Inc	
	Currency	US Dollar	Rs.	Phillippine peso	Rs.	US Dollar	Rs.	US Dollar	Rs.
	Period	01-APR-2012 to 31-MAR-2013		01-APR-2012 to 31-MAR-2013		01-APR-2012 to 31-MAR-2013		11-SEP-2012 to 31-MAR-2013	
(a)	Capital	1,310,000	71,106,800	81,250,000	108,031,625	10,000	542,800	80,000	4,342,400
(b)	Reserves	(2,112,674)	(114,675,945)	(170,850,504)	(227,166,247)	5,661,538	307,308,283	(222,062)	(12,053,525)
(c)	Total Assets	1,031,564	55,993,294	37,954,006	50,464,405	11,792,754	640,110,706	102,659	5,767,739
(d)	Total Liabilities	1,834,238	99,562,439	127,554,510	169,599,028	6,121,216	332,259,598	244,721	13,283,456
(e)	Investment (Except in case of investment in Subsidiaries)	-	-	-	-	-	-	-	-
(f)	Turnover	3,108,701	168,740,290	131,392,513	174,702,113	34,214,961	1,857,188,083	12,000	651,360
(g)	Profit/(Loss) Before Taxation	(1,143,773)	(62,083,998)	(7,835,305)	(10,417,978)	6,066,418	329,285,169	(222,062)	(12,053,525)
(h)	Provision for Taxation	(28,421)	(1,542,692)	-	-	2,146,632	116,519,185	-	-
(i)	Profit After Taxation	(1,172,194)	(63,626,690)	(7,835,305)	(10,417,978)	3,919,786	212,765,984	(222,062)	(12,053,525)
(j)	Proposed Dividend	-	-	-	-	-	-	-	-

Exchange Rate (INR) for USD 54.28 and Php 1.32962

For and on behalf of the Board of Directors

Place : Chennai
Date : May 8, 2013

A Saravanan
Director

R Jagadish
Director

A.Mohan Kumar
Company Secretary



ALLSEC TECHNOLOGIES LIMITED

*Consolidated Financial Statements
for the year ended March 31, 2013*



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, Retreat Capital Management Inc., USA and Centigral Inc., USA (together referred to as the "Group"), as at March 31, 2013, and also the consolidated statement of profit and loss and the 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 certain subsidiaries, whose financial statements reflect a total assets of Rs.1,122 lakhs as at March 31, 2013, total revenue of Rs. 3,309 Lakhs and cash flows amounting to Rs.115 lakhs for the year then ended included in the accompanying consolidated financial statements, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries 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. 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, 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, 2013;
 - (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

per S Balasubrahmanyam

Partner

Place : Chennai

Date : May 8, 2013

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, 2013	As at March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,524	1,524
Reserves and surplus	4	8,620	8,391
		<u>10,144</u>	<u>9,915</u>
Minority Interest		1,024	254
Non-current liabilities			
Long-term borrowings	5	325	23
Long-term provisions	6	79	207
		<u>404</u>	<u>230</u>
Current liabilities			
Short-term borrowings	7	-	156
Trade payables	8	1,208	2,109
Other current liabilities	8	3,116	1,048
Short-term provisions	6	231	116
		<u>4,555</u>	<u>3,429</u>
Total		<u>16,127</u>	<u>13,828</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	2,696	2,906
Intangible assets	9	1,597	1,728
Capital work-in-progress		682	14
Long-term loans and advances	10	2,063	2,462
Trade receivables	11.1	-	613
Other non-current assets	11.2	26	85
		<u>7,064</u>	<u>7,808</u>
Current assets			
Current investments	12	888	510
Trade receivables	11.1	5,582	4,376
Cash and bank balances	13	1,631	738
Short-term loans and advances	10	866	374
Other current assets	11.2	96	22
		<u>9,063</u>	<u>6,020</u>
Total		<u>16,127</u>	<u>13,828</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 LLP

ICAI Firm Registration No.: 101049W

Chartered Accountants

per S Balasubrahmanyam

Partner

Membership No: 053315

Place: Chennai

Date : May 8, 2013

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	Notes	Year ended March 31, 2013	Year ended March 31, 2012
Income			
Revenue from operations	14	32,007	18,314
Other income	15	416	543
Total revenue (I)		32,423	18,857
Expenses			
Connectivity costs		777	915
Employee benefits expense	16	21,297	12,426
Other expenses	17	6,292	5,073
Total (II)		28,366	18,414
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		4,057	443
Depreciation and amortization expense	9	1,477	1,414
Finance costs	18	517	78
Profit / (Loss) before tax		2,063	(1,049)
Tax expenses			
Current tax		1,179	423
Total tax expense		1,179	423
Profit/(loss) after tax and before minority interest		884	(1,472)
Minority Interest		689	226
Profit/(loss) after tax and minority interest		195	(1,698)
Earnings per equity share			
Net profit / (loss) available to equity shareholders		195	(1,698)
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.)		1.28	(11.14)

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 LLP
ICAI Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 8, 2013

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Consolidated Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2013	Year ended March 31, 2012
A. Cash flow from operating activities		
Profit / (Loss) before tax from continuing operations	2,063	(1,049)
Loss before tax	2,063	(1,049)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Preliminary Expenses Wrt.Off		-
Depreciation/amortization on continuing operation	1,477	1,414
(Loss) / profit on sale of fixed assets	21	29
Unrealized foreign exchange gain	195	(29)
Provision for doubtful debts and advances written off	491	8
Interest expense	14	22
Net gain on sale of current investments	(51)	(93)
Liabilities No Longer Required	(42)	(28)
Interest income	(34)	(45)
Dividend income	(1)	(3)
Operating profit before working capital changes	4,133	226
Movements in working capital:		
(Increase)/decrease in trade payables and provisions	1,034	883
(Decrease)/increase in trade receivables	(1083)	(1,476)
(Decrease) / increase in loans and advances	(212)	(112)
(Decrease)/increase in other assets	(7)	67
Cash generated from /(used in) operations	3,543	(412)
Direct taxes paid (net of refunds)	(1143)	(640)
Net cash flow from/ (used in) operating activities (A)	2,722	(1,052)
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets	(1,846)	(1,203)
Proceeds from sale of fixed assets	60	154
Investments in / (withdrawl from) term deposits	(88)	31
Proceeds of current investments	6,005	5,768
Purchase of current investments	(6,331)	(4,310)
Interest received	26	42
Dividends received	1	3
Net cash flow from/(used in) investing activities (B)	(2,173)	485

Consolidated Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2013	Year ended March 31, 2012
C. Cash flows from financing activities		
Proceeds from long-term borrowings	493	-
Repayment of long-term borrowings	(63)	(14)
Repayment of short-term borrowings	(156)	(120)
Interest paid	(14)	(22)
Net cash flow from/(used in) in financing activities (C)	260	(156)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	809	(723)
Effect of exchange differences on cash & cash equivalents held in foreign currency	(4)	1
Cash and cash equivalents at the beginning of the year	445	1,167
Cash and cash equivalents at the end of the year	1,250	445
D. Components of cash and cash equivalents		
Cash on hand	2	1
Cheques/ drafts on hand		
With banks- on current account	1,247	443
-- on deposit account		
-- unpaid dividend accounts*	1	1
-- unpaid matured deposits*	-	-
-- unpaid matured debentures*	-	-
Total cash and cash equivalents	1,250	445

Summary of significant accounting policies

2.1

*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 LLP
ICAI 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 8, 2013

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, and Trichy.

The Company has four subsidiaries as at the year end. They 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') – The Company had acquired 66% of the outstanding equity capital of Retreat during 2011. 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.
- Centigral Inc, USA (Centigral) - During the year, the Company had entered into a Share Subscription Agreement ('SSA') dated August 23, 2012 with the shareholders of Centigral Inc, USA ('Centigral'). Based on such agreement, the Company has acquired 80% of the paid up capital of Centigral on September 11, 2012. Centigral is engaged in the business of providing management consultancy services in health care and business analytics.

Allsectech, ATM, Retreat and Centigral 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, 2013 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2013.
- 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, 2013.
- 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.

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

- 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.

(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 charged 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 amortized 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. 163 (1.19% 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 networking equipments and furniture and fixtures.

The assets of ATM aggregating to Rs. 1,642 (11.98% 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	6- 7 years

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

The assets of Retreat aggregating to Rs. 1150 (8.40% of the group assets) are depreciated using the straight line method over its estimated useful life of three years for computers, five years, furniture and fixtures and over primary term of 5 years

The assets of Centrigal Inc., aggregating to Rs. 1.31 (0.01% of the group assets) are depreciated using the straight line method over its estimated useful life of three years for computers & software and five years for net work equipments, 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 life of such software 4 years, or over the license period of the software, whichever is shorter.

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 amortized.

(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.

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount.

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.

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 IT Enabled 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.

Income from Loan Modification Services

Retreat's services consist of loan modification processing, underwriting, pre close and closing, Notary, staffing door to door pick up, market analysis and quality control related to mortgage. Revenue from loan modification process is recognised as services are performed.

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

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 amortized 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.

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 statement of profit and loss.

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. If

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the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for service received before the balance sheet date, then excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund.

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.

(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, loan modification 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.

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.

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PARTICULARS	As at March 31, 2013	As at March 31, 2012
3 Share capital		
Authorized shares (No. in lakhs)		
200 [March 31, 2012: 200] Equity shares of Rs. 10/- each	2,000	2,000
13.5 [March 31, 2012: 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, 2012: 152] Equity Shares of Rs. 10/- each fully paid up Issued, subscribed and 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, 2013		March 31, 2012	
	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 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, 2013		As at March 31, 2012	
	No. of Shares (in lakhs)	% holding in the class	No. of Shares (in lakhs)	% holding in the class
Saravanan A	27.18	17.84%	23.45	15.39%
Jagadish R	26.62	17.47%	23.20	15.22%
First Carlyle Ventures Mauritius	47.03	30.86%	47.03	30.86%
Ashish Dhawan	10.75	7.05%	10.75	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 21.

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PARTICULARS	As at March 31, 2013	As at March 31, 2012
4 Reserves and surplus		
Capital Reserve	251	251
Securities premium account		
Balance as per the last financial statements	12,019	12,019
Add: premium on acquisition during the period *	36	-
Securities premium reserve	12,055	12,019
General reserve		
Balance as per the last financial statements	1,413	1,312
Add: Transferred from employee stock options outstanding	-	101
Closing Balance	1,413	1,413
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(5,255)	(3,557)
Profi/(Loss) for the year	195	(1,698)
Net deficit in the statement of profit and loss	(5,060)	(5,255)
Foreign currency translation reserve		
Balance, beginning of year	(37)	4
Add: Exchange difference during the year on net investment in non-integral operations	(2)	(41)
	(39)	(37)
Total reserves and surplus	8,620	8,391
* Represents Premium on Shares with Centigral Inc, USA		
5 Long-term borrowings		
Other loans and advances		
Finance lease obligation*		
Non-current portion	325	23
Current maturities	149	21
	474	44
The above amount includes		-
Secured borrowings	474	44
Amount disclosed under the head "other current liabilities" (Note 8)	(149)	(21)
Net long-term borrowings	325	23

*Finance lease obligations are secured by hypothecation of the respective vehicles acquired on hire purchase and carry an average interest rate of 10 % with repayment term of 5 years.

*Finance lease obligations of Retreat are secured by equipments , computer peripheral equipments and vehicles acquired which has an interest rate of 2.9 % to 5% for equipments and vehicle and 16 %to 22.85 % in case of computer equipments with repayment terms of 5 year.

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PARTICULARS	As at March 31, 2013	As at March 31, 2012
6 Provisions		
Long-term		
Provision for employee benefits		
Provision for gratuity (Note 20)	46	174
Provision for leave benefits	33	33
Total long term provisions	79	207
Short-term		
Provision for employee benefits		
Provision for employee bonus	38	53
Provision for gratuity (Note 20)	152	16
Provision for leave benefits	41	47
Total short term provisions	231	116
Total Provisions	310	323
7 Short-term borrowings		
Bank overdraft (secured)	-	156
Total short-term borrowings	-	156
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 at 13.75 % to 14.25 % per annum.		
8 Other current liabilities		
Trade payables	1,208	2,109
Other liabilities		
Current maturities of long-term borrowings (Note 5) (Includes current maturity of finance lease obligation)	149	21
- Unpaid dividend	1	1
Others		
- Withholding and other tax payables	2,820	714
- Foreign Currency Payable	-	34
- Other non trade payables	146	278
- Others	-	-
	3,116	1,048
	4,324	3,157

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9 Fixed assets

Particulars	Tangible assets						Intangible assets				
	Plant and machinery			Furniture and fixtures *	Leasehold improvements *	Vehicles #	Total	Goodwill on acquisition	Computer software	Goodwill on Consolidation	Total
	Computers and servers * \$	Call centre equipment *	Office equipment * @								
Cost as at April 1, 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
Additions	321	104	149	193	109	188	1,064	-	247	41	288
Disposals	251	493	129	92	260	73	1,298	-	39	-	39
At March 31, 2013	2,867	3,473	791	932	1,925	278	10,266	254	1,909	1,268	3,431
Depreciation/Amortization as at April 1, 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
Charge for the year	241	403	121	121	284	23	1,193	51	313	55	419
Disposals	234	485	115	92	260	31	1,217	-	39	-	39
At March 31, 2013	1,977	2,968	288	494	1,806	37	7,570	235	1,318	281	1,834
Net Block											
At March 31, 2012	827	812	489	366	294	118	2,906	70	657	1,001	1,728
At March 31, 2013	890	505	503	438	119	241	2,696	19	591	987	1,597

Vehicles includes vehicles taken on finance lease: Gross block Rs.267 (March 31, 2012: 104) ; Depreciation charge for the year Rs.(14) (March 31, 2012: Rs.7) ; Accumulated depreciation Rs.34 (March 31, 2012: Rs. 30) ; Net book value Rs233 (March 31, 2012: Rs.74)

* The company has revised the useful life of certain assets during the year, resulting in an additional depreciation of INR 172 lakhs.

@ Office Equipments includes equipments taken on finance lease: Gross block Rs.252 (March 31, 2012: Nil) ; Depreciation charge for the year Rs.(35) (March 31, 2012: Rs.Nil) ; Accumulated depreciation Rs.35 (March 31, 2012: Rs. Nil) ; Net book value Rs 217 (March 31, 2012: Rs.74)

\$ Computers includes equipments taken on finance lease: Gross block Rs.108 (March 31, 2012: Nil) ; Depreciation charge for the year Rs.(9) (March 31, 2012: Rs.Nil) ; Accumulated depreciation Rs.9 (March 31, 2012: Rs. Nil) ; Net book value Rs 99 (March 31, 2012: Rs.74)

Finance lease obligations of Retreat are secured by equipments , computer peripheral equipments and vehicles acquired which has an interest rate of 2.9 % to 5%, for equipments and vehicle 16% to 22.85 % in case of computer equipments

Additions and Depreciation charge for the year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs.(174) and Rs.(137) respectively.

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

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PARTICULARS	As at March 31, 2013	As at March 31, 2012
10 Loans and advances		
(Unsecured, considered good unless stated otherwise)		
Long-term loans and advances		
Capital advances	-	1
Security deposit	535	859
Advances recoverable in cash or kind	8	9
Other loans and advances		
Advance income-tax (net of provision for taxation)	1,520	1,593
Total Long-term loans and advances	2,063	2,462
Short-term loans and advances		
Security deposit	59	148
Advances recoverable in cash or kind	681	91
Other loans and advances		
Prepaid expenses	100	71
Foreign currency receivable	9	-
Balances with statutory/ government authorities	17	64
Total Short-term loans and advances	866	374
Total loans and advances	2,929	2,836
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
Total Non-current trade receivable	-	613
Current trade receivable		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	538	371
Other receivables, considered good	5,044	4,005
Total Current trade receivable	5,582	4,376

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PARTICULARS	As at March 31, 2013	As at March 31, 2012
11.2 Other assets		
(Unsecured, considered good unless stated otherwise)		
Other Non-current assets		
Non-current bank balances (Note 13)	26	65
Others		
Interest accrued on fixed deposits	-	20
Total Other non-current assets	26	85
Other current assets		
Others		
Interest accrued on fixed deposits	28	-
Unbilled revenues	68	22
Total Other current assets	96	22
12 Current investments		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted investments	888	510
(Net Asset Value Rs. 892, March 31, 2012: Rs. 513)		
Total	888	510
Details of current investments		
	March 31, 2013	
Name of Mutual fund	No of units (in lakhs)	Amount
Kotak Floater Long Term - Growth	1.46	27
Reliance Liquid Fund - Treasury Plan - Institutional Option-Growth	0.01	41
Pramerica Liquid Fund - Growth Option	0.08	102
Baroda Pioneer Liquid Fund - Institutional Growth Plan	0.08	101
Tata Floater Fund - Growth	0.04	77
Religare Liquid Fund - Super Institutional Growth	0.06	102
Reliance Short Term Fund-Growth Plan Growth Option	4.63	100
SBI Magnum Insta Cash Fund Liquid Floater - Regular Plan - Growth	0.05	100
Reliance Medium Term Fund - Growth Plan - Growth Option	4.14	100
ICICI Prudential Ultra Short Term - Regular Plan - Growth	11.68	138
Total		888

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Name of Mutual fund	March 31, 2012 No of units (in lakhs)	Amount
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
Equity investment in Retreat Capital Management, Inc Group		1
Total		510
PARTICULARS	As at March 31, 2013	As at March 31, 2012
13 Cash and bank balances		
Current		
Cash and cash equivalents		
Balances with banks:		
- On current accounts-Schedule Bank	427	173
- On current accounts-Non Scheduled Bank	820	270
- On unpaid dividend account	1	1
Cash on hand	2	1
	<u>1,250</u>	<u>445</u>
Other bank balances		
- Margin money deposit	381	293
	<u>381</u>	<u>293</u>
	<u>1,631</u>	<u>738</u>
Non-current		
Other bank balances		
- On current accounts-Non Scheduled Bank*	26	3
- Margin money deposit	-	62
	<u>26</u>	<u>65</u>

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PARTICULARS	As at March 31, 2013	As at March 31, 2012
Amount disclosed under non-current assets (note 11.2)	(26)	(65)
Total cash and bank balances	1,631	738

* Restricted cash balance of Allsectech Inc represents five escrow accounts opened in order to comply with collection licenses requirements from various states.

Margin Money Deposits with a carrying amount of Rs. 381 (March 31, 2012: Rs. 355) are subject to first charge to secure the company's letter of credit.

PARTICULARS	Year ended March 31, 2013	Year ended March 31, 2012
14 Revenue from operations		
Income from services	32,007	18,314
	<u>32,007</u>	<u>18,314</u>
Income from services comprise of		
IT Enabled services	13,456	13,888
Mortgage services	18,551	4,426
	<u>32,007</u>	<u>18,314</u>
15 Other income		
Interest income on		
Bank deposits	34	45
Others	44	35
Dividend income on current investments	1	3
Net gain on sale of current investments	51	93
Exchange differences (net)	194	225
Liabilities no longer required written back	42	28
Rental income	50	98
Miscellaneous income	-	16
	<u>416</u>	<u>543</u>
16 Employee benefit expenses		
Salaries, wages and bonus	20,209	10,901
Contribution to provident and other fund	417	633
Gratuity expense (Note 20)	48	43
Staff welfare expenses	559	722
Recruitment and training	64	127
	<u>21,297</u>	<u>12,426</u>

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PARTICULARS	Year ended March 31, 2013	Year ended March 31, 2012
17 Other expenses		
Electricity	677	794
Rent and amenities	1,610	1,571
Rates and taxes	170	103
Insurance	91	84
Repairs and maintenance		
Plant and machinery	312	336
Others	505	419
Other selling expenses	310	33
Travelling and conveyance	932	428
Communication costs	198	56
Legal and professional fees #	449	860
Provision for doubtful debts and advances written off	491	8
Loss on sale of fixed assets (net)	21	29
Miscellaneous expenses	526	352
	<u>6,292</u>	<u>5,073</u>
# Payment to auditor (Included under legal and professional fees)		
As auditor:		
Audit fee	19	19
In other capacity:		
Other services (certification fees)	2	1
Reimbursement of expenses	-	-
	<u>21</u>	<u>20</u>
18 Finance costs		
Interest	354	22
Bank charges	163	56
	<u>517</u>	<u>78</u>

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- 19** 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.

20 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 and the funded status and amounts recognized in the balance sheet for gratuity.

Profit and Loss account

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	35	40
Interest cost on benefit obligation	16	17
Expected return on plan assets	-	(1)
Net actuarial (gain) / loss recognized in the year	(3)	(13)
Net employee benefit expense	48	43

Balance sheet

Details of provision for gratuity

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	(207)	(192)	(208)	(200)	(170)
Fair value of plan assets	9	2	11	36	49
Plan asset / (liability)	(198)	(190)	(197)	(164)	(121)
Experience adjustment on plan asset	-	(1)	3	1	1

Experience adjustment on plan liabilities was gain of Rs. 6 (March 31, 2012: 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, 2013	As at March 31, 2012
Opening defined benefit obligation	192	208
Interest cost	16	17
Current service cost	35	40
Benefits paid	(33)	(59)
Actuarial (gains) / losses on obligation	(3)	(14)
Closing defined benefit obligation	207	192

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

Particulars	As at March 31, 2013	As at March 31, 2012
Opening fair value of plan assets	2	11
Expected return	-	1
Contributions by employer	40	50
Benefits paid	(33)	(59)
Actuarial gains / (losses)	-	(1)
Closing fair value of plan assets	9	2

Actual return on plan assets - -

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, 2013	As at March 31, 2012
Investments with insurer	100%	100%

Assumptions

Particulars	As at March 31, 2013	As at March 31, 2012
Discount rate	8.00%	8.50%
Expected return on plan assets	8.70%	8.60%

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.

21. 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:

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	As at March 31, 2013	As at March 31, 2012
Options outstanding, beginning of year		197,000
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	-	197,000
Options outstanding, end of year	-	-
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	-	-
- Options not eligible for exercise at year end	-	-
	-	-
Weighted average remaining contract life of options	-	-
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 and 100,000 options on August 2, 2012 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, 2013	As at March 31, 2012
Options outstanding, beginning of year	343,000	374,000
Options granted during the year	100,000	-
Options exercised during the year	-	-
Options lapsed during the year	12,000	31,000
Options outstanding, end of year	431,000	343,000
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	431,000	171,500
- Options not eligible for exercise at year end	-	171,500
Weighted average remaining contract life of options	2 years 4 months	3 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 (2012-2013)	Weighted average exercise price (Rs.)	No of options (2011-2012)	Weighted average exercise price (Rs.)
Outstanding at the beginning of the period	343,000	45.05	571,000	129.47
Granted during the year	100,000	45.05	-	-
Lapsed during the year	12,000	45.05	228,000	256.48
Outstanding at the end of the year	431,000	45.05	343,000	45.05

Particulars	As at March 31, 2013	As at March 31, 2012
Weighted average share price at the date of exercise (Rs.)	-	-
Range of share price of options outstanding at the year end (Rs.)	45.05	45.05

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, 2013			
- Amounts as reported	195	1.28	1.28
- Amounts as per pro-forma	195	1.28	1.28
Year ended March 31, 2012			
- Amounts as reported	(1,698)	(11.14)	(11.14)
- Amounts as per pro-forma	(1,698)	(11.14)	(11.14)

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.

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

22. 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, 2013	March 31, 2012
Total as at year end		
Minimum lease payments	144	50
Less: finance charges	28	6
Present value	116	44
Not later than one year		
Minimum lease payments	38	24
Less: finance charges	11	3
Present value	27	21
Later than one year but not later than five years		
Minimum lease payments	106	26
Less: finance charges	17	3
Present value	89	23
Later than five years		
Minimum lease payments	Nil	Nil
Less: finance charges	Nil	Nil
Present value	Nil	Nil

Finance lease obligations of Retreat are secured by equipments, computer peripheral equipments and vehicles. 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, 2013	March 31, 2012
Total as at year end		
Minimum lease payments	411	Nil
Less: finance charges	53	Nil
Present value	358	Nil
Not later than one year		
Minimum lease payments	152	Nil
Less: finance charges	30	Nil
Present value	122	Nil
Later than one year but not later than five years		
Minimum lease payments	259	Nil
Less: finance charges	23	Nil
Present value	236	Nil

Operating leases

Office premises in India are obtained under operating lease. Lease rentals incurred during the year of Rs. 1,011 (previous year Rs. 1,231) have been charged as an expense in the statement of profit and loss account.

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



ALLSEC TECHNOLOGIES LIMITED

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	As at March 31, 2013	As at March 31, 2012
Upto 1 year	784	1,373
1 to 5 years	1,214	2,534
Beyond 5 years	74	305
Total	2,099	4,212

Allsectech Inc entered into an operating lease in Bedford, Texas for the period Jan 2013 to Dec 2013. Lease payment for this lease for the financial year 2013-14 is Rs 62.13 (previous year Rs.74.69).

Allsectech Manila Inc has entered into an operating lease. Lease rentals incurred during the year of Rs. 209 (previous year Rs. 176) have been charged as an expense in the statement of profit and loss. The lease terms vary between 1 and 3 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

Particulars	March 31, 2013	March 31, 2012
Upto 1 year	244	176
1 to 3 Years	454	244
Total	698	420

Retreat Management Inc has entered into an operating lease. Lease rentals incurred during the year of Rs. 228 (previous year Rs. 95) have been charged as an expense in the statement of profit and loss. The lease terms vary between 1 and 3 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

Particulars	March 31, 2013	March 31, 2012
Upto 1 year	235	95
1 to 3 Years	401	235
Total	636	330

23. Segment information

a. The groups operations predominantly relates to IT enabled services for customers located in India and outside India and Mortgage Services to the customers outside india, accordingly these have been considered as primary reportable segments. The group has considered geographical as the secondary segment based on the location of the customers.

b. Segment accounting policies- The group prepares its segment information in conformity with the Accounting policies adopted for preparing and presenting the financial statement of the group as a whole.

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



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Particulars	IT Enabled Services		Mortgage services		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Total revenue (net)	13,456	13,888	18,551	4,426	32,007	18,314
Segment result	(1,236)	(2,121)	3,738	1,070	2,502	(1,051)
Unallocated corporate expenses / (income)	-	-	-	-	-	-
Operating income/(expenses)	-	-	-	-	2,502	(1,051)
Interest Expense	68	76	449	2	517	78
Interest income	78	80	-	-	78	80
Tax Expenses/ (Income)	15	19	1163	404	1,179	423
Net profit after tax and prior period items	(1241)	(2136)	2125	664	884	(1,472)
Other Information:-						
Segment assets	9,726	9,811	6,401	4,017	16,127	13,828
Unallocated corporate assets	-	-	-	-	-	-
Total assets	9,726	9,811	6,401	4,017	16,127	13,828
Segment liabilities	1,782	2,414	3,177	1,245	4,959	3,659
Unallocated corporate liabilities	-	-	-	-	-	-
Total liabilities	1,782	2,414	3,177	1,245	4,959	3,659
Capital expenditures	490	1,224	862	260	1,352	1,484
Depreciation and amortization	1,284	1,398	193	16	1,477	1,414

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, 2013	March 31, 2012
Revenue from services		
United States of America	23,997	8,181
United Kingdom	2,310	1,264
India	5,672	8,488
Others	28	381
Total	32,007	18,314

Fixed assets used in the Group's business, Liabilities and expenses of the group 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, liabilities, capital expenditure since a meaningful segregation of the available data is onerous.

24. Related party disclosures

1. Names of related parties

Relationship	Name of the party
Key management personnel	
	1) Whole Time Directors in Allsec
	a) A. Saravanan
	b) R. Jagadish
	2) Whole Time Director in Retreat
	a) Aravinthan Wijay

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

2. Transactions with related parties:

Particulars	Key Management Personnel	
	March 31, 2013	March 31, 2012
Remuneration - Wholetime Directors' Salaries		
-- Allsec Technologies Ltd.	253	253
-- Retreat Capital Management Inc, USA	584	

25. Contingencies and commitments

Particulars	March 31, 2013	March 31, 2012
Commitments		
Capital contracts yet to be executed	1	99
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.

26. 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 (s) above.

Derivatives outstanding as at the year end

Particulars	Purpose
Forward contract to sell US \$ US\$ Nil (March 31, 2012:11.51 lakhs)	Hedge of highly probable foreign currency sales

27. Previous year figures

Current year figures include the asset and liabilities as at March 31, 2013 and transactions of Centigral Inc for the period from September 11, 2012 (date of acquisition of Controlling Interest) till March 2013. Accordingly figures of current year are not strictly comparable with those of the prior years.

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI 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 8, 2013



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	Monday
	12th August 2013 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
14th 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.

FORM OF PROXY

Folio No. No. of Shares held

DP ID No. I N

Client ID No.

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 14th ANNUAL GENERAL MEETING of the Company to be held at 10.00 AM on
Monday, the 12th August 2013 and at any adjournment thereof.

Date _____

Signature _____

Re. 1
Revenue
Stamp