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## ALLSEC TECHNOLOGIES LIMITED



For ALLSEC TECHNOLOGIES LIMITED,

*P. Swaminathan*  
Authorised Signatory.

**ANNUAL REPORT 2004**

## DIRECTORS REPORT

Your Directors have pleasure in presenting the Fifth Annual Report and the Audited Accounts of the company for the 15 months period ended 31<sup>st</sup> March 2004.

### Financial Results

	(Rs. In Lakhs)	
	15 Months Period Ended March 31, 2004	Year Ended Dec 31, 2002
Income from Services	2494.08	1971.14
Other Income	1.99	23.17
Total Expenses	3521.91	1523.93
PBIDT	(1025.84)	470.38
Interest	149.42	58.41
Depreciation & Amortization	483.64	232.44
PBT	(1658.90)	179.53
Tax	(9.06)	8.97
PAT	(1649.84)	170.56
Share Capital	1767.76	1767.76
Retained Earnings	(1457.16)	192.68

### Dividend

During the period under review, your company has incurred a loss after tax of Rs. 1650 lakhs and hence your directors have not recommended any dividend.

### Operations and Future Prospects

Your Company's performance was adversely affected during the period under review due to factors beyond the control of the management. The expanded facility, which was to be utilised by one of the large contracted clients could not be utilised fully due to reasons of policy change of the client. However your Company was able to pursue the client for usage of the facility and have signed a larger contract with them thereby utilizing the capacity to the full extent in the current year. Your directors are therefore confident of making a turn around and achieving good results in the current financial year.

### Employees Stock Option Scheme (ESOP)

Your company has granted 200,300 options to the employees on July 1, 2004, each option being convertible in to one (1) equity share of nominal value Rs. 10.

- Options granted; - 200,300
- The pricing formula; - Face Value -
- Options vested; - N.A



- d. Options exercised; -N.A
- e. The total number of shares arising as a result of exercise of options; N.A
- f. Options lapsed; - N.A
- g. Variation of terms of options; -N.A
- h. Money realized by exercise of options; N.A
- i. Total number of options in force; - 200,300
- j. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33. – N.A

### **Responsibility statement**

Your Directors confirm the following;

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

### **Subsidiary**

As per Section 212 of the Companies Act, the audited financial statements of the wholly owned subsidiary Allsectech Inc, is attached.

### **Deposits**

Your company has not accepted any deposit from the public during the period under review.

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

Earnings in Foreign Currency  
Expenditure in Foreign Currency

Rs. 2487.64 Lakhs  
Rs. 1441.30 Lakhs



Employees

There are no employees covered by the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

Directors

Mr. R. Jagadish and Mr. Dilip B Patel retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

Mr. Rajeev Ahuja has resigned from the directorship consequent to withdrawal of nomination by Euronet. Mr. Vinod Ganjoor was appointed as director in the place of Mr. Rajeev Ahuja not liable to retire by rotation with effect from 29<sup>th</sup> January 2004. Mr. N.S. Raghuram was appointed as alternate director to Mr. Vinod Ganjoor on 29<sup>th</sup> January 2004.

Auditors

M/s. S R Battiboi & Associates, Chartered Accountants were re- appointed as Auditors of the company at the annual general meeting held on 30<sup>th</sup> June 2003. M/s. S R Battiboi & Associates retire at this annual general meeting and being eligible offers themselves for re election.

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

Chennai  
6<sup>th</sup> September, 2004

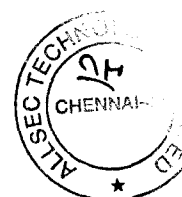


## Auditors' Report

To  
 The Members of Allsec Technologies Limited

1. We have audited the attached balance sheet of Allsec Technologies Limited ('the Company') as at March 31, 2004 and also the profit and loss account for the period from January 1, 2003 to March 31, 2004 ("the period"). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of information and explanations given to us, and representations obtained by the Company and taken on record by the Board of Directors, as on March 31, 2004 none of the directors are disqualified from being appointed as directors in terms of section 274(1)(g) of the Companies Act, 1956;

*[Signature]*



S.R. BATLIBOI & ASSOCIATES

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and 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, 2004; and
- b) in the case of the profit and loss account, of the loss for the period ended on that date.

*S. R. Batliboi & Associates*  
**For S. R. BATLIBOI & ASSOCIATES**  
**Chartered Accountants**

*Mahendra Jain*  
**per Mahendra Jain**  
**Partner**  
**Membership No.: 205839**

**Place : Chennai**  
**Date: September 6, 2004**



Annexure referred to in paragraph 3 of our report of even date to the Members of Allsec Technologies Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The Company has a phased program of physical verification of fixed assets which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program the Company has verified certain assets during the period. As informed no material discrepancies were noticed on verification.
- (c) There were no disposals of substantial part of the fixed assets during the period.
- (ii) Due to the nature of its business, the Company has no inventories and accordingly the provisions of clause 4(ii) of the order are not applicable to the Company.
- (iii) As informed, the Company has neither taken nor granted any loans, secured or unsecured to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls in respect of this area. The activities of the Company do not involve the sale of goods.
- (v) According to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 and, accordingly, clause 4(v)(b) of the Order is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and as according to the information and explanations given to us, 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 in respect of the Company.
- (ix) (a) *According to the records of the Company and information and explanations provided to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including employees' state insurance, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it except for provident fund and income tax deducted at source where there have been significant delays in a number of cases. In respect of provident fund, the amounts outstanding, at the end of the period for a period more than six months from the date they become payable are as follows:*

Name of the statute	Nature of the dues	Amount (Rs)	Due Date	Date of Payment
Employee's Provident Funds Miscellaneous Provisions Act, 1952	Provident Fund	72,105	May 15, 2003	April 22, 2004
	Provident Fund	71,616	June 15, 2003	April 22, 2004
	Provident Fund	72,364	July 15, 2003	April 22, 2004
	Provident Fund	229,063	August 15, 2003	April 22, 2004
	Provident Fund	72,342	September 15, 2003	April 22, 2004

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