

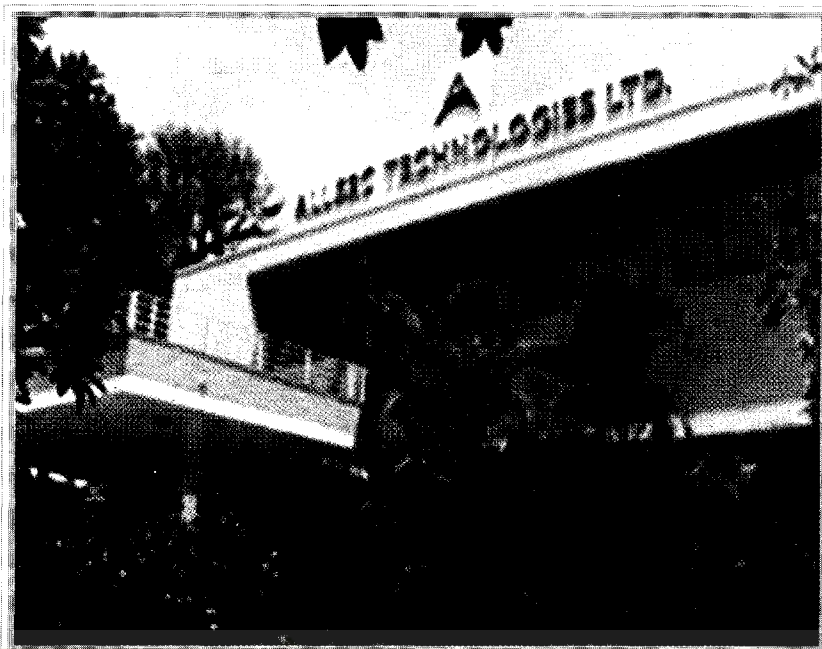
ALLSEC TECHNOLOGIES LIMITED

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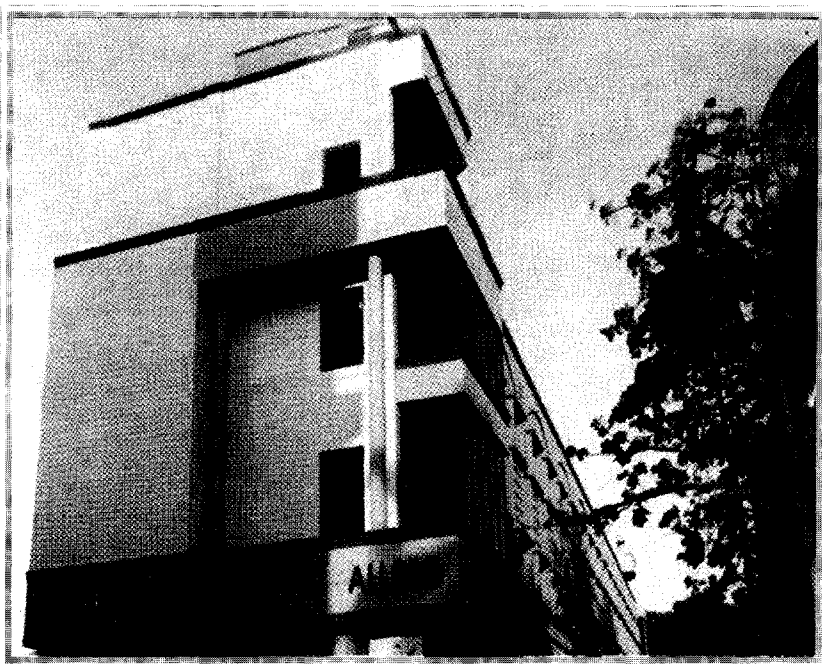
Annual Report

2004-05





Allsec's first facility @ 8/1 Sundaram Salai,
R A Puram housing 200 seats



Allsec's Second facility @ 46 B Velacherry Main Rd.,
housing 500 seats



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Sixth Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 11 a.m on Saturday, 23rd July 2005 at Narada Gana Sabha, Mini Hall, 314 TTK Salai, Alwarpet, Chennai 600 018, to transact the following business;

Ordinary Business:

1. To consider and adopt the Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the period ended 31st March 2005 along with the Schedules, the report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. A. Saravanan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Dr. Bala V Balachandran 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 an Ordinary Resolution;

"RESOLVED THAT M/s. S. R. Batliboi & Associates, Chartered Accountants, the retiring auditors, 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(s), the following resolution as a Special Resolution;

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, and other applicable provisions, if any, read with Schedule XIII, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals and consents as may be necessary, the consent of the company be and is hereby accorded to the reappointment of Mr. R. Jagadish as whole time director for a further period of 3 years with effect from 1st July 2005 on a revised remuneration not exceeding Rs. 5,00,000 per month as set out below;

- | | | |
|----------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Salary | : | Rs. 3,00,000 per month |
| b) Special Allowance | : | Such sum as may be decided by the Board of Directors from year to year, subject to the overall ceiling laid down in Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956. |

- | | | |
|-------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| c) Perquisites and Other Allowances | : | Perquisites shall include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House maintenance allowance, reimbursement of expenses or allowances for utilities such as gas, electricity, water, servant/ gardener salaries, Leave Travel Allowance for self and family, club fees, bonus etc., |
|-------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Provision for use of car with chauffeur and Telephone at residence.

Reimbursement of Medical expenses for self and dependent family members.

For the purpose of determining the perquisites, family means spouse, dependent children and dependent parents. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable or at actual cost, as the case may be.

- | | | |
|---------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| d) Commission | : | In addition to the salary and perquisites specified above, commission may be paid at such percentage as may be decided by the Board of Directors from year to year, subject to the overall ceiling laid down in Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956. |
|---------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- | | | |
|-------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| e) Minimum Remuneration | : | Where in any financial year during the currency of tenure of Mr. R. Jagadish, Whole Time Director, the company has no profits or its profits are inadequate, the company may continue to pay remuneration mentioned above (except commission) to Mr. R. Jagadish, Whole Time Director by way of salary, dearness allowance, perquisites and any other allowance, subject to the ceiling limits laid down in Section II of Schedule XIII of the Companies Act, 1956. |
|-------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

"RESOLVED FURTHER THAT Mr. R. Jagadish, Whole Time Director shall also be eligible for the following perquisites which shall not be included in the computation of the ceiling



on remuneration;

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure.

"RESOLVED FURTHER THAT the Board of Directors and/or Compensation Committee be and are hereby authorised to alter, vary and modify the terms of appointment and remuneration thereof during the tenure of Mr. R. Jagadish as Whole Time Director, within the overall limits and terms specified in the Companies Act, 1956 and Schedule XIII of the Act as existing or as may be amended from time to time."

6. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, and other applicable provisions, if any, read with Schedule XIII, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals and consents as may be necessary, the consent of the company be and is hereby accorded to the reappointment of Mr. A. Saravanan as whole time director for a further period of 3 years with effect from 1st July 2005 at a revised remuneration not exceeding Rs. 5,00,000 per month as set out below;

- a) Salary : Rs. 3,00,000 per month
- b) Special Allowance: Such sum as may be decided by the Board of Directors from year to year, subject to the overall ceiling laid down in Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956.
- c) Perquisites and Other Allowances : Perquisites shall include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House maintenance allowance, reimbursement of expenses or allowances for utilities such as gas, electricity, water, servant/gardener salaries, Leave Travel Allowance for self and family, club fees, bonus etc.,
Provision for use of car with chauffeur and Telephone at residence.

Reimbursement of Medical expenses for self and dependent family members.

For the purpose of determining the perquisites, family means spouse, dependent children and dependent parents. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable or at actual cost, as the case may be.

- d) Commission : In addition to the salary and perquisites specified above, commission may be paid at such percentage as may be decided by the Board of Directors from year to year, subject to the overall ceiling laid down in Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956.

- e) Minimum Remuneration : Where in any financial year during the currency of tenure of Mr. A. Saravanan, Whole Time Director, the company has no profits or its profits are inadequate, the company may continue to pay remuneration mentioned above (except commission) to Mr. A. Saravanan, Whole Time Director by way of salary, dearness allowance, perquisites and any other allowance, subject to the ceiling limits laid down in Section II of Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT Mr. A. Saravanan, Whole Time Director shall also be eligible for the following perquisites which shall not be included in the computation of the ceiling on remuneration;

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure.

"RESOLVED FURTHER THAT the Board of Directors and/or Compensation Committee be and are hereby authorised to alter, vary and modify the terms of appointment and



remuneration thereof during the tenure of Mr. A. Saravanan as Whole Time Director, within the overall limits and terms specified in the Companies Act, 1956 and Schedule XIII of the Act as existing or as may be amended from time to time."

For and on behalf of the Board

Date : May 16, 2005
Place: Chennai

R. Jagadish
Director

Notes:

1. Details pursuant to clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking reappointment at the Annual General Meeting are provided in the Directors' Report.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS

THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A FORM OF PROXY IS GIVEN AT THE END OF THE ANNUAL REPORT.

3. The Register of Members and Share Transfer Book will remain closed on 23rd July 2005.
4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is attached.
5. Members are requested to bring their copy of the Annual Report with them to the meeting.
6. Members/Proxies should bring the Attendance Slip/Proxy Form duly filled in for attending the meeting.
7. The statutory registers maintained under Sections 301 and 307 of the Companies Act, 1956 and the certificate of the Auditors of the Company certifying the implementation of the Company's stock option scheme is in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by the members in General Meeting, will be available at the venue of the Annual General Meeting for inspection by the members.





EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. R. Jagadish was appointed as a whole time director for a period of 5 years with effect from 1st July 2000 on a total salary of Rs. 15,000 per month at the Board Meeting and General Meeting held on 20th May 2000 and 21st July 2000 respectively. Subsequently the salary was revised to Rs. 75,000 per month (Total Rs. 1,25,000 per month along with allowance and perks) at the Board Meeting and General Meeting held on 20th September 2001 and 19th October 2001 respectively. The remuneration was further increased to Rs. 1,50,000 per month (Total Rs. 2,50,000 per month along with allowance and perks) with effect from 1st January 2004, vide resolution of Remuneration Committee dated 19th February 2004 and General Meeting held on May 6, 2004. Mr. R. Jagadish is the CEO of the Company and is responsible for the overall day-to-day operations of the Company, human resources, service delivery and client servicing initiatives.

The term of office of Mr. R. Jagadish expires on 30th June 2005 and the Board of Directors propose to re appoint him as whole time director for a further term of 3 years vide resolution passed at the Board Meeting held on 16th May 2005.

In view of the proposed capacity expansion of the Company, there is a need for the whole time directors to spend more time and energy on the business and developmental activities of the Company. Keeping in view his background and experience and the need to ensure adequacy in compensation levels to be in line with industry standards, it is proposed to enhance the remuneration of Mr. R. Jagadish.

Item No. 6

Mr. A. Saravanan was appointed as a whole time director for 5 years with effect from 1st October 2001 on a salary of Rs.75,000 per month (Total of Rs.1,25,000 per month along with allowance and perks) at the at the Board Meeting held on 20th September 2001 and EGM dated 19th October 2001. The remuneration was further increased to Rs. 2,50,000 per month with effect from 1st January 2004 vide resolution of Remuneration Committee dated 19th February 2004 and General Meeting held on May 6, 2004.

The term of office of Mr. Saravanan expires on 30th September 2006. But as a matter of good corporate governance and in order to have better administrative control it is proposed to revise the term of Mr. Saravanan and re appoint him afresh with effect from 1st July 2005 for a period of 3 years, so that the terms of office of Mr. Jagadish and Mr. Saravanan run concurrently.

The Board of Directors propose to re appoint him as whole time director for a further term of 3 years vide resolution passed at the Board Meeting held on 16th May 2005.

Mr. A. Saravanan is the Founder and President of the Company providing strategic vision for the Company. He is responsible for business development, strategy and finance and also directly oversees the marketing initiatives of the Company.

In view of the proposed capacity expansion of the Company, there is a need for the whole time directors to spend more time and energy on the business and developmental activities of the Company. Keeping in view his background and experience and the need to ensure adequacy in compensation levels to be in line with industry standards it is proposed to enhance the remuneration of Mr. A. Saravanan.

Statement Containing Required Information As Per Category B Of Part II Of Schedule XIII Of The Companies Act, 1956 for Item Nos. 5 & 6

General Information:

❖ Nature of Industry:

The Company is in the Information Technology Enabled Services (ITES) industry and has multimedia response management centers providing business process outsourcing services to clients across the globe.

The Company was promoted by Mr. A. Saravanan and Mr. R. Jagadish, commenced production in 2001 and made profits in the first year of operation. Starting with a 100-seat facility, the Company has grown in to a 700-seat facility center in a short span of time. The Company's processes have been appraised by Carnegie – Mellon University as part of their e-SCM Maturity model for e- services. Technology platforms, scalability, HR and training have been specially mentioned as the strengths of the Company. The Company has also obtained the ISO 9001 – 2000 accreditation from KPMG Quality Registrar.

❖ Date of commencement of Commercial production:

The commercial production commenced in January 2001.

❖ Financial performance based on given indicators:

As the Company has undertaken a capacity expansion, the results in terms of increased profitability and maximization of shareholders' wealth are expected to accrue in the current financial year.

❖ Export performance and net Foreign exchange earnings:

Rs. 561.46 million for the financial year ended March 31, 2005.

❖ Foreign Investments or collaborators, if any:

Euronet, an offshore investor has funded the Company to the tune of Rs. 84.8 million by way of subscription to equity shares.

CCRT International Holding B.V has invested to the tune of Rs. 35.35 million by way of subscription to equity shares.



Information about the appointees:

a) Mr. R. Jagadish

❖ Background details:

Mr. R. Jagadish is a member of the Institute of Chartered Accountants of India and a member of the Chartered Institute of Management Accountants, UK. He has over 20 years of experience in enterprise creation and corporate management and is the co-promoter of the Company. He has worked in Ashok Leyland Limited for 5 years in various departments. He is very strong in conceptualization, project management and execution skills.

❖ Past remuneration:

An aggregate monthly remuneration of Rs. 2,50, 000.

❖ Job profile and suitability:

Mr. R. Jagadish is the CEO of the Company and is responsible for the overall day-to-day operations of the Company, human resources, service delivery and client servicing initiatives. He has substantial powers of management and acts under the supervision, control and directions of the Board of Directors.

❖ Remuneration proposed:

An aggregate monthly remuneration of Rs. 5,00,000

❖ Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The proposed remuneration is in line with the prevailing remuneration profile in the industry.

❖ Pecuniary relationship directly/indirectly with the company or managerial personnel, if any:

None

a) Mr. A. Saravanan

❖ Background details:

Mr. A. Saravanan is a Member of the Institute of Chartered Accountants of India and has got over 20 years of experience in finance and management across different industry segments. He has worked in Ashok Leyland Finance Limited, Overseas Sanmar Finance Limited and

Pioneer Leasing Limited.

❖ Past remuneration:

An aggregate monthly remuneration of Rs. 2,50, 000.

❖ Job profile and suitability:

Mr. A. Saravanan is the Founder and President and whole time director of the Company providing strategic vision for the Company. He is responsible for business development, strategy and finance and also directly oversees the marketing initiatives of the Company strategies and as such is suitable for the position.

❖ Remuneration proposed:

An aggregate monthly remuneration of Rs. 5,00,000.

❖ Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The proposed remuneration is in line with the prevailing remuneration profile in the industry.

❖ Pecuniary relationship directly/indirectly with the company or managerial personnel, if any:

None

Other Information:

❖ Reasons for loss or inadequacy of profits:

❖ Steps taken or proposed to be taken for improvement:

❖ Expected increase in productivity and profits in measurable terms:

Not applicable

The Directors recommend the adoption of the Resolution. Except Mr. R. Jagadish and Mr. A. Saravanan, none of the Directors are interested in the Resolution.

The above may also be treated as a notice in terms of Section 302 of the Companies Act, 1956.

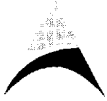
For and on behalf of the Board

Date : May 16, 2005

Place: Chennai

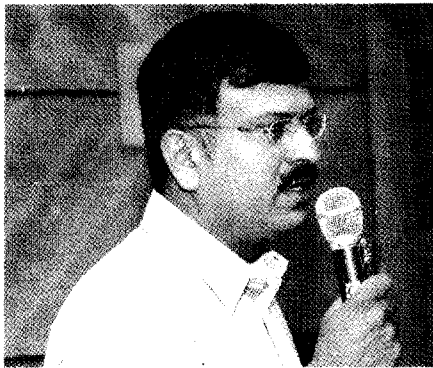
R. Jagadish

Director



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From the founder's desk

Dear shareholders,

Greetings!

I am excited to present to you the Annual report for the financial year 2004-05.

When in year 2000, we set up a modest 100 seat capacity to cater to the contact center needs of the US markets, we set our own processes, systems and training methodologies tuned to deliver from India. We had no comparable benchmarks of performance, as the industry was nascent. The last five years was all about rapid growth in the BPO sector and to settle in this sector with profit motive was a great challenge. We overcame this challenge by expanding capacities at the appropriate times and acquired clientele and domain expertise over this period. We have strived hard to build a robust and efficient delivery model from India and are proud to be operating a capacity of 1700 seats and over 3000 employees soon.

Allsec has been steadily growing for the last 5 years: we have always grown with constant focus on quality and performance. Our clients have always been happy with our service delivery and we have spared no effort in making sure that quality is never compromised. In turn, our clients have been continuously rewarding us with more jobs, which has helped us grow steadily. Our strategy has been to grow in different verticals leveraging the relationship of an anchor client since inception and today have multi-vertical client engagements; we certainly have come a long way. US has been our main market till now and we strongly believe we now have laid foundations to set our

footprints in three distinctive geographies - *the Americas, United Kingdom and the Australian continent*. This will go a long way in optimizing the utilization of the capacity and also mitigating external risks associated with a single geography.

Today, Allsec boasts of a clientele that is truly diversified in terms of verticals and all of them are leaders in their respective segments - a *Leading Credit Card issuer* for whom life cycle management became a reality; a *Student Loan Consolidation Company* for whom 'END 2 END' support became a plausible business model; an *American ISP* for whom customer relationship management emerged as a strong business proposition, thanks to Allsec's integrated multiple support touch points: a *Fortune 50 Client* whose quality assurance model became a measurable, manageable and improvable statistical business process; a *global consulting firm* whose payroll pressure points were firmly dealt with resulting in an effortless HR management practice; not to mention a *commercial enterprise* for whom risk management and loss mitigation through collections management became a realizable business option; and numerous others for whom managing the non-core activities became a pleasant business surprise due to their association with Allsec.

We have maintained strong growth in revenues and profitability during FY 2005. In FY 2005, our total revenues crossed Rs. 500 million mark along side improvements in operating metrics. During the year under review, your Company's revenue has recorded a growth rate of 230% to Rs.575.52 million (12 months year ended March 31, 2005) from Rs. 249.41 million (15 months period ended March 31, 2004). The better utilization of assets coupled with a higher realization has yielded a post tax profit of Rs. 118.62 million as against

a loss of Rs.164.98 million for the previous period. The consistent growth in terms of size and revenue indicates that we have successfully transitioned from a small entity to a mid size pure play voice BPO company. Given our growth plans, I am sure that we will hit the next level shortly.

The next year will see us utilizing the 1000 seater, which is now being built, and I am confident that before end 2005 the new center will be fully functional and the full benefit of the expansion will be realized in the financial year 2007. I am confident it will house the next series of global clients who will entrust their business processes to us.

We set out with our goal to build a robust, India centric BPO company with a global reach and deliver diversified service offerings that will stand the test of time and varying business challenges. We recognize that we are certainly on the right path and that continuous value addition to all stakeholders is the only way we will be able to achieve our objectives. I am sure that there are significant opportunities for additional growth with our existing clients by expanding the existing relationships and increasing the depth and breadth of the services that we currently provide to them. This would also pave the way for us to acquire new Fortune clients and bring them to our fold.

It has been a very enjoyable journey for all of us at Allsec and while our history is inspiring, our future is even more promising. All our achievements have been made possible by our people: Our employees; *Our clients and Our shareholders*. I would like to thank every one of them for bringing us this far.

Thank you.

A Saravanan

Chennai - 42

Dated: June 13, 2005.



Our Business Philosophy

OUR MISSION:

To deliver focused response management solutions using:

- ☐ Cutting-edge Technology Platforms
- ☐ Innovative, Structured and Secure Business Processes
- ☐ Skilled, Trained and Dedicated Manpower

To bring about customer delight, reward employees and improve shareholders' wealth.

OUR GOALS:

- ☐ Build a robust, India-centric BPO Company with global reach and diversified service offerings that will stand the test of time and varying business challenges.
- ☐ Continuously enhance shareholder wealth by achieving improved earnings and sustained growth.
- ☐ Maintain high standards of corporate governance, management and workplace practices.

OUR QUALITY POLICY:

"We will continuously benchmark and deliver quality customer centric solutions which exceed client expectations resulting in end customer delight."