

**ALLSEC
TECHNOLOGIES
LIMITED**

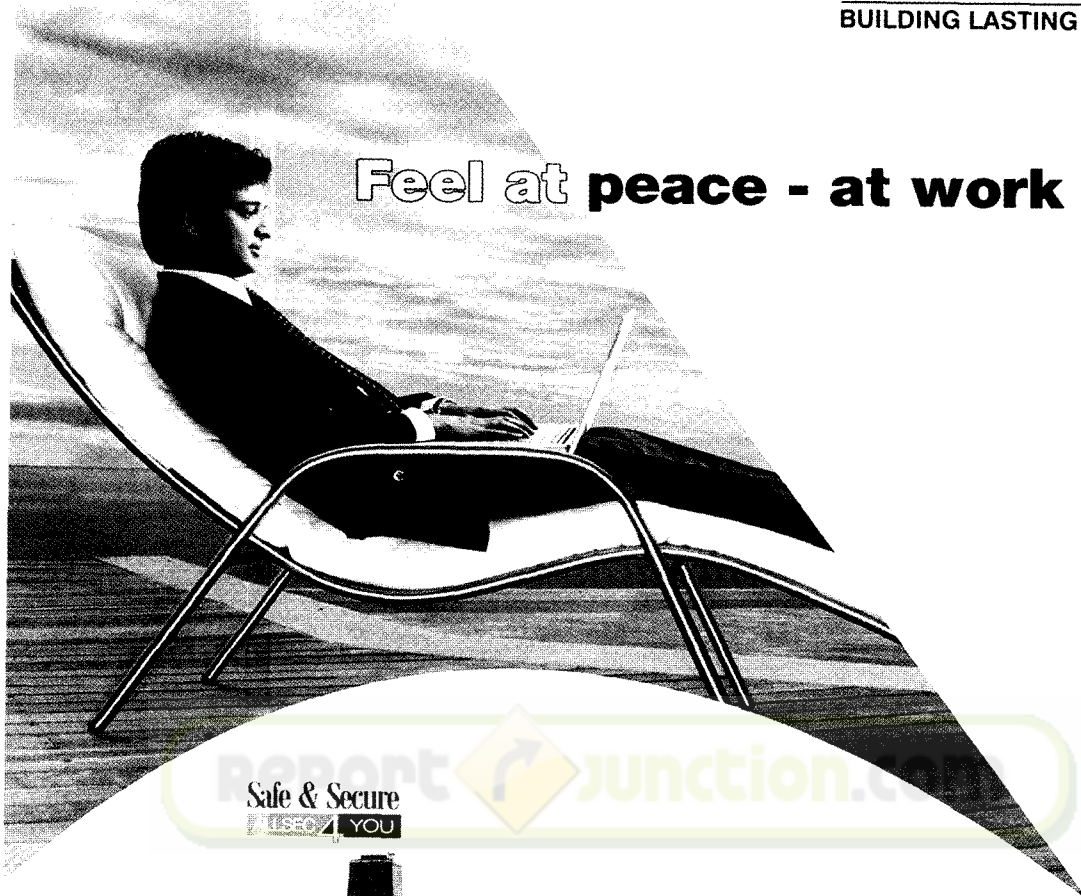


Annual Report
2006 - 07

Respected & Rewarded
ALLSEC 4 YOU

 **ALLSEC**
TECHNOLOGIES
BUILDING LASTING RELATIONSHIPS

Feel at peace - at work



Safe & Secure
ALLSEC 4 YOU

Feel at ease - at work



Corporate Information



ALLSEC TECHNOLOGIES LIMITED

Board of Directors

Dr.Bala V Balachandran
 Mr.T. Anantha Narayanan
 Mr.A. Sankarakrishnan
 Mr.Vinod Ganjoor
 Mr.Shankar Narayanan Madhava Menon
 Mr.Daniel D' Aniello
 Mr.N.S. Raghuram
 Mr.Mahesh Parasuraman
 Mr.A. Saravanan
 Mr.R. Jagadish

Chairman
Director
Director
Director
Investor Director
Investor Director
Alternate Director to Mr.Vinod Ganjoor
Alternate Director to Mr.Daniel D' Aniello
Director & President
Director & CEO

Management Team

Mr.P. Viswanathan
 Mr.R. Vaithiyathan
 Mr.A.G. Balaji
 Mr.Arun P Sowdas
 Mr.C. Mahadevan

Executive Director
Senior Vice President – Operation & HR
Vice President – Finance
Vice President – Technology
Vice President – HR BPO

Company Secretary

Mr.K.S. Raghu

Auditors

S R Batliboi & Associates
 Chartered Accountants
 Chennai

Bankers

- Canara Bank
- HDFC Bank

Registrars & Transfer Agents

Karvy Computershare Private Limited
 Karvy House, 46, Avenue 4 Street No.1
 Banjara Hills, Hyderabad – 500 034.

Registered Office

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

Corporate Office

46B Velachery Main Road,
 Velachery, Chennai 600 042.

Report  junction.com

Contents

Corporate Information	1
Notice of Annual General Meeting	3
Financial Highlights and Graphs	6
HR and Training	9
Directors' Report	12
Corporate Governance	17
Management Discussion & Analysis	23
Auditors' Report	29
Standalone Financials	32
Consolidated Auditors' Report	59
Consolidated Financials	60

Notice to the Shareholders



ALLSEC TECHNOLOGIES LIMITED

Notice is hereby given that the Eighth Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Friday the July 27, 2007 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 2007 and the Profit and Loss Account for the period ended 31st March 2007 along with the Schedules, the report of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares for the year ended March 31, 2007.
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 appoint a Director in the place of Mr.A.Sankarakrishnan who retires by rotation and being eligible, offers himself for re-appointment.
5. 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, 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

6. **To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution**

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

7. **To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution**

“RESOLVED THAT Mr. Daniel D’ Aniello a Director who was appointed as an Additional Director and

who holds office as such upto the date of Eighth Annual General Meeting of the Company and in respect of whom Notice under section 257 of the Companies Act, 1956 have been received from a member signifying the intention to propose Mr.Daniel D’ Aniello as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company not liable to retire by rotation”.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 is appended hereto.
3. The Register of Members of the Company and Transfer Books thereof will be closed from 25th July 2007 to 27th July 2007 (both days inclusive).
4. The dividend on equity shares, as recommended by the Board of Directors, if declared at this Annual General Meeting, will be paid to those shareholders whose names stand on the Register of Members after giving effect to all valid transfer deeds in physical form lodged with the Company on or before 24th July 2007 and in respect of shares held in the dematerialized form to those “deemed members” whose names appear in the statements as furnished by the depositories for this purpose as at the end of the business hours on 24th July 2007. The dividend declared shall be paid within the prescribed time limit.
5. Members holding shares in physical form are requested to lodge transfer deeds, communications for change of address, mandates(if any) with the Company’s Share Transfer Agents M/s. Karvy Computershare Private Limited, Unit Allsec, Karvy House, 46, Avenue 4, Street No.1,Banjara Hills, Hyderabad 500 034, Phone:91 40 23312454 on or before 24th July 2007.
6. 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

Notice of Annual General Meeting



ALLSEC TECHNOLOGIES LIMITED

not to the Company's Registrar and Transfer Agent. Changes intimated to the depository participant will help the Company and its Registrar to provide efficient and better services to the Members.

7. The proxies appointed, should bring their attendance slips sent herewith, dully filled in, for attending the meeting.

By Order of the Board

Chennai
May 14, 2007

R.Jagadish
Director

Registered Office :

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

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

For Item No.6

Mr. Shankar Narayanan Madhava Menon nominated by First Carlyle Ventures Mauritius, the Investor was appointed as an Additional Director by the Board of Directors at their meeting held on 25th January 2007. In terms of the Subscription and Shareholders Agreement dated 23rd August 2006 executed with First Carlyle Ventures Mauritius, the investor directors are not liable to retire by rotation. The Additional directors appointed shall hold office only up to the date of the next Annual General meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member of his intention to propose the candidature of Mr.Shankar Narayanan Madhava Menon as Director of the Company not liable to retire by rotation.

Hence the proposed resolution. The Directors recommend that the resolution be passed. None of the Directors except Mr. Shankar Narayanan Madhava Menon is concerned or interested in the resolution.

For Item No.7

Mr. Daniel D'Aniello nominated by First Carlyle Ventures Mauritius, the Investor was appointed as an Additional Director by the Board of Directors at their meeting held on 25th January 2007. In terms of the Subscription and Shareholders Agreement dated 23rd August 2006 executed with First Carlyle Ventures Mauritius, the investor directors are not liable to retire by rotation. The Additional directors appointed shall hold office only up to the date of the next annual general meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member of his intention to propose the candidature of Mr. Daniel D' Aniello as Director of the Company not liable to retire by rotation.

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

None of the Directors except Mr. Daniel D' Aniello is concerned or interested in the resolution.

Information required as per the Listing Agreement

For Item No.3 & 4

The Profile of Directors retiring by rotation namely Dr. Bala V. Balachandran and Mr.A.Sankarakrishnan is provided below:

Dr. Bala V. Balachandran aged 69, is an Eminent Economist, distinguished Professor of Accounting, Information System and Decision Sciences and Director of the Accounting Research Center at J.L. Kellogg Graduate School of Management, Illinois, USA, Dr. Bala V. Balachandran has over 40 years of experience in accounting and expertise in management. He has to his credit several honors, Awards, Fellowships, Teacher Award, and Alumni Faculty Choice Award.

He has done B.Sc. (Hons.) Mathematics/Statistics, 1961; M.A., Mathematics/Statistics, 1963; M.S. Applied Statistics, Annamalai University, MSE 1969, Engineering, University of Dayton; MSIA 1972; Business Administration, PhD 1973; Industrial Administration, Carnegie-Mellon Univeristy; CPA 1978; CMA, 1979.

He is also on the Board of Godrej Consumer Products Ltd and Great Lakes Institute of Management. He is a member of the Audit Committee of Godrej Consumer Products Ltd.

Dr.Bala V Balachandran holds 70,000 equity shares in the Company.

Mr.A.Sankarakrishnan aged 64 is a graduate from Guindy Engineering College, Chennai. He joined as Graduate Engineer in India Pistons Limited a leading automobile ancillary manufacturing industry in the year 1965 and was elevated to the level of Executive Director in the year 1984. He joined as Managing Director in Kone Elevator India Pvt. Ltd., a leading manufacturing industry, a wholly owned subsidiary of Kone Corporation Finland in the year 1992. He led the modernisation initiatives in Kone Elevators and was instrumental in turning Kone from sick to healthy, with a 40% market share. He is also adept in absorbing foreign technologies and implementing the same in Indian industries.

He is also on the Board of Olympus Elevators Pvt Limited.

Mr.Sankarakrishnan does not hold any shares in the Company.

For Item No.6 & 7

The Profile of Directors namely Mr.Shankar Narayanan Madhava Menon and Mr.Daniel D' Aniello is provided below:

Annexure to Notice



ALLSEC TECHNOLOGIES LIMITED

Mr. Shankar Narayanan Madhava Menon, aged 45, Managing Director of The Carlyle Group, India is responsible for leading growth capital investments in India. He is based in Mumbai. Prior to joining Carlyle Group, Mr. Shankar Narayanan Madhava Menon spent six years at Hathway Investments in Mumbai and during that time served as Managing Director and CEO. He was also with Deutsche Bank Capital Partners, based in Hong Kong, as a Director covering South Asia and India. Mr. Shankar Narayanan Madhava Menon has led or been associated with a number of prominent private equity investments in India, including Johnson Tiles, Exide Industries, Hathway Cable, Asianet Satellite Communications, Pushpa Polymers, Tata Infomedia, and AFL Limited. He had served on the Board of Directors of all these Companies. Prior to Hathway Investments, Mr. Shankar Narayanan Madhava Menon worked at Citibank in Mumbai.

Mr. Shankar Narayanan Madhava Menon is currently on the Boards of Newgen Imaging Systems Private Ltd., LearningMate Solutions Private Ltd, Claris Lifesciences Ltd, Quality engineering & Software technologies, Inc., Elitecore technologies Ltd., QuEST Manufacturing & Machining Private Ltd, Financial Software & Systems Private Ltd and other corporates. He is a member of the Audit Committee of Claris Lifesciences Ltd. Mr. Shankar Narayanan Madhava Menon received a Post Graduate Diploma in Management from XLRI Jamshedpur where he was a Gold Medalist and stood first in the graduating

class in the area of Finance and Accounting and a Bachelor of Technology Degree in Civil Engineering from the Indian Institute of Technology, New Delhi.

Mr. Shankar Narayanan Madhava Menon does not hold any shares in the Company.

Mr. Daniel D'Aniello aged 61 is a Founding Partner and Managing Director of The Carlyle Group. He is based in Washington, DC. Prior to forming Carlyle in 1987, Mr. Daniel D'Aniello was Vice President for Finance and Development at Marriott Corporation where he was responsible for valuation of all major mergers, acquisitions, divestitures, debt and equity offerings and project financings. Before joining Marriott, he was a Financial Officer at Pepsico and TWA.

Mr. Daniel D'Aniello is a 1968 magna cum laude graduate of Syracuse University, where he was a member of Beta Gamma Sigma, and a 1974 graduate of the Harvard Business School, where he was a Teagle Foundation Fellow.

Mr. Daniel D'Aniello does not hold any shares in the Company.

By Order of the Board

Chennai
May 14, 2007

R. Jagadish
Director

Registered Office :

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

Financial Highlights



ALLSEC TECHNOLOGIES LIMITED

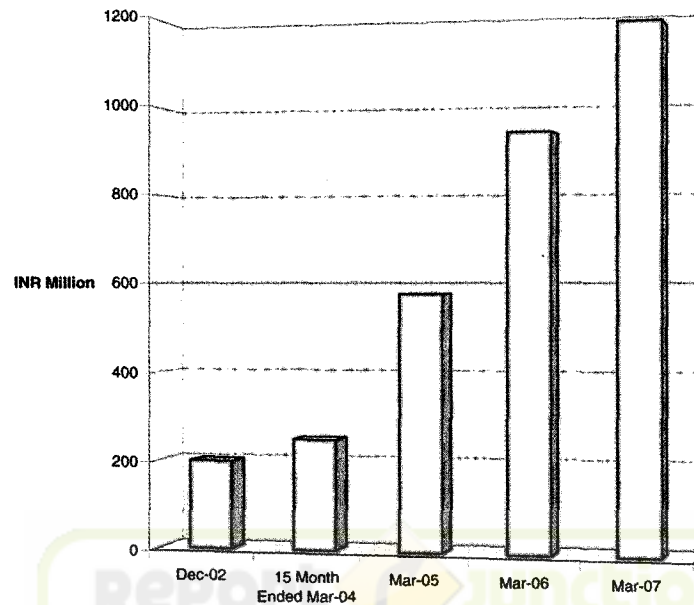
(Rs. in million)

		Year Ended December 31, 2002	15 Month Period Ended March 31, 2004	Year Ended March 31, 2005	Year Ended March 31, 2006	Year Ended March 31, 2007
A.	Profit and Loss Account					
	Income from services	197.11	249.41	575.53	922.56	1132.79
	Other income	2.32	0.20	0.11	10.76	38.56
	Total income	199.43	249.61	575.64	933.32	1171.35
	Gross Profit before Interest, depreciation & Tax (EBITDA)	47.04	(102.58)	159.34	277.96	364.00
	Depreciation & Amortisation	23.24	48.36	40.80	61.31	79.42
	Profit before interest & tax	23.79	(150.95)	118.54	216.65	284.58
	Interest	5.84	14.94	13.97	5.04	3.86
	Profit before taxation	17.95	(165.89)	104.57	211.61	280.72
	Profit after taxation	16.97	(164.98)	118.62	216.37	281.35
B.	Balance Sheet					
	Net fixed assets	192.83	154.84	144.02	341.95	290.41
	Investments	10.45	14.90	14.90	108.42	884.79
	Net current Assets	37.08	(25.73)	78.27	237.06	498.67
	Total	240.36	144.02	237.19	687.43	1,673.87
	Share Capital	176.78	176.78	88.25	120.87	152.38
	Reserves & Surplus	19.27	—	128.10	587.34	1,542.75
	Less: Profit & Loss account					
	Debit balance	—	145.72	27.10	—	—
	Miscellaneous expenses (to the extent not written off)	2.6	1.83	9.60	—	—
	Net worth	193.44	29.23	179.65	708.21	1,695.13
	Loan funds	46.91	114.79	72.06	1.51	1.56
	Deferred Tax (net)	—	—	(14.52)	(22.29)	(22.82)
	Total	240.36	144.02	237.19	687.43	1,673.87
C.	EPS (in Rs)	3.9	(37.9)	14.37	18.40	20.09
	Diluted EPS (in Rs)	2.8	(37.9)	14.12	18.15	19.93
	Book Value per share	44.42	6.71	20.36	58.59	111.24
	Return on Capital Employed (ROCE in %)	7%	(115%)	50%	32%	17%
	Return on Networth (RONW in %)	9%	(564%)	66%	31%	17%
	Fixed Assets Turnover (No of times)	1.02	1.61	4.00	2.70	3.90
	Working Capital Turnover (No of times)	5.32	(9.69)	7.35	3.89	2.27
	EBITDA as a % of total income	24%	(41%)	28%	30%	31%
	Net Profit (Loss) as a % of total income	9%	(66%)	21%	23%	24%



ALLSEC TECHNOLOGIES LIMITED

Trends in Revenue



Trends in PBT

