



**ALLSEC
TECHNOLOGIES
LIMITED**

Annual Report
2010 - 11



Board of Directors

Dr.Bala.V.Balachandran
Mr.T.Anantha Narayanan
Mr.A.Sankarakrishnan
Mr.Shankar Narayanan Madhava Menon
Mr.Mahesh Parasuraman
Mr.A.Saravanan
Mr.R.Jagadish

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

Management Team

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

Senior Vice President – Operations & HR
Vice President – Finance
Vice President – HR BPO
Vice President – Technology
Vice President – HR
Vice President – Business Development

AGM Legal & Company Secretary

Mr.A.Mohan Kumar

Auditors

S.R.Batliboi & Associates
Chartered Accountants
Chennai

Registered Office

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

Corporate Office

46B Velachery Main Road
Velachery, Chennai 600 042.

Bankers

- Canara Bank
- HDFC Bank

Registrars & Transfer Agents

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



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Notice is hereby given that the 12th Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Thursday the 4th day of August, 2011 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 2011 and the Profit and Loss Account for the period ended 31st March 2011 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 Ordinary Resolution;

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

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 2nd August, 2011 to 4th August, 2011 (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, dully filled in, for attending the meeting.

Place: Chennai,
Date : May 16, 2011

By Order of the Board
A. Mohan Kumar
Company Secretary

Registered Office:

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



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. A. Saravanan	Dr. Bala V Balachandran
Date of Birth	18-April-1962	6-July-1937
DIN	00033683	00472998
Date of Appointment on the Board	24-August-1998	31-December-2000
Qualifications	B.Sc. (Physics), Chartered Accountant from Institute of Chartered Accountant of India	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 University; CPA 1978; CMA, 1979.
Shareholding in Allsec	23,45,082 Equity shares of Rs.10/- each (15.39% on the paid-up capital)	70,000 Equity shares of Rs.10/- each (0.05% on the paid-up capital)
List of Directorship held in Companies	<ol style="list-style-type: none"> Allsec Technologies Limited Allsectech Inc., USA Allsectech Manila Inc., Philippines Retreat Capital Management Inc., USA <p>Also, he is a member of Compensation Committee and Shareholders/Investor Relation Committee in Allsec Technologies Ltd.</p>	<ol style="list-style-type: none"> Allsec Technologies Limited Godrej Consumer Products Ltd Great Lake Institute of Management Solid Systems Engineering - USA Air Control Science – USA <p>Also, he is a member of Audit Committee in Godrej Consumer Products Ltd.</p>
Nature of expertise in specific functional areas	<p>Mr.A.Saravanan is a qualified Chartered Accountant. He has over 25 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. He also oversees the marketing initiatives of the Company across all geographies.</p> <p>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 in the Extra-Ordinary General Meeting held on 8th March, 2010 remains unchanged.</p>	<p>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.</p>

Place: Chennai
Date : May 16, 2011

By Order of the Board
A.Mohan Kumar
Company Secretary

Registered Office:

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



(Rs. in Million)

	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011
A Profit and Loss Account					
Income from services	1,132.79	990.16	964.92	1,220.80	1,415.45
Other income	38.56	50.10	133.55	107.07	35.76
Total income	1,171.35	1,040.26	1,098.47	1,327.87	1,451.21
Gross Profit before Interest, depreciation & Tax (EBITDA)	364.00	(24.08)	18.06	37.02	68.64
Depreciation & Amortisation	79.42	83.90	84.48	101.42	103.38
Profit before interest & tax	284.58	(107.98)	(66.42)	(64.40)	(34.74)
Interest	3.86	2.58	3.81	3.74	4.71
Profit before taxation	280.72	(110.56)	(70.23)	(68.14)	(39.45)
Profit after taxation	281.35	(135.50)	(72.28)	(68.14)	(39.45)
B Balance Sheet					
Net fixed assets	290.41	291.44	266.67	356.99	358.82
Investments	884.79	793.24	453.81	271.59	425.29
Net current Assets	498.67	424.36	721.01	764.46	577.51
Total	1,673.87	1,509.04	1,441.49	1,393.04	1,361.62
Share Capital	152.38	152.38	152.38	152.38	152.38
Reserves & Surplus	1,542.75	1,352.99	1,283.19	1,215.06	1,175.60
Net worth	1,695.13	1,505.37	1,435.57	1,367.44	1,327.98
Loan funds	1.56	3.67	5.92	25.60	33.64
Deferred Tax (net)	(22.82)	-	-	-	-
Total	1,673.87	1,509.04	1,441.49	1,393.04	1,361.62
C					
EPS (in Rs)	20.09	(8.89)	(4.74)	(4.47)	(2.59)
Diluted EPS (in Rs)	19.93	(8.89)	(4.74)	(4.47)	(2.59)
Book Value per share	111.24	98.79	94.21	89.74	87.15
Capital employed	1,673.87	1,509.04	1,441.49	1,393.04	1,361.62
Return on Capital Employed (ROCE in %)	17%	(7%)	(5%)	(5%)	(3%)
Return on Networth (RONW in %)	17%	(7%)	(5%)	(5%)	(3%)
Fixed Assets Turnover (No of times)	3.90	3.40	3.62	3.42	3.94
Working Capital Turnover (No of times)	2.27	2.33	1.34	1.60	2.45
EBITDA as a % of total income	31%	(2%)	2%	3%	5%
Net Profit (Loss) as a % of total income	24%	(13%)	(7%)	(5%)	(3%)



Allsec strongly believes that its committed workforce has been imperative for its success over the decade in the BPO space. Managing a complex and diverse workforce in the BPO space is a daunting task. Year on year, this task is achieved in Allsec by inculcating creativity, accountability and excellence in every activity that our employee delivers. Sourcing, hiring, engaging and retaining suitable employees are key factors to any successful organization. At Allsec, we seamlessly focus on the above in building lasting relationships. The company is continuously focused in fostering a motivated workforce by providing Career Opportunities, Growth and Personality Development through employee engagement initiatives. While doing so, we also pay attention to the personal well being of our employees through aspects such as ensuring job satisfaction, fun at work, health benefits and a sound work- life balance.

During the current year, Allsec further penetrated into the market by recruiting quality hire, that are best in the industry via Referrals, Advertisement, and job fairs. In the process, Allsec also brought in a dynamic compensation structure that is at par with the BPO industry. As yet another milestone, Allsec added a new facility at Dallas, US during the year. The project got established and completed within the target time.

IT-BPO industry - A significant growth catalyst

The IT-BPO industry in India is a significant growth catalyst for the Indian economy. It is also one of the most people-intensive industries, employing nearly 2.5 million people at this time. By 2020, the BPO industry is slated to employ over 12.3 million employees (source: Nasscom).

Allsec has been pursuing and implementing industry best practices in employee recruitment/retention, attrition management, skill up-gradation, global integration of skills and resources and leadership/ career development.

Empowering Talent

The company strongly believes in grooming internal talent. Internal Job Posting (IJP) is the prime source in filling the organization's lateral requirements. Selected employees are put into a tailor made training called the "On-trac Training" for effective performance of their roles and responsibilities. Enhancing employee leadership quality for effective people management is our strong point to build a satisfied workforce.

To sustain the position as the best employer among BPO's

We strive to be the best employer in the Indian BPO segment. The company continues to enhance the levels

of satisfaction of our employees and has proved its ability in nurturing an open culture.

Reward & Recognition (R&R) Program

Allsec believes in timely appreciation of the sincere efforts of its employees. The R&R framework minutely captures each and every good attribute that an employee contributes towards process improvement.

Cultural Extravaganza:

"Goals Galore – The Allsec FIFA FEVER" was an event organized for the employees of Allsec to create an atmosphere of fun amidst hectic work schedules. "Goals Galore" event served as an opportunity for bringing about togetherness at the organization level. This grandiose occasion involved all processes across the organization. The participation, excitement and enthusiasm that the employees displayed were awe-inspiring.

A series of events like Face Painting, Bay Decoration and Quiz on the lines of FIFA Fever were organized to instill and reinforce a culture of fun and excitement.

Events such as Ethnic Day, Halloween Celebration, Internal Cricket Match, Mud forts competition and Face Painting signified a new phase in employee engagement practices at Allsec Technologies.

Health is Wealth

In today's stress filled environment, every individual needs to be completely aware of healthy living. Allsec created an online weekly mailer which reaches our employees, creating awareness on health related topics. Many of the topics emphasize the importance of weight reduction and maintaining a balance diet regime. Topics such as Smart Snacking, Nutrition tips, importance of eating breakfast, weight loss tips, summer tips etc. expose employees to a healthy lifestyle This initiative has seen an overwhelming acceptance among our employees.

Corporate Social Responsibilities

As a part of Corporate Social Responsibility, Allsec Technologies held the following:

- a) Blood Donation Camps
- b) Dental Camps
- c) Book Donation Camp for the needy children

There was tremendous support and participation from our employees for these drives.

We emphasise excellence in every sphere and we focus on synchronizing people, business and society to take Allsec to greater heights.



Directors Report

The Directors have pleasure in presenting to you the 12th Annual Report of the company covering the financial year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Income from Services	1,415.45	1,220.80
Other Income	35.76	107.07
Total Income	1,451.21	1,327.87
Profit/(Loss) before Interest, Depreciation & Tax (EBITDA)	68.64	37.03
Depreciation & Amortisation	103.38	101.42
Profit/(Loss) before interest & tax	(34.74)	(64.40)
Interest & Finance charges	4.71	3.74
Profit /(Loss) before taxation	(39.45)	(68.14)
Profit /(Loss) after taxation	(39.45)	(68.14)
Profit / (Loss) brought forward	(153.22)	(85.08)
Surplus/(Deficit) carried forward to Balance Sheet	(192.67)	(153.22)

Dividend

Due to the loss incurred during the year, the Board of Directors does not recommend any dividend for the Financial Year 2010-11.

Business Outlook

The company made further inroads in the domestic market during the year and added significant volumes increasing the Domestic revenue by over 30%. However the Company increased its international revenues by 4% only due to the following reasons:

- Market Conditions in USA has not improved and any new businesses which we got have only gone to backfill reductions from clients we lost during the year and this has resulted in a stagnant revenue growth in USA which has always been our dominant market.
- Strengthening of Rupee against the Dollar during the second half of the year resulting in lower rupee realization.

With the economy showing definite signs of improvement in USA, we believe we will see significant growth in the next few years. With a view to take full advantage of this, your company has set up an onshore facility in USA with a 100 seater capacity. The Company believes this Delivery centre will be a strategic advantage and will enhance its Marketing efforts in USA.

With the growth in the domestic business and resultant favourable cost structures due to the spread of fixed costs over a larger base, we have improved our performance compared to last year and hope to see significant profitability increases in the coming years. Compared to FY 2009-10, the company has reduced its net losses from INR 68 Mn to INR 39 Mn and it is even better if seen in the context of lower other income which was available during the last year.

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

Also inorganic growth is an opportunity for us to expand into new domains and markets which will help the company to achieve better results. During the year, the Company has acquired a US Company in the mortgage space. The mortgage space is definitely a very sought after vertical for the Company and we believe the timing is right for entry into the Mortgage servicing industry.

New Center in US

During the year, Allsectech Inc, USA, the wholly owned subsidiary of the company has opened a new centre at Bedford, Texas, USA. The Capacity of this center is 100 seats. This center has become operational since December 2010.

Acquisition of Retreat Capital Inc, USA

Retreat Capital Management Inc.,USA a Company incorporated in the State of California, is a default management solution company that offers outsourcing services designed to assist lenders, mortgage servicers and other institutions. The company has acquired 66% of the share capital from the promoter for cash. We feel that it is a good platform to explore vast opportunity in the mortgage domain, where the company does not have any presence.

Quality & Information Security

The vision of Quality and information security at Allsec is to institutionalize excellence in quality of service and security of customer data by developing and deploying simple, efficient and effective processes using the latest Quality models interlined with data security controls prescribed by international standards such as ISO 27001:2005. As part of its continuous improvement program, the Company is certified for ISO 27001 (Information Security Management), and



ISO 9001:2008 . In addition to such overall process and security systems certifications, the Company has also achieved SAS 70 Type II certification for HR BPO services to realize higher levels of maturity and be consistent with business and market needs in HR outsourcing.

During the current year, the Company has successfully completed certification for PCI – DSS Level I at our Chennai and Manila locations. Further, Manila location has been certified for HIPPA compliance.

Disclosure as per Securities and Exchange Board of India (Employees Stock option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

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

Responsibility Statement

Your Directors confirm the following:

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

Subsidiaries

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

A Statement containing brief financial particulars of the subsidiary companies for the year ended March 31, 2011 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 (Thousands)
Earnings in Foreign Currency	684,811
Expenditure in Foreign Currency	78,769
Remittance of Dividend in Foreign Currency	NIL

Directors

Mr. A. Saravanan and Dr.Bala V Balachandran, Directors retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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.

Auditors

M/s. S.R.Batliboi & Associates, Chartered Accountants were re-appointed as Auditors of the company at the annual general meeting held on 4th August, 2010. M/s. S.R.Batliboi & Associates retire at this Annual General meeting and being eligible offers themselves for re-election.

Employees

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended regarding the employees is given in the Annexure to the Directors' Report. However, as per the provisions of Section 219 of the Companies Act, 1956, the Report and Accounts

are being sent to all the members of the Company, excluding the aforesaid information. The said information would be filed with the Registrar of Companies and also would be available for inspection by the members at the Corporate Office of the Company. Any member interested in obtaining such particulars may also write to the Company Secretary, Allsec Technologies Limited, 46B, Velachery Main Road, Velachery, Chennai 600042.

Acknowledgement

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

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

For and on behalf of the Board of Directors

A. Saravanan
Director

R. Jagadish
Director

Place : Chennai
Date : May16, 2011