



**ALLSEC
TECHNOLOGIES
LIMITED**

Annual Report
2011 - 12



Board of Directors

Dr. Bala.V. Balachandran
Mr. T.Anantha Narayanan
Mr. A.Sankar Krishnan
Mr. Mahesh Parasuraman
Mr. Manish Gaur
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

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
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, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081



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Notice is hereby given that the 13th Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Thursday the 2nd August, 2012 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 2012 and the Profit and Loss Account for the period ended 31st March 2012 along with the Schedules, the report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. R Jagadish who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. A. Sankarakrishnan 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.”

Special Business:

5. To consider and if thought fit to pass with or without modification the following resolution as on Ordinary Resolution:

“RESOLVED THAT Mr. Manish Gaur, a Director who was appointed as an Additional Director and who holds office as such upto the date of Thirteenth Annual General Meeting of the Company and in respect of whom Notice under section 257 of Companies Act, 1956 have been received from the member signifying the intention to propose Mr. Manish Gaur as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company and 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. The Register of Members of the Company and Transfer Books thereof will be closed from 30th July 2012 to 2nd August 2012 (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 detail of unpaid/unclaimed dividend which shall be transferred to the IEPF during the year 2005-2006 is as follows:

Financial Year	Date of Declaration of Dividend	Last Date of Claiming unpaid dividend	Due Date for Transfer to IEPF
2005-2006	10 th July 2006	9 th July 2012	8 th August 2012

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, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.

By Order of the Board

Place : Chennai,
Date : May 14, 2012

A. Mohan Kumar
Company Secretary

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. Manish Gaur was appointed as an Additional Director by the Board of Directors at their meeting held on 2nd February 2012. The Additional Director appointed shall hold the 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 Companies Act, 1956 from member of his intention to propose the Candidature of Mr. Manish Gaur as Director of Company and shall not liable for retire by rotation.

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

None of the Directors except Mr. Manish Gaur 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. R. Jagadish	Mr. A Sankarakrishnan
Date of Birth	05-May-1962	27-October-1942
DIN	00033589	0054462
Date of Appointment on the Board	24-August-1998	23-July-2005
Qualifications	B.Sc. (Physics), Chartered Accountant, from Institute of Chartered Accountants of India and A Management Accountant from the Institute of Management Accountants, London	B.E. Mechanical
Shareholding in Allsec	23,20,081 Equity Shares of Rs.10/- each	NIL
List of Directorship held in Companies	Allsec Technologies Limited Allsectech Inc., - USA Allsectech Manila Inc., - Philippines Retreat Capital Management Inc., - USA	Allsec Technologies Limited India Cements Capital Limited India Cements Investment Services Limited The India Cements Limited Trinetra Cements Limited (Formerly known as Indo Zinc Limited)
Nature of expertise in specific functional areas	He has over 23 years of experience in enterprise creation and corporate management, which he has effectively used whilst being the co-promoter of the Allsec Group of Companies. As the Chief Executive Officer and Whole Time Director, he is responsible for the day to day operations of the Company. The Reappointment of Mr. R.Jagadish 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 8 th March 2010 remains unchanged.	He 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 modernization initiatives in Kone Elevators and was instrumental in turning Kone from sick to healthy, with a 40% market share. He retired from Kone in 2011.

Place: Chennai
Date : May 14, 2012

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

By Order of the Board
A.Mohan Kumar
Company Secretary



(Rs. in millions)

	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012
A. Profit and Loss Account					
Income from services	990.16	964.92	1,220.80	1,415.44	1,247.10
Other income	50.10	133.55	107.07	35.77	50.50
Total income	1,040.26	1,098.47	1,327.87	1,451.21	1,297.60
Gross Profit before Interest, depreciation & Tax (EBITDA)	(24.08)	18.06	37.02	68.64	(32.80)
Depreciation & Amortisation	83.90	84.48	101.42	103.38	107.90
Profit before interest & tax	(107.98)	(66.42)	(64.40)	(34.74)	(140.70)
Interest	2.58	3.81	3.74	4.71	6.30
Profit before taxation	(110.56)	(70.23)	(68.14)	(39.45)	(147.00)
Profit after taxation	(135.50)	(72.28)	(68.14)	(39.45)	(147.00)
B. Balance Sheet					
Net fixed assets	291.44	266.67	356.99	358.82	313.10
Investments	793.24	453.81	271.59	425.29	311.80
Net current Assets	424.36	721.01	764.46	557.51	576.20
Total	1,509.04	1,441.49	1,393.04	1,361.62	1,201.10
Share Capital	152.38	152.38	152.38	152.38	152.38
Reserves & Surplus	1,352.99	1,283.19	1,215.06	1,175.60	1,028.72
Net Worth	1,505.37	1,435.57	1,367.44	1,327.98	1,181.10
Loan funds	3.67	5.92	25.60	33.64	20.00
Total	1,509.04	1,441.49	1,393.04	1,361.62	1,201.10
C. EPS (in Rs.)	(8.89)	(4.74)	(4.47)	(2.59)	(9.64)
Diluted EPS (in Rs)	(8.89)	(4.74)	(4.47)	(2.59)	(9.64)
Book Value per share	98.79	94.21	89.74	87.15	77.50
Capital employed	1,509.04	1,441.49	1,393.04	1,361.62	1,201.10
Return on Capital Employed (ROCE in %)	-7%	-5%	-5%	-3%	-12%
Return on Networth (RONW in %)	-7%	-5%	-5%	-3%	-12%
Fixed Assets Turnover (No of times)	3.40	3.62	3.42	3.94	3.98
Working Capital Turnover (No of times)	2.33	1.34	1.60	2.45	2.16
EBITDA as a % of total income	-2%	2%	3%	5%	-3%
Net Profit (Loss) as a % of total income	-13%	-7%	-5%	-3%	-12%



The work culture at Allsec is one of growth, innovation and progress with a diversified workforce that drives customer and client satisfaction. Our success is the success of our employees and our growth depends upon how we continually deliver consistent and reliable world class services to all our clients and their customers. This continuing success story begins in recruiting the right manpower with the right attitude that moves on to achieve huge milestones both in the International and Domestic segments.

The key client expectations and our business goals are achieved by identifying and aligning specific skills, knowledge, values and attitude of our dedicated manpower. Our well-structured HR processes have attracted a large number of talented young people from the resource pool available in India, Philippines and the US. Through a highly structured career path, cross-functional opportunities and performance-oriented incentives, our employees are highly motivated which enables us to retain talent.

Talent Engagement and Management

We recognize the importance of a “Warm and Cordial Welcome” during the induction process for new employees, which helps them settle into the system comfortably. The Induction program facilitates the new hires by familiarizing them with other employees/peer group, the environment, the role and the Company’s business activities and policies. During the current year, the Induction and Onboarding policy was completely revamped, enabling us to focus on the nesting period of new hires.

As a team, we have experienced that Employee Engagement is about creating opportunities for employees to connect with their peers, subordinates and supervisors. This in turn helps them to bond and align with the wider organization. It also creates an environment where employees are motivated to connect with their work and go the extra mile in bringing a smile to our client’s customers.

With over a decade of experience servicing a multitude of clients, handling millions of transactions, our workforce has evolved by bringing changes to old methods, techniques in improving client satisfaction & driving customer focus on the work floor. Our accreditations stand testimony to the fact that Allsec is a worthy and strategic business partner. We have established this by encouraging different awards to our employees. The awards have been given in a ceremony in which top-level executives present these awards to the recipients.

Corporate Health & Wellness

We believe that “Health is Wealth” and a healthy workforce is one that ensures that everyone has a sense of well being and this in turn aligns with the Organisational objective of providing our employees with a healthy work environment where productivity is at its best. An online mailer was developed to provide employees with the tips on healthy eating, personal hygiene and habits and general tips on stress management. The positive response from our employees to the Corporate Wellness Program has resulted in Free Dental Checks, Free Acupuncture camps and Stress Management workshops conducted by specialists, which benefited all.

We have also concentrated on helping the new hires counter the initial demands of working in shifts. As many of the new employees are coming into BPO industry for the first time, this activity becomes critical and helps them to perform better in the existing work environment.

Festival Celebrations

To cater to our diversified workforce, numerous events and activities were organized by the HR team during the festive seasons to engage employees and these events were celebrated as a big family occasion in our respective centers. There was active participation across all centers that helped conduct all events by reliving the traditions and customs associated with each one of them. The events ranged from Mega Dance competitions to Dandiya nights to Navarathri Golu and music competitions. Every employee at Allsec actively participated in the celebrations at all our centers and these events were extensively covered in “Beyond Calling”, our internal magazine.

Celebrating a separate week called Esha Week, especially for our women employees was a first time initiative focusing particularly on the issues faced by working women. The major touch points were building inner resilience in women, managing stress at work and enabling to create work life balance.

Corporate Social Responsibility

Allsec has always been active in Corporate Social Responsibility initiatives and Community Outreach activities.

Following activities were held during this year:

- Blood donation camps
- Book donation for children

There was excellent participation from our employees for these initiatives.



Directors Report

The Directors have pleasure in presenting to you the 13th Annual Report of the company covering the financial year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Income from Services	1,247.1	1,415.4
Other Income	50.5	35.8
Total Income	1,297.6	1,451.2
Profit/(Loss) before Interest, Depreciation & Tax (EBITDA)	(32.8)	68.6
Depreciation & Amortisation	107.9	103.3
Profit/(Loss) before interest & tax	(140.7)	(34.7)
Interest & Finance charges	6.3	4.7
Profit/(Loss) before taxation	(147.0)	(39.4)
Profit/(Loss) after taxation	(147.0)	(39.4)
Profit/(Loss) brought forward	(192.6)	(153.2)
Surplus/(Deficit) carried forward to Balance Sheet	(339.6)	(192.6)

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 2011-12.

Business Outlook

The company was able to clock higher revenues in the domestic market during the year, growing by over 15%. However the Company is in the process of repricing of all the Domestic Contracts, so that all contracts are profitable. Your company's focus on profitability will yield better results in the coming years.

During this year, there is a reduction of exports revenue by 40%, though this was compensated by a huge increase in Domestic business. Drop in exports revenue is mainly due to market conditions in USA not improving during the year. The new businesses which we got have only gone to backfill lost business during last year and this has resulted in a reduced 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 is achievable in the years to come.

Due to a sharp reduction in exports revenue during the year, which is our main strength, the results for the year have been below par as can be seen above. In the last quarter of 2010-11, your company lost one of the top clients from USA which has affected our performance very badly. During the year, your Company has added a few clients and also increased volumes with existing clients. Your company is also in talks with existing clients to explore new opportunities and we are very confident to get back to the old days of higher exports and profitability. Your company is currently exploring opportunity in specific verticals like Mortgage and Health Care Industries in the US Market.

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. Your company has also added few clients in the mortgage non voice space and with Retreat's domain knowledge, business growth in this vertical can be achieved in coming years.

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 centers in USA, India and Manila for the international segment and has Domestic delivery centers in major cities in India. It has the capability to offer delivery in multiple Indian languages.

Manila centre was acquired in 2009 and has a seat capacity of around 600. This is a strategic centre for our business as many of US Clients prefer Manila as a Delivery Centre. Due to overall market conditions in USA, our business is affected which has resulted in loss situation in Manila centre also. With increased possibility of billing from existing and new clients in the current and future years, we feel the loss situation in Manila centre will be reversed. In the view of Management, the investment made in our Manila Centre (wholly owned subsidiary) of Rs.102 Million and the advances recoverable given to them amounting to Rs.122.50 Million do not require any adjustments in the stand alone financials as of now. The Auditors have made an observation vide para 4 in their Report regarding this and this may be treated as our explanation.

The Company has not made provisions towards certain Receivables aggregating to Rs.61.3 Million in respect of two foreign customers, where amounts are substantially overdue. On the basis of available information and regular confirmation of balances from



customers showing their intent to pay the same, the Company is confident of recovering the entire amount and therefore not made any provision in the books of accounts. The Auditors have however made an observation vide para 5 in their Report regarding this and this may be treated as our explanation.

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 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, your Company is recertified for ISO 9001:2008 (Quality Management System) and ISO 27001:2005 (Information Security Management). To take this to next paradigm, your company is recertified for PCI DSS and accomplished compliance with HIPAA for service delivery locations in India.

During the current year, in addition to the existing PCI DSS and HIPAA compliance at Manila, your company has achieved PCI DSS certification for service delivery location at Dallas in US. Further, existing SAS 70 Type II certification for HR BPO services is graduated to ISAE 3402 certification in line with the new International auditing standard to realize higher levels of maturity and be consistent with business and market needs in HR outsourcing.

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:

- (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 31st March, 2012 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	408.1
Expenditure in Foreign Currency	60.1
Remittance of Dividend in Foreign Currency	NIL

Directors

Mr. R. Jagadish and Mr. A. Sankarakrishnan, Directors retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Manish Gaur representing M/s. First Carlyle Ventures Mauritius, was appointed as additional director on 13th October, 2011. The Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose Mr. Manish Gaur as a candidate for the office of Director and accordingly a resolution will be placed before the members at the forthcoming Annual General Meeting.

**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 Limited, 46B, Velachery Main Road, Velachery, Chennai - 600 042.

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, Chartered Accountants were re-appointed as Auditors of the company at the annual general meeting held on 4th August, 2011. 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 : May 14, 2012