ALLSEC TECHNOLOGIES LIMITED

Annual Report

2010 - 11

ALLSEC TECHNOLOGIES LIMITED

Board of Directors

Dr.Bala.V.Balachandran	Chairman
Mr.T.Anantha Narayanan	Director
Mr.A.Sankarakrishnan	Director
Mr.Shankar Narayanan Madhava Menon	Investor Nominee
Mr.Mahesh Parasuraman	Investor Nominee
Mr.A.Saravanan	Director & President
Mr.R.Jagadish	Director & CEO

Management Team

Mr.R.Vaithiyanathan	Senior Vice President – Operations & HR
Mr.K.Narasimhan	Vice President – Finance
Mr.C.Mahadevan	Vice President – HR BPO
Mr.Saravanan Thambusamy	Vice President – Technology
Mr.C.S.Bapaiah	Vice President – HR
Mr.S.Vijayakumar	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

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.

By Order of the Board
A. Mohan Kumar
Company Secretary

Place: Chennai,
Date : May 16, 2011

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	1. Allsec Technologies Limited 2. Allsectech Inc., USA 3. Allsectech Manila Inc., Philippines 4. Retreat Capital Management Inc., USA Also, he is a member of Compensation Committee and Shareholders/Investor Relation Committee in Allsec Technologies Ltd.	1. Allsec Technologies Limited 2. Godrej Consumer Products Ltd 3. Great Lake Institute of Management 4. Solid Systems Engineering - USA 5. Air Control Science – USA Also, he is a member of Audit Committee in Godrej Consumer Products Ltd.
Nature of expertise in specific functional areas	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. 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.	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.

By Order of the Board
A.Mohan Kumar
Company Secretary

Place: Chennai
Date : May 16, 2011

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

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

Employees Stock Option Schemes

The Compensation Committee of the Board authorized the grant of the following options to the eligible employees in terms of the relevant Schemes. Upon exercise, the holders of each stock option are entitled to one equity share.

Date of Grant	ESOS 2006	Exercise Price (per option)	ESOS 2010	Exercise Price (per option)
January 25, 2007	350,000	Rs.289.75		
August 4, 2010			390,000	Rs.45.05

Descriptions	ESOS 2006	ESOS 2010
a. Options granted	350,000	390,000
b. The pricing formula	Discount of 15% on prevailing market price	At the Market Price
c. Options vested	197,000	NIL
d. Options exercised	NIL	NIL
e. The total number of shares arising as a result of exercise of options	NIL	NIL
f. Options Cancelled	NIL	NIL
g. Options lapsed	153,000	16,000
h. Variation of terms of options	N.A	N.A
i. Money realized by exercise of options	NIL	NIL
j. Total number of options in force	197,000	374,000

k. Employee wise details of options granted to :

i) Senior Managerial Personnel :

Name	Designation	No. of Options granted under ESOS 2006	No. of Options granted under ESOS 2010
Mr.R.Vaithiyanathan	Senior Vice President - Operations & HR	20,000	25,000
Mr.C. Mahadevan	Vice President - HR BPO	20,000	20,000
Mr.K. Narasimhan	Vice President - Finance	-	15,000
Mr.Saravanan Thambusamy	Vice President - Technology	-	15,000
Mr. C.S.Bapaiah	Vice President - HR	-	20,000
Mr.Rafael A Martinez	Senior Vice President - Allsectech Inc, USA, Subsidiary Company	20,000	25,000

ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year. - Not Applicable.

iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant. - Not Applicable.

l. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 - Rs. (2.59).

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the Compensation cost for ESOS 2006 & ESOS 2010 been recognized based on the fair value at the date of grant in accordance with binomial method, the amounts of the Company's net profit and earnings per share would have been as follows :

Particulars	Profit/(Loss) after tax (Rs in 000's)	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2011			
Amounts as Reported	(39,451)	(2.59)	(2.59)
Amounts as per pro-forma	(44,226)	(2.90)	(2.90)
Year ended March 31, 2010			
Amounts as Reported	(68,139)	(4.47)	(4.47)
Amounts as per pro-forma	(68,139)	(4.47)	(4.47)

The fair value of options was estimated at the date of grant using the binomial method with the following assumptions:

Particulars	ESOS 2006	ESOS 2010
Risk-free interest rate	7.5%	7.25%
Expected life	1.5 years / 2.5 years	5 years
Expected volatility	50.9% / 52.9%	56%
Expected dividend yield	1.47%	-
Share price on the date of grant	Rs. 340.90	Rs.45.05
Expected forfeiture	10%	30%

For and on behalf of the Board of Directors

A. Saravanan
Director

R. Jagadish
Director

Place : Chennai
Date : May16, 2011

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER TO THE BOARD

We hereby certify that -

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of our knowledge and belief:

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for estabilishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to Financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

d) We have indicated wherever applicable to the Auditors and the Audit Committee:

i) significant changes in internal control over Financial reporting during the year;

ii) all significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements and

iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Chennai
Date : May 16, 2011

R. Jagadish
Director and CEO

K. Narasimhan
Vice President Finance

A. Mandatory Requirements

1. Company's Philosophy:

The Company lays great importance on investor service, investor communication, highest level of transparency, accountability and responsibility in its operations and all interactions with its shareholders, investors, lenders, employees and Government. Your Directors are committed to adopt the best Corporate Governance practices.

2. Board of Directors :

The Board comprises of a Non-executive Director as Chairman, 2 Executive Directors and 4 Non-Executive Directors.

The Board functions as a full Board or through Committees. The policy decisions and control vests with Board and the operational issues are handled by the Committees. Both the Board and Committees meet at regular intervals.

The Board has 3 Committees viz. Audit Committee, Compensation Committee and Shareholders/Investor Relation Committee.

During the year 2010 - 2011, 4 Board Meetings were held on 28th May, 2010, 4th August, 2010, 28th October, 2010 and 31st January, 2011.

Name	Designation	Category	Attendance		Other Board	
			Board Meeting	Last AGM	Director ships#	Committee Memberships$
Dr.Bala V Balachandran	Chairman	Independent, Non-executive	2	Yes	1	1
T.Anantha Narayanan	Director	Independent, Non-Executive	4	Yes	6	3
A.Sankarakrishnan	Director	Independent, Non-Executive	4	Yes	4	2
Shankar Narayanan Madhava Menon	Director	Investor Nominee, Non-Executive	3	Yes	1	1
Mahesh Parasuraman	Director	Investor Nominee, Non-Executive	3	No	1	1
A. Saravanan	Director & President	Non-Independent, Executive	4	Yes	-	-
R. Jagadish	Director & CEO	Non-Independent, Executive	4	Yes	-	-

\# Excluding Private Limited Companies, Foreign Companies, Section 25 Companies.

$ Includes membership in Audit Committee and Share holders/Investor Relation committee only.

The criteria for making payment of remuneration to the Non-executive Directors are as follows:

An amount of Rs. 20,000/- per meeting is being paid towards Sitting Fee for attending meetings of the Board and the Audit Committee to the Non-executive Directors in accordance with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956.

Code of Conduct for Directors and Senior Management

The Code of Conduct for the Directors and Senior Management of the Company is available on the Company's website: www.allsectech.com. All the Board members and the Senior Management Personnel have confirmed the Compliance with the Code.

3. Audit Committee :

The Audit Committee presently consists of Independent and Non-Independent directors. The Committee currently comprises of Mr.T.Anantha Narayanan, Mr.A. Sankarakrishnan and Mr.R. Jagadish. The composition of the Audit Committee complies with the requirements of Clause 49 of the listing agreement entered into with the Stock Exchanges.

During the year 2010 - 2011, 4 Board Meetings were held on 28th May, 2010, 4th August, 2010, 28th October, 2010 and 31st January, 2011.

Name	Category	Category	Attendance
T.Anantha Narayanan	Independent, Non- Executive	Chairman	4
A.Sankarakrishnan	Independent, Non-Executive	Member	4
R. Jagadish	Non-Independent, Executive	Member	4

Sitting fees for the Audit Committee Meeting is Rs. 20,000/- per meeting.

The objective of the Committee is to comply with the requirements of the clause 49 of the Listing Agreement entered with the Stock Exchanges and Section 292A of the Companies Act, 1956.

4. Compensation Committee:

The Compensation committee presently consists of Independent and Non-Independent directors. The Committee currently comprises Dr. Bala V Balachandran, Mr.A.Sankarakrishnan, Mr.T.Anantha Narayanan and Mr.A.Saravanan. During the year, 1 (one) Committee meeting was held on 4th August, 2010.

The objective of the Committee is

- To determine and recommend to the Board of Directors the remuneration package of the Managing Director and the Whole-time Directors.
- To review and determine the remuneration package of the senior management.
- To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director and the Whole-time Directors within the limits and subject to the parameters as prescribed in Schedule XIII to the Companies Act, 1956.
- Grant of stock options under the Employees Stock Option Scheme and perform other functions of compensation committee as required/ recommended by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.
- To determine and amend the remuneration package of the key management personnel of the company and to frame policies to attract, motivate and retain personnel and
- Other functions of a Remuneration Committee as required / recommended in the Listing Agreement.

The remuneration paid to the whole time directors is approved by the Committee of Board and Shareholders at the general meeting as required by the Companies Act, 1956. The details of the remuneration paid to the directors for the year ended 31st March 2011 is given below:

Executive Directors (Rs. In Lakhs)

Name	Salary & Allowances	Commission	Total
A.Saravanan	126.72	Nil	126.72
R. Jagadish	126.72	Nil	126.72

Non-Executive Directors (Rs. In Lakhs)

Name of Director	Sitting Fees	
	Board	Audit Committee
Dr.Bala V Balachandran	0.40	-
T.Anantha Narayanan	0.80	0.80
A.Sankarakrishnan	0.80	0.80
Shankar Narayanan Madhava Menon	-	-
Mahesh Parasuraman	-	-

5. Shareholders / Investor Relation Committee:

The composition of the Shareholders/Investor Relation Committee complies with the requirements of Clause 49 of the listing agreement entered with the Stock Exchanges.

- The Shareholders/Investor Relation Committee presently consists of Mr. A. Sankarakrishnan, Mr. A. Saravanan and Mr. R. Jagadish. During the year, 1 (one) Committee meeting was held on 31st January, 2011.
- This Committee deals with and approves the share transfers, transmission, etc., as required from time to time and all other matters relating to investor relations and grievances.
- Mr. A. Mohan Kumar, Company Secretary is the compliance officer nominated for this purpose.
- The details of investor complaints during the year 2010 – 2011 are:

Complaints received	Resolved	Not solved to the satisfaction of shareholders	Pending
Nil	Nil	Nil	Nil

6. General Body Meetings :

I. Location, time and date where last three Annual General Meetings were held are given below:

Financial Year	Date	Time	Venue
2007-08	July 31, 2008	10.00 A.M	Narada Gana Sabha, Mini Hall, 314,TTK Salai, Alwarpet, Chennai 600 018
2008-09	July 31, 2009	10.00 A.M	Narada Gana Sabha, Mini Hall, 314,TTK Salai, Alwarpet, Chennai 600 018
2009-10	August 4, 2010	10.00 A.M	Narada Gana Sabha, Mini Hall, 314,TTK Salai, Alwarpet, Chennai 600 018

II. Special Resolutions passed in the previous 3 Annual General Meetings :

1. No Special Resolution was passed in the AGM held on 31st July, 2008
2. No Special Resolution was passed in the AGM held on 31st July, 2009
3. Special Resolution passed in the AGM held on 4th August, 2010:
   - Resolution for issue of Employee Stock Options to employees of the Company
   - Resolution for issue of Employee Stock Options to employees of the subsidiary Companies.

III. Extra-Ordinary General Meetings :

a) Location, time and date where last three Extra-Ordinary General Meetings were held are given below:

Date	Time	Venue
October 12, 2006	11.00 am	Narada Gana Sabha, Mini Hall, 314,TTK Salai, Alwarpet, Chennai 600 018
February 21, 2008	11.00 am	46 C, Velachery Main Road,Velachery, Chennai – 600 042
March 8, 2010	3.00 pm	46 C, Velachery Main Road,Velachery, Chennai – 600 042

b) The following Special Resolutions were passed at the Extra-Ordinary General Meetings (EGM):

i. At the EGM dated 12th October, 2006:

- Resolution for amendment to Articles of Association.
- Resolution for authorizing the increase in the limits for investment by Foreign Institutional Investors (FII) to 100%.
- Resolution for approval of the Employment Agreement with Mr.A.Saravanan, Whole time Director.
- Resolution for approval of the Employment Agreement with Mr.R.Jagadish, Whole time Director.

ii. At the EGM dated 21st February, 2008:

- Resolution for payment of remuneration and re-appointment of Mr. A. Saravanan, Whole time Director.
- Resolution for payment of remuneration and re-appointment of Mr. R. Jagadish, Whole time Director.

iii. At the EGM dated 8th March, 2010:

- Resolution for payment of remuneration and re-appointment of Mr. A. Saravanan, Whole time Director.
- Resolution for payment of remuneration and re-appointment of Mr. R. Jagadish, Whole time Director.

No resolution has been passed last year through postal ballot and no special resolution is proposed to be conducted through postal ballot.

7. Disclosures

There have been no materially significant related party transactions that may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the Notes to accounts.

There have been no instances of non-compliance on any matters relating to capital markets, nor have any penalty/strictures been imposed on the company by the stock exchange or SEBI or any statutory authority on such matters.

All mandatory requirements of Clause 49 have been complied with. The details of Non Mandatory requirements as adopted by company are furnished under Section B at the end of this report.

8. Means of Communication :

- The Quarterly results are being published in one leading national (English) newspaper normally Financial Express or Business Line and in one vernacular newspaper (Makkalkural or Malai Murasu). The Quarterly results are also displayed on the Company's website- www.allsectech.com.
- The Company's website also displays Annual Report, shareholding pattern, code of conduct and other shareholders information.
- The Management Discussion and Analysis Report is also given as part of the Annual Report.

9. General Shareholders Information :

A. Annual General Meeting

Date and Time : 4th August, 2011 at 10.00 A.M.

Venue : Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018.

B. Financial Year

The Financial Year of the Company is April – March. The results for every quarter will be declared within the time period prescribed under the Listing Agreement.

C. Date of Book Closure

2nd August 2011 to 4th August 2011 (Both days inclusive).

D. Listing on Stock Exchanges

The shares of the Company are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

E. Stock Code / Symbol

NSE – Scrip Code – Allsec

BSE – Scrip Code – 532633

F. Market Price Data – High / Low during each month in the last Financial Year & Performance in comparison to NSE/ BSE index etc

Market information details for the year 2010 - 2011

Month	National Stock Exchange				Bombay Stock Exchange			
	Price		Indices		Price		Indices	
	High	Low	High	Low	High	Low	High	Low
Apr-10	59.00	40.00	5,330.55	5,345.05	59.00	40.50	17,769.25	17,878.31
May-10	59.90	39.60	5,278.70	4,807.30	60.70	39.05	17,536.86	16,692.66
Jun-10	53.00	40.85	5,320.35	5,004.25	53.40	41.20	17,725.04	16,571.45
Jul-10	53.85	42.50	5,359.05	5,372.20	52.65	45.00	17,679.34	17,902.84
Aug-10	48.30	39.00	5,487.15	5,348.90	47.95	39.00	18,104.24	17,819.99
Sep-10	42.90	37.15	5,625.50	5,963.60	44.00	37.20	18,823.17	19,864.46
Oct-10	42.50	33.10	6,223.40	5,987.55	43.70	35.30	20,581.29	19,923.71
Nov-10	44.00	31.10	6,290.15	5,690.35	38.85	30.75	20,609.65	18,954.82
Dec-10	40.00	32.00	6,023.80	5,865.55	40.00	32.25	20,151.25	19,877.12
Jan-11	39.80	31.00	6,051.20	5,416.65	39.75	30.00	19,120.62	18,038.48
Feb-11	35.95	26.30	5,553.00	5,232.75	33.90	25.65	18,227.62	17,559.70
Mar-11	28.40	22.15	5,570.75	5,753.90	28.40	22.00	18,736.97	18,944.82

G. Registrars and Transfer Agents

KARVY Computershare Private Limited

Unit : Allsec
Plot No.17-24, Vittalrao Nagar , Madhapur,
Hyderabad - 500 081.
Tel : +91 40 44655000
E-mail: einward.ris@karvy.com
Website: www.karvy.com

H. Share Transfer System

Karvy Computershare Private Limited is the Registrar and Share Transfer Agent of the Company. The shares lodged for physical transfer /transmission/ transposition, if any, would be registered within the prescribed time limit, if the documents are complete in all respects. The shares in the dematerialised form are admitted for trading with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

I. Category wise distribution of equity shares as of March 31, 2011:

Category	No. of Share	% of Holding
Promoters Holding:		
Indian Promoters	4,665,163	30.61%
Person Acting in Concert	Nil	Nil
Non Promoters Holding:		
Institutional Investors	552,962	3.63%
Financial Institutions /Banks	NIL	NIL
Foreign Institutional Investors	498,816	3.27%
Foreign Venture Capital	4,702,858	30.86%
Foreign Corporate Bodies	684,362	4.49%
Others:		
Private Corporate Bodies	509,505	3.34%
Indian Public	3,439,116	22.58%
Non Resident Indians	169,093	1.11%
Others	16,451	0.11%
TOTAL	**15,238,326**	**100.00%**

Distribution Schedule

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 - 5000	5,672	87.69	677,326	6,773,260	4.44
5001 - 10000	392	6.06	307,322	3,073,220	2.02
10001 - 20000	190	2.94	285,532	2,855,320	1.87
20001 - 30000	65	1.00	163,850	1,638,500	1.08
30001 - 40000	31	0.48	108,720	1,087,200	0.71
40001 - 50000	25	0.39	119,260	1,192,600	0.78
50001 - 100000	47	0.73	330,994	3,309,940	2.17
100001 & Above	46	0.71	13,245,322	132,453,220	86.93
TOTAL	6,468	100.00	15,238,326	152,383,260	100.00

J. Outstanding GDRs/ ADRs/ warrants or any convertible instruments conversion date and likely impact on equity- Not applicable.

K. Plant locations

Allsec Technologies has its offices/ Service delivery centers in India at Chennai, Trichy, Bengaluru, Hyderabad, Pune, Mumbai, Kochi, Delhi, Kolkata and Jaipur.

The details of our subsidiaries are as given below: -

Name of the Subsidiary	% of controlling Interest
Allsectech Inc., at USA	100%
Allsectech Manila Inc., at Philippines	100%
Retreat Capital Management Inc., at USA (wef. January 31, 2011)	66%

L. Dematerialization of shares and liquidity

As on March 31, 2011, about 99.99% of the shares were held in dematerialized form.

M. Address for Investor Correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address (Share holders holding in physical form) or any other query relating to shares, please write to:

Karvy Computershare Private Limited,

Unit : Allsec
Plot No.17 - 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Tel : +91 40 44655000
E-mail: einward.ris@karvy.com.
Website: www.karvy.com

For General Correspondence:

Company Secretary
Allsec Technologies Limited,
46-B, Velachery Main Road,
Velachery, Chennai 600 042
Tel.: +91 44 4299 7070 Fax: +91 44 2244 7077
E-mail : investorcontact@allsectech.com
Web site: www.allsectech.com

N. Updating of email address:

" Certificate of Posting" concept has been withdrawn by the Department of Post vide Gazette Notification dated 31st January, 2011. 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.

B. Non-Mandatory Requirements

The following is the non mandatory requirement of Clause 49 which has been adopted by company as on date.

Remuneration Committee/Compensation Committee :

The Board has set up a Compensation Committee/ Remuneration Committee with 3 Non-executive and 1 executive director as members of the committee.

DECLARATION

The Board of Directors of the Company has adopted the "Code of Conduct" for the Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the Code for the year 2010 - 2011.

Place : Chennai
Date : May 16, 2011

R Jagadish
Director & CEO

AUDITORS' CERTIFICATE

To
The Members of Allsec Technologies Limited

We have examined the compliance of conditions of corporate governance by Allsec Technologies Limited, for the year ended March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. BATLIBOI & ASSOCIATES
(Firm Registration Number: 101049W)
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place : Chennai
Date : May 16, 2011

INDIAN ITES INDUSTRY – DEVELOPMENTS & OUTLOOK

Amidst speculation and uncertain global economic environment, the Indian IT BPO industry once again exhibited buoyancy and maturity with a spectacular rebound in FY 2011. Based on pent up demand from the corporate sector and return of discretionary spending, there was a surge in customer IT spending across markets, both traditional and emerging.

The BPO Segment has been growing at a CAGR of 31.4% since FY 03. India has retained its position as the leading global sourcing destination with a 55% share in 2010 (up from 51% in 2009) and been able to increase its market share despite competition from emerging destinations. Indian Companies have now over 400 delivery centers spread across 52 countries. Though US remained the dominant market, higher growth was seen in European/ Asian markets. The IT BPO Industry has become one of the significant growth catalyst for Indian Economy. It has helped India transform from a rural and agricultural based economy to a knowledge based economy.

The IT BPO industry is expected to grow to USD 76 Billion in revenues with exports accounting for USD 59 billion. BPO segment is expected to grow by 14% overall in FY 2011. Domestic market is expected a healthy growth of 16% in FY 2011 and it is further expected to grow by 15 – 17% in FY 2012.

Indian BPO Industry - Sector-wise revenue break-up

	2009-10	2010-11 E	% inc
BPO USD bn	14.8	16.9	14%
Exports USD bn	12.4	14.1	14%
Domestic INR bn	109	127	16%
Domestic USD Bn	2.4	2.8	

Notes:E=: Estimates Figures may not add up due to rounding off.

Source: NASSCOM

Exports:

The BPO export segment grew by 14% to reach USD 14.1 Billion in FY 2011. BPO sector was impacted by delayed decision making and deal restructuring in the first half of the year, but picked momentum in the second half. The interesting trend for the year was the increased focus on Client Relationships, mining existing clients and restructured operations to provide focused vertical solutions. The year was characterized by a consistent demand from the USA which increased its share to 61.5%, emerging markets of Asia Pacific and Rest of the world also contributed to significant growth. It was also characterized by broad based demand across traditional segments such as Banking, Financial services and Insurance (BFSI) and also from new emerging verticals such as retail, healthcare, Media and Utilities.

Domestic:

Domestic BPO segment is expected to grow by 16.9% in FY 2011 to reach INR 127 billion, driven by demand for voice based services in addition to adoption from emerging verticals, new customer segments and technology platforms.

Industry Outlook:

The underlying theme of 2010 has been recovery from recession with worldwide GDP growing by 5%. It is expected to settle at 4.4% in 2011. With this GDP growth, IT spending in 2011-12 is also expected to grow by 4%. Apart from existing growth areas, a vibrant start up eco systems, use of private and public cloud, SAAS, analytics, mobile products will be the additional drivers. Overall IT BPO industry is expected to reach USD 68-70 Billion in FY 2012, of which BPO segment is expected to continue to grow in FY 2012 also.

Growth in outsourcing is expected to supersede overall IT spend. Within outsourcing, off shoring will see increased acceptance, as offshore based providers grow and traditional service providers ramp up offshore delivery capabilities.

Future market opportunity:

The market opportunity for both large and medium sized global BPO providers will continue in both traditional industries like Banking, Insurance, Manufacturing, Telecom, etc and the new areas like Life sciences, Health care , Pharmaceuticals, Logistics, Media including Social Media and significant untapped opportunities will continue to emerge for a global provider.

For instance, the current Health care Regulations in US will throw up a range of opportunities extending beyond traditional functions and services. The key is to provide efficient and effective services and if the services are structured where the advantage of various regions are tapped by a global service provider to provide smart services, then these will be in premium for the emerging needs.

North America is expected to continue leading the demand and UK is continuing to be a huge market for growing needs to provide efficient and effective servicing. The Indian Global Service providers with a strong Indian base, near shore presence, seamless platform to deliver from any market and superior technology skills are poised to take advantage of the emerging requirements.

NOTE: In the above section, figures and inputs has been largely derived from NASSCOM reports and related studies and economic news reports.

OPPORTUNITIES & THREATS

OPPORTUNITIES

❖ Core Competency

The strategy of Allsec has always been to grow by developing its expertise in specific verticals. This has helped us sharpen our training & processes for specific domains enabling us to achieve domain specialization resulting in delivering quality solutions to each of our customers. We have been in the international businesses for more than 10 years and have refined our offerings to suit this market. We expanded our offering in the domestic market by positioning our services to suit the domestic business with its unique features like multi language requirements etc. This has enabled us to ramp up our domestic business during the current year. We have now developed a near shore presence in Bedford, Texas and have created a seamless delivery platform to deliver services from India, Manila & US depending on the customer needs. The strategy to develop our horizontal strengths and vertical domain expertise continues to yield us results. Currently our horizontals of specialization are in Customer Life cycle management, telemarketing, collections, Quality assurance, Payroll management, technical support and Web development support. We look to grow in each of these horizontals and also identify and develop vertical specialization in other geographies and domains to grow our offerings continuously.

❖ Client Acquisition

The focus on winning fresh clients across geographies where we can serve on the strength of our core competencies on the basis of our track record of delivery and positive client references is an ongoing process. Allsec is also in the process of extending its core competency in Indian domestic markets. There has been a steady increase in the domestic business especially in telecom, retail and BFSI segments. With our philosophy of long term client relationships, which has served us well with our international clients, we are sure that we will be able to maintain our track record and strike long term relationships with all our Domestic clients as well.

In non-voice segment, with the growth of domestic call center business, our Quality Assurance process triggered great interest in many of the captive/ outsourced centers of domestic Telecom and BFSI segment clients. Having acquired knowledge and experience of servicing in different Indian languages and with the Pan-India presence, there are enough opportunities to grow this multifold. Our strength in the platform based HR-BPO business is our track record of delivery coupled with responsive services which has helped us grow this business steadily. We are now making significant investments in a cutting edge technology platform and this coupled with strong process and domain strength, we expect that our Payroll business will have a significant growth across geographies in the years to come.

❖ Quality

As part of its continuous improvement program, Allsec is certified for ISO 27001 (Information Security Management) and ISO 9001:2008. In addition to such certifications, we have also achieved SAS 70 Type II certification for the HR BPO services. ISO 9001:2008 upgrade and ISO 27001:2005 continual certification audit was completed. Both our India and Manila centers have successfully completed the certification for PCI – DSS level 1 and HIPPA compliance during the year. Considering the importance of Quality at all levels and functions, a lot of investments are being made in process improvements and controls including automation to ensure that we provide quality service delivery. Moreover, the quality processes and systems are being re-aligned to cater to the Domestic clients as well.

❖ Capacity

In 2008-09, we added around 1000 seats for the domestic business with the acquisition of the call-center division of i2i Telesource Pvt Ltd. Last year, we have added another 1500 seats in different locations and have also relocated/ upgraded most of the i2i facilities. Today, Allsec has a pan India presence with facilities in 8 locations such as Delhi, Mumbai, Kolkata, Hyderabad, Bengaluru, Chennai, Pune and Trichy. The Company has also invested in additional technology investments primarily to cater to its new client additions in the Domestic segment. During the year, we have also set up a Delivery Center in USA to operate under our Wholly Owned Subsidiary in USA. The company today operates about 5000 seats in India and 600 seats in Philippines and 100 seats in USA.

❖ Acquisition Targets

The strategy to scout for potential acquisition targets both in International and Domestic segments with available cash and cash equivalents will continue. The company is debt free and has leveraging capability which can also be taken advantage of, to fund larger acquisitions. Last year we have acquired a US based Company in the Mortgage servicing space. We feel that it is a good platform to explore vast opportunity in the mortgage servicing domain where we do not have any presence currently.

THREATS

ATTRITION

Allsec, is in an industry where attrition is one of the major concern areas. The Company faces tough challenge in getting employable manpower from the large manpower pool available. Allsec has been investing a lot of resources for training candidates on the basic skills that are required to make them employable. These are also done through partnering with educational institutions and governmental organization.

The attrition rate in the Domestic segment is also on similar lines. Allsec has extended its learning in the International segment to Domestic market and necessary processes are in place to ensure that right candidates are being hired, trained and retained. However, the availability of employable candidates is higher in the pool available for Domestic segments.

Further, efforts are also taken in the direction of training, employee referral scheme, employee satisfaction surveys and other creative activities to address the threat posed by attrition.

RISKS AND CONCERNS

BUSINESS RISKS

The economic slow down and competition from other low cost countries like Philippines, Vietnam, South Africa and China are the two main reasons for the reduction in demand for international outsourcing business from India. The economic slow down has also triggered a lot of changes in the existing operational philosophy of many enterprises, especially in the areas of outsourcing. This coupled with governmental policies will continue to affect the demand in the outsourcing arena. The low cost operators from other countries continue to be competitors in the few outsourcing deals that are happening across the globe.

The decline in demand in International market and unutilized capacity in India has forced many International players including major players to concentrate on the Domestic market. This has considerably increased the competition in the domestic market. Outsourcing in the Indian Domestic business is still at its nascent stage and there is a huge gap between supply and demand.

This threat is in addition to the possible pricing and volume reduction pressures in the international clientele.

FINANCIAL RISKS

GEOGRAPHICAL CONCENTRATION OF CLIENTS

Our revenues are still fairly dependent on clients located in the United States or from Indian subsidiaries of US companies. However, the growth that we have achieved in the Domestic market will reduce this risk considerably. There also exists a possibility of reduction of volume or postponement of outsourcing services by our existing clients, owing to Business risks and economic slow down. Also, in the Domestic segment, the operating margins are far lower than the international segment owing to different factors. These may negatively affect our revenues and profitability.

EXCHANGE FLUCTUATION

Movements in exchange rates continue to be a major threat. With the current economic slow down and possible reduction in price by our existing customers may adversely affect the earnings and expenditure in foreign currency. We are currently adopting hedging strategies on a selective basis and in addition use bank balances in foreign currency to meet our foreign currency liabilities. Also the increase in share of domestic revenue will contribute to a reduction of this risk. These measures would assist in reducing the impact of unfavorable movements in exchange rates. However, our results of operation will be affected if the rupee-dollar rates continues to behave in a volatile manner in future or rupee appreciates significantly against dollar and other currencies.

COST ARBITRAGE

Our most significant costs are the salaries and related benefits of our operations staff and other employees. Wage costs in India have historically been significantly lower than wage costs in the United States and other developed countries, which has been one of our competitive advantages in the international market. However, wages in India are increasing at a faster rate compared to the developed countries, which may reduce our competitive advantage in relation to pricing. We may need to increase the levels of employee compensation more rapidly than in the past to remain competitive and to attract necessary employees. Wage increases in the long-term may reduce our profit margins in both the domestic and international businesses.

INDIAN TAXATION RISK

Taxes and other levies imposed by the Government of India and/or the States of India that we operate in like: (i) Customs Duties; (ii) Service Tax; (iii) Income Tax; (iv) Value Added Tax etc., may affect the BPO industry.

Certain changes introduced over the years had their impact on the ITES industry, inclusion of profits eligible for 10A deduction for computing Minimum Alternate Tax, introduction of Service Tax on accrual basis with respect to related party transactions instead of on payment basis, Service Tax introduction on import of services under reverse charge method etc. which have had a dampening effect on the Industry. It is now clear that Sec 10A benefit on deduction of export profits for IT/ ITES units will not be extended beyond March 31, 2011 and this stand by the government of India will have a great impact for our Company in the years to come.

LEGAL AND CONTRACTUAL RISKS

Our business is subject to a variety of country specific regulations. Particularly, we must comply with a number of laws in the United States in relation to debt collection and telephone and email based solicitation.

The requirements of many of these regulations are complex and the failure to comply could result in enforcement or private actions which can potentially affect our reputation and in turn adversely affect our business. In addition, these laws are subject to change and new laws affecting our business may be enacted, which could significantly affect the demand for, and our ability to provide , certain service offerings and significantly increase the cost of regulatory compliance.

INFRASTRUCTURE RISKS

The Company has invested substantially in the state of the art infrastructure and equipment in its centers to provide a world-class service to its customers. Service to our clients also depend on the uninterrupted functioning of these equipment, power and stability of telecom network. Any obsolescence in the infrastructure and equipment leading to incompatibility with client's systems or any disruption in the essential services may affect the business of the company.

HUMAN RESOURCES RISK

There have been cases of companies losing BPO orders for not being able to demonstrate a competent team that can manage a large workforce. High level of attrition further complicates the problem. In this industry, we have seen at least half the workforce change jobs every year. There is a gap between the supply and demand of work force. Further, the available man power is not immediately employable in terms of the skill sets required for the industry. Thus the shortage of supply in quality manpower both at the managerial level and at the agent's level may significantly affect the functioning of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has a well-defined and documented internal control system that is adequate and commensurate with the size and nature of its business. Adequate checks and balances and control systems are established to ensure that assets of the company are safeguarded and transactions are executed under proper authorization and are properly recorded in the books of account. There exists a proper definition of roles and responsibilities across the organization to ensure information flow and effective monitoring. The Company has an independent Internal Audit carried out periodically by a firm of Chartered Accountants who draw out their audit program based on risk assessments and in consultation with the Audit committee. The Company has an Audit Committee consisting of 3 Directors which has a majority of Independent Directors. This committee reviews the internal audit reports, statutory audit reports, the quarterly and/annual financial statements and discusses all significant audit observations and follow up actions arising from them. It further monitors the risk exposures of the company. The committee also reviews and recommends to the Board the terms of appointment of the statutory auditors and internal auditors.

MATERIAL DEVELOPMENTS ON HUMAN RESOURCE FRONT INCLUDING HEAD COUNT

As at 31st March 2011, number of employees was 7998 – an increase of 511 (7%) from the previous year end figure of 7487. The increase was primarily on account of recruitments for ramp up of domestic business during the year. For detailed write up and section on HR and Training and material developments, please refer page no.6 of the Annual Report.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Allsec is currently providing voice and data services to its International and Domestic clients in the Information Technology Enabled Services (ITES) sector.

The major market of Allsec is concentrated in the US and exports constituted over 90% of the revenues till FY 2008. However, in the last 2 years due to the increase in focus on the Indian domestic outsourcing work and also due to the slow down in the US, which led to declines in quantum of export revenues and the rise of domestic demand, the proportion of domestic revenues has significantly increased as shown below.

(Rs. in Million)

For the year ended	Exports	%	Domestic	%	Total income
March 31, 2011	684.81	48	730.64	52	1,415.45
March 31, 2010	661.00	54	559.80	46	1,220.80

DISCUSSION ON FINANCIAL AND OPERATIONAL PERFORMANCE AND FINANCIAL CONDITION (STANDALONE):

Overview

The following discussion is based on our audited standalone financial statements which have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company except for changes in accounting policy if any made to ensure compliance with law for the applicable periods. The discussion should be read in conjunction with the Audited Standalone Financial statements of the Company and notes on Accounts.

RESULTS OF OPERATIONS -PERFORMANCE SUMMARY

	2010-11		2009-10		% Favourable/ (Adverse) over previous year
	Rs in Million	% of Total revenues	Rs in Million	% of revenues	
INCOME					
Income – Operations	1,415.45	98	1,220.80	92	16
Income – Others	35.76	2	107.07	8	(66)
A) Income – Total	1,451.21	100	1,327.87	100	9
COSTS					
Connectivity costs	97.83	7	79.26	6	(23)
Staff cost	950.47	66	884.07	67	(8)
Other Costs	334.27	23	327.52	25	(2)
B) Total costs	1,382.57	96	1,290.85	97	(7)
C) Profit/(Loss) before Interest, depreciation & taxes	68.64	4	37.02	3	85
Depreciation & amortization	103.38	7	101.42	8	(2)
Interest	4.71		3.74	*	
D) Profit /(loss)before Taxes	(39.45)	(3)	(68.14)		42
Taxes	-		-	-	
E) Profit /(Loss)after Taxes	(39.45)	(3)	(68.14)	(5)	42

* =-less than 1%

(Note: Figures in brackets in tables above indicate negative numbers or losses or decrease)

Earnings per share data (Basic / Diluted)

Year Ended 31 March 2011	Rs (2.59)
Year Ended 31 March 2010	Rs (4.47)

- The company increased its Total Income during the year to Rs.1451 million from Rs.1328 million in previous year – an increase of 9%.
- Profit before Depreciation, Amortization, Interest and Taxes, during the year, has increased to Rs.68.64 million from Rs.37.02 million – an increase of 85%.
- Losses before taxes decreased to Rs.39.45 million from Rs.68.14 million in previous year – a decrease of 42%
- Losses after Taxes decreased to Rs.39.45 million compared to Rs.68.14 million in previous year – a decrease of 42%.

PROFIT AND LOSS ACCOUNT

1. Income from Operations

The table below provides the details of income and its composition:

(Rs in Million)

Income	Year Ended March 31, 2011	Year Ended March 31, 2010	Increase/ (Decrease) in %
Exports	684.81	661.01	4
Domestic	730.64	559.80	31
Total	1,415.45	1,220.80	16

The marginal increase in export revenue was primarily due to increased USD billing from our existing Clients. The dollar rupee exchange rate has been volatile over the current year and the previous year and the average conversion rates have been more or less constant.

The large jump in domestic revenue both in absolute terms and as a percentage of total revenue is due to increased volumes from both existing clients as well as new Domestic Clients.

2. Other Income

Current year stood at Rs 36 million as compared to Rs 107 million in the previous year – a reduction of Rs 71 million or 66%. The reduction is mainly due to:

iv) Recovery in the previous year of cost incurred relating to suit filed on a customer amounting to Rs 25 million

v) Interest income recognized in the previous yearon overdue debts from another client amounting to Rs 39 million.

vi) Liabilities no longer required written back was higher by Rs. 9 Million in the previous year.

3. Expenditure

The increase in employee costs and administration overheads led to increase in expenses during the year.

(Rs in Million)

	Year ended March 31, 2011	Year ended March 31, 2010	Favourable / (unfavourable) in % over previous year
	Amount	Amount	
Connectivity cost (Note 1)	97.83	79.26	(23)
Employee costs and benefits(Note 2)	950.47	884.07	(8)
General and administration expenses (Note 3)	313.60	305.19	(3)
Selling expenses(note 4)	20.66	22.33	7
Finance charges	4.71	3.74	(26)
Depreciation (note 5)	103.38	101.42	(2)

Note 1: The increase in cost of connectivity is due to increase in PSTN costs due to higher overseas calls in line with increased US billing to our Clients. We have also incurred expenses for connectivity on new domestic centers and created some redundant connectivity. During the year, due to change in Income tax Act, we had to bear additional cost on account of Withholding taxes in relation to some foreign Connectivity Vendors.

Note 2: The increase in employee cost is mainly on account of higher head count to cater to domestic business. The company had 7998 employees as at the end of the year (PY 7487). Due to high attrition, the associated costs of Staff Welfare and Recruitment and training costs have also gone up as compared to previous year.

The above has resulted in an increase of 6% or Rs.46 million in salaries and related contributions and an increase of 30% or Rs.22 million in recruitment and training cost and staff welfare in the current year.

Note 3: The total increase in general and admin expenses in the current year was Rs.8 million or 3% compared to the previous year.

The increase in general and admin expenses is due to rent and electricity and infrastructure and assets maintenance expenses relating to the expansion in domestic business activity which commenced during the previous year culminated during the current year. This amounted to roughly Rs.35 million.

Also there was a write back of Provision of Doubtful Debts in the previous year to the tune of Rs.15 million.

The above two is offset by exchange loss recognized in the previous year to the tune of Rs.40 million, while the company netted a net foreign exchange gain in the current year and shown under other Income.

Note 4: Reduction in selling expenses is primarily due to decrease in selling commission payable and reduction in business promotion expenses.

Note 5: The marginal increase in Depreciation represents depreciation on account of Software Upgrade undertaken in the 3rd Quarter of the current year. The Company has progressively upgraded in line with latest technology in the telecom infrastructure, which will help in smooth functioning of the operations in the years to come.

4. Provision for Tax

Provision for tax includes current tax, deferred taxes, fringe benefit tax apart from MAT credit entitlement. During this financial year, there was no current taxes provision or MAT entitlement credit as there was no MAT payable on account of there being a loss as per MAT provisions.

FINANCIAL CONDITION - BALANCE SHEET

(Note: Figures given in brackets refer to previous year figures)

1. Share Capital

The Equity Capital of the Company as on March 31, 2011 stands at Rs 152.38 Million and has remained constant over the previous Balance sheet date.

2. Employee Stock Option Plan (ESOP):

Employee Stock Option Scheme (ESOS), 2006:

The shareholders at the Annual General Meeting held on July 10, 2006, have approved an Employee Stock Option Scheme 2006 which provides for an issue of 600,000 options to the employees. Consequently, the compensation committee had granted the 350,000 options on January 25, 2007 at an exercise price of Rs.289.75 per share. Out of the 350,000 options granted, 153,000 options have been cancelled/lapsed as on March 31, 2011 and balance 197,000 are outstanding and in force.

Rs.10.1 million represent the total reserve created for Employee Stock Option compensation as at 31st March, 2011 (Rs.10.8 million as at 31st March 2010). The movement is on account of options that got lapsed due to employee separations during the year which gets credited back to general reserve.

Employee Stock Option Scheme (ESOS), 2010:

The shareholders at the Annual General Meeting held on August 4, 2010, have approved an Employee Stock Option Scheme 2010 which provides for an issue of 600,000 options to the employees. Consequently, the compensation committee had granted the 390,000 options on August 4, 2010 at an exercise price of Rs. 45.05 per share. Out of the 390,000 options granted, 16,000 options have been cancelled/lapsed as on March 31, 2011 and balance 374,000 are outstanding and in force.

3. Reserves and Surplus

The Company's Reserves and Surplus as on March 31, 2011 stood at Rs.1,166 million represented by capital reserve at Rs 25 million (same as last year), share premium on the equity shares amounting to Rs 1,202 million (same as last year), Rs 131 millions representing General Reserve (Rs. 0.74 million movement from Stock Options outstanding) , Rs. 193 million representing debit balance in the profit and loss account due to reasons mentioned in the above paragraphs.

4. Secured Loans

Secured loan balance of Rs.6 Mn represents balance payable towards hire purchase (HP) loans. This decreased by Rs 2.3 million during the year from Rs. 8.3 million as at 31st March 2011 and this is primarily due to closure of HP loans due to completion / resignation of employees.

There is an increase of Rs.10 million in Bank Overdraft.

5. Fixed Assets

There has been addition of Rs.51 million in tangible fixed assets primarily due to additions to Computers of Rs.30 million; call centre equipment Rs.16 million and office equipment and lease hold improvements of Rs.3 million on account of work in domestic centers.

The total assets disposed off during the year amounted to Rs.19 million. Mainly old computers were disposed off. (There will be a corresponding reduction in accumulated depreciation).

After providing for depreciation of Rs.85 million for the year, the net block of fixed assets stood at Rs.272 million as on March 31, 2011 compared to Rs.309 million as at March 31, 2010.

6. Intangible Assets

Intangible assets comprise block of software used for call centre operation and goodwill. During the year, there was an addition in Software of Rs.29 million being the software upgrade in telecom equipments. The goodwill which arose on business purchase of the call centre division of i2i Telesource Pvt Ltd in the previous year is being amortized over a period of 5 years. The closing net block of software and goodwill are respectively Rs.45 million and Rs.12 million as at the end of the year.

7. Investments

Total Investments represent the amount of equity capital invested in subsidiaries and value of amounts invested in mutual funds.

During the year, Allsec Technologies Limited has acquired a Company in USA and paid Rs.99 million towards purchase consideration. The write up on acquisition of this new Company is given elsewhere in this report under the head Acquisition targets.

There was no movement in investment in other existing subsidiaries during the year.

The balance invested in mutual funds as at 31 March 2011 was Rs. 187 million (Rs 133 million as at previous year end).

8. Sundry Debtors

Net Sundry Debtors increased to Rs.349 million as at March 31, 2011 as against Rs 408 million as at March 31, 2010. These debtors are arrived at after making a provision of doubtful debts for Rs 5 million (previous year - Rs 3 million). The sundry debtors in terms of days of sales decreased significantly to 90 days as at March 31, 2011 as against 122 days as at March 31, 2010. Daily sales outstanding position for running amounts (excluding Rs 59 million which is old outstanding balance amount) will be at 75 days.

9. Cash and Bank Balances

Cash and Bank balances decreased to Rs.121 million as at March 31, 2011 as against Rs.254 million as at March 31, 2010. This represents year-end cash and bank balances available in current and deposit accounts.

(Rs in Million)

Head	As at March 31, 2011	As at March 31, 2010	Increase/ (Decrease) in %
Cash and Current accounts	42	22	95
Deposit accounts	79	232	(66)

The reduction in Deposit accounts is due to the redemption of Fixed Deposits for the payment made towards Acquisition of a new company in USA.

10. Other Current Assets

As at year end other current assets were Rs 9.39 million (Previous year – Rs.13.89 million).This represents:

i) Value of Unbilled revenues – Rs 7.7 million (PY-Rs 6.6 million) and

ii) Interest accrued to company but not due for payment-Rs 1.7 million (PY-Rs 7.2 million).

11. Loans & Advances

The composition of the year end loans and advances was as follows:

(Rs in million)

Head	As at March 31, 2011	As at March 31, 2010	Increase/ (decrease) in %
Advances recoverable	0.80	0.87	(8)
Balances with excise authorities	-	3.54	(100)
Loan to Subsidiary	98.47	82.96	19
Prepaid expenses	12.50	9.17	34
Deposits	81.06	96.75	(15)
Taxes receivable	138.70	85.22	63
Foreign Currency receivable	2.57	-	100
Total	334.10	278.51	20

Balances with excise authorities represent credit for service tax on input services availed. NIL balance as at the end of March 2011 is due to full utilization on account of increased domestic business.

Balance of loan to subsidiary represents loan given to subsidiary Allsectech Manila Inc. Movement represents fresh loan given during the current year.

Decrease in deposits primarily reflects the security deposits for utilities and office premises paid. There is a repayment of deposits during the year.

Taxes receivable includes advance tax and tax deducted at source. The increase in this head is primarily due to increase in tax deducted at source from domestic business.

12. Current Liabilities and Provisions

(Rs in million)

Head	As at March 31, 2011	As at March 31, 2010	Increase/ (Decrease) in %
To suppliers of goods and services	162	126	29
Other payables	35	30	20
Employee benefits related liabilities / accruals	38	35	6
TOTAL	236	191	24

Sundry Creditors, representing the balance payable to suppliers of goods and services stood at Rs 162 million as at March 31, 2011 as against Rs 126 million at March 31, 2010.

The increase in employee benefit liabilities consequent to addition of employee strength.

To

The Members of Allsec Technologies Limited

1. We have audited the attached Balance Sheet of Allsec Technologies Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v) On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

      ii) in the case of the profit and loss account, of the loss for the year ended on that date; and

      iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES
Firm registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 16, 2011

Annexure referred to in paragraph 3 of our report of even date

Re: Allsec Technologies Limited ("the Company")

i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no substantial disposal of fixed assets during the year.

ii) Having regard to the nature of the Company's business clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

iii) (a) The Company has granted loans to a company, which is included in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 98.47 million and the year end balance of loans granted was Rs. 98.47 million.

(b) In our opinion and according to the information and explanations given to us, the terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal and interest is as stipulated.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the rendering of services. The activities of the Company did not involve any purchase of inventory or sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the Company in respect of purchase of fixed assets and rendering of services.

v) (a) According to the information and explanations provided by management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act 1956, for the products of the Company.

ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. Statutory dues in respect of excise duty are not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, other than the following:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax*	-	2004 to 07	Commissioner of Income Tax (Appeals)

* The orders passed by the assessing officer have impact on the unabsorbed loss and unabsorbed depreciation that can be carried forward.

x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company has no dues to financial institutions or debenture holders.

xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities. The Company does not have any debentures.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi) Based on information and explanations given to us by management, term loans were applied for the purpose for which the loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised any money by public issues and accordingly, the provisions of clause 4(xx) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES
Firm registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 16, 2011

Balance Sheet

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	152,383	152,383
Stock options outstanding	2	10,076	10,818
Reserves and surplus	3	1,165,528	1,204,237
		1,327,987	1,367,438
Loan funds			
Secured loans	4	33,637	25,604
		1,361,624	1,393,042
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5 A	829,880	798,087
Less : Accumulated depreciation		557,984	488,899
Net block		271,896	309,188
Add: Capital work-in-progress [including capital advances]		29,526	900
		301,422	310,088
Intangible assets			
Gross block	5 B	149,641	120,853
Less : Accumulated amortisation		92,246	73,951
Net block		57,395	46,902
Investments	6	425,291	271,590
Current assets, loans and advances			
Sundry debtors	7	348,525	408,439
Cash and bank balances	8	121,183	254,485
Other current assets	9	9,389	13,894
Loans and advances	10	334,104	278,513
		813,201	955,331
Less : Current liabilities and provisions			
Current liabilities	11	197,522	156,408
Provisions	12	38,163	34,461
		235,685	190,869
Net current assets		577,516	764,462
		1,361,624	1,393,042
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Profit and Loss Account

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
Income			
Income from services		**1,415,445**	1,220,803
Other income	13	**35,766**	107,068
		1,451,211	1,327,871
Expenditure			
Connectivity costs		**97,829**	79,262
Employee costs and benefits	14	**950,475**	884,070
General and administration expenses	15	**313,605**	305,185
Selling expenses	16	**20,663**	22,327
Finance charges	17	**4,712**	3,746
Depreciation and amortisation	5 A & 5 B	**103,378**	101,420
		1,490,662	1,396,010
Profit / (Loss) before tax		**(39,451)**	(68,139)
Provision for taxation			
- Deferred tax (Also refer note 18.20)		**-**	-
Profit / (Loss) after tax		**(39,451)**	(68,139)
Balance brought forward from previous year		**(153,222)**	(85,083)
Profit / (Loss) carried to balance sheet		**(192,673)**	(153,222)
Earnings per Share			
Net profit / (loss) available to equity shareholders		**(39,451)**	(68,139)
Weighted average number of equity shares used in computing basic and diluted earnings per share		**15,238,326**	15,238,326
Basic and diluted earnings per share (equity shares, par value Rs 10/-each) (Rs.)		**(2.59)**	(4.47)
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
A. Cash flow from operating activities:		
Net profit / (loss) before tax	**(39,451)**	(68,139)
Adjustments for:		
Depreciation and amortisation	**103,378**	101,420
Interest expense	**917**	1,052
Interest income	**(14,532)**	(62,239)
Dividend income	**(640)**	(5,942)
(Profit) / Loss on sale of assets	**905**	3,240
Provision for doubtful debts / (write back)	**1,674**	(14,827)
Profit on sale of current investments	**(9,589)**	(1,725)
Liabilities no longer required written back	**(1,952)**	(11,193)
Unrealised foreign exchange (gain) /loss, net	**11,255**	46,089
Operating profit / (loss) before working capital changes	**51,965**	(12,264)
Adjustments for changes in working capital :		
- Decrease / (Increase) in sundry debtors	**45,548**	(8,946)
- (Increase) / Decrease in loans and advances and other current assets	**12,338**	(7,946)
- Increase in current liabilities and provisions	**8,875**	13,075
Cash generated from operations	**118,726**	(16,081)
-Taxes (paid), net	**(53,483)**	(39,141)
Net cash from / (used in) operating activities	**65,243**	(55,222)
B. Cash flow from investing activities:		
Capital expenditure (Refer note 1)	**(69,018)**	(183,818)
Proceeds from sale of fixed assets	**2,359**	783
Purchase of investments - mutual funds	**(1,448,597)**	(440,141)
Proceeds from sale of investments -mutual funds	**1,403,878**	624,085
Investment in subsidiary	**(99,393)**	-
Loans advanced to subsidiary	**(16,192)**	(20,720)
Interest received	**20,102**	27,092
Dividend received	**640**	5,942
Net cash from / (used in) investing activities	**(206,221)**	13,223

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
C. Cash flow from financing activities:		
Proceeds from long term borrowings	**3,467**	4,786
Repayment of long term borrowings	**(5,813)**	(2,341)
Proceeds from short term borrowings	**10,380**	17,242
Interest paid	**(917)**	(1,052)
Net cash from / (used in) financing activities	**7,117**	18,635
Net increase / (decrease) in cash and cash equivalents	**(133,861)**	(23,364)
Opening cash and cash equivalents	**254,580**	277,944
Closing cash and cash equivalents*	**120,719**	254,580
*Includes restricted cash balances	**66**	66
Reconciliation of cash and cash equivalents with cash and bank balance as per Schedule 8:		

	As at March 31, 2011	As at March 31, 2010
Cash and bank balances, per Schedule 8	**121,183**	254,485
Loss / (Gain) on restatement of balances in foreign currency accounts.	**(464)**	95
Cash and cash equivalents as per cash flow statement	**120,719**	254,580

Notes:

1. Increase in capital expenditure include payments for items in capital work in progress and advances for purchase of fixed assets. Adjustments for increase / decrease in current liabilities related to acquisition of fixed assets to the extent identified have been made.
2. The accompanying notes are an integral part of this statement.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan Director

R Jagadish Director

A Mohan Kumar Company Secretary

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	As at March 31, 2011	As at March 31, 2010
1. Share capital		
Authorised		
20,000,000 [Previous year - 20,000,000] Equity shares of Rs. 10/- each	**200,000**	200,000
1,350,000 [Previous year -1,350,000] Convertible Preference Shares of Rs. 100/- each	**135,000**	135,000
Issued, subscribed and paid-up		
15,238,326 [Previous year -15,238,326] Equity Shares of Rs. 10/-each fully paid up	**152,383**	152,383
	152,383	152,383
Refer Note 18.4 for stock options outstanding details		
2 Stock options outstanding		
Balance, beginning of year	**10,818**	12,406
Less: Deletions / adjusted during the year	**742**	1,588
Balance, end of year	**10,076**	10,818
	10,076	10,818
3 Reserves and surplus		
Capital Reserve	**25,074**	25,074
Securities Premium	**1,201,881**	1,201,881
General Reserve		
Balance, beginning of year	**130,504**	128,916
Add: Transferred from employee stock options outstanding	**742**	1,588
Balance, end of year	**131,246**	130,504
Profit and Loss Account	**(192,673)**	(153,222)
	1,165,528	1,204,237
4 Secured loans		
Bank overdraft (Refer Note 18.5.1)	**27,622**	17,242
Others		
Hire purchase loans from banks (Refer Note 18.5.2)	**6,015**	8,362
(includes amounts repayable within one year Rs. 2,315, previous year Rs. 2,073)		
	33,637	25,604

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

5A - Fixed Assets

Description of assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2010	Additions for the year	Deletions for the year	As at March 31, 2011	As at April 1, 2010	For the year	Deletions for the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets										
Plant and machinery										
-Computers and servers	164,726	**30,468**	**15,979**	**179,215**	106,229	**20,420**	**15,354**	**111,295**	**67,920**	58,497
-Call centre equipment	327,632	**15,760**	**-**	**343,392**	227,332	**34,115**	**-**	**261,447**	**81,945**	100,300
-Office equipment	71,262	**1,609**	**436**	**72,435**	19,236	**3,371**	**96**	**22,511**	**49,924**	52,026
Furniture and fixtures	64,820	**372**	**-**	**65,192**	31,673	**3,027**	**-**	**34,700**	**30,492**	33,147
Leasehold improvements	152,784	**1,175**	**-**	**153,959**	101,332	**22,545**	**-**	**123,877**	**30,082**	51,452
Vehicles*	16,863	**1,671**	**2,847**	**15,687**	3,097	**1,605**	**548**	**4,154**	**11,533**	13,766
Total	**798,087**	**51,055**	**19,262**	**829,880**	**488,899**	**85,083**	**15,998**	**557,984**	**271,896**	**309,188**
Previous Year	648,928	161,148	11,989	798,087	410,751	86,115	7,967	488,899	309,188	

* Vehicles include assets acquired under finance lease - Gross block - Rs. 10,331 (previous year Rs. 11,157); Depreciation - Rs. 929 (previous year Rs. 877), Accumulated depreciation - Rs. 2,308 (previous year Rs. 1,571) Net block - Rs. 8,023 (previous year Rs. 9,586).

5B - Intangible Assets

Description of assets	Gross Block				Amortisation				Net Block	
	As at April 1, 2010	Additions for the year	Deletions for the year	As at March 31, 2011	As at April 1, 2010	For the year	Deletions for the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Software	95,502	**28,788**	**-**	**124,290**	65,788	**13,225**	**-**	**79,013**	**45,277**	29,714
Goodwill	25,351	**-**	**-**	**25,351**	8,163	**5,070**	**-**	**13,233**	**12,118**	17,188
Total	**120,853**	**28,788**	**-**	**149,641**	**73,951**	**18,295**	**-**	**92,246**	**57,395**	**46,902**
Previous Year	87,138	33,715	-	120,853	58,646	15,305	-	73,951	46,902	

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

	PARTICULARS	As at March 31, 2011	As at March 31, 2010
6	**Investments**		
	Long term (at cost) -Unquoted, Non-trade		
	In subsidiaires		
	Allsectech Inc, USA		
	- Common stock 100 (previous year -100), fully paid up	**36,473**	36,473
	Allsectech Manila Inc., Philippines		
	- 812,500 (previous year -812,500) Equity shares of Php 100 each fully paid up	**101,964**	101,964
	Retreat Capital Management Group		
	- Common stock 66 (previous year -Nil), fully paid up	**99,393**	-
	(Aggregate value of non-quoted investments Rs. 237,830, previous year Rs. 138,437)		
	Current investments (at lower of cost or market value) *		
	In mutual fund units #		
	Quoted, fully paid up at cost	**187,461**	133,153
	(Net Asset Value Rs. 189,387, previous year Rs. 133,316)		
		425,291	271,590
	# Also refer note 18.8 for details of investments in mutual funds.		
7	**Sundry debtors** (unsecured)		
	Debts outstanding for a period exceeding six months		
	- Considered good	**60,825**	113,563
	- Considered doubtful	**5,038**	3,364
	Other debts, considered good	**287,700**	294,876
		353,563	411,803
	Less: Provision for doubtful debts	**5,038**	3,364
		348,525	408,439
8	**Cash and bank balances**		
	Cash on hand	**63**	243
	Balance with scheduled banks		
	- in current accounts *	**42,446**	22,438
	- in deposit accounts *	**78,597**	231,725
	- in unpaid dividend accounts	**66**	66
	Balance with non-scheduled banks		
	- in current accounts with HSBC Plc**	**11**	13
		121,183	254,485

** Maximum balance during the year was Rs. 13 (previous year Rs. 17)

* Investments in mutual funds and balances in current and deposit accounts with scheduled banks include Rs. 106,700 (previous year Rs. 275,497) of unutilised proceeds received from preferential issue made in the financial year 2006-2007.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

	PARTICULARS	As at March 31, 2011	As at March 31, 2010
9	**Other current assets**		
	Unbilled revenues	**7,685**	6,620
	Interest accrued but not due on bank deposits	**1,704**	7,274
		9,389	13,894
10	**Loans and advances** (unsecured, considered good)		
	Advances recoverable in cash or in kind or for value to be received	**799**	877
	Balance with Excise authorities	**-**	3,539
	Loan to subsidiary	**98,467**	82,956
	Prepaid expenses	**12,496**	9,172
	Deposits - others	**81,063**	96,749
	Foreign currency receivable	**2,576**	-
	Advance income tax and tax deducted at source, net of provision for tax	**138,703**	85,220
		334,104	278,513
11	**Current liabilities**		
	Sundry creditors		
	- Dues to micro and small enterprises (Refer Note 18.6)	**-**	-
	- Others	**162,016**	126,212
	Other liabilities	**35,440**	30,130
	Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
	- Unpaid dividend	**66**	66
		197,522	156,408
12	**Provisions**		
	Employee bonus	**7,814**	6,017
	Leave encashment	**10,655**	12,082
	Gratuity	**19,694**	16,362
		38,163	34,461
		Year ended March 31, 2011	Year ended March 31, 2010
13	**Other income**		
	Interest		
	- Bank deposits (Tax deducted at source Rs. 2,993, previous year -Rs. 4,712)	**14,532**	22,313
	- Others (Tax deducted at source Rs. Nil, previous year -Rs. Nil)	**-**	39,926
	Dividend income from mutual funds	**640**	5,942
	Profit on sale of current investments	**9,589**	1,725
	Liabilities no longer required written back	**1,952**	11,193
	Foreign exchange gain, net	**8,446**	-
	Miscellaneous income	**607**	25,969
		35,766	107,068

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
14 Employee costs and benefits		
Salaries, wages and allowances	**795,314**	761,396
Contributions to provident and other funds	**54,302**	44,606
Gratuity	**5,366**	4,353
Staff welfare	**68,152**	59,019
Recruitment and training	**27,341**	14,696
	950,475	884,070
15 General and administration expenses		
Electricity	**68,572**	57,550
Rent and amenities	**113,824**	102,589
Rates and taxes	**716**	2,272
Repairs and maintenance		
- Plant and machinery	**33,553**	30,799
- Others	**41,890**	36,305
Insurance	**3,465**	2,620
Professional and consultancy charges	**16,842**	13,844
Travel and conveyance	**16,747**	15,621
Telephone	**2,580**	2,198
Provision for doubtful debts	**1,674**	(14,827)
Loss on sale of fixed assets, net	**905**	3,240
Foreign exchange loss, net	**-**	40,805
Miscellaneous expenses	**12,837**	12,169
	313,605	305,185
16 Selling expenses		
Selling commission	**18,131**	19,718
Other selling expenses	**2,532**	2,609
	20,663	22,327
17 Finance charges		
Interest		
- others	**917**	1,052
Bank charges	**3,795**	2,694
	4,712	3,746

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

18. Notes to accounts

18.1 Background

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on August 24, 1998 as a limited company under the Companies Act, 1956 and is listed on the National Stock Exchange of India ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Company is engaged in the business of providing IT enabled services for customers located in India and outside India. The services provided by the Company include data verification, processing of orders received through telephone calls, telemarketing, monitoring quality of calls of other call centers, customer services and HR and payroll processing. The Company has delivery centers at Chennai, Bengaluru, Mumbai, Delhi, Trichy, Hyderabad, Pune and Kolkata.

During the year, the Company had entered into a Share Purchase Agreement ('SPA') dated January 31, 2011 with the shareholders of Retreat Capital Management Inc., USA, ("Retreat"). Retreat is engaged in the business of providing loss mitigation, portfolio management and management consulting services for mortgage lenders, servicers, asset managers and investors. Under the terms of the SPA, the Company shall acquire the entire outstanding equity capital of Retreat for a consideration to be determined in accordance with the terms of the SPA. On February 15, 2011, the Company paid a consideration of Rs. 99,393 (USD 2 million) towards 66% of the outstanding equity capital of Retreat, with the balance equity to be acquired in future at a consideration to be determined based on certain specified parameters as determined in accordance with the terms of the SPA.

As at year end, the Company has three subsidiaries, Allsectech Inc., USA, Allsectech Manila Inc., Philippines and Retreat Capital Management Inc., USA.

18.2 Statement of significant accounting policies:

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses where applicable. Cost includes purchase price and all direct / indirect costs incurred to bring the asset to its working condition for its intended use.

(d) Depreciation

Depreciation is provided using the straight line method in the manner specified in Schedule XIV to the Act, at the rates prescribed therein or at the rates based on Management's estimate of the useful lives of such assets, whichever is higher, as follows:

Asset Description	Rates (SLM)
Plant and machinery	4.75 - 16.21
Furniture and fixtures	6.33
Vehicles	9.50

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period, whichever is less. Assets individually costing Rupees five thousand or less are fully depreciated in the year of purchase.

(e) Intangible assets

Computer software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software, or over the license period of the software, whichever is shorter.

Goodwill

Goodwill is amortized using the straight-line method over a period of five years based on management estimates.

(f) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

(h) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged against income.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(i) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on Management estimate of amounts required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current Management estimates.

(j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income from services

Income from IT enabled services is derived from both time based and unit priced contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contract with the customer.

Unbilled revenue represents accrual of income relating to services provided but not billed as at the year end.

Dividend income

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(l) Taxation

Tax expense comprises current and deferred income taxes. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(m) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(n) Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. At the year-end, monetary items are converted into rupee equivalents at the year-end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All exchange differences arising on settlement / conversion of foreign currency transactions are included in the profit and loss account.

In relation to forward contracts entered into to hedge the foreign currency risk of the underlying monetary assets / liabilities, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the period.

(o) Earnings per Share ("EPS")

The earnings considered in ascertaining the Company's earnings per share comprise the net profit or loss after tax attributable to equity share holders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(p) Employee stock compensation expenses

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

18.3 Receivables from Academic Funding Foundation and K2 Financials

As at March 31, 2011, the Company has receivables of Rs. 59.71 million (including interest on overdue balances of Rs. 48.77 million) from Academic Funding Foundation and K2 Financials which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company along with the interest on such dues. Based on the foregoing, management believes that these balances are fully recoverable.

18.4 Stock option plans

The Company has two stock option plans that provide for the granting of stock options to employees including Directors of the Company (not being promoter Directors and Executive Directors, holding more than 10% of the equity shares of the Company). The option plans are summarized below:

Employee Stock Option Scheme (ESOS), 2006

The shareholders at the Annual General Meeting held on July 10, 2006, had approved an Employee Stock Option Scheme 2006 (ESOS 2006) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted the 350,000 options on January 25, 2007 at an exercise price of Rs. 289.75/- per share.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Options outstanding, beginning of year	**211,500**	225,500
Options granted during the year	**-**	-
Options exercised during the year	**-**	-
Options lapsed during the year	**14,500**	14,000
Options outstanding, end of year	**197,000**	211,500
Options outstanding at the year end comprise:		
- Options eligible for exercise at year end	**197,000**	211,500
- Options not eligible for exercise at year end	**-**	-
Weighted average remaining contract life of options	**10 months**	1 year and 10 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Employee Stock Option Scheme (ESOS), 2010

The shareholders at the Annual General Meeting held on August 4, 2010, had approved an Employee Stock Option Scheme 2010 (ESOS 2010) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted the 390,000 options on August 4, 2010 at an exercise price of Rs. 45.05/- per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Options outstanding, beginning of year	**-**	-
Options granted during the year	**390,000**	-
Options exercised during the year	**-**	-
Options lapsed during the year	**16,000**	-
Options outstanding, end of year	**374,000**	-
Options outstanding at the year end comprise:		
- Options eligible for exercise at year end	**-**	-
- Options not eligible for exercise at year end	**374,000**	-
Weighted average remaining contract life of options	**4 years 4 months**	-
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Pro-forma Disclosures for ESOS 2006 and ESOS 2010

For options granted during the current year, the weighted average fair value of options granted on the date of grant is Rs. 24.95/-. In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2006 and ESOS 2010 been recognized based on the fair value at the date of grant in accordance with binomial method, the amounts of the Company's net profit and earnings per share would have been as follows:

PARTICULARS	Profit / (Loss) after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2011			
- Amounts as reported	(39,451)	(2.59)	(2.59)
- Amounts as per pro-forma	(44,226)	(2.90)	(2.90)
Year ended March 31, 2010			
- Amounts as reported	(68,139)	(4.47)	(4.47)
- Amounts as per pro-forma	(68,139)	(4.47)	(4.47)

The fair value of options was estimated at the date of grant using the binomial method with the following assumptions:

PARTICULARS	ESOS 2006	ESOS 2010
Risk-free interest rate	7.5%	7.25%
Expected life	1.5 years / 2.5 years	5 years
Expected volatility	50.9% / 52.9%	56%
Expected dividend yield	1.47%	-
Share price on the date of grant	Rs. 340.90/-	Rs. 45.05/-
Expected forfeiture	10%	30%

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

18.5 Secured loans

1. The Company has an overdraft facility with a bank, which is secured by a pari passu charge on the entire receivables and fixed assets of the Company.
2. Hire purchase loans are secured by hypothecation of the respective assets acquired.

18.6 There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current and previous year.

18.7 On account of the nature of the business of the Company, supplementary information for the profit and loss account as required to be disclosed under clause 3 (i) to (iii) except 3 (ii) (c) and clause 4 C of Part II to Schedule VI of the Act are not applicable and hence no disclosures have been made in this regard.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

18.8 Details of current investments

Current investments in mutual funds at the year end comprise:

Name of Mutual fund	March 31, 2011	
	No of units	Amount
HDFC CMF - Treasury Advantage Plan	478,835	**10,095**
Religare Credit Opportunities Fund	919,261	**10,000**
HDFC Cash Management Fund	490,432	**10,000**
SBI SHF Ultra Short Term Fund	1,243,336	**15,609**
ICICI Prudential Blended Plan	998,881	**10,167**
Templeton India Ultra Short Bond Fund	836,797	**10,393**
Reliance Monthly Interval Fund	788,065	**10,482**
HDFC Quarterly Interval Fund	985,001	**10,189**
Fidelity Ultra Short Term Debt Fund	855,469	**10,284**
Kotak Quarterly Interval Plan Series 10	1,000,000	**10,000**
UTI Fixed Income Interval Fund	782,252	**10,070**
Religare FMP	1,019,000	**10,190**
Kotak Quarterly Interval Plan Series 7	999,957	**10,000**
ICICI Prudential Liquid Super Institutional Plan	69,192	**10,000**
ICICI Prudential Blended Plan B	950,306	**9,982**
SBI Premier Liquid Fund	642,938	**10,000**
Reliance Liquid Fund	420,886	**10,000**
Sundaram Ultra Short Term Fund	766,912	**10,000**
Total		**187,461**

Name of Mutual fund	March 31, 2010	
	No of units	Amount
UTI Treasury Advantage Fund	24,847	30,721
Kotak Floater Long Term	3,481,220	50,854
Religare Credit Opportunities Fund	1,950,436	20,002
HDFC Cash Management Fund	1,039,236	20,000
Baroda Pioneer PSU Bond Fund	982,946	10,000
HSBC Floating Rate Liquid Fund	140,308	1,576
Total		133,153

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

The following investments were purchased and sold during the year:

Name of Mutual fund	Purchased		Sold	
	No. of units	Amount	No. of units	Amount
UTI Treasury Advantage Fund	55,852	**70,601**	55,852	**71,128**
Kotak Floater Long Term	6,454,638	**96,738**	6,454,638	**97,552**
HDFC CMF - Treasury Advantage Plan	1,698,478	**35,077**	1,698,478	**35,198**
Religare Liquid Fund	1,541,533	**20,000**	1,541,533	**20,013**
Kotak Liquid Institutional Premium	2,727,858	**51,510**	2,727,858	**51,518**
UTI Liquid Cash Plan Institutional	26,841	**41,108**	26,841	**41,115**
HDFC Cash Management Fund	2,559,375	**50,000**	2,559,375	**50,017**
Baroda Pioneer PSU Bond Fund	967,558	**10,000**	967,558	**10,049**
IDFC Money Manager Fund	2,773,681	**40,000**	2,773,681	**40,445**
Baroda Pioneer Treasury Advantage Fund	4,875,736	**62,701**	4,875,736	**63,540**
Reliance Short Term Fund-Retail Plan	569,450	**10,000**	569,450	**10,031**
Birla Sun Life Cash Plus	1,196,821	**30,300**	1,196,821	**30,318**
Birla Sun Life Savings Fund	1,322,505	**23,375**	1,322,505	**23,649**
Reliance Money Manager Fund	7,923	**10,031**	7,923	**10,036**
Reliance Quarterly Interval Fund	802,512	**10,036**	802,512	**10,593**
Religare Active Income Fund	1,977,374	**20,000**	1,977,374	**20,551**
SBI Magnum Insta Cash Fund	1,201,433	**25,000**	1,201,433	**25,004**
SBI SHF Ultra Short Term Fund	4,093,063	**50,238**	4,093,063	**50,796**
ICICI Prudential Flexible Income Plan	172,585	**30,132**	172,585	**30,274**
Birla Sun Life Ultra Short Term Fund	593,056	**10,000**	593,056	**10,069**
Templeton India Ultra Short Bond Fund	2,474,700	**30,025**	2,474,700	**30,415**
Kotak Floater Flexi Debt Scheme	8,113,821	**94,076**	8,113,821	**94,699**
HDFC Liquid Fund	538,317	**10,000**	538,317	**10,001**
HDFC Floating Rate Income Fund	1,249,672	**20,064**	1,249,672	**20,240**
Fidelity Cash Fund	4,218,066	**55,000**	4,218,066	**55,052**
Fidelity FMP Series 3	1,000,315	**10,003**	1,000,315	**10,181**
Reliance Medium Term Fund	514,091	**10,001**	514,091	**10,071**
Reliance Liquid Fund	654,133	**10,001**	654,133	**10,001**
Birla Sun Life Savings Fund	307,048	**3,073**	307,048	**3,073**
SBI SHF Ultra Short Term Fund	4,077,169	**40,843**	4,077,169	**40,843**
Kotak Flexi Debt Scheme	6,447,892	**64,868**	6,447,892	**64,868**
UTI Treasury Advantage Fund	19,479	**19,486**	19,479	**19,486**
ICICI Prudential Flexible Income Plan	95,806	**10,132**	95,806	**10,132**
HDFC Floating Rate Income Fund	998,113	**10,063**	998,113	**10,063**
Templeton India Ultra Short Bond Fund	2,039,393	**20,418**	2,039,393	**20,418**
Baroda Pioneer Treasury Advantage Fund	3,145,062	**31,484**	3,145,062	**31,484**
Reliance Medium Term Fund	589,094	**10,074**	589,094	**10,074**
Religare Fixed Maturity Plan	1,000,000	**10,000**	1,000,000	**10,190**
Fidelity Ultra Short Term Debt Fund	855,723	**10,181**	855,723	**10,270**
HDFC FMP35D November 2010 (1)	1,000,000	**10,000**	1,000,000	**10,075**
IDFC- Cash Fund	584,618	**10,000**	584,618	**10,005**
IDFC- Ultra Short Term Fund	1,520,232	**20,005**	1,520,232	**20,262**
Taurus Ultra Short Term Bond Fund	5,080	**5,089**	5,080	**5,089**
ICICI Prudential Blended Plan B	962,066	**10,000**	962,066	**9,982**
HDFC Cash Management Fund	1,006,183	**10,095**	1,006,183	**10,095**
Fidelity Ultra Short Term Debt Fund	1,027,129	**10,284**	1,027,129	**10,284**
IDFC- Money Manager Fund	1,950,712	**30,262**	1,950,712	**30,333**
Total		**1,272,374**		**1,279,582**

Investments purchased, as shown above, includes the number of units and amounts credited towards re-investment of dividends received.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

18.9 Segment reporting

The Company's operations predominantly relate to IT enabled services and accordingly this is the only primary reportable segment. The Company has considered geographical segment as the secondary segment, based on the location of the customers invoiced.

Information about secondary segments	March 31, 2011	March 31, 2010
Revenue from services		
United States of America	**612,984**	640,386
India	**739,020**	572,368
Others	**63,441**	8,049
Total	**1,415,445**	1,220,803

Fixed assets used in the Company's business have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to assets and capital expenditure since a meaningful segregation of the available data is onerous.

18.10 Related party transactions

1. **Names of related parties**

Relationship	Name of the party
Subsidiaries	Allsectech Inc., USA Allsectech Manila Inc., Philippines Retreat Capital Management Inc., USA (wef. January 31, 2011)
Key management personnel	Whole time directors: A. Saravanan R. Jagadish

2. **Transactions with related parties:**

PARTICULARS	Subsidiaries		Key Management Personnel	
	March 31, 2011	March 31, 2010	**March 31, 2011**	March 31, 2010
Selling commission – expenses – Allsectech Inc.	**18,131**	19,718	-	-
Service income -billed to – Allsectech Inc.	**299,828**	232,823	-	-
Advances made / (collected) – Allsectech Manila Inc.	**15,511**	20,635	-	-
Investment / (Reduction) in subsidiary – Retreat Capital Management Inc.	**99,393**	-	-	-
Remuneration - Wholetime Directors – Salaries	**-**	-	**25,344**	25,344

The Company has extended guarantees aggregating to Rs.22,107 (USD 495,000) (previous year – Rs.14,589 (USD 325,000)) on behalf of its subsidiary Allsectech Inc., USA.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

3. **Balances with related parties:**

PARTICULARS	Subsidiaries		Key Management Personnel	
	March 31, 2011	March 31, 2010	**March 31, 2011**	March 31, 2010
Trade Receivable				
– Allsectech Inc.	**51,397**	63,473	-	-
Commission Payable				
– Allsectech Inc.	**5,349**	9,530	-	-
Loans and Advances				
– Allsectech Manila Inc.	**98,467**	82,956	-	-
Investment in subsidiary				
– Allsectech Inc.	**36,473**	36,473	-	-
– Allsectech Manila Inc.	**101,964**	101,964	-	-
– Retreat Capital Management Inc.	**99,393**	-	-	-
Maximum amounts outstanding during the year				
Loans and Advances				
– Allsectech Manila Inc.	**98,467**	82,956		

18.11 Lease commitments

Finance leases

Vehicles include cars obtained on finance lease. The lease terms range between 3 and 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

PARTICULARS	**As at March 31, 2011**	As at March 31, 2010
Total as at year end		
Minimum lease payments	**6,890**	10,363
Less: Finance charges	**875**	2,001
Present value	**6,015**	8,362
Not later than one year		
Minimum lease payments	**2,813**	2,858
Less: Finance charges	**498**	785
Present value	**2,315**	2,073
Later than one year but not later than five years		
Minimum lease payments	**4,077**	7,505
Less: Finance charges	**377**	1,216
Present value	**3,700**	6,289
Later than five years		
Minimum lease payments	**Nil**	Nil
Less: finance charges	**Nil**	Nil
Present value	**Nil**	Nil

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Operating leases

Office premises in India are obtained under operating lease. Lease rentals incurred during the year of Rs. 113,220 (previous year Rs. 99,292) have been charged as an expense in the profit and loss account. The lease terms vary between 3 and 9 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Upto 1 year	109,129	110,540
1 to 5 years	286,727	362,059
Beyond 5 years	46,525	70,343
Total	442,381	542,942

18.12 Gratuity benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rupees one million. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity.

Profit and Loss account

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Current service cost	3,406	9,387
Interest cost on benefit obligation	1,299	1,400
Expected return on plan assets	(290)	(325)
Net actuarial (gain) / loss recognized in the year	951	(7,534)
Past service cost	-	1,425
Net employee benefit expense	5,366	4,353

Balance sheet

Details of provision for gratuity

PARTICULARS	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	(20,859)	(19,985)	(16,974)	(10,801)
Fair value of plan assets	1,165	3,623	3,964	5,645
Plan asset / (liability)	(19,694)	(16,362)	(13,010)	(5,156)

Experience adjustment on plan assets was gain of Rs. 281 (previous year gain of Rs. 141) and experience adjustment on plan liabilities was loss of Rs. 5,176 (previous year gain of Rs. 4,589).

Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Opening defined benefit obligation	19,985	16,974
Interest cost	1,299	1,400
Current service cost	3,406	9,387
Past service cost	-	1,425
Benefits paid	(5,063)	(1,808)
Actuarial (gains) / losses on obligation	1,232	(7,393)
Closing defined benefit obligation	20,859	19,985

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Changes in the fair value of plan assets are as follows:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Opening fair value of plan assets	3,623	3,964
Expected return	290	325
Contributions by employer	2,034	1,001
Benefits paid	(5,063)	(1,808)
Actuarial gains / (losses)	281	141
Closing fair value of plan assets	1,165	3,623
Actual return on plan assets	571	467

Assumptions

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Discount rate	8.00%	6.75%
Expected return on plan assets	8.00%	8.00%

The fund is administered by Life Insurance Corporation of India. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company does not currently have any estimates of the contribution to be paid to the plan during the next year. Accordingly, the same has not been disclosed.

18.13 Payment to directors

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Salaries	25,344	25,344

The managerial remuneration for the current year is higher than the maximum remuneration payable as per the provisions of Section 198 read with Schedule XIII of the Companies Act, 1956. The Company has obtained approval from Central Government for such payment of remuneration.

18.14 Auditors' remuneration

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
As auditor:		
Statutory audit (including limited reviews)#	1,900	1,900
Other services#	125	175
Out of pocket expenses	72	60
As adviser or in any other capacity in respect of:		
Taxation matters	-	-
Company law matters	-	-
Management services	-	-

Amounts exclude service tax and cess.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

18.15 Contingencies and commitments

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Commitments		
Capital contracts yet to be executed	**43,221**	7,281
Contingent liabilities		
Claims against the Company not acknowledged as debts *	**10,887**	10,887

* Represents demand received from the Tamil Nadu Electricity Board in January 2008 relating to reclassification disputes on the tariff category applicable to the Company in two of its delivery centers with retrospective effect from 2005. The Company has obtained an interim stay order from the Hon'ble High Court of Madras against this claim. The Company considers the claim to be erroneous and as not payable under the specified tariff category applicable to ITES units.

18.16 Expenditure in foreign currency (on accrual basis)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Connectivity cost	**48,843**	46,305
Selling commission	**18,131**	19,718
Foreign travel	**1,609**	1,214
Maintenance charges	**8,769**	10,023
Legal and professional charges	**1,417**	4,236
Others	-	162

18.17 CIF value of imports

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Capital goods	**9,874**	10,885

18.18 Earnings in foreign exchange (on accrual basis)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Service income	**684,811**	661,001
Interest income	**-**	39,926
Miscellaneous income	**-**	25,956

18.19 Foreign currency exposures

The Company had used derivative financial instruments in the form of forward exchange contracts to hedge its risks associated with foreign currency fluctuations during the year. Accounting policy for forward exchange contracts is given in note 18.2 (n) above.

The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

PARTICULARS	Foreign Currency	March 31, 2011		March 31, 2010	
		Amount in Foreign Currency (in 000s)	Amount in Indian Rupees	Amount in Foreign Currency (in 000s)	Amount in Indian Rupees
Receivables	USD	5,157	231,943	7,423	333,776
Payables	USD	338	15,079	428	19,229
Bank balances	USD	414	18,456	80	3,609
	GBP	3	218	3	209
Investments	USD	5,524	237,830	3,384	138,437

18.20 The Company has not recognised net deferred tax assets arising primarily on account of carried forward tax losses and unabsorbed depreciation, as subsequent realisation of such amounts is not virtually certain.

18.21 Previous year comparatives

Previous year figures have been reclassified / regrouped wherever necessary to conform to current year's classification.

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.	41033	State Code	18
Balance Sheet Date	31 03 2011		

II Capital Raised During the period (Amount in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1361624	Total Assets	1361624
Source of Funds			
Paid up Capital	152383	Reserves & Surplus	1175604
Secured Loan	33637	Unsecured Loan	-
Application of Funds			
Net Fixed Assets	358817	Investments	425291
Net Current Assets	577516	Deferred Tax Assets/ (Liabilities)	-
Accumulated Losses		Miscellaneous Expenditure	-

IV Performance of the Company (Amount in Rs. Thousands)

Turnover (Sales and Other Income)	1451211	Total Expenditure	1490662
Profit/(Loss) before Tax	(-)39451	Profit/(Loss) After Tax	(-)39451
Earning per share-basic Rs.	(-)2.59	Dividend Rate %	-
Earning per share-Diluted Rs.	(-)2.59		

V. Generic names of principal products/services of the Company (As per monetary Terms)

Item Code No. (ITC Code)	892.3 - Data Processing Services
Product Description	Call Centre Management

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place: Chennai
Date : May 16, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Rs. in Thousands)

1.	Name of the Subsidiary Company	Allsectech Inc.,	Allsectech Manila Inc.,	Retreat Capital Management Inc., US
2.	Financial Year of the Subsidiary ended on	March 31, 2011	March 31, 2011	March 31, 2011
3.	Extent of interest in Subsidiary Company	100%	100%	66%
4.	Net aggregate amount of the Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of the Company			
	a) Dealt with in the Company's Accounts			
	I) For the Financial Year of the Subsidiary.	Nil	Nil	Nil
	II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	Nil	Nil	Nil
	b) Not Dealt with in the Company's Accounts			
	I) For the Financial Year of the Subsidiary.	4,807	(35,935)	240
	II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	(37,414)	(77,640)	-
5.	Change in the interest of the Company between the end of the financial year of the Subsidiary Companies and the Company's Financial Year ended 31st March 2011	N.A.	N.A.	N.A.
6.	Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial year ended 31st March 2011 a. Fixed Assets b. Investments c. Money lent d. Money borrowed other than those for meeting Current Liabilities	N.A.	N.A.	N.A.

Information of Subsidiary Companies for the year ended March 31, 2011 disclosed under Section 212(8) of the Companies Act, 1956 as per the General Circular #2/2011 dated 2nd February,2011 issued by the Central Government

Sl. No.	Particulars	Allsectech Inc.,		Allsectech Manila Inc		Retreat Capital Management Inc	
	Currency	**USD**	**Rs.**	**Php**	**Rs.**	**USD**	**Rs.**
	Period	**01-APR-2010 to 31-MAR-2011**		**01-APR-2010 to 31-MAR-2011**		**31-JAN-2011 to 31-MAR-2011**	
(a)	**Capital**	810,000	36,117,900	81,250,000	84,662,500	116,555	5,197,174
(b)	**Reserves**	(722,686)	(32,224,558)	(118,190,595)	(123,154,600)	29,255	1,304,460
(c)	**Total Assets**	1,370,178	61,096,231	69,026,726	71,925,848	532,701	23,753,159
(d)	**Total Liabilities**	1,282,864	57,202,888	105,967,321	110,417,948	367,767	16,398,750
(e)	**Investment (Except in case of investment in Subsidiaries)**	-	-	-	-	-	-
(f)	**Turnover**	8,448,624	376,724,144	112,508,401	117,233,754	194,046	8,652,531
(g)	**Profit/(Loss) Before Taxation**	107,876	4,810,187	35,188,896	36,666,830	15,820	705,399
(h)	**Provision for Taxation**	(2,280)	(101,665)	-	-	(6,283)	(280,159)
(i)	**Profit After Taxation**	105,596	4,708,522	35,188,896	36,666,830	9,537	425,240
(j)	**Proposed Dividend**	-	-	-	-	-	-

Exchange Rate (INR) for USD 44.59 and Php 1.042

For and on behalf of the Board of Directors

Place: Chennai
Date : May 16, 2011

A Saravanan Director

R Jagadish Director

A Mohan Kumar Company Secretary

Consolidated Financial Statements for the year ended March 31, 2011

To

The Board of Directors

Allsec Technologies Limited

1. We have audited the attached consolidated balance sheet of Allsec Technologies Limited, and its subsidiaries, Allsectech Inc., USA, Allsectech Manila Inc., Philippines and Retreat Capital Management Inc., USA (together referred to as 'the Group' as described in Note 18.1 to the consolidated financial statements) as at March 31, 2011 and also the related consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 156.4 million as at March 31, 2011, total revenues of Rs. 508.7 million and net cash flows amounting to Rs. 0.6 million for the year then ended. The financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21 - 'Consolidated financial statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

    i) in the case of the consolidated balance sheet, of the state of affairs of the Group, as at March 31, 2011;

    ii) in the case of the consolidated profit and loss account, of the consolidated loss of the Group, for the year ended on that date; and

    iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group, for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES
Firm registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 16, 2011

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**152,383**	152,383
Stock options outstanding	2	**10,076**	10,818
Reserves and surplus	3	**1,002,946**	1,079,227
		1,165,405	1,242,428
Minority Interest		**2,211**	-
Loan Funds			
Secured loans	4	**33,637**	25,604
		1,201,253	1,268,032
APPLICATION OF FUNDS			
Fixed assets	5A		
Gross block		**982,762**	930,047
Less : Accumulated depreciation		**656,787**	556,588
Net block		**325,975**	373,459
Add: Capital work-in-progress [including capital advances]		**29,526**	900
		355,501	374,359
Intangible assets	5B		
Gross block		**272,314**	148,266
Less : Accumulated amortisation		**109,558**	85,779
Net block		**162,756**	62,487
Investments	6	**187,506**	133,153
Current assets, loans and advances			
Sundry debtors	7	**338,221**	407,086
Cash and bank balances	8	**155,314**	267,227
Other current assets	9	**10,946**	13,895
Loans and advances	10	**250,715**	202,501
		755,196	890,709
Less: Current liabilities and provisions			
Current liabilities	11	**221,543**	158,215
Provisions	12	**38,163**	34,461
		259,706	192,676
Net current assets		**495,490**	698,033
		1,201,253	1,268,032
Notes to Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan	**R Jagadish**	**A Mohan Kumar**
Director	Director	Company Secretary

PARTICULARS	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
Income			
Income from services		**1,585,179**	1,347,495
Other income	**13**	**41,274**	107,161
		1,626,453	1,454,656
Expenditure			
Connectivity costs		**103,681**	84,336
Employee costs and benefits	**14**	**1,064,680**	967,976
General and administration expenses	**15**	**385,563**	360,949
Selling expenses	**16**	**3,428**	3,770
Finance charges	**17**	**5,018**	3,964
Depreciation and amortisation	**5A &5B**	**137,619**	133,580
		1,699,989	1,554,575
Profit / (Loss) before tax and minority interest		**(73,536)**	(99,919)
Provision for taxation			
- Current tax		**2,097**	1,128
- Deferred tax (Also refer note 18.12)		**-**	-
Profit / (Loss) after tax and before minority interest		**(75,633)**	(101,047)
Share of minority interest in profit		**(147)**	-
Profit / (Loss) after tax and minority interest		**(75,780)**	(101,047)
Balance brought forward from previous year		**(279,924)**	(178,877)
Profit / (loss) carried to Balance Sheet		**(355,704)**	(279,924)
Earnings per Share			
Net profit / (loss) available to equity shareholders		**(75,780)**	(101,047)
Weighted average number of equity shares used in computing basic and diluted earnings per share		**15,238,326**	15,238,326
Basic and diluted earnings per share (equity shares, par value Rs 10/-each) (Rs.)		**(4.97)**	(6.63)
Notes to Accounts	**18**		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Consolidated Cash Flow Statement

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
A. Cash flow from operating activities:		
Net profit / (loss) before tax and minority interest	**(73,536)**	(99,919)
Adjustments for:		
Depreciation and amortisation	**137,619**	133,580
Interest expense	**925**	1,052
Interest income	**(14,556)**	(62,241)
Dividend income	**(640)**	(5,942)
(Profit) / Loss on sale of assets	**534**	3,240
Provision for doubtful debts / (write back)	**1,674**	(14,827)
Profit on sale of current investments	**(9,589)**	(1,725)
Liabilities no longer required written back	**(1,952)**	(11,193)
Unrealised foreign exchange (gain) /loss, net	**5,776**	39,126
Operating profit / (loss) before working capital changes	**46,255**	(18,849)
Adjustments for changes in working capital:		
- (Increase) in sundry debtors	**36,371**	(122,571)
- (Increase) in loans and advances and other current assets	**(101,561)**	(90,111)
- Increase / (Decrease) in current liabilities and provisions	**137,732**	201,675
Cash generated from / (used in) operations	**118,797**	(29,856)
- Taxes (paid), net	**(55,580)**	(40,266)
Net cash from / (used in) operating activities	**63,217**	(70,122)
B. Cash flow from investing activities:		
Capital expenditure (Refer note 1)	**(83,097)**	(187,244)
Proceeds from sale of fixed assets	**2,890**	783
Purchase of investments -mutual funds	**(1,448,597)**	(440,141)
Proceeds from sale of investments -mutual funds	**1,403,878**	624,085
Consideration paid for purchase of business of Retreat Capital Management Inc., USA	**(99,393)**	-
Interest received	**20,126**	27,094
Dividend received	**640**	5,942
Net cash from / (used in) investing activities	**(203,553)**	30,519

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
C. Cash flow from financing activities:		
Proceeds from long term borrowings	**3,467**	4,786
Proceeds from short term borrowings	**10,380**	17,242
Repayment of long term borrowings	**(5,813)**	(2,341)
Interest paid	**(925)**	(1,052)
Net cash from / (used in) financing activities	**7,109**	18,635
Net increase in cash and cash equivalents	**(133,227)**	(20,968)
Opening cash and cash equivalents	**267,322**	288,290
Cash and cash equivalents taken over on acquisition of controlling interest in a subsidiary	**20,755**	-
Closing cash and cash equivalents*	**154,850**	267,322
*Includes restricted cash balances	**66**	66
Reconciliation of cash and cash equivalents with cash and bank balance as per Schedule 8:		

	As at March 31, 2011	As at March 31, 2010
Cash and bank balances, per Schedule 8	**155,314**	267,227
Loss / (Gain) on restatement of balances in foreign currency accounts.	**(464)**	95
Cash and cash equivalents as per cash flow statement	**154,850**	267,322

Notes:

1. Increase in capital expenditure include payments for items in capital work in progress and advances for purchase of fixed assets. Adjustments for increase / decrease in current liabilities related to acquisition of fixed assets to the extent identified have been made.
2. The accompanying notes are an integral part of this statement.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan Director

R Jagadish Director

A Mohan Kumar Company Secretary

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	As at March 31, 2011	As at March 31, 2010
1. Share capital		
Authorised		
20,000,000 [Previous year - 20,000,000] Equity shares of Rs. 10/-each	**200,000**	200,000
1,350,000 [Previous year - 1,350,000] Convertible Preference Shares of Rs. 100/-each	**135,000**	135,000
Issued, subscribed and paid-up		
15,238,326 [Previous year -15,238,326] Equity Shares of Rs. 10/- each fully paid up	**152,383**	152,383
	152,383	152,383
Refer Note 18.4 for stock options outstanding details		
2 Stock options outstanding		
Balance, beginning of year	**10,818**	12,406
Less: Deletions / adjusted during the year	**742**	1,588
Balance, end of year	**10,076**	10,818
	10,076	10,818
3 Reserves and surplus		
Capital Reserve	**25,074**	25,074
Securities Premium	**1,201,881**	1,201,881
General Reserve		
Balance, beginning of year	**130,504**	128,916
Add: Transferred from employee stock options outstanding	**742**	1,588
Balance, end of year	**131,246**	130,504
Profit and Loss Account	**(355,704)**	(279,924)
Foreign currency translation reserve (Refer note 18.2(o))		
Balance, beginning of year	**1,692**	5,784
Add: Exchange difference during the year on net investment in non-integral operations	**(1,243)**	(4,092)
	449	1,692
	1,002,946	1,079,227

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

	PARTICULARS	As at March 31, 2011	As at March 31, 2010
4	**Secured loans**		
	Bank overdraft (Refer note 18.5.1)	**27,622**	17,242
	Others Hire purchase loans from banks (Refer note 18.5.2)	**6,015**	8,362
		33,637	25,604
	Schedule 5 on Fixed Assets is set out on the following page.		
6	**Investments**		
	Long term (at cost) - Unquoted, Non-trade		
	Retreat Capital Management Group	**45**	-
	Current investments (at lower of cost or market value)*		
	Mutual Fund Units		
	Quoted, fully paid up at cost	**187,461**	133,153
		187,506	133,153
	#Also refer note 18.6 for details of investments in mutual funds.		
7	**Sundry debtors** (unsecured)		
	Debts outstanding for a period exceeding six months		
	- Considered good	**25,226**	113,563
	- Considered doubtful	**5,038**	3,364
	Other debts, considered good	**312,995**	293,523
		343,259	410,450
	Less: Provision for doubtful debts	**(5,038)**	(3,364)
		338,221	407,086
8	**Cash and bank balances**		
	Cash on hand	**71**	248
	Balance with scheduled banks		
	- in current accounts *	**42,446**	22,438
	- in deposit accounts *	**78,597**	231,725
	- in unpaid dividend accounts	**66**	66
	Balance with other banks		
	-in current accounts	**34,134**	12,750
		155,314	267,227

* Investments in mutual funds and balances in current and deposit accounts with scheduled banks include Rs. 106,700 (previous year Rs. 275,497) of unutilised proceeds received from preferential issue made in the financial year 2006-2007.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

5A - Fixed Assets

Description of assets	Gross Block					Depreciation					Net Block	
	As at April 1, 2010	Assets transferred on Acquisition #	Additions for the year	Deletions for the year	As at March 31, 2011	As at April 1, 2010	Assets transferred on Acquisition #	For the year	Deletions for the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets												
Plant and machinery												
- Computers and servers	225,919	**1,828**	**43,021**	**15,979**	**254,789**	136,124	**198**	**37,784**	**15,354**	**158,752**	**96,037**	89,795
- Call centre equipment	338,211	**-**	**19,497**	**-**	**357,708**	237,554	**-**	**34,424**	**-**	**271,978**	**85,730**	100,657
- Office equipment	71,263	**-**	**1,606**	**435**	**72,434**	19,235	**-**	**3,370**	**96**	**22,509**	**49,925**	52,028
Furniture and fixtures	79,803	**998**	**1,365**	**-**	**82,166**	38,533	**108**	**6,481**	**-**	**45,122**	**37,044**	41,270
Leasehold improvements	196,825	**-**	**3,154**	**-**	**199,979**	121,126	**-**	**33,147**	**-**	**154,273**	**45,706**	75,699
Vehicles*	18,026	**-**	**1,699**	**4,039**	**15,686**	4,016	**-**	**1,717**	**1,580**	**4,153**	**11,533**	14,010
Total	**930,047**	**2,826**	**70,342**	**20,453**	**982,762**	556,588	**306**	**116,923**	**17,030**	**656,787**	**325,975**	**373,459**
Previous year	787,217	-	155,349	12,519	930,047	454,749	-	109,878	8,039	556,588	373,459	
Capital Work-in-Progress											29,526	

* Vehicles include assets acquired under finance lease - Gross block - Rs. 10,331 (previous year Rs. 11,157); Depreciation - Rs. 929 (previous year Rs. 877), accumulated depreciation - Rs. 2,308 (previous year Rs. 1,571) Net block - Rs. 8,023 (previous year Rs. 9,586).

Additions and depreciation charge for the year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs. (5,364) and Rs. (3,083) respectively.

Additions and depreciation charge for the previous year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs. (9,824) and Rs. (2,915) respectively.

5B - Intangible Assets

Description of assets	Gross Block					Amortisation					Net Block	
	As at April 1, 2010	Intangible Assets arising on Acquisition	Additions for the year	Deletions for the year	As at March 31, 2011	As at April 1, 2010	Assets transferred on Acquisition	For the year	Deletions for the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Software	95,502	**-**	**28,787**	**-**	**124,289**	65,966	**-**	**13,225**	**-**	**79,191**	**45,098**	29,536
Goodwill on consolidation	27,413	**95,261**	**-**	**-**	**122,674**	11,651	**-**	**5,484**	**-**	**17,135**	**105,539**	15,762
Goodwill on acquisition	25,351	**-**	**-**	**-**	**25,351**	8,162	**-**	**5,070**	**-**	**13,232**	**12,119**	17,189
Total	**148,266**	**95,261**	**28,787**	**-**	**272,314**	**85,779**	**-**	**23,779**	**-**	**109,558**	**162,756**	**62,487**
Previous Year	114,550	-	33,716	-	148,266	64,992	-	20,787	-	85,779	62,487	

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

	PARTICULARS	As at March 31, 2011	As at March 31, 2010
9	**Other current assets**		
	Unbilled revenues	**9,243**	6,620
	Interest accrued but not due	**1,703**	7,275
		10,946	13,895
10	**Loans and advances** *(unsecured, considered good)*		
	Advances recoverable in cash or in kind or for value to be received	**8,192**	1,824
	Balance with Excise authorities	**-**	3,539
	Prepaid expenses	**15,721**	11,787
	Deposits - others	**86,647**	100,658
	Foreign currency receivable	**2,576**	-
	Advance income tax and tax deducted at source, net	**137,579**	84,693
		250,715	202,501
11	**Current liabilities**		
	Sundry creditors		
	- Dues to micro and small enterprises	**-**	-
	- Others	**177,394**	125,194
	Other liabilities	**44,083**	32,955
	Unpaid dividend	**66**	66
		221,543	158,215
12	**Provisions**		
	Employee bonus	**7,814**	6,017
	Leave encashment	**10,655**	12,082
	Gratuity	**19,694**	16,362
		38,163	34,461
		Year ended March 31, 2011	Year ended March 31, 2010
13	**Other income**		
	Interest		
	- Bank deposits	**14,556**	22,317
	- Others	**-**	39,926
	Dividend income from mutual funds	**640**	5,942
	Profit on sale of investments	**9,589**	1,725
	Liabilities no longer required written back	**1,952**	11,193
	Foreign exchange gain, net	**13,930**	-
	Miscellaneous income	**607**	26,058
		41,274	107,161

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
14 Employee costs and benefits		
Salaries, wages and allowances	**893,266**	834,009
Contributions to provident and other funds	**67,890**	54,839
Gratuity	**5,366**	4,353
Staff welfare	**70,347**	60,039
Recruitment and training	**27,811**	14,736
	1,064,680	967,976
15 General and administration expenses		
Electricity	**76,596**	64,954
Rent and amenities	**138,801**	119,211
Rates and taxes	**2,935**	4,175
Repairs and maintenance		
- Plant and machinery	**35,629**	32,056
- Others	**44,133**	38,298
Insurance	**4,239**	3,159
Professional and consultancy charges	**36,066**	30,627
Travel and conveyance	**23,535**	19,185
Telephone	**4,439**	4,087
Provision for doubtful debts	**1,674**	(14,827)
Bad debts written off	**1,110**	-
Loss on sale of fixed assets, net	**534**	3,240
Foreign exchange loss, net	**-**	37,410
Miscellaneous expenses	**15,872**	19,374
	385,563	360,949
16 Selling expenses		
Selling expenses	**3,428**	3,770
	3,428	3,770
17 Finance charges		
Interest		
- others	**925**	1,052
Bank charges	**4,093**	2,912
	5,018	3,964

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

18 Notes to accounts

18.1 Background

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on August 24, 1998 as a limited company under the Companies Act, 1956 and is listed on the National Stock Exchange of India ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Company is engaged in the business of providing IT enabled services for customers located in India and outside India. The services provided by the Company include data verification, processing of orders received through telephone calls, telemarketing, monitoring quality of calls of other call centers, customer services and HR and payroll processing. The Company has delivery centers at Chennai, Bengaluru, Mumbai, Delhi, Trichy, Hyderabad, Pune and Kolkata.

The Company has three subsidiaries as at the year end. These are:

- Allsectech Inc., USA ('Allsectech') – A wholly owned subsidiary of the Company incorporated on September 14, 2000 in the state of Delaware, USA. This subsidiary is engaged primarily in the business of providing marketing support services to the Company.
- Allsectech Manila Inc ('ATM') (formerly Kingdom Builders Inc, Philippines) – A wholly owned subsidiary of the Company engaged in the business of IT enabled services including web development, web design, search engine optimization, strategic teleservices, customer care and quality management. The Company had acquired controlling interest in this Company on February 14, 2008.
- Retreat Capital Management Inc., USA ('Retreat') – During the year, the Company had entered into a Share Purchase Agreement ('SPA') dated January 31, 2011 with the shareholders of Retreat Capital Management Inc., USA, ("Retreat"). Retreat is engaged in the business of providing loss mitigation, portfolio management and management consulting services for mortgage lenders, servicers, asset managers and investors. Under the terms of the SPA, the Company shall acquire the entire outstanding equity capital of Retreat for a consideration to be determined in accordance with the terms of the SPA. On February 15, 2011, the Company paid a consideration of Rs. 99,393 (USD 2 million) towards 66% of the outstanding equity capital of Retreat, with the balance equity to be acquired in future at a consideration to be determined based on certain specified parameters as determined in accordance with the terms of the SPA. The excess of purchase consideration paid over the net assets of Retreat as at January 31, 2011 (date of acquisition of controlling interest) has been recognised as 'goodwill' in the consolidated financial statements. The goodwill has been determined on the following basis:

PARTICULARS	Amount
A. Purchase consideration	**99,393**
Tangible fixed assets	**2,519**
Net current assets	**3,742**
B. Net assets	**6,261**
Represented by:	
- Equity	**5,356**
- Accumulated losses	**905**
	6,261
C. Net assets for goodwill at 66% of B	**4,132**
Goodwill (A - C)	**95,261**

Allsectech, ATM and Retreat shall hereinafter, be collectively referred to as 'the Subsidiaries'. Allsec, along with the Subsidiaries, shall hereinafter, be collectively referred to as 'the Group'.

18.2 Statement of significant accounting policies:

(a) Principles of consolidation

i) The Consolidated Financial Statements ('CFS') of the Group have been prepared based on a line-by-line consolidation of the balance sheet as at March 31, 2011 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2011.

ii) The financial statements of the Subsidiaries considered for the purpose of consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2011.

iii) The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

iv) All material inter-company transactions and balances between the entities included in the CFS have been eliminated on consolidation.

v) Any excess / shortage of cost to the Company of its investment in the subsidiaries over its proportionate share in the equity of such subsidiaries as at the date of the investment are recognized as goodwill / capital reserve in the CFS.

vi) Minority interests have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company.

(b) Basis of preparation

The consolidated financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act') to reflect the financial position and the results of operations of the Group. The consolidated financial statements have been prepared under the historical cost convention and on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable. Further, the financial statements are presented in the general format specified in Schedule VI to the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act are not required and so they may not reflect all the disclosure requirements of the Act. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

(c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses where applicable. Cost includes purchase price and all direct / indirect costs incurred to bring the asset to its working condition for its intended use.

(e) Depreciation

Depreciation is provided using the straight line method in the manner specified in Schedule XIV to the Act, at the rates prescribed therein or at the rates based on Management's estimate of the useful lives of such assets, whichever is higher, as follows:

Asset Description	Percentage
Plant and machinery	4.75 - 16.21
Furniture and fixtures	6.33
Vehicles	9.50

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period, whichever is less. Assets individually costing Rupees five thousand or less are fully depreciated in the year of purchase.

The assets of Allsectech aggregating to Rs. 22.9 million (2.07% of the total group assets) are depreciated using straight line method over its estimated useful life of three years for computers and accessories and five years for furniture and fixtures.

The assets of ATM aggregating to Rs. 127 million (11.49% of the total group assets) are depreciated using the straight line method over its estimated useful life as follows:

Asset Description	Useful life
Computer and accessories	2 – 3 years
Furniture and fixtures	3 – 5 years
Vehicles	3 – 5 years
Leasehold improvements	5 years

The assets of Retreat aggregating to Rs. 2.7 million (0.25% of the group assets) are depreciated using the straight line method over its estimated useful live of five years for computers, furniture and fixtures.

No adjustments have been recognized for the difference arising on account of differing estimates of useful life for similar group of assets in the consolidated entities, since Management believes that such differing estimates are appropriate having regard to the pattern of usage of such assets in each of the entities.

(f) Intangible assets

Computer software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software, or over the license period of the software, whichever is shorter.

Goodwill

Goodwill on consolidation of ATM and acquisition of i2i are amortized using the straight-line method over a period of five years based on management estimates. Goodwill on acquisitions after April 1, 2010 has been tested for impairment and are not amortised.

(g) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

iv) The carrying amount of goodwill arising on consolidation is reviewed for impairment in accordance with the requirements of Accounting Standard 28 "Impairment of Assets" and impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

(i) Leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged against income.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(j) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on Management estimate of amounts required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current Management estimates.

(k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Income from services

Income from IT enabled services is derived from both time based and unit priced contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contract with the customer.

Unbilled revenue represents accrual of income relating to services provided but not billed as at the year end.

Dividend income

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(l) Retirement benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(m) Taxation

Tax expense comprises current and deferred income taxes. Provision for current income tax and fringe benefit tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(n) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(o) Foreign currency transactions

Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. At the year-end, monetary items are converted into rupee equivalents at the year-end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying monetary assets / liabilities, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the period.

Translations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself. The resulting difference on account of translations is recorded in the profit and loss account.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

(p) Earnings per share ("EPS")

The earnings considered in ascertaining the Group's earnings per share comprise the net profit after tax attributable to equity share holders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(q) Deferred employee stock compensation expenses

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value / fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

18.3 Receivables from Academic Funding Foundation and K2 Financials

As at March 31, 2011, the Group has receivables of Rs. 59.71 million (including interest on overdue balances of Rs. 48.77 million) from Academic Funding Foundation and K2 Financials which are substantially overdue. These customers have, in a communication to the Group, confirmed the dues to the Group along with the interest on such dues. Based on the foregoing, management believes that these balances are fully recoverable.

18.4 Stock option plans

The Group has two stock option plans that provide for the granting of stock options to employees including Directors of the Group (not being promoter Directors and Executive Directors, holding more than 10% of the equity shares of the Company). The option plans are summarized below:

Employee Stock Option Scheme (ESOS), 2006

The shareholders at the Annual General Meeting held on July 10, 2006 have approved an Employee Stock Option Scheme 2006 (ESOS 2006) which provides for an issue of 600,000 options to the employees. Consequently, the compensation committee had granted the 350,000 options on January 25, 2007 at an exercise price of Rs. 289.75 per share.

The Group has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Options outstanding, beginning of year	**211,500**	225,500
Options granted during the year	**-**	-
Options exercised during the year	**-**	-
Options lapsed during the year	**14,500**	14,000
Options outstanding, end of year	**197,000**	211,500
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	**197,000**	211,500
- Options not eligible for exercise at year end	**-**	-
Weighted average remaining contract life of options	**10 months**	1 years and 10 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Employee Stock Option Scheme (ESOS), 2010

The shareholders at the Annual General Meeting held on August 4, 2010, had approved an Employee Stock Option Scheme 2010 (ESOS 2010) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted the 390,000 options on August 4, 2010 at an exercise price of Rs. 45.05/- per share.

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movements in options is given below:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Options outstanding, beginning of year	**-**	-
Options granted during the year	**390,000**	-
Options exercised during the year	**-**	-
Options lapsed during the year	**16,000**	-
Options outstanding, end of year	**374,000**	-
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	**-**	-
- Options not eligible for exercise at year end	**374,000**	-
Weighted average remaining contract life of options	**4 years and 4 months**	-
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Pro-forma Disclosures for ESOS 2006 and ESOS 2010

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2006 and ESOS 2010 been recognized based on the fair value at the date of grant in accordance with binomial method, the amounts of the Company's net profit and earnings per share would have been as follows:

PARTICULARS	Profit / (Loss) after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2011			
- Amounts as reported	**(75,780)**	**(4.97)**	**(4.97)**
- Amounts as per pro-forma	**(80,555)**	**(5.29)**	**(5.29)**
Year ended March 31, 2010			
- Amounts as reported	**(101,047)**	**(6.63)**	**(6.63)**
- Amounts as per pro-forma	**(101,047)**	**(6.63)**	**(6.63)**

The fair value of options was estimated at the date of grant using the binomial method with the following assumptions:

PARTICULARS	ESOS 2006	ESOS 2010
Risk-free interest rate	**7.5%**	**7.25%**
Expected life	**1.5 years / 2.5 years**	**5 years**
Expected volatility	**50.9% / 52.9%**	**56%**
Expected dividend yield	**1.47%**	**-**
Share price on the date of grant	**Rs. 340.90/-**	**Rs. 45.05/-**
Expected forfeiture	**10%**	**30%**

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

18.5 Secured Loans

1. The Group has an overdraft facility with a bank, which is secured by a pari passu charge on the entire receivables and fixed assets of the Company.
2. Hire purchase loans are secured by hypothecation of the respective assets acquired.

18.6 Details of current investments

Current investments in mutual funds at the year end comprise:

Name of Mutual fund	March 31, 2011	
	No of units	Amount
HDFC CMF - Treasury Advantage Plan	478,835	10,095
Religare Credit Opportunities Fund	919,261	10,000
HDFC Cash Management Fund	490,432	10,000
SBI SHF Ultra Short Term Fund	1,243,336	15,609
ICICI Prudential Blended Plan	998,881	10,167
Templeton India Ultra Short Bond Fund	836,797	10,393
Reliance Monthly Interval Fund	788,065	10,482
HDFC Quarterly Interval Fund	985,001	10,189
Fidelity Ultra Short Term Debt Fund	855,469	10,284
Kotak Quarterly Interval Plan Series 10	1,000,000	10,000
UTI Fixed Income Interval Fund	782,252	10,070
Religare FMP	1,019,000	10,190
Kotak Quarterly Interval Plan Series 7	999,957	10,000
ICICI Prudential Liquid Super Institutional Plan	69,192	10,000
ICICI Prudential Blended Plan B	950,306	9,982
SBI Premier Liquid Fund	642,938	10,000
Reliance Liquid Fund	420,886	10,000
Sundaram Ultra Short Term Fund	766,912	10,000
Total		**187,461**

Name of Mutual fund	March 31, 2010	
	No of units	Amount
UTI Treasury Advantage Fund	24,847	30,721
Kotak Floater Long Term	3,481,220	50,854
Religare Credit Opportunities Fund	1,950,436	20,002
HDFC Cash Management Fund	1,039,236	20,000
Baroda Pioneer PSU Bond Fund	982,946	10,000
HSBC Floating Rate Liquid Fund	140,308	1,576
Total		133,153

18.7 Segment reporting

The Group's operations predominantly relate to IT enabled services and accordingly this is the only primary reportable segment. The Group has considered geographical segment as the secondary segment, based on the location of the customers invoiced.

Information about secondary segments	March 31, 2011	March 31, 2010
Revenue from services		
United States of America	**782,718**	765,103
India	**739,020**	572,368
Others	**63,441**	10,024
Total	**1,585,179**	1,347,495

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Fixed assets used in the Group's business have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Group believes that it is currently not practicable to provide segment disclosures relating assets and capital expenditure since a meaningful segregation of the available data is onerous.

18.8 Related party transactions

1. Names of related parties

Relationship	Name of the party
Key management personnel	Whole time directors: A. Saravanan R. Jagadish

2. Transactions with related parties:

PARTICULARS	Key Management Personnel	
	March 31, 2011	March 31, 2010
Directors Remuneration – Salaries	**25,344**	25,344

3. Balances with related parties: Nil

18.9 Lease commitments

Finance leases

Vehicles include cars obtained on finance lease. The lease terms range between 3 and 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

PARTICULARS	**As at March 31, 2011**	As at March 31, 2010
Total as at year end		
Minimum lease payments	**6,890**	10,363
Less: Finance charges	**875**	2,001
Present value	**6,015**	8,362
Not later than one year		
Minimum lease payments	**2,813**	2,858
Less: Finance charges	**498**	785
Present value	**2,315**	2,073
Later than one year but not later than five years		
Minimum lease payments	**4,077**	7,505
Less: Finance charges	**377**	1,216
Present value	**3,700**	6,289
Later than five years		
Minimum lease payments	**Nil**	Nil
Less: finance charges	**Nil**	Nil
Present value	**Nil**	Nil

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Operating leases

Office premises are obtained under operating lease. Lease rentals incurred during the year Rs. 138,197 (previous year Rs. 115,914) have been charged as an expense in the profit and loss account. The lease terms vary between 3 and 9 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Upto 1 year	**130,576**	125,235
1 to 5 years	**299,418**	396,031
Beyond 5 years	**46,525**	70,343
Total	**476,519**	591,609

18.10 Gratuity benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rupees one million. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity.

Profit and Loss account

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Current service cost	**3,406**	9,387
Interest cost on benefit obligation	**1,299**	1,400
Expected return on plan assets	**(290)**	(325)
Net actuarial (gain) / loss recognized in the year	**951**	(7,534)
Past service cost	**-**	1,425
Net employee benefit expense	**5,366**	4,353

Balance sheet

Details of provision for gratuity

PARTICULARS	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	**(20,859)**	(19,985)	(16,974)	(10,801)
Fair value of plan assets	**1,165**	3,623	3,964	5,645
Plan asset / (liability)	**(19,694)**	(16,362)	(13,010)	(5,156)

Experience adjustment on plan assets was gain of Rs. 281 (previous year gain of Rs. 141) and experience adjustment on plan liabilities was loss of Rs. 5,176 (previous year gain of Rs. 4,589).

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Opening defined benefit obligation	**19,985**	16,974
Interest cost	**1,299**	1,400
Current service cost	**3,406**	9,387
Past service cost	**-**	1,425
Benefits paid	**(5,063)**	(1,808)
Actuarial (gains) / losses on obligation	**1,232**	(7,393)
Closing defined benefit obligation	**20,859**	19,985

Changes in the fair value of plan assets are as follows:

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Opening fair value of plan assets	**3,623**	3,964
Expected return	**290**	325
Contributions by employer	**2,034**	1,001
Benefits paid	**(5,063)**	(1,808)
Actuarial gains / (losses)	**281**	141
Closing fair value of plan assets	**1,165**	3,623
Actual return on plan assets	**571**	467

Assumptions

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Discount rate	**8.00%**	6.75%
Expected return on plan assets	**8.00%**	8.00%

The fund is administered by Life Insurance Corporation of India. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Group does not currently have any estimates of the contribution to be paid to the plan during the next year. Accordingly, the same has not been disclosed.

18.11 Contingencies and commitments

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
Commitments		
Capital contracts yet to be executed	**43,221**	7,281
Contingent liabilities		
Claims against the Company not acknowledged as debts *	**10,887**	10,887

* Represents demand received from the Tamil Nadu Electricity Board in January 2008 relating to reclassification disputes on the tariff category applicable to the Group in two of its delivery centers with retrospective effect from 2005. The Group has obtained an interim stay order from the Hon'ble High Court of Madras against this claim. The Group considers the claim to be erroneous and as not payable under the specified tariff category applicable to ITES units.

18.12 The Group has not recognised net deferred tax assets arising primarily on account of carried forward tax losses and unabsorbed depreciation, as subsequent realisation of such amounts is not virtually certain.

18.13 Previous year comparatives

Current year figures include the assets and liabilities as at March 31, 2011 and transactions of Retreat for the period from February 1, 2011 (date of acquisition of controlling interest) to March 31, 2011. Accordingly, figures of the current year are not strictly comparable with those of the prior year.

Previous year figures have been reclassified / regrouped wherever necessary to conform to current year's classification.

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 16, 2011

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Tear Here

ALLSEC TECHNOLOGIES LIMITED

Regd. Office: 7H Century Plaza, 560-562 Anna Salai, Teynampet, Chennai 600 018.
Corp. Office: 46 B Velachery Main Road, Velachery, Chennai 600 042.

ATTENDANCE SLIP

Date & Time	Thursday 4th August 2011 10.00 AM
Venue	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600018

Folio No.	No. of Shares

DEMAT PARTICULARS
DP ID No.

I	N	

Client ID No.

Mr./Ms ____________________

Email Address:

MEMBER ☐ **PROXY** ☐

(Please tick as applicable)

Note :
1. The Proxy form should be filled in full and the proxy form signed across revenue stamp should reach the share Transfer Agents M/s. Karvy or the Registered Office of the Company at least 48 hours before the scheduled time of the meeting.
2. Only Shareholders of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF THIS ATTENDANCE SLIP duty completed and signed.
3. Shareholders are requested to bring their copies of Annual Report with them.
4. Shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

I hereby record my presence at the 12th Annual General Meeting of the Company

....

Signature of Member / Proxy

ALLSEC TECHNOLOGIES LIMITED

Regd. Office: 7H Century Plaza, 560-562 Anna Salai, Teynampet, Chennai 600 018.
Corp. Office: 46 B Velachery Main Road, Velachery, Chennai 600 042.

FORM OF PROXY

Folio No.	No. of Shares held

DP ID No.	I	N	
Client ID No.			

I / We .... of
....
(Address)
being Member (S) of ALLSEC TECHNOLOGIES LIMITED hereby appoint
....of
(Name of proxy)
.... Or failing him
(Address of proxy)
.... of
(Name of alternate proxy)
.... As my / our
(Address of alternate proxy)

Proxy to vote for me / us on my / our behalf at the 12th ANNUAL GENERAL MEETING of the Company to be held at 10.00 AM on Thursday, the 4th August 2011 and at any adjournment thereof.

Date .... Signature ....

Re. 1
Revenue
Stamp