



Board of Directors

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

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

Management Team

Mr.R.Vaithiyathan
Mr.K.Narasimhan
Mr.C.Mahadevan
Mr.Anand Krishnan
Mr.Saravanan Thambusamy
Mr.C.S.Bapaiah
Mr.Amarendra Kumar Jha

Senior Vice President – Operations & HR
Vice President – Finance
Vice President – HR BPO
Vice President – Marketing
Vice President – Technology
Vice President – HR
Vice President – Domestic Business

AGM Legal & Company Secretary

Mr.A.Mohan Kumar

Auditors

S.R.Batliboi & Associates
Chartered Accountants
Chennai

Registered Office

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

Corporate Office

46B Velachery Main Road
Velachery, Chennai 600 042.

Bankers

- Canara Bank
- HDFC Bank

Registrars & Transfer Agents

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



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Notice is hereby given that the 11th Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Wednesday the 4th day of August, 2010 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 2010 and the Profit and Loss Account for the period ended 31st March 2010 along with the Schedules, the report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. A. Sankar Krishnan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. T. Anantha Narayanan who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

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

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Regulations/Guidelines prescribed by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **“Board”** which term shall be deemed to include any Committee including the **“Compensation Committee”** or any **“Sub Committee”** thereof, constituted by the Board to exercise its powers, including

the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, issue, offer, allocate and allot equity shares of the face value of Rs. 10/- each not exceeding in the aggregate 6,00,000 in number and represented by a maximum of 6,00,000 Options to or for the benefit of such eligible employees of the Company as may be determined by the Compensation Committee of the Company, from time to time, under a Scheme titled **“Allsec Employees Stock Option Scheme 2010”** (hereinafter referred to as **“ESOS 2010”**), in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Regulations/Guidelines prescribed by SEBI or other provisions of the law as may be prevailing at that time.”

“RESOLVED FURTHER THAT to the extent permitted as per the existing provisions of law in this regard, all/ any equity shares resulting from the conversion of the Options to be allotted as an outcome of the above mentioned resolution shall, upon allotment, rank pari-passu in all respects inter se as also with the then existing equity shares including dividend entitlement.”

“RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any creation, issue, offer, allocation, allotment or listing of equity shares representing the same, as described above, under ESOS 2010, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the ESOS 2010 and to make any modifications, changes, variations, alterations or revisions in the ESOS 2010 from time to time, not detrimental to the interest of the employees, or to suspend, withdraw or revive the ESOS 2010 from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members of the Company.”

“RESOLVED FURTHER THAT with regard to ESOS 2010, the Board be and is hereby authorized to delegate all or any of its powers to any Sub Committee consisting of one or more Officers/Directors of the Company and such Sub-Committee shall report periodically to the Board/Compensation Committee.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under ESOS 2010 on one or more recognized Stock Exchanges, in India or abroad, where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned, and in accordance with such other Guidelines, Rules and Regulations as may be applicable with regard to such listing of shares.”



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

“**RESOLVED THAT** pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Regulations/Guidelines prescribed by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall be deemed to include any Committee including the “**Compensation Committee**” or any “**Sub Committee**” thereof, constituted by the Board to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to extend the benefits of the “**Allsec Employee Stock Option Scheme 2010**” (hereinafter referred to as “**ESOS 2010**”), to the eligible employees of its **subsidiary companies**, existing and as and when formed, and/or to such other persons, as may from time to time be allowed under the prevailing laws, Rules and Regulations, and/or amendments thereto from time to time, within the overall limit of the options specified in Resolution No.5 on such terms and conditions as may be fixed or determined by the Board in accordance with the Regulations/Guidelines prescribed by SEBI or other provisions of the law as may be prevailing at that time.”

“**RESOLVED FURTHER THAT** to the extent permitted as per the existing provisions of law in this regard, all/ any equity shares resulting from the conversion of the Options to be allotted as an outcome of the above mentioned resolution shall, upon allotment, rank pari-passu in all respects inter se as also with the then existing Equity shares including dividend entitlement.”

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Company to settle all questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members of the Company.”

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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, 2010 to 4th August, 2010 (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. The proxies appointed, should bring their attendance slips sent herewith, dully filled in, for attending the meeting.

By Order of the Board

Place: Chennai,
Date : 28th May, 2010

A. Mohan Kumar
Company Secretary

Registered Office :

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



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

For Item No. 5 & 6

Intellectual capital is a source of competitive advantage for organisations in most industries, especially for those in the services industry. The success of these organisations to a large extent depends on its ability to attract, retain and motivate its human resources. Stock options and similar other equity linked plans have been long recognised to be an effective tool in this regard.

With this in view, the Company proposes to launch an Employee Stock Option Scheme titled '**Allsec Employees Stock Option Scheme 2010**' (hereinafter referred to as "**ESOS 2010**") in accordance with SEBI

(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "**SEBI Guidelines**") and issue options to eligible employees of the Company and its subsidiaries so as to attract and retain talent and remain competitive in the talent market and to strengthen interdependence between individual and organization prosperity. The ESOS 2010 will also enable the employees of the Company to participate in the long-term growth and financial success of the Company.

Accordingly, the approval of the shareholders is sought by way of resolution for issue of Options to the employees of the Company and its subsidiaries. The Board recommends the passing of the resolution as Special Resolution.

The salient features of the Scheme are set out below:

Total options to be allocated	6,00,000 options, each entitling the holder thereof to be issued and allotted one Equity Share of Rs. 10/- each in the Company.
Identification of classes of employees entitled to participate in the Scheme	Persons who are "employees" of the Company and its subsidiaries, including Directors, as defined in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") (including any statutory modification(s) or re-enactment of the Guidelines, for the time being in force), and as may be decided by the Board and or Compensation Committee (hereinafter referred to as "the Committee"), from time to time. As per the SEBI Guidelines, an employee who is a promoter or belongs to the promoter group or a Director who holds directly or indirectly more than 10% of the equity shares of the Company will not be eligible to participate in the Scheme.
Requirements of vesting and period of vesting	Continuation of employment by the employee is a prerequisite for vesting. Vesting of options will commence after a minimum period of 1 year from the date of grant of options. The vesting period would be 2 years as given below: <ul style="list-style-type: none"> • 50% of the Options - One year from the date of the offer/grant. • 50% of the Options - Two years from the date of the offer/grant. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Committee, in its absolute discretion, and which may include performance appraisal of the employee and achievements of other performance or other milestones.
Maximum period within which the options shall be vested	The options shall vest with a maximum period of two years from the date of offer/grant of options.
Exercise Price or pricing formula of options	At the prevailing market price. For this purpose, "Market Price" means the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted, on the Stock Exchange on which the shares of the Company are listed. If the shares are listed on more than one Stock Exchange, then the Stock Exchange where there is highest trading volume on the said date shall be considered.



Exercise Period and the process of exercise	Options can be exercised within the exercise period of 60 months from the date of offer/grant by paying in full the stipulated exercise price per share. The options shall become exercisable in part or whole, but within the overall exercise period permitted under the Scheme. An application in the prescribed form has to be made by the employee to exercise his option.
Appraisal Process for determining the eligibility of employees to the Scheme	The appraisal process for determining the eligibility of the employees will be specified by the Committee and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee and/or any such other criteria that may be determined by the Committee at its sole discretion.
Maximum number of options to be issued per employee and in aggregate	The maximum number of options granted to any one employee in a year will not be equal to or exceed 1% of the issued equity share capital of the Company at the time of granting the Option. As such, it is proposed that options not exceeding 6,00,000 equity shares of Rs.10/-each in the aggregate can be granted under ESOS 2010.
Method which the Company shall use to value its options	The Company shall use the fair value to value its options.
Corporate Action	The number of options granted and/or the exercise price will be proportionately adjusted in the event of corporate actions such as bonus issues, rights issues, merger and amalgamations, demerger and all such actions which may call for proportionate adjustment in the number of options and/or the Exercise Price.
Accounting Policy	The Company shall conform to the accounting policies specified in Clause 13.1 of the SEBI Guidelines.

Subject to the approval of the Stock Exchanges, the relevant equity shares issued on the exercise of the options shall be listed on the Stock Exchanges. None of the Directors of the Company are interested or concerned in the passing of the resolution.

It is clarified that 6,00,000 Equity Shares to be issued under the Scheme include shares to be granted to employees of the subsidiary companies existing and as and when formed and/or to such other persons as may be allowed under law.

The Board recommends the resolution for the approval of the Members of the Company.



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. Sankarakrishnan	Mr. T. Anantha Narayanan																																	
Date of Birth	27/10/1942	09/04/1945																																	
Director Identification Number	0054462	0007227																																	
Date of Appointment on the Board	23/07/2005	20/10/2005																																	
Qualifications	B.E. MECHANICAL	A.C.A. (ASSOCIATE CHARTERED ACCOUNTANT) /A.I.C.W.A. (ASSOCIATE ICWA)																																	
Shareholding in Allsec	NIL	NIL																																	
List of Directorship held	(1) Allsec Technologies Limited (2) India Cements Capital Limited (3) India Cements Investment Services Limited (4) Kone Elevator India Private Limited (5) The India Cements Limited (6) Indo Zinc Limited	(1) Allsec Technologies Limited (2) IndusInd Bank Ltd. (3) Ashok Leyland Project Services Ltd. (4) Ashley Holdings Ltd. (5) Ashley Investments Ltd. (6) Sundaram BNP Paribas Asset Management Co. Ltd. (7) Sanco Trans Ltd																																	
	Committee <table border="1"> <thead> <tr> <th>Name of the Company</th> <th>Name of the Committee</th> <th>Member/Chairman</th> </tr> </thead> <tbody> <tr> <td>Allsec Technologies Ltd</td> <td>Audit Committee</td> <td>Member</td> </tr> <tr> <td>Allsec Technologies Ltd</td> <td>Shareholders/ Investor Relation Committee</td> <td>Member</td> </tr> <tr> <td>Allsec Technologies Ltd</td> <td>Compensation Committee</td> <td>Member</td> </tr> </tbody> </table>	Name of the Company	Name of the Committee	Member/Chairman	Allsec Technologies Ltd	Audit Committee	Member	Allsec Technologies Ltd	Shareholders/ Investor Relation Committee	Member	Allsec Technologies Ltd	Compensation Committee	Member	Committee <table border="1"> <thead> <tr> <th>Name of the Company</th> <th>Name of the Committee</th> <th>Member/Chairman</th> </tr> </thead> <tbody> <tr> <td>Allsec Technologies Ltd</td> <td>Audit Committee</td> <td>Chairman</td> </tr> <tr> <td>Allsec Technologies Ltd</td> <td>Compensation Committee</td> <td>Member</td> </tr> <tr> <td>IndusInd Bank</td> <td>Audit Committee</td> <td>Chairman</td> </tr> <tr> <td>IndusInd Bank</td> <td>Committee of Directors</td> <td>Member</td> </tr> <tr> <td>IndusInd Bank</td> <td>Risk Management Committee</td> <td>Member</td> </tr> <tr> <td>IndusInd Bank</td> <td>Shareholder Grievance Committee</td> <td>Chairman</td> </tr> </tbody> </table>	Name of the Company	Name of the Committee	Member/Chairman	Allsec Technologies Ltd	Audit Committee	Chairman	Allsec Technologies Ltd	Compensation Committee	Member	IndusInd Bank	Audit Committee	Chairman	IndusInd Bank	Committee of Directors	Member	IndusInd Bank	Risk Management Committee	Member	IndusInd Bank	Shareholder Grievance Committee	Chairman
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Ashok Leyland Project Services Ltd	Audit Committee	Chairman															
Nature of expertise in specific functional areas	<p>He is a graduate from Guindy Engineering College, Chennai. He joined as Graduate Engineer in India Pistons Limited, a leading automobile ancillary manufacturing industry in the year 1965 and was elevated to the level of Executive Director in the year 1984. He joined as Managing Director in Kone Elevator India Pvt. Ltd., a leading manufacturing industry, a wholly owned subsidiary of Kone Corporation Finland in the year 1992. He led the modernization initiatives in Kone Elevators.</p> <p>Specific achievements: Expansion and modernization of complete plant in India Pistons with Japanese Technology. Commissioning of new plant in Maraimalai Nagar near Chennai for India Pistons. Turn around of Kone from sick to healthy with 40% market share. He is also adept in absorbing foreign technologies and implementing the same in Indian industries.</p>	<p>He is a Chartered Accountant and Cost Accountant by qualification and was with Ashok Leyland group for over 25 years. He is an expert in corporate planning and financial structuring and shall guide the company in corporate governance matters.</p>															

By Order of the Board

A.Mohan Kumar
Company Secretary

Place : Chennai
Date : 28th May, 2010

Registered Office:

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

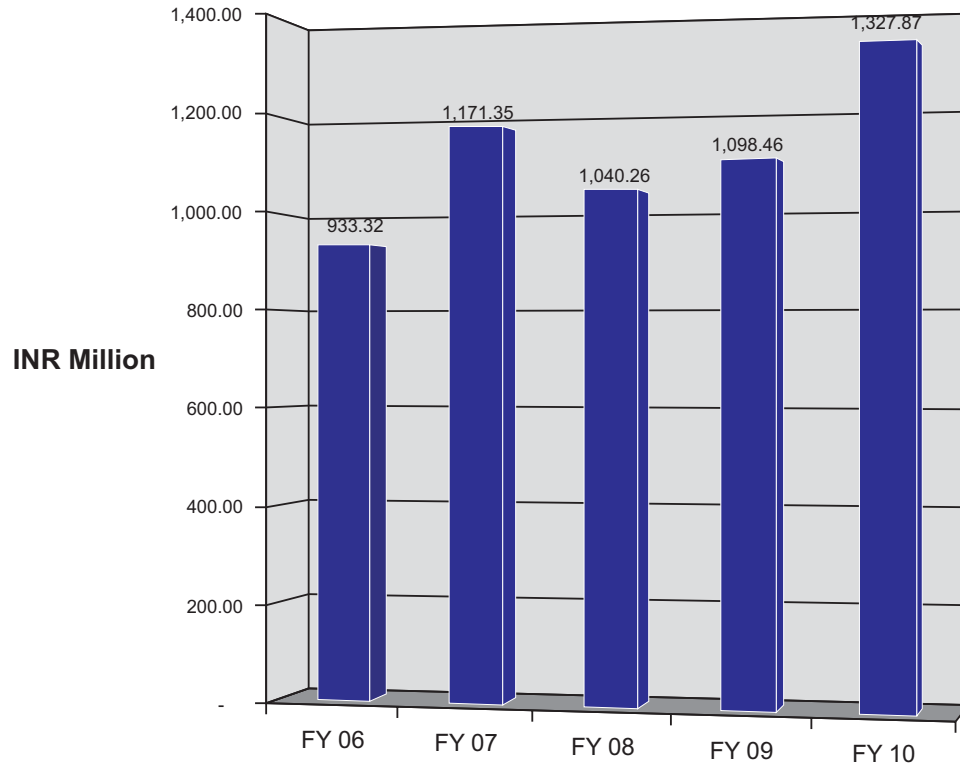


(Rs. in Million)

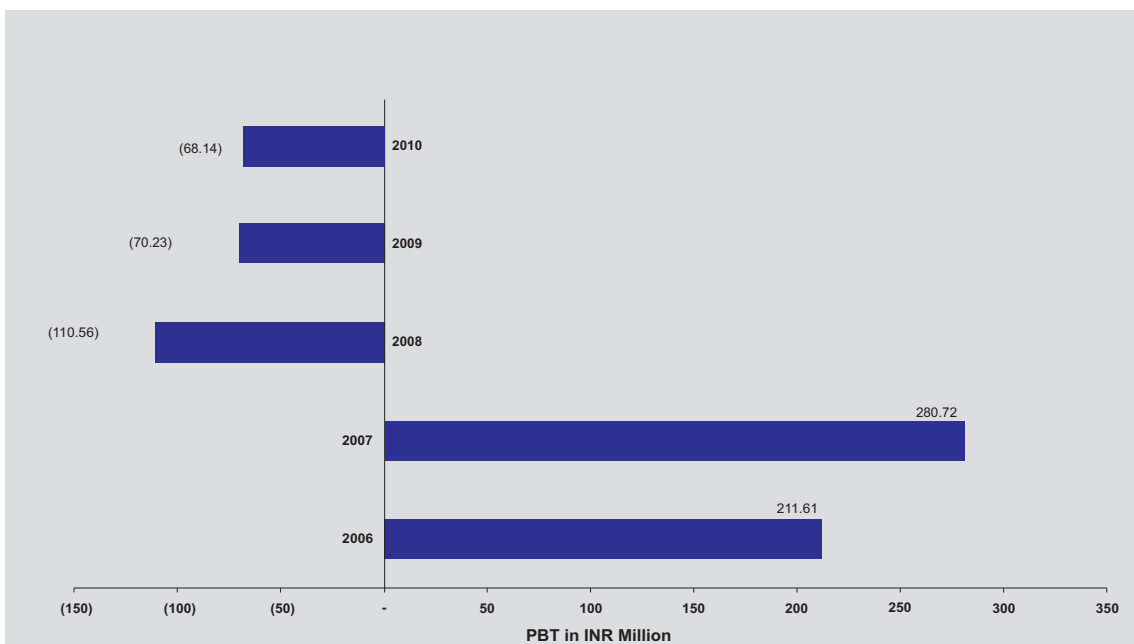
	Year Ended March 31, 2006	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010
A. Profit and Loss Account					
Income from services	922.56	1,132.79	990.16	964.92	1,220.80
Other income	10.76	38.56	50.10	133.54	107.07
Total income	933.32	1,171.35	1,040.26	1,098.46	1,327.87
Gross Profit before Interest, depreciation & Tax (EBITDA)	277.96	364.00	(24.08)	18.06	37.03
Depreciation & Amortisation	61.31	79.42	83.90	84.48	101.42
Profit /(Loss) before interest & tax	216.65	284.58	(107.98)	(66.42)	(64.39)
Interest	5.04	3.86	2.58	3.81	(3.75)
Profit /(Loss) before taxation	211.61	280.72	(110.56)	(70.23)	(68.14)
Profit /(Loss) after taxation	216.37	281.35	(135.50)	(72.28)	(68.14)
B. Balance Sheet					
Net fixed assets	341.95	290.41	291.44	266.67	356.99
Investments	108.42	884.79	793.24	453.81	271.59
Net current Assets	237.06	498.67	424.36	721.01	764.46
Total	687.43	1,673.87	1,509.04	1,441.49	1,393.04
Share Capital	120.87	152.38	152.38	152.38	152.38
Reserves & Surplus	587.34	1,542.75	1,352.99	1,283.19	1,215.06
Net worth	708.21	1,695.13	1,505.37	1,435.57	1,367.44
Loan funds	1.51	1.56	3.67	5.92	25.60
Deferred Tax (net)	(22.29)	(22.82)	-	-	-
Total	687.43	1,673.87	1,509.04	1,441.49	1,393.04
C.					
EPS (in Rs)	18.40	20.09	(8.89)	(4.74)	(4.47)
Diluted EPS (in Rs)	18.15	19.93	(8.89)	(4.74)	(4.47)
Book Value per share (in Rs)	58.59	111.24	98.79	94.21	89.74
Return on Capital Employed (ROCE in %)	32%	17%	(7%)	(5%)	(5%)
Return on Networth (RONW in %)	31%	17%	(7%)	(5%)	(5%)
Fixed Assets Turnover (No. of times)	2.70	3.90	3.40	3.62	3.42
Working Capital Turnover (No. of times)	3.89	2.27	2.33	1.34	1.60
EBITDA as a % of total income	30%	31%	(2%)	2%	3%
Net Profit /(Loss) as a % of total income	23%	24%	(13%)	(7%)	(5%)



Trends in Revenue

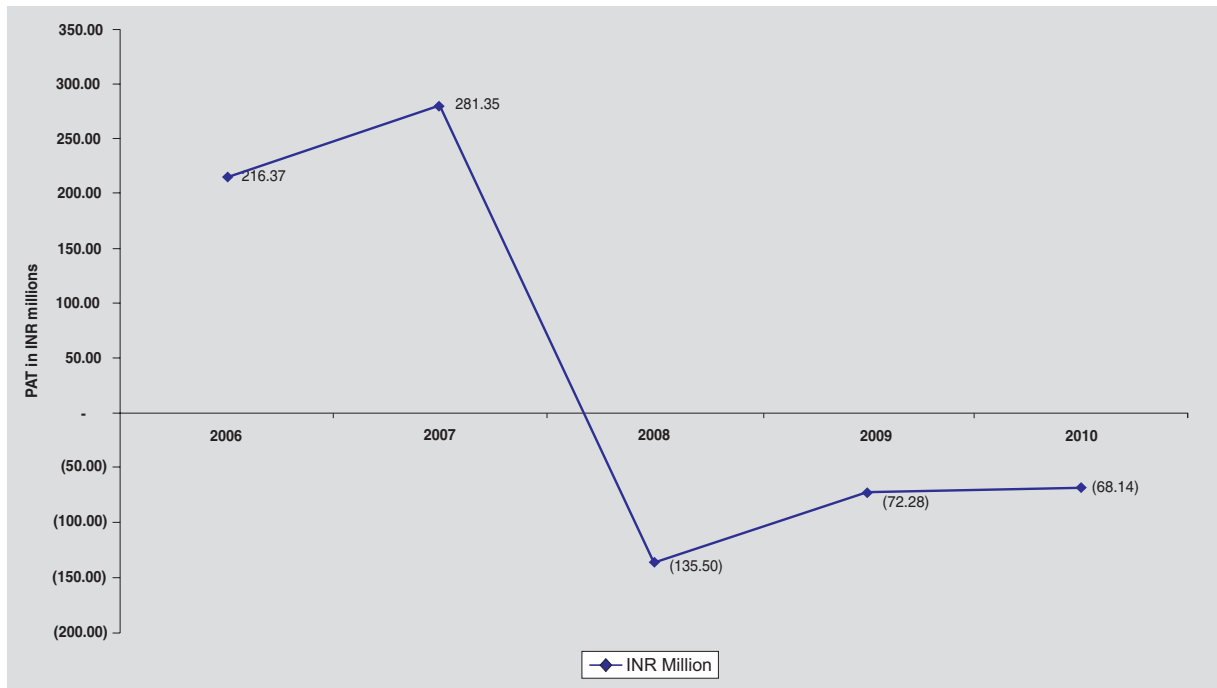


Trends in PBT

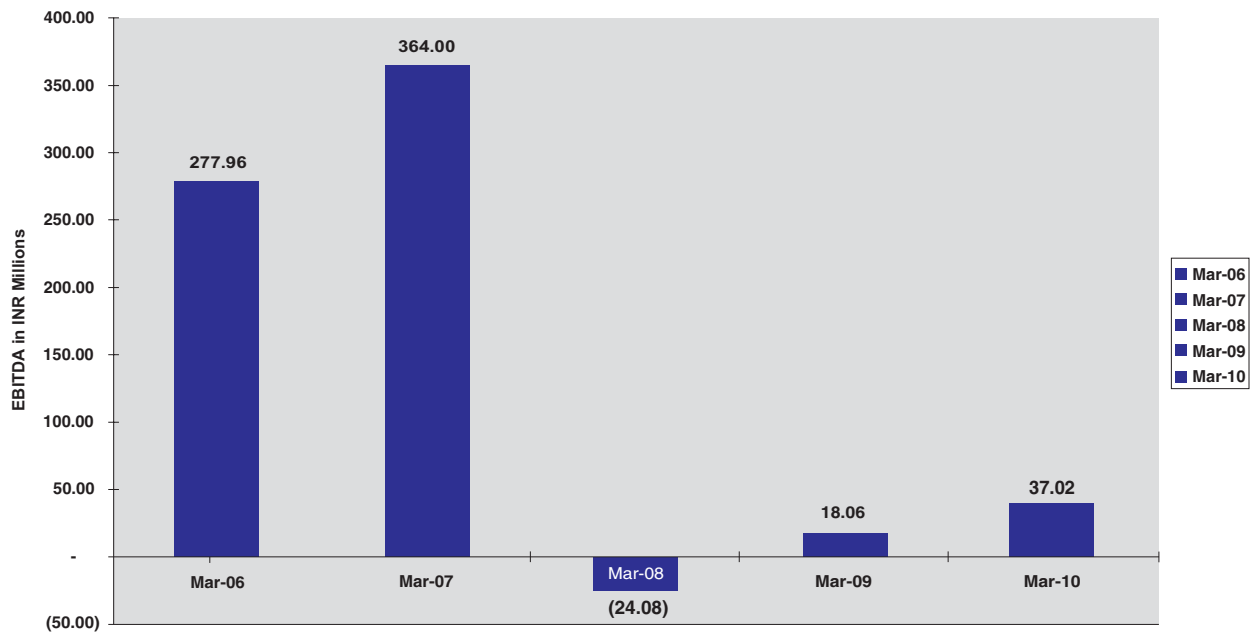




Trends in PAT



Trends in EBITDA





As an organization that continues to operate in a dynamic global scenario, Allsec Technologies focuses on converting challenges into opportunities with great vigor and verve. The Company has stayed true to its commitment to invest in building and developing manpower by leveraging on potential and acumen to deliver as promised to stakeholders.

During the financial year, Allsec continued to invest in Recruitment and Hiring of Best Talent (Road Shows, Branding, Walk-ins, and Job Fairs), Training and Development despite pressures of economic downturn. The company integrated 7487 employees across 9 diverse locations.

Well known in the BPO market as one of the best employers in the industry, Allsec proactively defined and redefined its HR Policies, so as to cater to the entire employee lifecycle, while on board at Allsec. Allsec's Recruitment process and policies, adopts the stringent filtering method, wherein suitable candidates with merit are recruited, inducted and developed, all along providing the right opportunities to grow progressively within the organization.

During the downturn, the company continued to reiterate its Brand Value through Operational Efficiency, Quality and People Management Practices catering to all the stakeholders and customers. The company has remained consistent in nurturing and developing human capital through structured training modules, by promoting open culture, transparency and professional integrity. Needless to say, **Allsec completes one decade of putting people first.**

Top BPO Employer 2009

Allsec has always been recognized for its excellent HR practices and people centric policies. During the financial year, Allsec was awarded the 2nd Best Employer among BPO industries in the Data Quest – IDC BPO E- SAT Survey 2009.

Successively, for the third time, Allsec has featured in the ranking list with a high Satisfaction Quotient in the following areas:

- Company Image
- Culture
- Job Content
- Training
- Salary
- Appraisal
- People

These recognitions re-affirm the robustness of Allsec and its commitment to be a Global Employer in a rapidly changing business landscape.

New Centres in Bengaluru, Pune, Hyderabad, Delhi and Chennai.

As part of the extensive ramping up plan across India last year, Allsec inaugurated centres in 5 cities. The Bengaluru Centre that was at Whitefield was vacated in 2009 and we took up space in Koramangala (Salarpuria Ascent) and near Residency Road (Vinayaka and Gopalakrishna Complex) a highly accessible location within the Bengaluru City bearing in mind the challenges faced in logistics while transporting employees from the city to the outskirts.

The Hyderabad office in the Aladi Building was inaugurated in October 2009. Allsec also started operations at Pune, in the Godrej Avanti Building.

The Delhi centre located at Janakpuri District Centre was vacated during November 2009 and we took up space in a newly built facility in the same location, which has a 500 seat delivery center.

Most importantly, the Chennai Corporate facility grew in size by adding another 500 seat delivery Center to its Velachery

location. Targeted at the Domestic Clientele, the center has been designed to incorporate a workspace in keeping with the domestic workforce in mind.

The starting of operations in these 5 centres are indeed milestones for the company, especially in terms of making our presence felt in India. In a short span of time, space was identified and centres were set up, which was followed by fast paced, extensive recruitment. The centres are fully operational now with support from all the Business Enabler Functions.

Training for Leadership Development

While focus on Training and development continues, there has been an endeavor to hone and groom the Managers in the system in association with an External Training Consultancy. As part of this "Leadership Training Module", Allsec sought to build on and develop those in the "First Time Managers Category" and all People Managers, so as to enhance their Operational efficiency and People management skills.

There has been a lot of stress on continuous learning programs covering technology domain and project management.

Preparatory English Program (PEP)



As an initiative to provide opportunity for employees to improve their communication skills, PEP serves as a platform for many young graduates to explore avenues within Allsec and move on to different verticals of business.

This training program was initiated by collaborating with universities and colleges to provide opportunities to enhance communication skills in both spoken and written English.

Rewards & Recognition (R & R)

To build a culture of Appreciation and Recognition of performers, Allsec has a number of Reward and Recognition programs at all levels within the organization. During the year a new R&R scheme was introduced that recognizes:

- Best Performer of the month;
- Best team performance for the month;
- Best Team Manager of the quarter.

Kith and Kin Day

It's not only "Employee Bonding" that Allsec focuses on, but also that extra mile to bond with extended families of employees. "Kith and Kin Day" at Allsec was launched, as an endeavor to bring the families of employees into the organization to get a glimpse of what is being offered at the



workplace to every Allsecian. The Agenda of this session includes a briefing about the company, the culture, the hierarchy and the benefits and so on. The families are also taken on a tour of the campus.

The families of employees and the Allsec Management interact and this endeavor has been a huge success and the feedback has been extremely encouraging.

Beyond Calling – the In-House Magazine:

Allsec does not always wait for the annual “Kith and Kin Day” to connect to the families of employees across India. Instead, there is an attempt every quarter to reach out to the families, by way of ensuring that “Beyond Calling” – the In-house news magazine is sent to Allsec families pan India.

“Updates from the Founders’ desk”, “Happenings at the Work Place”, “a Page for Performers” and articles of employees are all consolidated in this comprehensive magazine that is a window to the world of Allsec. Beyond Calling has seen close to 9 long years of consistent and reinforced connect with employees and their families – the Allsec way!

Fun @ Work – Sports, Games and Cultural extravaganzas:

“All work and no play, makes an Allsecian a dull employee”. An age old adage it is, that has been modified here to portray the importance that Allsec gives to “fun at the workplace’ that makes employees look forward to work everyday. To break the work monotony and enhance team building Allsec organizes regular sports, culturals and fun activities.



When the entire nation went into a “Cricket Frenzy”, Allsec joined the big bandwagon. The APL (ALLSEC Premier League) was launched and 16 teams took part in this sporting event.

Events like Ethnic Wear, Bay Decoration, Champions League and many others, kept employees busy having fun. Friday Culturals is a brand by itself, well known in the Allsec Corridors.

Employee Bonding and Togetherness

Energized minds that feel a sense of belonging at the workplace can be more productive!

As part of the endeavor to make work fun, Allsec provides many opportunities, to pursue interests and hobbies. The Facility for indoor games and the spacious gym with the best of fitness equipments are all platforms for employees to meet, network and share interests. Cultural and floor events and competitions conducted on a weekly basis draw huge participation. Festivals and Birthday bashes are common place within the company to create an atmosphere of camaraderie and support employee bonding.

Corporate Social Initiatives

Allsec in association with the Lions Club of Chennai organized a Blood Donation Camp at the Velachery Centre. As always, this year also, employees participated in huge numbers to donate blood, and for a cause.

The Roads of Opportunities continue to beckon! And Allsec is ever ready, as always!



ALLSEC COMPLETES A DECADE OF PUTTING PEOPLE FIRST (2000-2010)



Directors' Report

The Directors have pleasure in presenting to you the 11th Annual Report of the company for the financial year ended 31st March 2010.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Income from Services	1,220.80	964.92
Other Income	107.07	133.54
Total Income	1,327.87	1,098.46
Profit/(Loss) before interest, depreciation & Tax (EBITDA)	37.03	18.06
Depreciation & Amortisation	101.42	84.48
Profit/(Loss) before interest & tax	(64.39)	(66.42)
Interest & Finance charges	3.75	3.81
Profit/(Loss) before taxation	(68.14)	(70.23)
Profit/(Loss) after taxation	(68.14)	(72.28)
Profit/(Loss) brought forward	(85.08)	(12.80)
Surplus/(Deficit) carried forward to Balance Sheet	(153.22)	(85.08)

Dividend

Due to the loss incurred during the year, the Board of Directors of your Company does not recommend any dividend for the Financial Year 2009-10.

Business Outlook

The company made significant inroads in the domestic market and added significant volumes, increasing the overall revenue by over 26%, inspite of a decrease in the international revenues by 8%, by more than doubling the domestic revenue. The company continued to make losses though due to the following reasons:

- Continued slowing economy in USA which has affected us and any significant new businesses have only gone to backfill reductions from existing clients which 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 as compared to previous year.
- Increased spending on New Centers which were started during the year to cater to increased domestic

business and also higher startup costs for these new processes. We strongly believe these new processes will yield better results in the years to come.

With the economy showing definite signs of improvement in USA, we believe we will see significant growth in the next few years. With the growth in the domestic business and resultant favourable cost structures due to the spread of fixed costs over a larger base, we hope to see significant profitability increases in the years to come.

However compared to FY 2008-09, the company has reduced its net losses marginally and it is much better considering that we recognized the one time realized foreign exchange gains on return of overseas subsidiary additional capital of Rs 42.8 Mn in 2008-09. This was primarily due to higher levels of Domestic business which has helped the Company spread costs over a larger volume and through concerted efforts in reducing the costs.

The company is pursuing growth through the Organic route in both the markets and see very good opportunities for growth with the market conditions improving. Also inorganic growth is an opportunity for us to expand into new domains and markets and we are actively looking to seize attractive opportunities. We strongly believe that a combination of Organic and Inorganic growth will help the company to achieve better results.

The company has delivery centers in India and Philippines for the international segment and has delivery centers in major cities in India and has the capability to offer redundant delivery capability in multiple Indian languages. With over 10 years track record of delivery to International customer base and the quality of its offering, we believe the company is on track to achieve growth and profitability.

New Centers

The company during the year added more capacity for its domestic market offering by adding capacity in Bengaluru, Chennai and Pune. The company also upgraded and expanded the facilities in Delhi, Mumbai and Hyderabad. This has resulted in an overall addition of 1500 seats and upgradation of 1200 seats. The company now operates over 5000 seats pan India and 600 seats in Manila, Philippines.

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, your Company is certified for ISO 27001 (Information Security Management) and ISO 9001:2008 during the year. Also in addition to such overall process and security systems certifications, your Company has also achieved SAS 70 Type II certification for your HR BPO services to realize higher levels of maturity and be consistent with business and market needs in HR outsourcing.

Disclosure as per Securities and Exchange Board of India (Employees Stock option Scheme and Employee Stock Purchase Scheme) Guidelines, 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 two wholly owned subsidiaries as at year end namely Allsectech Inc, USA, and Allsectech Manila Inc., Philippines.

Your Company has been granted exemption for the year ended March 31, 2010 by the Ministry of Corporate Affairs from attaching to its Balance Sheet, the Annual Report and accounts' of its subsidiaries and therefore the accounts of Allsectech Inc, USA and Allsectech Manila Inc, Philippines are not attached. As per the terms of the exemption, a Statement containing brief financial particulars of the subsidiary companies for the year ended March 31, 2010 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 Million
Earnings in Foreign Currency	726.88
Expenditure in Foreign Currency	81.66
Remittance of Dividend in Foreign Currency	NIL

Directors

Mr. A. Sankarakrishnan and Mr.T. Anantha Narayanan, 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 for frequent reference of 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 (Firm Registration No.: 101049W), Chartered Accountants were re-appointed as Auditors of the company at the Annual General Meeting held on 31st July 2009. M/s. S.R.Batliboi & Associates (Firm Registration No.: 101049W), 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.

Your Company has formulated an Employee Stock Option scheme ("ESOS 2010"), which will help to attract, retain and motivate the employees. The consent of the shareholders is sought for the issue of 600,000 options to the employees at the market price. The salient features of the scheme are mentioned in the notice and explanatory statement attached to this Annual report.

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 : 28th May 2010



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	ESOP 2004	Exercise Price (per option)	ESOS 2006 (per option)	Exercise Price (per option)
May 6, 2004	286,500	Rs.10/-		
January 14, 2005	13,500	Rs.10/-		
January 31, 2005	33,700	Rs.10/-		
January 25, 2007			350,000	Rs.289.75/-

Descriptions	ESOS 2004	ESOS 2006
a. Options granted	333,700	350,000
b. The pricing formula	Face Value	Discount of 15% on prevailing market price
c. Options vested	300,000	211,500
d. Options exercised	250,600	NIL
e. The total number of shares arising as a result of exercise of options	250,600	NIL
f. Options Cancelled	33,700	NIL
g. Options lapsed	49,400	138,500
h. Variation of terms of options	N.A	N.A
i. Money realized by exercise of options	Rs.25,06,000/-	NIL
j. Total number of options in force	NIL	211,500

k. Employee wise details of options granted to :

(i) Senior Managerial Personnel :

Name	Designation	No. of Options granted under ESOS 2004	No. of Options granted under ESOS 2006
Mr.R. Vaithyanathan	Senior Vice President Operations & HR	36,800	20,000
Mr.C. Mahadevan	Vice President HR BPO	12,800	20,000
Mr.Rafael A Martinez	Senior Vice President - Allsectech Inc, USA Subsidiary Company	19,800	20,000

- (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. (4.47/-).

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the Compensation cost for ESOS 2006 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, 2010			
- Amounts as Reported	(68,139)	(4.47)	(4.47)
- Amounts as per pro-forma Year ended March 31, 2009	(68,139)	(4.47)	(4.47)
- Amounts as Reported	(72,282)	(4.74)	(4.74)
- Amounts as per pro-forma	(77,696)	(5.10)	(5.10)

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

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

For and on behalf of the Board of Directors

A. Saravanan
Director

R. Jagadish
Director

Place : Chennai

Date : 28th May 2010



**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, 2010 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 establishing 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 28, 2010

R. Jagadish
Director and CEO

K. Narasimhan
Vice President Finance



(As required by Clause 49 of the Listing Agreement with the Stock Exchanges)

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 2009 - 2010, 5 Board Meetings were held on 15-May-2009, 15-Jun-2009, 31-Jul-2009, 29-Oct-2009 and 29-Jan-2010.

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	5	Yes	6	3
A. Sankarakrishnan	Director	Independent, Non-executive	5	Yes	4	-
Shankar Narayanan Madhava Menon	Director	Investor Nominee, Non-Executive	3	Yes	2	1
Mahesh Parasuraman	Director	Investor Nominee, Non- Executive	4	No	2	1
A. Saravanan	Director & President	Non-Independent Executive	5	Yes	-	-
R. Jagadish	Director & CEO	Non-Independent Executive	5	Yes	-	-

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

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

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

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, 5 Audit Committee meetings were held on 15-May-2009, 15-Jun-2009, 31-Jul-2009, 29-Oct-2009 and 29-Jan-2010.

Name	Category	Status	Attendance
T. Anantha Narayanan	Independent	Chairman	5
A. Sankarakrishnan	Independent	Member	5
R. Jagadish	Executive	Member	5

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 29-Jan-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 2010 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	1.00	1.00
A. Sankarakrishnan	1.00	1.00
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, 2 Committee meetings were held on 15-Jun-2009 and 6-Jul-2009.
- ❖ 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 2009 – 2010 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
2006-07	July 27, 2007	10.00 A.M	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
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

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

1. No Special Resolution was passed in the AGM held on 27th July, 2007.
2. No Special Resolution was passed in the AGM held on 31st July, 2008.
3. No Special Resolution was passed in the AGM held on 31st July, 2009.

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
12th October, 2006	11.00 am	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
21st February, 2008	11.00 am	46 C, Velachery Main Road, Velachery, Chennai – 600 042
8th March, 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):

- 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.
- 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.
- 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 2010 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 2010 to 4th August 2010 (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 2009 -2010

Month	National Stock Exchange					Bombay Stock Exchange				
	Price		Indices		No. of Shares Traded during the month	Price		Indices		No. of Shares Traded during the month
	High	Low	High	Low		High	Low	High	Low	
Apr-09	30.90	27.05	3,497.55	3,211.35	43,977	30.95	27.00	11,337.75	10,764.08	34,631
May-09	41.60	27.55	4,488.05	3,617.15	893,038	41.00	28.00	14,377.23	11,635.24	80,051
Jun-09	48.00	31.00	4,582.20	4,243.95	94,345	48.00	30.75	15,257.30	14,420.41	104,890
Jul-09	40.20	27.10	4,669.75	3,974.10	147,324	39.95	28.50	15,409.91	13,549.42	141,093
Aug-09	44.70	32.00	4,730.85	4,398.90	206,892	44.70	31.40	15,821.35	14,864.23	167,994
Sep-09	46.85	38.15	4,735.90	4,786.25	104,444	46.80	38.30	15,923.09	16,119.95	107,937
Oct-09	42.55	36.20	5,076.05	4,738.40	53,458	41.90	36.00	17,120.56	15,993.83	52,291
Nov-09	37.95	33.45	5,053.45	5,041.65	55,049	37.95	34.00	16,677.53	16,666.70	33,423
Dec-09	42.80	33.50	5,156.70	5,038.85	78,878	42.80	34.65	17,351.71	16,947.46	67,005
Jan-10	50.40	37.65	5,279.85	4,766.00	206,152	50.60	37.00	17,639.85	15,982.08	163,077
Feb-10	41.20	32.90	4,951.15	4,858.45	62,610	40.00	33.00	16,422.40	16,249.67	43,336
Mar-10	41.45	29.20	5,293.90	5,214.40	331,702	41.95	30.75	17,699.50	17,383.21	264,316

G. Registrars and Transfer Agents

KARVY Computershare Private Limited

Unit : Allsec

Plot No.17-24, Vittalrao Nagar , Madhapur, Hyderabad - 500 081

Tel : +91 40 23420815 ; Fax: +91 40 23420814

E-mail: mailmanager@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 document 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, 2010:

Category	No. of Shares	Percentage of Holding
Promoters Holding :		
Indian Promoters	4,665,163	30.61%
Person Acting in Concert	Nil	Nil
Non Promoters Holding :		
Institutional Investors	594,407	3.90%
Financial Institutions /Banks	3,800	0.02%
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	738,983	4.85%
Indian Public	3,104,662	20.38%
Non Resident Indians	173,425	1.14%
Others	71,850	0.48%
TOTAL	15,238,326	100.00%

Distribution Schedule

Category (Amount) (Rs.)	No. of Cases	% of Cases	Total Shares	Amount (Rs.)	% of (Amount) (Rs.)
1 - 5000	6040	89.06	720,788	7,207,880	4.73%
5001 - 10000	374	5.51	296,315	2,963,150	1.94%
10001 - 20000	187	2.76	280,069	2,800,690	1.84%
20001 - 30000	53	0.78	136,199	1,361,990	0.89%
30001 - 40000	30	0.44	104,504	1,045,040	0.69%
40001 - 50000	27	0.40	128,825	1,288,250	0.85%
50001 - 100000	35	0.52	249,312	2,493,120	1.64%
100001 & Above	36	0.53	13,322,314	133,223,140	87.42%
TOTAL	6782	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. We have our wholly owned subsidiary offices - Allsectech Inc located at USA and Allsectech Manila Inc at Philippines.

L. Dematerialization of shares and liquidity

As on March 31, 2010, about 95.51% 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 23420815

E-mail: mailmanager@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

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 2009 - 2010.

R Jagadish
Director & CEO

Place : Chennai

Date : May 28, 2010



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, 2010, 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 No.: 101049W

Chartered Accountants

per S Balasubrahmanyam

Partner

Membership No.: 053315

Place : Chennai

Date : May 28, 2010



INDIAN ITES INDUSTRY – DEVELOPMENTS & OUTLOOK

The Years 2008 & 2009 witnessed turbulence, with countries around the world plunging into recession. While robust fundamentals ensured that the recession impact on India was relatively moderate, it could not escape declining GDP growth. However prompt action by governments across the world and stimulus packages helped to contain the downfall and make way for signs of revival by the end of 2009.

During the year, the IT-BPO sector has become the country’s premier growth engine. The Industry has crossed significant milestones in terms of revenue growth, employment generation and value creation. Having said that, the industry performance was still affected by the recessionary headwinds for most part of the year 2009. Most International customers held back new contracts while others renegotiated pricing, looking for severe pricing cuts and stretching dollar which affected the industry performance. The Indian domestic customers have issues of pricing appropriately due to severe market conditions and while volume requirements are growing, margins are under severe threat.

The IT BPO industry is growing at a rate of 15-18% and is expected to reach INR 650 billion or US\$ 15 billion during 2009-10. According to Research firm Gartner, the Business process outsourcing (BPO) market in India is estimated to grow 25% in 2010 and a bit lower at 19% in 2013.

Indian BPO Industry - Sector-wise revenue break-up

USD billion	2005-06	2006-07	2007-08	2008-09	2009-10E
BPO	7.2	9.5	12.5	14.6	17.9
-Exports	6.3	8.4	10.9	12.4	15.0
-Domestic	0.9	1.1	1.6	2.1	2.56

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

Exports: Growth in BPO services exports was single digit for the first time, it still is the fastest growing segment in the industry and it is estimated to reach USD 15 billion in FY 2010. Next fiscal, the IT and BPO export revenue are projected to rise 13-15 percent as the world economy recovers boosting demand for outsourcing.

While the US and the UK remain the largest export markets of Indian IT-BPO (accounting for about

60 percent and 19 percent respectively), the industry footprint is steadily expanding.

Domestic: Although exports revenue still predominates, revenues in domestic ITES industry have also exhibited strong growth in recent years. Emergence of Domestic BPO is the key highlight in 2009-10. The domestic BPO segment has continued its strong performance over the past few years, growing by 22 percent over FY 2009 to reach INR 108 billion. The growth is led by the BFSI, telecom and Airline industries.

Industry Outlook: The beginning of the new decade heralds the slow but steady end of the worst recession in the past 60 years. Global GDP after declining in 2009 is expected to show a positive growth in 2010 and 2011 with developing economies growing thrice as fast as the developed economies. This is expected to result in return of consumer confidence and will drive spending going forward.

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 addressable market opportunity for Indian BPO industry shows that traditional areas of focus will continue to be large, but several other areas also have significant untapped potential. We believe there is a large market opportunity not only for established industry verticals like Banking, Insurance and Manufacturing, but also in many other large verticals such as Technology, Telecom and Travel & Transportation. Other verticals such as Media & Publishing, Pharmaceuticals & Life Sciences and Energy & Utilities too represent significant untapped opportunity.

Back-office opportunities extend beyond traditional functions and services. Transaction processing activities in Banking and Capital Markets, support for investment operations in Capital Markets, supply chain and logistics support for the Manufacturing, Retail, and Travel industries are some examples of high-potential back-office services.

North America is expected to contribute roughly 60 percent of the total market opportunity for the Indian BPO industry and it is possible for Indian BPO providers to maximise the available market opportunity by developing a stronger near shore presence, strengthening language and cultural capabilities and developing distinctive value propositions.

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 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. 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, your Company 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 successfully during the year. Considering the importance of Quality at all levels and functions, a lot of investments are being made in process improvement and control 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. This 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. The company today operates about 5000 seats in India and 600 seats in Philippines.

❖ Acquisition Targets

In FY 2010, no acquisition was made by the Company. However the Company is continuing to scout for potential acquisition targets both in International and Domestic segments with available cash and cash equivalents. The company is debt free and has leveraging capability which can also be taken advantage of, to fund larger acquisitions.

THREATS

ATTRITION:

Allsec, is in an industry where attrition is one of the major concern areas. Allsec has an annual attrition of 40% and is well within the industry benchmark which ranges between 30% and 50%.

Allsec also 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.

Also, the proposed withdrawal of tax benefits for the outsourcing enterprises by the US Government may also considerably reduce the opportunity for services to be outsourced.

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 clocked 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 31 March 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 30%-50% of 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 2010, number of employees was 7487 –an increase of 3803 (103%) from the previous year end figure of 3684.

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 pages 12 to 13 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, 2010	661.00	54	559.80	46	1,220.80
March 31, 2009	718.38	74	246.54	26	964.92



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

	2009-10		2008-09		% Favourable/ (Adverse) over previous year
	Rs. in Million	% of Total revenues	Rs. in Million	% of revenues	
INCOME					
Income – Operations	1,220.80	92	964.92	88	27
Income – Others	107.07	8	133.54	12	(20)
A) Income – Total	1,327.87	100	1,098.46	100	21
COSTS					
Connectivity costs	79.26	6	99.55	9	20
Staff cost	884.07	67	693.87	63	(27)
Other Costs	327.51	25	286.98	26	(14)
B) Total costs	1,290.84	98	1,080.40	98	(19)
C) Profit/(Loss) before Interest, depreciation & taxes	37.03	3	18.06	2	105
Depreciation & amortization	101.42	8	84.48	8	(20)
Interest	3.75	*	3.81	*	2
D) Profit /(loss)before Taxes	(68.14)	(5)	(70.23)	(6)	3
Taxes	-	-	2.05	*	
E) Profit /(Loss)after Taxes	(68.14)	(5)	(72.28)	(6)	6

* =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 2010	Rs. (4.47)
Year Ended 31 March 2009	Rs. (4.74)

- The company increased its Total Income during the year to Rs. 1,328 million from Rs. 1,098 million in previous year – an increase of 21%

- Losses before taxes decreased to Rs. 68.14 million from Rs. 70.23 million in previous year – a decrease of 3%.
- Losses after Taxes decreased to Rs. 68.14 million compared to Rs. 72.28 million in previous year –a decrease of 6%.



PROFIT AND LOSS ACCOUNT

(Rs in Million)

1. Income from Operations

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

(Rs in Million)

Income	Year Ended March 31, 2010	Year Ended March 31, 2009	Increase/ (Decrease) in %
Exports	661.00	718.38	(8)
Domestic	559.80	246.54	127
Total	1,220.80	964.92	27

The reduction in export revenue was primarily due to the impact of global recession and reduction of outsourcing costs by certain clients in the US from previous year. 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. This reduction in export revenue from existing clients was partially offset by client wins and increase in business volumes of existing clients during FY 2010 compared to the previous year.

The large jump in domestic revenue both in absolute terms and as a percentage of total revenue is due to significant additions to the client list.

2. Other Income

Current year stood at Rs. 107 million as compared to Rs. 134 million in the previous year – a reduction of Rs. 27 million or 20%. The reduction is mainly due to:

- i) Foreign exchange gains of Rs. 97.4 million recognized in the previous year (including gains on return of overseas subsidiary additional capital –one time income in the previous year–Rs. 42.8 million).
- ii) Fall in interest income on bank deposits and mutual fund income to the tune of Rs. 5 million in the current year.
- iii) The above was partly offset by recovery of cost incurred relating to suit filed on a customer in the previous year amounting to Rs. 26 million and interest income recognized on overdue debts from another client amounting to Rs. 40 million.

3. Expenditure

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

	Year ended March 31, 2010	Year ended March 31, 2009	Favourable / (unfavorable) in % over previous year
	Amount	Amount	
Connectivity cost <i>(Note 1)</i>	79.26	99.55	20
Employee costs and benefits <i>(Note 2)</i>	884.07	693.87	(27)
General and administration expenses <i>(Note 3)</i>	305.19	255.04	(20)
Selling expenses <i>(Note 4)</i>	22.32	31.94	30
Finance charges	3.75	3.81	-
Depreciation <i>(Note 5)</i>	101.42	84.48	(20)

Note 1: The reduction in cost of connectivity is due to decrease in fixed international connectivity costs on account of negotiations and reduction in usage in the current year.

Note 2: The increase in employee cost is mainly on account of higher head count. The company had 7487 employees as at the end of the year (Previous Year 3647). This has been partly offset by rationalization of staff welfare measures and lower ESOS cost applicable (Rs. 2.5 Million).

The above has resulted in an increase of 30% or Rs. 184 million in salaries and related contributions and an increase of 80% or Rs. 6 million in recruitment and training cost in the current year.

Note 3: The total increase in general and admin expenses in the current year was Rs. 50 million or 20% compared to the previous year.

The increase in general and admin expenses is due to rent, electricity, infrastructure and assets maintenance expenses relating to the expansion in domestic business activity which commenced during the previous year and culminated during the current year. Further exchange loss was recognized in the current year to the tune of Rs. 40 million while the company netted a net foreign exchange gain in the previous year.

This has been partly offset by write back of provision of debts which were previously provided for, consequent to success in suit filed against a customer. Further, there were no legal costs incurred on the same account in the current year as against the previous year. Together, these gave a benefit of approx Rs. 60 million in the current year compared to the previous year.

Note 4: Reduction in selling expenses is primarily due to decrease in selling commission payable on account of decrease in export revenues.

Note 5: The investments in new centers and additional technologies amounted to Rs. 161 Million during the year increasing the depreciation charge.



4. Provision for Tax

Provision for tax includes current tax, deferred taxes, fringe benefit tax apart from MAT credit entitlement. Since Allsec enjoys deduction under section 10A of the Income Tax Act on its export income, current tax is paid on its book profits (excluding profits eligible for deduction under section 10A) under the provisions of MAT. However during this financial year, there were 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, 2010 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 Plan (ESOP), 2004:

The Shareholders at the Extra Ordinary General Meeting held on May 6, 2004 have approved an Employee Stock Option Plan, which provides for an issue of 550,000 options to the employees. Consequently, the compensation committee on July 1, 2004 has granted 286,500 options, on January 14, 2005 - 13,500 options and on January 31, 2005 - 33,700 options to its employees at an exercise price of Rs 10 per share.

Out of the 333,700 options granted, NIL options are outstanding as at March 31, 2010 and 83,100 options have been cancelled / lapsed as on March 31, 2010.

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, 1,38,500 options have been cancelled/lapsed as on March 31, 2010 and balance 2,11,500 are outstanding and in force.

Rs. 10.8 million represent the total reserve created for Employee Stock Option compensation as at 31 March 2010 (Rs. 12.4 million as at 31 March 2009). The movement in the reserve is on account of options that got lapsed due to employee separations during the year which gets credited back to general reserve.

3. Reserves and Surplus

The Company's Reserves and Surplus as on March 31, 2010 stood at Rs. 1204 million represented by

capital reserve at Rs. 25.07 million, share premium on the equity shares amounting to Rs. 1202 million, Rs. 130 millions representing General Reserve, Rs. 153 million representing debit balance in the profit and loss account.

4. Secured Loans

Secured loan balance of Rs. 8.4 million represents balance payable towards hire purchase (HP) loans. This increased by Rs. 2.5 million as at March 31, 2010 from Rs. 5.9 million as at March 31, 2009, which is primarily due to increase in vehicles funded on HP terms.

There was a balance of Rs. 17 million at the current year end due to overdrawn position of bank balance.

5. Fixed Assets

There has been addition of Rs.161 million in tangible fixed assets primarily due to additions to Computers Rs. 39 million, call centre equipment Rs. 50 million and office equipment Rs. 9 million mainly on account of expansion of domestic operations. Additions to the block of furniture and lease hold summed up Rs. 58 million and additions to vehicles amounted to Rs. 5 million in the current year.

After providing for depreciation of Rs. 86 million for the year, the net block of fixed assets stood at Rs. 309 million as on March 31, 2010 compared to Rs. 238 million as at March 31, 2009.

6. Intangible Assets

Intangible assets comprise block of software used for call centre operation and goodwill. The goodwill which arose on business purchase of the call centre division of i2i Telesource Pvt Ltd in the previous year is being amortised over a period of 5 years. The closing net block of software and goodwill are respectively Rs. 30 million and Rs.17 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.

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

The balance invested in mutual funds as at 31 March 2010 was Rs.133 million (Rs. 315 million as at previous year end).

8. Sundry Debtors

Net Sundry Debtors increased to Rs. 408 million as at March 31, 2010 as against Rs. 382 million as at March 31, 2009. These debtors are arrived at after netting a



provision of doubtful debts for Rs. 3 million (previous year - Rs.18 million). The sundry debtors in terms of days of sales decreased to 122 days as at March 31, 2010 as against 144 days as at March 31, 2009. Daily sales outstanding position for running amounts (excluding Rs. 154 million of old outstanding, which has been substantially recovered subsequently) is at 76 days.

9. Cash and Bank Balances

Cash and Bank balances decreased to Rs. 254 million as at March 31, 2010 as against Rs. 278 million as at March 31, 2009. This represents year-end cash and bank balances available in current and deposit accounts.

(Rs in Million)

Head	As at March 31, 2010	As at March 31, 2009	Increase/ (Decrease)
Cash and Current accounts	22	34	(12)
Deposit accounts	232	244	(12)

10. Other Current Assets

As at year end other current assets were Rs. 14 million (Previous year - Rs. 16 million). This represents:

- i) Value of Unbilled revenues – Rs. 7 million (previous year - Rs. 3 million) and
- ii) Interest accrued to company but not due for payment - Rs. 7 million (previous year - Rs.12 million).

11. Loans & Advances

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

(Rs in Million)

Head	As at March 31, 2010	As at March 31, 2009	Increase/ (Decrease)
Advances recoverable	0.87	0.75	0.12
Balances with excise authorities	3.54	31.42	(27.88)
Loan to Subsidiary	82.96	71.57	11.39
Prepaid expenses	9.17	5.46	3.71
Deposits	96.75	67.96	28.79
Taxes receivable	85.22	46.08	39.14
Total	278.51	223.24	55.27

Balances with excise authorities represent credit for service tax on input services availed. The reduction in balance as at the end of March 31, 2010 is due to higher utilization on account of increased domestic business.

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

Increase in deposits primarily reflects the security deposits for utilities and office premises, paid which has increased due to the addition of new facilities for expansion of domestic business.

Taxes receivable include from advance tax and tax deducted at source. The increase in this head is primarily due to increase in tax deducted at source balance due to increase in domestic business which is subject to TDS.

12. Current Liabilities and Provisions

(Rs in Million)

Head	As at March 31, 2010	As at March 31, 2009	Increase/ (Decrease)
To suppliers of goods and services	126	120	6
Other payables	30	28	2
Employee benefits related liabilities/ accruals	35	30	5
Total	191	178	13

Sundry Creditors, representing the balance payable to suppliers of goods and services stood at Rs. 126 million as at March 31, 2010 as against Rs. 120 million at March 31, 2009.

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

Disclaimer This discussion and analysis report presentation may include statements that are not historical in nature and that may be characterized as "forward-looking statements", including those related to future financial and operating results, future opportunities and the growth of selected verticals in which the organization is currently engaged or proposes to enter in future. You should be aware that future results could differ materially from past performance and also those contained the forward-looking statements, which are based on current expectations of the organization's management and are subject to a number of risk and uncertainties. These risks and other factors are described in Allsec's annual reports. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company. The information presented herein should not be construed as earnings guidance under the terms of the stock exchange listing agreements.



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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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, 2010;
 - 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

Chennai
 May 28, 2010

per S Balasubrahmanyam
 Partner
 Membership No.: 053315



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) The Company has a phased program of physical verification of fixed assets, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, the Company has verified certain assets during the year. No material discrepancies were noticed 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. 82.96 million and the year end balance of loans granted was Rs. 82.96 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) Loans advanced to the company are not due for repayment in the current year. The loans given are interest free.
- (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, accordingly clause 4(iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (e) As informed, 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) (f) and 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (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, no major weakness has been noticed in the internal control system in respect of purchase of fixed assets and rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

- (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 respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at 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 according to the information and explanation given to us, 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 any of the services rendered by the Company. Hence provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to 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, customs duty, cess and other undisputed 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	Name of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax*	-	2004 - 05	Commissioner of IncomeTax (Appeals)
Income Tax Act, 1961	Income Tax*	1,833,792	2005 - 06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax*	-	2006 - 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's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company has not incurred cash loss during the year. *In the immediately preceding financial year the Company had incurred cash loss.*
- (xi) Based on our audit procedures 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 course of our audit.

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

per S Balasubrahmanyam

Chennai
 May 28, 2010

Partner
 Membership No.: 053315

Balance Sheet

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	152,383	152,383
Stock options outstanding	2	10,818	12,406
Reserves and surplus	3	<u>1,204,237</u>	<u>1,270,788</u>
		1,367,438	1,435,577
Loan Funds			
Secured loans	4	<u>25,604</u>	<u>5,917</u>
		1,393,042	1,441,494
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5 A	798,087	648,928
Less : Accumulated depreciation		<u>488,899</u>	<u>410,751</u>
Net block		309,188	238,177
A dd:Capital work-in-progress [including capital advances]		<u>900</u>	<u>-</u>
		310,088	238,177
Intangible assets			
Gross block	5 B	120,853	87,138
Less : Accumulated amortisation		<u>73,951</u>	<u>58,646</u>
Net block		46,902	28,492
Investments			
	6	271,590	453,811
Current assets, loans and advances			
Sundry debtors	7	408,439	381,964
Cash and bank balances	8	254,485	278,170
Other current assets	9	13,894	15,469
Loans and advances	10	<u>278,513</u>	<u>223,245</u>
		955,331	898,848
Less : Current liabilities and provisions			
Current liabilities	11	156,408	147,945
Provisions	12	<u>34,461</u>	<u>29,889</u>
		190,869	177,834
Net current assets		764,462	721,014
		1,393,042	1,441,494
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 28, 2010

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)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
Income			
Income from services		1,220,803	964,922
Other income	13	107,068	133,544
		<u>1,327,871</u>	<u>1,098,466</u>
Expenditure			
Connectivity costs		79,262	99,549
Employee costs and benefits	14	884,070	693,867
General and administration expenses	15	305,185	255,048
Selling expenses	16	22,327	31,937
Finance charges	17	3,746	3,806
Depreciation and amortisation	5A & 5B	101,420	84,484
		<u>1,396,010</u>	<u>1,168,691</u>
Profit / (Loss) before tax		<u>(68,139)</u>	<u>(70,225)</u>
Provision for taxation			
- Fringe benefit tax		-	2,057
Profit / (Loss) after tax		<u>(68,139)</u>	<u>(72,282)</u>
Balance brought forward from previous year		<u>(85,083)</u>	<u>(12,801)</u>
Profit / (Loss) carried to Balance Sheet		<u>(153,222)</u>	<u>(85,083)</u>
Earnings per Share			
Net Profit/(Loss) available to equity shareholders		<u>(68,139)</u>	<u>(72,282)</u>
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.)		<u>(4.47)</u>	<u>(4.74)</u>
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 28, 2010

For and on behalf of the Board of Directors

A Saravanan

Director

R Jagadish

Director

A Mohan Kumar

Company Secretary

Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
A. Cash flow from operating activities:		
Net profit / (loss) before tax	(68,139)	(70,225)
Adjustments for:		
Depreciation and amortisation	101,420	84,484
Interest expense	1,052	1,053
Interest income	(62,239)	(15,715)
Dividend income	(5,942)	(18,680)
(Profit) / Loss on sale of assets	3,240	(296)
Provision for doubtful debts / (write back)	(14,827)	10,187
(Profit) on sale of current investments	(1,725)	-
Liabilities no longer required written back	(11,193)	(1,117)
Unrealised foreign exchange (gain) /loss, <i>net</i>	46,089	(52,389)
Amortisation of employee stock compensation cost	-	2,486
Operating profit / (loss) before working capital changes	(12,264)	(60,212)
Adjustments for changes in working capital :		
- Decrease / (Increase) in sundry debtors	(8,946)	6,359
- (Increase) / Decrease in loans and advances and other current assets	(7,946)	7,801
- Increase in current liabilities and provisions	13,075	13,308
Cash generated from operations	(16,081)	(32,744)
- Taxes (paid), <i>net</i>	(39,141)	(29,148)
Net cash from / (used in) operating activities	(55,222)	(61,892)
B. Cash flow from investing activities:		
Capital expenditure (Refer note 1)	(183,818)	(15,545)
Proceeds from sale of fixed assets	783	3,303
Purchase of investments - mutual funds	(440,141)	(433,894)
Proceeds from sale of investments - mutual funds	624,085	429,479
Consideration paid for purchase of business of i2i	-	(47,528)
Expenses incurred relating to purchase of business of i2i	-	(1,200)
Investment in subsidiary	-	343,844
Loans advanced to subsidiary	(20,720)	(55,718)
Interest received	27,092	5,817
Dividend received	5,942	18,680
Net cash from / (used in) investing activities	13,223	247,238

Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
C. Cash flow from financing activities:		
Proceeds from long term borrowings	4,786	3,577
Repayment of long term borrowings	(2,341)	(1,329)
Proceeds from short term borrowings	17,242	-
Interest paid	(1,052)	(1,053)
Net cash from / (used in) financing activities	18,635	1,195
Net increase / (decrease) in cash and cash equivalents	(23,364)	186,541
Opening cash and cash equivalents	277,944	93,706
Add: Adjustments on business purchase of call centre division of i2i Telesource Pvt Ltd	-	(2,303)
Closing cash and cash equivalents*	254,580	277,944
*Includes restricted cash balances	66	70
Reconciliation of cash and cash equivalents with cash and bank balance as per Schedule 8:		
	As at March 31, 2010	As at March 31, 2009
Cash and bank balances, per Schedule 8	254,485	278,170
Loss / (Gain) on restatement of balances in foreign currency accounts.	95	(226)
Cash and cash equivalents as per cash flow statement	254,580	277,944

Notes :

- 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.
- 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 28, 2010

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Schedules

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2010	As at March 31, 2009
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	<u>135,000</u>	<u>135,000</u>
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
	<u>152,383</u>	<u>152,383</u>
Refer Note 18.5 for stock options outstanding details		
2 Stock options outstanding		
Balance, beginning of year	12,406	13,327
Less: Deletions / adjusted during the year	<u>1,588</u>	<u>921</u>
Balance, end of year	10,818	12,406
Less: Deferred employee stock compensation		
Balance, beginning of year	-	2,550
Less: Amortised / adjusted during the year	<u>-</u>	<u>2,550</u>
Balance, end of year	<u>10,818</u>	<u>12,406</u>
3 Reserves and surplus		
Capital Reserve		
Balance, beginning of year	25,074	25,074
Balance, end of year	<u>25,074</u>	<u>25,074</u>
Securities Premium		
Balance, beginning of year	1,201,881	1,201,881
Balance, end of year	<u>1,201,881</u>	<u>1,201,881</u>
General Reserve		
Balance, beginning of year	128,916	128,059
Add: Transferred from employee stock options outstanding	<u>1,588</u>	<u>857</u>
Balance, end of year	<u>130,504</u>	<u>128,916</u>
Profit and Loss Account	<u>(153,222)</u>	<u>(85,083)</u>
	<u>1,204,237</u>	<u>1,270,788</u>

Schedules

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2010	As at March 31, 2009
4 Secured loans		
Bank overdraft (Refer Note 18.6.1)	17,242	-
Others		
Hire purchase loans from banks (Refer Note 18.6.2) (includes amounts repayable within one year Rs. 2,073, previous year Rs. 1,754)	8,362	5,917
	25,604	5,917
Schedule 5 on Fixed Asset is set out on the following page.		
6 Investments		
Long term (at cost) - Unquoted, Non-trade		
<u>In Subsidiaries</u>		
Allsectech Inc, USA		
- Common stock 100 (previous year - 100), fully paid up	36,473	36,473
Allsectech Manila Inc., Philippines	101,964	101,964
- 812,500 (previous year - 812,500) Equity shares of Php 100 each fully paid up (Aggregate value of non-quoted investments Rs. 138,437, previous year Rs. 138,437)		
Current investments (at lower of cost or market value)*		
<u>In Mutual Fund Units #</u>		
Quoted, fully paid up at cost (Net Asset Value Rs. 133,316, previous year Rs. 315,374)	133,153	315,374
	271,590	453,811
# Also refer note 18.9 for details of investments in mutual funds.		
7 Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	113,563	202,573
- Considered doubtful	3,364	18,191
Others, considered good	294,876	179,391
	411,803	400,155
Less: Provision for doubtful debts	3,364	18,191
	408,439	381,964
8 Cash and bank balances		
Cash on hand	243	70
Balance with scheduled banks		
- in current accounts *	22,438	34,432
- in deposit accounts *	231,725	243,581
- in unpaid dividend accounts	66	70
Balance with non-scheduled banks		
- in current accounts with HSBC Plc**	13	17
	254,485	278,170

** Maximum balance during the year was Rs. 17 (previous year Rs. 21)

* Includes unutilised proceeds received from preferential issue Rs. 275,497 (previous year Rs. 476,327)

Schedules

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



ALLSEC TECHNOLOGIES LIMITED

5A - Fixed assets

Description of assets	Gross Block			Depreciation			Net Block	
	As at April 1, 2009	Additions for the year	Deletions for the year	As at March 31, 2010	For the year	Deletions for the year	As at March 31, 2010	As at March 31, 2009
Tangible Assets								
Plant and machinery								
- Computers and servers	127,519	38,835	1,628	164,726	15,819	1,617	58,497	35,492
- Call centre equipment	277,411	50,221	-	327,632	31,736	-	100,300	81,815
- Office equipment	65,685	8,562	2,985	71,262	3,378	263	52,026	49,564
Furniture and fixtures	50,781	14,039	-	64,820	6,137	-	33,147	25,245
Leasehold improvements	114,646	44,210	6,072	152,784	27,541	5,748	51,452	35,107
Vehicles*	12,886	5,281	1,304	16,863	1,504	339	13,766	10,954
Total	648,928	161,148	11,989	798,087	86,115	7,967	309,188	238,177
Previous Year	618,191	35,826	5,089	648,928	73,583	2,081	238,177	

* Vehicles include assets acquired under finance lease - Gross block - Rs. 11,157 (previous year Rs. 7,587); Depreciation - Rs. 877 (previous year Rs. 714); Accumulated Depreciation of Rs. 1,571 (previous year Rs. 1,001) and Net block - Rs. 9,586 (previous year Rs. 6,586).

5B - Intangible Assets

Description of assets	Gross Block			Amortisation			Net Block	
	As at April 1, 2009	Additions for the year	Deletions for the year	As at March 31, 2010	For the year	Deletions for the year	As at March 31, 2010	As at March 31, 2009
Software								
Goodwill on acquisition	61,787	33,715	-	95,502	10,294	-	29,714	6,233
	25,351	-	-	25,351	5,071	-	17,188	22,259
Total	87,138	33,715	-	120,853	15,305	-	46,902	28,492
Previous Year	60,138	27,000	-	87,138	10,901	-	28,492	

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



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PARTICULARS	As at March 31, 2010	As at March 31, 2009
9 Other current assets		
Unbilled revenues	6,620	3,415
Interest accrued but not due on bank deposits	7,274	12,054
	<u>13,894</u>	<u>15,469</u>
10 Loans and advances (unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	877	755
Balance with excise authorities	3,539	31,423
Loan to subsidiary	82,956	71,571
Prepaid expenses	9,172	5,459
Deposits	96,749	67,958
Advance income tax and tax deducted at source, net of provision for tax	85,220	46,079
	<u>278,513</u>	<u>223,245</u>
11 Current liabilities		
Sundry creditors		
- Dues to micro and small enterprises (Refer Note 18.7)	-	-
- Others	126,212	120,305
Other liabilities	30,130	27,570
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
Unpaid dividend	66	70
	<u>156,408</u>	<u>147,945</u>
12 Provisions		
Employee bonus	6,017	6,077
Leave encashment	12,082	10,802
Gratuity	16,362	13,010
	<u>34,461</u>	<u>29,889</u>
	Year ended	Year ended
	March 31, 2010	March 31, 2009
13 Other income		
Interest		
- Bank deposits (Tax deducted at source Rs.4,712, previous year -Rs.2,103)	22,313	15,198
- Others (Tax deducted at source Nil, previous year - Rs.106) (Refer Note 18.3)	39,926	517
Dividend income from mutual funds	5,942	18,680
Profit on sale of current investments	1,725	-
Profit on sale of fixed assets	-	296
Liabilities no longer required written back	11,193	1,117
Foreign exchange gain	-	97,358
Miscellaneous income (Refer Note 18.4)	25,969	378
	<u>107,068</u>	<u>133,544</u>

Schedules

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
14 Employee costs and benefits		
Salaries, wages and allowances	761,396	591,426
Contributions to provident and other funds	44,606	26,811
Gratuity	4,353	8,269
Employee stock compensation cost*	-	2,486
Staff welfare	59,019	56,721
Recruitment and training	14,696	8,154
	<u>884,070</u>	<u>693,867</u>
* Includes Nil (previous year Rs. 64) of reversal of cost earlier accounted on lapsed options.		
15 General and administration expenses		
Electricity	57,550	39,176
Rent and amenities	102,589	72,431
Rates and taxes	2,272	706
Repairs and maintenance		
- Plant and machinery	30,799	24,330
- Others	36,305	31,401
Insurance	2,620	3,049
Professional and consultancy charges	13,844	49,467
Travel and conveyance	15,621	13,686
Telephone	2,198	2,058
Provision for doubtful debts	(14,827)	10,187
Loss on sale of fixed assets	3,240	-
Foreign exchange loss	40,805	-
Miscellaneous expenses	12,169	8,557
	<u>305,185</u>	<u>255,048</u>
16 Selling expenses		
Selling commission	19,718	28,857
Other selling expenses	2,609	3,080
	<u>22,327</u>	<u>31,937</u>
17 Finance charges		
Interest		
- others	1,052	1,053
Bank charges	2,694	2,753
	<u>3,746</u>	<u>3,806</u>



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 two subsidiaries, Allsectech Inc., USA and Allsectech Manila Inc., Philippines.

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	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.

In respect of assets acquired from the call centre division of i2i Telesource Private Limited ("i2i"), depreciation is charged on the estimated useful lives of such assets, as revised to synchronize with the effective useful lives of similar assets of the Company.



(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 amortised 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 at the weighted average cost of capital.
- 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 fund 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 that 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 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.

(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 / fair value method as applicable to the relevant grant. Compensation expense is amortised 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, 2010, the Company has receivables of Rs. 154.03 million (including interest on overdue balances of Rs. 53.38 million) from Academic Funding Foundation and K2 Financials which are substantially overdue. Subsequent to the balance sheet date, the company has received funds aggregating to Rs. 92.79 million from these customers. 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 During the previous year, the Company had filed a legal suit for recovery of outstanding dues aggregating to Rs. 53.63 million from a customer in the USA. Based on estimates, Management had provided for amounts aggregating to Rs. 14.83 million towards settlement of such dispute prior to filing legal suit. During the current year, the Company has received a favorable judgment and received amounts aggregating to Rs. 79.59 million in settlement of the outstanding balances and costs incurred towards legal suit. Accordingly, the Company has reversed the provisions made and adjusted the amounts received towards outstanding dues and certain legal costs. Amounts received in excess of the above adjustments, which is in the nature of reimbursement of legal costs incurred and expensed in earlier years, have been credited under the head “Miscellaneous income” in the current year aggregating to Rs. 25.96 million.

18.5 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 Plan (ESOP) 2004

The shareholders at the Extra Ordinary General Meeting held on May 6, 2004, approved an Employee Stock Option Plan (ESOP) which provides for the grant of 550,000 options (each option convertible into 1 share) to employees. Consequently, the compensation committee had granted the following options on various dates at an exercise price of Rs.10/- per share:

DATE OF GRANT	NUMBER OF OPTIONS GRANTED
July 1, 2004	286,500 options
January 14, 2005	13,500 options
January 31, 2005	33,700 options

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The remaining options of 216,300 have not been issued as at the date of the balance sheet and the Company does not propose to issue the same.

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 fair value method as set out in those guidelines. The summary of the movement in options is given below:

PARTICULARS	As at March 31, 2010	As at, March 31, 2009
Options outstanding, beginning of year	19,800	19,800
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	19,800	-
Options outstanding, end of year	-	19,800
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	-	19,800
- Options not eligible for exercise at year end	-	-
Weighted average share price at the date of exercise (Rs.)	-	-
Weighted average remaining contract life of options	-	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		

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.

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, 2010	As at, March 31, 2009
Options outstanding, beginning of year	225,500	243,500
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	14,000	18,000
Options outstanding, end of year	211,500	225,500
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	211,500	225,500
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options	1 years and 10 months	2 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		



Pro-forma Disclosures for ESOS 2006

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2006 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, 2010			
- Amounts as reported	(68,139)	(4.47)	(4.47)
- Amounts as per pro-forma	(68,139)	(4.47)	(4.47)
Year ended March 31, 2009			
- Amounts as reported	(72,282)	(4.74)	(4.74)
- Amounts as per pro-forma	(77,696)	(5.10)	(5.10)

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

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

18.6 Secured loans

- 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.
- Hire purchase loans are secured by hypothecation of the respective assets acquired.

18.7 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.

18.8 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.

18.9 Details of current investments

Current investments in mutual funds at the year end comprise:

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

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Name of Mutual fund	March 31, 2009	
	No of units	Amount
HDFC Cash Management Fund	3,142,481	31,524
HDFC Cash Management Fund - Treasury Advantage Plan wholesale	7,745,381	77,698
ICICI Prudential - Flexible Income Plan	7,826,493	82,753
Birla Sunlife Short Term Fund	4,111,516	41,137
Canara Bank Robeco Liquid Super Institutional	5,118,791	51,397
HSBC Floating Rate Liquid Fund	2,747,090	30,865
Total		315,374

The following investments were purchased and sold during the year:

Name of Mutual fund	Purchased		Sold	
	No of units	Amount	No of units	Amount
ICICI Prudential - Flexible Income Plan	554,899	59,530	554,899	59,530
HDFC CMF - Treasury Advantage Plan wholesale	3,996,578	40,092	3,996,578	40,092
UTI Treasury Advantage Fund–Growth	41,120	50,000	41,120	50,710
Kotak Floater Long Term – Growth	3,481,288	50,000	3,481,288	50,834
Religare Liquid Fund – Growth	1,597,010	20,000	1,597,010	20,002
HDFC Cash Management Fund–Growth	477,582	9,489	477,582	9,638
Kotak Liquid Institutional–Growth	2,725,681	50,834	2,725,681	50,853
UTI Liquid Cash Plan–Growth	20,236	30,710	20,236	30,721
Total		310,655		312,380

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

18.10 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, 2010	March 31, 2009
Revenue from services		
United States of America	640,386	691,721
India	572,368	260,663
Others	8,049	12,538
Total	1,220,803	964,922

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.


18.11 Related party transactions
1. Names of related parties

Relationship	Name of the party
Subsidiaries	Allsectech Inc., USA Allsectech Manila Inc., Philippines B2K Corp Inc., USA (upto October 20, 2008)
Key management personnel	Whole time directors: A. Saravanan R. Jagadish

2. Transactions with related parties:

PARTICULARS	Subsidiaries		Key Management Personnel	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Selling commission –expenses				
-- Allsectech Inc.	19,718	27,342	-	-
Service income -billed to				
-- Allsectech Inc.	232,823	125,303	-	-
Advances made / (collected)				
-- B2K Corp Inc	-	(7,512)	-	-
-- Allsectech Manila Inc.	20,635	62,213	-	-
Investment / (Reduction) in subsidiary				
-- Allsectech Inc	-	(345,658)	-	-
-- B2K Corp Inc	-	(5)	-	-
-- Allsectech Manila Inc.	-	1,819	-	-
Remuneration - Wholetime Directors'				
-- Salaries	-	-	25,344	25,344

The Company has extended guarantees aggregating to Rs. 14,589 (USD 325,000) (previous year – Rs. 16,526 (USD 325,000)) on behalf of its subsidiary Allsectech Inc., USA.

3. Balances with related parties:

PARTICULARS	Subsidiaries		Key Management Personnel	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Trade Receivable				
-- Allsectech Inc.	63,473	61,417	-	-
Commission Payable				
-- Allsectech Inc.	9,530	22,819	-	-
Loans and Advances				
-- Allsectech Manila Inc.	82,956	71,571	-	-
Investment in subsidiary				
-- Allsectech Inc.	36,473	36,473	-	-
-- Allsectech Manila Inc.	101,964	101,964	-	-
Maximum amounts outstanding during the year				
Loans and Advances				
-- B2K Corp Inc.	-	7,512	-	-
-- Allsectech Manila Inc.	82,956	71,571	-	-

**18.12 Lease commitments****Finance leases**

PARTICULARS	As at March 31, 2010	As at, March 31, 2009
<u>Not later than one year</u>		
Minimum lease payments	2,858	2,322
Less: Finance Charges	785	568
Present value	2,073	1,754
<u>Later than one year but not later than five years</u>		
Minimum lease payments	7,505	4,849
Less: Finance Charges	1,216	686
Present value	6,289	4,163
<u>Later than five years</u>		
Minimum lease payments	Nil	Nil
Less: Finance Charges	Nil	Nil
Present value	Nil	Nil

Operating leases

Office premises in India are obtained under operating lease. Lease rentals incurred during the year of Rs. 99,292 (previous year Rs. 72,431) 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, 2010	As at March 31, 2009
Upto 1 year	110,540	53,304
1 to 5 years	362,059	143,090
Beyond 5 years	70,343	7,151
Total	542,942	203,545

18.13 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, 2010	Year ended March 31, 2009
Current service cost	9,387	4,439
Interest cost on benefit obligation	1,400	1,114
Expected return on plan assets	(325)	(380)
Net actuarial (gain) / loss recognized in the year	(7,534)	3,096
Past service cost	1,425	-
Net employee benefit expense	4,353	8,269

**Balance sheet****Details of provision for gratuity**

PARTICULARS	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	(19,985)	(16,974)
Fair value of plan assets	3,623	3,964
Plan asset / (liability)	(16,362)	(13,010)

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

PARTICULARS	As at March 31, 2010	As at March 31, 2009
Opening defined benefit obligation	16,974	10,801
Interest cost	1,400	1,114
Current service cost	9,387	4,439
Past service cost	1,425	-
Benefits paid	(1,808)	(2,623)
Actuarial (gains) / losses on obligation	(7,393)	3,243
Closing defined benefit obligation	19,985	16,974

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

PARTICULARS	As at March 31, 2010	As at March 31, 2009
Opening fair value of plan assets	3,964	5,645
Expected return	325	380
Contributions by employer	1,001	415
Benefits paid	(1,808)	(2,623)
Actuarial gains / (losses)	141	147
Closing fair value of plan assets	3,623	3,964
Actual return on plan assets	467	527

The present value of defined benefit obligation as at March 31, 2008 was Rs. 10,801 and fair value of plan assets as at that date was Rs 5,645 resulting in a deficit of Rs 5,156.

Assumptions

PARTICULARS	As at March 31, 2010	As at March 31, 2009
Discount rate	6.75%	5.50%
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.

Schedules

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



ALLSEC TECHNOLOGIES LIMITED

18.14 Payment to directors

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
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.

18.15 Auditors' remuneration

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
Statutory audit #	1,900	1,900
Other services #	175	200
Out of pocket expenses	60	85

Amounts exclude service tax and cess.

18.16 Contingencies and commitments

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
Commitments		
Capital contracts yet to executed	7,281	3,662
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.

18.17 Expenditure in foreign currency (on accrual basis)

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
Connectivity cost	46,305	59,771
Selling commission	19,718	28,857
Foreign travel	1,214	2,495
Maintenance charges	10,023	7,169
Legal and professional charges	4,236	36,607
Others	162	81

18.18 CIF value of imports

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
Capital goods	10,885	770

Schedules

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



ALLSEC TECHNOLOGIES LIMITED

18.19 Earnings in foreign exchange (on accrual basis)

PARTICULARS	Year ended	Year ended
	March 31, 2010	March 31, 2009
Service income	661,001	718,383
Interest income	39,926	-
Miscellaneous income	25,956	-

18.20 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. There are no open forward contracts at the end of current and previous years.

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

PARTICULARS	Foreign Currency	As at March 31, 2010		As at March 31, 2009	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
		Receivables	USD	7,423	333,776
Payables	USD	428	19,229	1,144	58,159
Bank balances	USD	80	3,609	179	9,088
	GBP	3	209	17	1,342
Investments	USD	3,384	138,895	3,384	138,895

18.21 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.

18.22 Previous year comparatives

In view of the acquisition of business from i2i effective August 1, 2008 in the previous year, the figures for the year ended March 31, 2010 are not strictly comparable with that of the previous year. Further, 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

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place : Chennai
Date : May 28, 2010



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. State Code
 Balance Sheet Date

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

Public Issue Right Issue
 Bonus Issue Private Placement

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

Total Liabilities Total Assets

Source of Funds

Paid up Capital Reserves & Surplus
 Secured Loan Unsecured Loan

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Deferred Tax Assets/ (Liabilities)
 Accumulated Losses Miscellaneous Expenditure

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

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

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

Item Code No. (ITC Code)
 Product Description

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place : Chennai
Date : 28th May, 2010



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

(Rs. in Thousands)

1. Name of the Subsidiary Company	Allsectech Inc.,	Allsectech Manila Inc.
2. Financial Year of the Subsidiary ended on	31 st March 2010	31 st March 2010
3. Extent of interest in Subsidiary Company	100%	100%
4. Net aggregate amount of the Profit/(Loss) of the Subsidiary Company so far as it concerns the members of the Company		
a) Dealt within the Company's Accounts		
I) For the Financial Year of the Subsidiary.	Nil	Nil
II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	Nil	Nil
b) Not Dealt with in the Company's Accounts		
I) For the Financial Year of the Subsidiary.	7,302	(34,728)
II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	(44,716)	(42,912)
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 31 st March 2010	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 31 st March, 2010		
a. Fixed Assets	N.A.	N.A.
b. Investments		
c. Money Lent		
d. Money borrowed other than those for meeting Current Liabilities		

Information of Subsidiary Companies for the year ended March 31, 2010 disclosed as per the terms of exemption under Section 212(8) of the Companies Act, 1956 granted by the Central Government

Sl.No.	Particulars	Allsectech Inc.,		Allsectech Manila Inc	
		USD	Rs.	Php	Rs.
		01-APR-2009 to 31-MAR-2010		01-APR-2009 to 31-MAR-2010	
(a)	Capital	810,000	36,360,900	81,250,000	81,022,500
(b)	Reserves	(828,282)	(37,181,579)	(88,189,963)	(87,943,031)
(c)	Total Assets	1,594,155	71,561,618	91,015,062	90,760,220
(d)	Total Liabilities	1,594,155	71,561,618	91,015,062	90,760,220
(e)	Investment (Except in case of investment in Subsidiaries)	-	-	-	-
(f)	Turnover	6,643,289	298,217,243	92,829,710	92,569,787
(g)	Profit/(Loss) Before Taxation	153,411	6,886,620	(39,725,922)	(39,614,689)
(h)	Provision for Taxation	(10,611)	(476,328)	-	-
(i)	Profit After Taxation	142,800	6,410,292	(39,725,922)	(39,614,689)
(j)	Proposed Dividend	-	-	-	-

Exchange Rate (INR) for USD 44.89 and Php 0.9972

For and on behalf of the Board of Directors

Place : Chennai
Date : 28th May, 2010

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



ALLSEC TECHNOLOGIES LIMITED

*Consolidated Financial Statements
for the year ended March 31, 2010*





To

The Board of Directors

Allsec Technologies Limited

1. We have audited the attached consolidated balance sheet of Allsec Technologies Limited ('the Company'), as at March 31, 2010, and its subsidiaries Allsectech Inc., USA and Allsectech Manila Inc., Philippines ('the Subsidiaries') 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 Company'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. 162 million as at March 31, 2010, total revenues of Rs.409 million and net cash flows amounting to Rs. 3 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:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Company and its Subsidiaries, as at March 31, 2010;
 - (b) in the case of the consolidated profit and loss account, of the consolidated loss of the Company and its Subsidiaries, for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Company and its Subsidiaries, 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

Place : Chennai

Date : May 28, 2010

Consolidated Balance Sheet

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	152,383	152,383
Stock options outstanding	2	10,818	12,406
Reserves and surplus	3	1,079,227	1,182,778
		<u>1,242,428</u>	<u>1,347,567</u>
Loan Funds			
Secured loans	4	25,604	5,917
		<u>1,268,032</u>	<u>1,353,484</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5A	930,047	787,217
Less : Accumulated depreciation		556,588	454,749
Net block		373,459	332,468
Add: Capital work-in-progress [including capital advances]		900	-
		<u>374,359</u>	<u>332,468</u>
Intangible assets			
Gross block	5B	148,266	114,550
Less : Accumulated amortisation		85,779	64,992
Net block		62,487	49,558
Investments			
	6	133,153	315,374
Current assets, loans and advances			
Sundry debtors	7	407,086	362,941
Cash and bank balances	8	267,227	288,516
Other current assets	9	13,895	15,469
Loans and advances	10	202,501	159,831
		<u>890,709</u>	<u>826,757</u>
Less: Current liabilities and provisions			
Current liabilities	11	158,215	140,784
Provisions	12	34,461	29,889
		<u>192,676</u>	<u>170,673</u>
Net current assets		<u>698,033</u>	<u>656,084</u>
		<u>1,268,032</u>	<u>1,353,484</u>
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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No: 053315

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place: Chennai
Date : May 28, 2010

Consolidated Profit and Loss Account

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
Income			
Income from services		1,347,495	1,038,291
Other income	13	107,161	174,434
		<u>1,454,656</u>	<u>1,212,725</u>
Expenditure			
Connectivity costs		84,336	102,695
Employee costs and benefits	14	967,976	767,520
General and administration expenses	15	360,949	312,262
Selling expenses	16	3,770	5,242
Finance charges	17	3,964	3,993
Depreciation and amortisation	5A&5B	133,580	115,844
		<u>1,554,575</u>	<u>1,307,556</u>
		(99,919)	(94,831)
Profit/(Loss) before tax			
Provision for taxation			
- Current tax		1,128	462
- Fringe benefit tax		-	2,057
		<u>(101,047)</u>	<u>(97,350)</u>
Profit/(Loss) after tax			
Balance brought forward from previous year		(178,877)	(81,527)
Profit/(Loss) carried to Balance Sheet		<u>(279,924)</u>	<u>(178,877)</u>
Earnings per Share			
Net Profit/(Loss) available to equity shareholders		(101,047)	(97,350)
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.)		(6.63)	(6.39)
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 28, 2010

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)



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
A. Cash flow from operating activities:		
Net profit / (loss) before tax	(99,919)	(94,831)
Adjustments for:		
Depreciation and amortisation	133,580	115,844
Interest expense	1,052	1,053
Interest income	(62,241)	(15,738)
Dividend income from mutual funds	(5,942)	(18,680)
(Profit) / Loss on sale of assets	3,240	(296)
Provision for doubtful debts / (write back)	(14,827)	10,187
(Profit) on sale of current investments	(1,725)	-
Liabilities no longer required written back	(11,193)	(1,117)
Unrealised foreign exchange (gain) /loss, net	39,126	(44,069)
Advance written off	-	-
Amortisation of employee stock compensation cost	-	2,486
Operating Profit/(Loss) before working capital changes	(18,849)	(45,161)
Adjustments for changes in working capital :		
- (Increase) in sundry debtors	(122,571)	(120,914)
- (Increase) in loans and advances and other current assets	(90,111)	(59,039)
- Increase in current liabilities and provisions	201,675	211,429
Cash generated from / (used in) operations	(29,856)	(13,685)
- Taxes (paid), <i>net</i>	(40,266)	(29,606)
Net cash from / (used in) operating activities	(70,122)	(43,291)
B. Cash flow from investing activities:		
Capital expenditure (Refer note 1)	(187,244)	(78,178)
Proceeds from sale of fixed assets	783	3,303
Purchase of investments - mutual funds	(440,141)	(433,894)
Consideration paid for purchase of business of i2i	-	(47,528)
Expenses incurred relating to purchase of business of i2i	-	(1,200)
Proceeds from sale of investments - mutual funds	624,085	429,479
Interest received	27,094	5,840
Dividend received	5,942	18,680
Net cash from / (used in) investing activities	30,519	(103,498)

Consolidated Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
C. Cash flow from financing activities:		
Proceeds from long term borrowings	4,786	3,577
Proceeds from short term borrowings	17,242	-
Repayment of long term borrowings	(2,341)	(1,329)
Interest paid	(1,052)	(1,053)
Net cash from / (used in) financing activities	<u>18,635</u>	<u>1,195</u>
Net increase / (decrease) in cash and cash equivalents	(20,968)	(145,594)
Opening cash and cash equivalents	288,290	436,187
Add: Adjustments on Business purchase of call centre division of i2i Telesource Pvt Ltd	-	(2,303)
Closing cash and cash equivalents*	267,322	288,290
*Includes restricted cash balances	66	70
Reconciliation of cash and cash equivalents with cash and bank balance as per Schedule 8:		
	As at March 31, 2010	As at March 31, 2009
Cash and bank balances, per Schedule 8	267,227	288,516
Loss / (Gain) on restatement of balances in foreign currency accounts.	95	(226)
Cash and cash equivalents as per cash flow statement	<u>267,322</u>	<u>288,290</u>

Notes :

- 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.
- 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

For and on behalf of the Board of Directors

per S Balasubrahmanyam

Partner

Membership No: 053315

A Saravanan

Director

R Jagadish

Director

A Mohan Kumar

Company Secretary

Place: Chennai

Date : May 28, 2010

Consolidated Schedules

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2010	As at March 31, 2009
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
	<u>152,383</u>	<u>152,383</u>
Refer Note 18.5 for stock options outstanding details		
2 Stock options outstanding		
Balance, beginning of year	12,406	13,327
Less: Deletions / adjusted during the year	1,588	921
Balance, end of year	<u>10,818</u>	<u>12,406</u>
Less: Deferred employee stock compensation		
Balance, beginning of year	-	2,551
Less: Amortised / adjusted during the year	-	2,551
Balance, end of year	<u>-</u>	<u>-</u>
	<u>10,818</u>	<u>12,406</u>
3 Reserves and surplus		
Capital Reserve		
Balance, beginning of year	25,074	25,074
Balance, end of year	<u>25,074</u>	<u>25,074</u>
Securities Premium		
Balance, beginning of year	1,201,881	1,201,881
Balance, end of year	<u>1,201,881</u>	<u>1,201,881</u>
General Reserve		
Balance, beginning of year	128,916	128,059
Add: Transferred from employee stock options outstanding	1,588	857
Balance, end of year	<u>130,504</u>	<u>128,916</u>
Profit and Loss Account	(279,924)	(178,877)
Foreign currency translation reserve (Refer Note 18.2(o))		
Balance, beginning of year	5,784	(493)
Add: Exchange difference during the year on net investment in non-integral operations	(4,092)	6,277
	<u>1,692</u>	<u>5,784</u>
	<u>1,079,227</u>	<u>1,182,778</u>

Consolidated Schedules

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2010	As at March 31, 2009
4 Secured loans		
Bank overdraft (Refer Note 18.6.1)	17,242	-
Hire purchase loans from banks (Refer Note 18.6.2)	8,362	5,917
	<u>25,604</u>	<u>5,917</u>
Schedule 5 on Fixed Asset is set out on the following page.		
6 Investments		
Current investments (at lower of cost or market value) *		
Mutual Fund Units #		
Quoted, fully paid up at cost	133,153	315,374
(Net Asset Value Rs. 133,316, previous year Rs. 315,374)		
	<u>133,153</u>	<u>315,374</u>
# Also refer note 18.7 for details of investments in mutual funds.		
7 Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	113,563	195,702
- Considered doubtful	3,364	18,191
Others, considered good	293,523	167,239
	<u>410,450</u>	<u>381,132</u>
Less: Provision for doubtful debts	(3,364)	(18,191)
	<u>407,086</u>	<u>362,941</u>
8 Cash and bank balances		
Cash on hand	248	86
Balance with scheduled banks		
- in current accounts *	22,438	34,432
- in deposit accounts *	231,725	245,758
- in unpaid dividend accounts	66	70
Balance with other banks		
- in current accounts	12,750	8,170
	<u>267,227</u>	<u>288,516</u>

* Includes unutilised proceeds received from preferential issue Rs. 275,497 (previous year Rs. 476,327)

Consolidated Schedules

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



ALLSEC TECHNOLOGIES LIMITED

5A - Fixed assets

Description of assets	Gross Block			Depreciation			Net Block	
	As at April 1, 2009	Additions for the year	Deletions for the year	As at March 31, 2010	For the year	Deletions for the year	As at March 31, 2010	As at March 31, 2009
Tangible Assets								
Plant and machinery	190,242	37,305	1,628	225,919	27,866	1,617	136,124	80,367
- Computers and servers	287,990	50,221	-	338,211	32,290	-	237,554	82,726
- Call centre equipment	65,686	8,562	2,985	71,263	3,378	263	19,235	49,566
- Office equipment	66,259	13,561	17	79,803	8,652	-	38,533	36,378
Furniture and fixtures	162,894	40,516	6,585	196,825	36,013	5,820	121,126	71,961
Leasehold improvements	14,146	5,184	1,304	18,026	1,679	339	4,016	11,470
Vehicles*								
Total	787,217	155,349	12,519	930,047	109,878	8,039	556,588	332,468
Previous Year	659,543	132,763	5,089	787,217	102,012	2,081	454,749	332,468

* Vehicles include assets acquired under finance lease - Gross block - Rs. 11,157 (previous year Rs. 7,587); Depreciation - Rs. 877 (previous year Rs. 714), Accumulated Depreciation of Rs. 1,571 (previous year Rs. 1,001) and Net block - Rs. 9,586 (previous year Rs. 6,586).

Additions and depreciation charge for the year are net of foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs. (9,824) and Rs. (2,915) respectively. Additions and depreciation charge for the previous year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs. 9,976 and Rs. 2,552 respectively.

5B - Intangible Assets

Description of assets	Gross Block			Amortisation			Net Block	
	As at April 1, 2009	Additions for the year	Deletions for the year	As at March 31, 2010	For the year	Deletions for the year	As at March 31, 2010	As at March 31, 2009
Intangible Assets								
Software	61,786	33,716	-	95,502	10,234	-	65,966	6,054
Goodwill on consolidation	27,413	-	-	27,413	5,483	-	11,651	21,245
Goodwill on acquisition	25,351	-	-	25,351	5,070	-	8,162	22,259
Total	114,550	33,716	-	148,266	20,787	-	85,779	49,558
Previous Year	87,551	26,999	-	114,550	16,384	-	64,992	49,558

Consolidated Schedules

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2010	As at March 31, 2009
9 Other current assets		
Unbilled revenues	6,620	3,415
Interest accrued but not due on bank deposits	7,275	12,054
	<u>13,895</u>	<u>15,469</u>
10 Loans and advances (unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	1,824	1,977
Balance with excise authorities	3,539	31,423
Prepaid expenses	11,787	8,613
Deposits	100,658	71,931
Advance income tax and tax deducted at source, net of provision for tax	84,693	45,887
	<u>202,501</u>	<u>159,831</u>
11 Current Liabilities		
Sundry creditors		
- Dues to micro and small enterprises	-	-
- Others	125,194	110,086
Other liabilities	32,955	30,628
Unpaid dividend	66	70
	<u>158,215</u>	<u>140,784</u>
12 Provisions		
Employee bonus	6,017	6,077
Leave encashment	12,082	10,802
Gratuity	16,362	13,010
	<u>34,461</u>	<u>29,889</u>
	Year ended March 31, 2010	Year ended March 31, 2009
13 Other income		
Interest		
- Bank deposits	22,317	22,591
- Others (Refer Note 18.3)	39,926	517
Dividend income from mutual funds	5,942	18,680
Profit on sale of fixed assets	-	296
Profit on sale of current investments	1,725	-
Liabilities no longer required written back	11,193	1,117
Foreign exchange gain	-	128,356
Miscellaneous income (Refer Note 18.4)	26,058	2,877
	<u>107,161</u>	<u>174,434</u>

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2010	Year ended March 31, 2009
14 Employee costs and benefits		
Salaries, wages and allowances	834,009	655,938
Contributions to provident and other funds	54,839	35,093
Gratuity	4,353	8,269
Employee stock compensation cost*	-	2,486
Staff welfare	60,039	57,312
Recruitment and training	14,736	8,422
	<u>967,976</u>	<u>767,520</u>
* Includes Nil (previous year Rs. 64) of reversal of cost earlier accounted on lapsed options.		
15 General and administration expenses		
Electricity	64,954	45,107
Rent and amenities	119,211	86,418
Rates and taxes	4,175	2,139
Repairs and maintenance		
- Plant and machinery	32,056	24,467
- Others	38,298	31,895
Insurance	3,159	3,675
Professional and consultancy charges	30,627	70,816
Travel and conveyance	19,185	17,114
Telephone	4,087	3,861
Provision for doubtful debts	(14,827)	10,187
Loss on sale of fixed assets	3,240	-
Foreign exchange loss	37,410	-
Miscellaneous expenses	19,374	16,583
	<u>360,949</u>	<u>312,262</u>
16 Selling expenses		
Selling commission	-	1,466
Other selling expenses	3,770	3,776
	<u>3,770</u>	<u>5,242</u>
17 Finance charges		
Interest		
- others	1,052	1,075
Bank charges	2,912	2,918
	<u>3,964</u>	<u>3,993</u>



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 two 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.

Allsectech and ATM 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, 2010 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2010.
- 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, 2010.
- 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.

(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 end. 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.

In respect of assets acquired from the call centre division of i2i Telesource Private Limited ("i2i"), depreciation is charged on the estimated useful lives of such assets as revised to synchronize with the effective useful lives of similar assets of the Group.

The assets of Allsectech aggregating to Rs. 11 million (1.19% 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 other equipment.

The assets of ATM aggregating to Rs. 121 million (13% 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

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

**(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 at the weighted average cost of capital.
- 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 fund 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.

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 amortised 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, 2010, the Group has receivables of Rs. 154.03 million (including interest on overdue balances of Rs. 53.38 million) from Academic Funding Foundation and K2 Financials which are substantially overdue. Subsequent to the balance sheet date, the Group has received funds aggregating to Rs. 92.79 million from these customers. 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 During the previous year, the Group had filed a legal suit for recovery of outstanding dues aggregating to Rs. 53.63 million from a customer in the USA. Based on estimates, Management had provided for amounts aggregating to Rs. 14.83 million towards settlement of such dispute prior to filing legal suit. During the current year, the Group has received a favorable judgment and received amounts aggregating to Rs. 79.59 million in settlement of the outstanding balances and costs incurred towards legal suit. Accordingly, the Group has reversed the provisions made and adjusted the amounts received towards outstanding dues and certain legal costs. Amounts received in excess of the above adjustments, which are in the nature of reimbursement of legal costs incurred by us and expensed in earlier years, have been credited under the head “Miscellaneous income” in the current year aggregating to Rs. 25.96 million.



18.5 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 Plan (ESOP), 2004

The shareholders at the Extra Ordinary General Meeting held on May 6, 2004, approved an Employee Stock Option Plan (ESOP) which provides for the grant of 550,000 options to employees. Consequently, the compensation committee had granted the following options on various dates at an exercise price of Rs.10 per share:

Date of grant	Number of options granted
July 1, 2004	286,500 options
January 14, 2005	13,500 options
January 31, 2005	33,700 options

The remaining options of 216,300 have not been issued as at the date of the balance sheet and the Group does not propose to issue the same.

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 fair value method as set out in those guidelines. The summary of the movement in options is given below:

PARTICULARS	As at March 31, 2010	As at, March 31, 2009
Options outstanding, beginning of year	19,800	19,800
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	19,800	-
Options outstanding, end of year	-	19,800
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	-	19,800
- Options not eligible for exercise at year end	-	-
Weighted average share price at the date of exercise (Rs.)	-	-
Weighted average remaining contract life of options (in 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		

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

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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, 2010	As at, March 31, 2009
Options outstanding, beginning of year	225,500	243,500
Options granted during the year	-	-
Options exercised during the year	-	-
Options lapsed during the year	14,000	18,000
Options outstanding, end of year	211,500	225,500
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	211,500	225,500
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options	1 years and 10 months	2 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		

Pro-forma Disclosures for ESOS 2006

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2006 been recognized based on the fair value at the date of grant in accordance with binomial method, the amounts of the Group'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, 2010			
- Amounts as reported	(101,047)	(6.63)	(6.63)
- Amounts as per pro-forma	(101,047)	(6.63)	(6.63)
Year ended March 31, 2009			
- Amounts as reported	(97,350)	(6.39)	(6.39)
- Amounts as per pro-forma	(102,764)	(6.75)	(6.74)

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

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

18.6 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.

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18.7 Details of current investments

Current investments in mutual funds at the year end comprise:

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

Name of Mutual fund	March 31, 2009	
	No of units	Amount
HDFC Cash Management Fund	3,142,481	31,524
HDFC Cash Management Fund - Treasury Advantage Plan wholesale	7,745,381	77,698
ICICI Prudential - Flexible Income Plan	7,826,493	82,753
Birla Sunlife Short Term Fund	4,111,516	41,137
Canara Bank Robeco Liquid Super Institutional	5,118,791	51,397
HSBC Floating Rate Liquid Fund	2,747,090	30,865
Total		315,374

18.8 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, 2010	March 31, 2009
Revenue from services		
United States of America	765,103	765,090
India	572,368	260,663
Others	10,024	12,538
Total	1,347,495	1,038,291

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.

18.9 Related party transactions

1. Names of related parties

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

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2. Transactions with related parties:

PARTICULARS	March 31, 2010	March 31, 2009
Directors' remuneration		
— Salaries	25,344	25,344

3. Balances with related parties : Nil

18.10 Lease commitments

Finance leases

PARTICULARS	As at March 31, 2010	As at, March 31, 2009
Not later than one year		
Minimum lease payments	2,858	2,322
Less: Finance Charges	785	568
Present value	2,073	1,754
Later than one year but not later than five years		
Minimum lease payments	7,505	4,849
Less: Finance Charges	1,216	686
Present value	6,289	4,163
Later than five years		
Minimum lease payments	Nil	Nil
Less: Finance Charges	Nil	Nil
Present value	Nil	Nil

Operating leases

Office premises are obtained under operating lease. Lease rentals incurred during the year Rs. 115,914 (previous year Rs. 86,418) 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, 2010	As at March 31, 2009
Upto 1 year	125,235	68,408
1 to 5 years	396,031	192,601
Beyond 5 years	70,343	7,151
Total	591,609	268,160

18.11 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.

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Profit & Loss account

PARTICULARS	Year ended	Year ended
	March 31, 2010	March 31, 2009
Current service cost	9,387	4,439
Interest cost on benefit obligation	1,400	1,114
Expected return on plan assets	(325)	(380)
Net actuarial (gain) / loss recognized in the year	(7,534)	3,096
Past service cost	1,425	-
Net employee benefit expense (Gratuity)	4,353	8,269

Balance sheet

Details of provision for gratuity

PARTICULARS	As at	As at
	March 31, 2010	March 31, 2009
Defined benefit obligation	(19,985)	(16,974)
Fair value of plan assets	3,623	3,964
Plan asset / (liability)	(16,362)	(13,010)

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

PARTICULARS	As at	As at
	March 31, 2010	March 31, 2009
Opening defined benefit obligation	16,974	10,801
Interest cost	1,400	1,114
Current service cost	9,387	4,439
Past service cost	1,425	-
Benefits paid	(1,808)	(2,623)
Actuarial (gains) / losses on obligation	(7,393)	3,243
Closing defined benefit obligation	19,985	16,974

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

PARTICULARS	As at	As at
	March 31, 2010	March 31, 2009
Opening fair value of plan assets	3,964	5,645
Expected return	325	380
Contributions by employer	1,001	415
Benefits paid	(1,808)	(2,623)
Actuarial gains / (losses)	141	147
Closing fair value of plan assets	3,623	3,964
Actual return on plan assets	467	527

The present value of defined benefit obligation as at March 31, 2008 was Rs. 10,801 and fair value of plan assets as at that date was Rs 5,645 resulting in a deficit of Rs 5,156.

Assumptions

PARTICULARS	As at	As at
	March 31, 2010	March 31, 2009
Discount rate	6.75%	5.50%
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.

18.12 Contingencies and commitments

PARTICULARS	As at March 31, 2010	As at March 31, 2009
Commitments		
Capital contracts yet to be executed	7,281	3,662
Contingent liabilities		
Claims against the Group 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.

18.13 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.

18.14 Previous year comparatives

In view of the acquisition of business from i2i effective August 1, 2008 in the previous year, the figures for the year ended March 31, 2010 are not strictly comparable with that of the previous year. Further, 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

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place : Chennai
Date : May 28, 2010



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.

Mr./Ms _____

ATTENDANCE SLIP

Date & Time Wednesday
4th August 2010
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.

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
11th 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.

DP ID No. _____ **I** **N** _____

Client ID No. _____

FORM OF PROXY

Folio No. _____ **No. of Shares held** _____

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 11th ANNUAL GENERAL MEETING of the Company to be held at 10.00 AM on Wednesday, the 4th August 2010 and at any adjournment thereof.

Date Signature

Re. 1
Revenue
Stamp

Tear Here