



**ALLSEC
TECHNOLOGIES
LIMITED**

Q
A **QUESS** ENTERPRISE

Annual Report
2018 - 19



Board of Directors

Mr. Ajit Isaac
Mr. Subrata Nag
Mr. Sanjay Anandaram
Mr. Milind Chalisgaonkar
Mrs. Lakshmi Sarada

Chairman & Non Executive Non Independent Director
Non Executive Non Independent Director
Non Executive Independent Director
Non Executive Independent Director
Non Executive Independent Woman Director

Management Committee

Mr. R. Vaithyanathan
Mr. C. Mahadevan
Mr. P. Raghunath
Mr. Saravanan Thambusamy

Senior Vice President - Operations & HR
Senior Vice President - HR Operations
Vice President - Finance
Vice President - Technology

DGM-Legal & Company Secretary

Mr. Gagan Preet Singh

Auditors

Walker Chandio & Co., LLP,
Chartered Accountants,
7th Floor, Prestige Polygon,
471, Anna Salai, Teynampet,
Chennai 600 018, India

Registered Office

46C, Velachery Main Road,
Velachery, Chennai - 600042

Corporate Office

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

Bankers

- Canara Bank
- HDFC Bank
- Citi Bank

Registrars & Transfer Agents

KARVY FINTECH PRIVATE LIMITED,
Kary Selenium Towers, No. - B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad 500 032.



Index

Financial Highlights	3
Directors' Report	6
Annexures to Directors Report	12
Auditors' Report	38
Standalone Financials	46
Auditors Report on Consolidated Financials	81
Consolidated Financials	90



ALLSEC TECHNOLOGIES LIMITED

Financial Highlights
Standalone & Consolidated



(INR in Lakhs)

S. No.	Particulars	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
		March 31, 2019*	March 31, 2018*	March 31, 2017*	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
A	Profit and Loss Account										
	Revenue	15,317	12,878	11,621	10,836	9,747	10,674	10,747	14,154	12,208	
	Gross Profit before Interest, depreciation & Tax (EBITDA)	3,748	2,828	2,225	1,525	485	1,368	736	686	370	
	Profit before taxation [^]	2,015	2,478	2,037	1,245	(130)	543	(333)	(394)	(681)	
	Profit after taxation	951	2,899	2,254	948	(174)	543	(333)	(394)	(681)	
B	Balance Sheet										
	Net Fixed Assets	1,160	1,013	765	745	927	1,769	2,384	3,588	3,569	
	Investments	10,473	10,857	10,328	6,724	5,282	6,178	3,532	4,252	2,715	
	Net Current Assets	3,497	3,248	1,858	4,966	5,387	4,161	5,650	5,775	7,644	
	Total Assets	15,130	15,118	12,951	12,435	11,596	12,108	11,566	12,011	13,615	13,928
C	Share Capital	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	
	Reserves & Surplus	16,104	16,072	13,173	10,876	9,928	10,497	9,954	11,756	12,150	
	Net Worth	17,628	17,596	14,697	12,400	11,452	12,021	11,478	13,280	13,674	
	Loan Funds	45	65	25	35	144	88	88	336	256	
	Total Liabilities	17,673	17,661	14,722	12,435	11,596	12,109	11,566	12,011	13,616	13,930
C	EPS (in INR)	6.01	19.02	14.27	6.2	(1.1)	3.5	(2.1)	(2.5)	(4.4)	
	Diluted EPS (in INR)	6.01	19.02	14.27	6.2	(1.1)	3.4	(2.1)	(2.5)	(4.4)	
	Book Value per share	115.67	115.46	96.44	81.36	75.14	78.88	75.33	87.15	89.74	
	Return on Capital Employed (ROCE in %)	12%	14%	14%	10%	(1%)	5%	(2%)	(12%)	(3%)	
	Return on Networth (RONW in %)	5%	16%	15%	8%	(2%)	5%	(3%)	(3%)	(5%)	
	Fixed Assets Turnover (No of times)	13.20	12.71	15.19	14.54	10.51	6.03	4.51	3.98	3.94	
	Working Capital Turnover (No of times)	4.38	3.96	6.25	2.2	1.80	2.57	1.90	2.45	1.60	

* Figures for year ended 31st March 2019, 31st March 2018 & 31st March 2017 are as per Ind AS whereas comparatives for previous years are based on earlier IGAAP.

[^] Profit before taxation for year ended 31st March 2019 includes one time investment impairment of INR 1,307 lakhs.



S. No.	Particulars	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended		
		March 31, 2019*	March 31, 2018*	March 31, 2017*	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	Year Ended March 31, 2010
A	Profit and Loss Account										
	Revenue	26,116	32,496	31,812	23,338	15,086	19,962	32,007	18,314	15,852	13,475
	Gross Profit Before Interest, Tax, Depreciation & Amortisation (EBITDA)	4,638	6,825	6,862	4,192	(41)	(3,452)	4,057	443	691	377
	Profit Before Taxation [^]	2,883	6,359	6,328	3,453	(1,233)	(5,363)	2,063	(1,049)	(735)	(999)
	Profit After Taxation	1,567	5,953	6,172	3,094	(1,406)	(3,714)	884	(1,472)	(756)	(1,010)
B	Balance Sheet										
	Net Fixed Assets	1,321	2,424	2,173	2,231	2,652	3,906	4,293	4,634	5,183	4,368
	Investments	8,239	7,316	6,139	1,911	175	1,072	888	510	1,875	1,332
	Net Current Assets	9,723	8,447	4,762	5,175	3,239	1,570	6,312	5,048	4,955	6,980
	Total Assets	19,283	18,187	13,074	9,317	6,066	6,548	11,493	10,192	12,013	12,680
	Share Capital	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524
	Stock Options Outstanding	-	-	-	-	-	-	-	-	-	101
	Reserves & Surplus	20,411	19,347	13,554	7,623	4,621	6,430	8,620	8,391	10,029	10,792
	Net Worth	21,935	20,871	15,078	9,147	6,145	7,954	10,144	9,915	11,654	12,424
	Loan Funds	65	65	25	256	82	260	325	23	336	256
Deferred Tax Assets (Net)	1,441	(1,633)	(683)	(86)	(161)	(1,666)	-	-	-	-	
Minority Interest	-	-	-	-	-	-	1,024	254	22	-	
Total Liabilities	23,441	19,303	14,420	9,317	6,066	6,548	11,493	10,192	12,013	12,680	
C	EPS (In INR)	12.78	38.02	38.10	20.30	(9.23)	(16.43)	1.28	(11.14)	(4.97)	(6.63)
	Diluted EPS (In INR)	12.78	38.02	38.10	20.30	(9.23)	(16.43)	1.28	(11.14)	(4.97)	(6.63)
	Book Value per Share	143.93	136.95	98.94	60.02	40.32	52.19	66.56	65.06	76.48	81.53
	Return on Capital Employed (ROCE in %)	13%	31%	43%	38%	(18%)	(63%)	23%	(10%)	(6%)	(8%)
	Return on Networth (RONW in %)	7%	29%	41%	34%	(23%)	(47%)	9%	(15%)	(7%)	(8%)
	Fixed Assets Turnover (No of times)	19.77	13.41	14.64	10.46	5.69	5.11	7.46	3.95	3.06	3.08
	Working Capital Turnover (No of times)	2.69	3.85	6.68	4.51	4.66	12.71	5.07	3.63	3.20	1.93

*Figures for year ended 31st March 2019, 31st March 2018 & 31st March 2017 are as per Ind AS whereas comparatives for previous years are based on earlier IGAAP.

[^]Profit before taxation for year ended 31st March 2019 includes one time goodwill impairment of INR 1,247 lakhs.



Directors' Report

The Directors take pleasure in presenting to you the 20th Annual Report of the Company covering the financial year ended 31st March 2019.

FINANCIAL HIGHLIGHTS

Pursuant to the notification dated 16th February 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 with effect from 1st April 2017. The performance of the Company for the financial year 2018-19 is summarized below:

(INR In Lakhs)

	STANDALONE			CONSOLIDATED		
	YEAR ENDED			YEAR ENDED		
	31-Mar-19	31-Mar-18	F/(A)	31-Mar-19	31-Mar-18	F/(A)
INCOME FROM SERVICES	15,317	12,878	19%	26,116	32,496	(20%)
TOTAL COSTS	12,310	10,568	(17%)	22,153	26,392	16%
OPERATING MARGIN	3,007	2,310	30%	3,963	6,104	(35%)
OTHER INCOME	680	518	31%	675	727	(7%)
EBIDTA	3,687	2,828	30%	4,638	6,831	(32%)
EBIDTA (%)	24%	22%		18%	21%	
DEPRECIATION	408	328	(24%)	526	450	(17%)
INTEREST EXP /(INCOME)	(43)	22	295%	(18)	22	182%
PROFIT/(LOSS) BEFORE TAX & EXCEPTIONAL ITEM	3,322	2,478	34%	4,130	6,359	(35%)
EXCEPTIONAL ITEM	1,307	-		1,247		
PROFIT/(LOSS) BEFORE TAX	2,015	2,478	(19%)	2,883	6,359	(55%)
PROFIT/(LOSS) AFTER TAX	951	2,899	(67%)	1,567	5,953	(74%)

* F/(A) means Favorable / (Adverse)

Business Outlook

The Company in India primarily operates two business segments namely the Human Resources Operations (HRO) business that caters to the payroll and other HR service we provide to our clients and the Customer Lifecycle Management (CLM) business which provides the voice and non-voice services to domestic and international clients. Globally, the Company has a CLM and HRO business in Manila and Anti Money Laundering (AML) business in the US.

Our HRO division continued its growth momentum and in line with the focus on expanding its footprint globally. The division now services more than 30 countries in Asia, Middle-East and Africa. Your Company has been chosen as the preferred vendor in Middle East and India by a global leader in Beverages and Foods business. Allsec bouquet of services includes, Outsourced payroll services, Expense Claims management, HRO services including (Onboarding, Info Store, Employee movements, Rewards Letter generation, Attendance and Leave and Exit), Statutory compliance services (payroll compliance

including PF, ESI, PT and LWF, Labour law compliance, Contract labour compliance and Factory compliance). The Company is currently focussing on setting up sales teams in the Middle East and South East Asia to leverage sales operations in these areas. The Statutory services has huge potential for significant growth in the coming years. Allsec's digital technology delivery platform using RPA, digitization of Registers and Returns will enable the Company to increase the statutory services business vertical in India.

The CLM - Domestic business continued with improved volumes and margins as compared to previous year. Our strategy of identifying processes that have better margins and also strengthening relationships with existing clients by way of client farming and relationship nurturing has helped us in growing this business. We witnessed growth in BFS (Banking & Financial Services) and E-commerce space while also adding businesses from Insurance industry and emerging industries like Early Education Products for Children. Our Noida centre has further increased its existing share of business by ramping up in other North Indian languages.



The CLM - International business in India has remained stable over the last year. The Company continues to pursue opportunities to increase volumes in this business especially in the non-voice segment and has maintained a sharp focus on expanding its Finance and Accounts Outsourcing offering especially in the Accounts Receivable space.

The Operational financial performance of your Company continued to improve during this year. Profit before Tax and Exceptional Item (PBTE) stood at INR 3,322 Lakhs as compared to INR 2,478 Lakhs in the previous year. During the year, the Company had a one time impairment charge of INR 1,307 Lakhs which resulted in lower Profit before tax of INR 2,015 Lakhs as against INR 2,478 Lakhs in previous year. Your Company has reported Net profit after tax for the current year at INR 951 Lakhs as compared to Net profit after tax of INR 2,899 lakhs for the previous year. Detailed analysis of the Standalone results forms part of the Management Discussion and Analysis (MD&A) report provided separately as part of the Annual Report.

Consolidated Revenues for the year stands at INR 26,116 lakhs as compared to INR 32,496 in the previous year. Consolidated Profit before Tax and Exceptional Item decreased to INR 4,130 lakhs from INR 6,359 INR in the previous year. The reduction is attributable primarily to the US business with reduction in volumes in the AML business. Net profit after tax stood at INR 1,567 lakhs down from INR 5,953 lakhs in previous year.

The Company has delivery centers in India at Chennai, Bengaluru & NCR locations. In the international front Allsec has centers in Manila (Philippines) and Dallas (United States of America).

Dividend

The Board of Directors of your Company does not recommend any dividend for the year.

Deposits

Your Company has not accepted any deposit from the public during the period under review and did not have any outstanding deposits.

Directors

Pursuant to the Public Announcement dated 17th April 2019 made by Conneqt Business Solutions Limited ("Acquirer") along with Qness Corp Limited ("Person Acting in Concert"/"PAC"), the Detailed Public Statement ("DPS") in leading News papers dated 25th April 2019 and the Acquisition process as per the SEBI (SAST) Regulations 2011, the Board of Directors has constituted a "Committee of Independent Directors for Open Offer" to provide written recommendations to the Open Offer. A note on the material developments and changes due to the Acquisition process is detailed as in this report.

Key Managerial personnel

The Key Managerial Personnel of Allsec Technologies Limited upto the report date are mentioned below:

1. Mr. R. Jagadish - Chief Executive Officer
2. Mr. P. Raghunath – Chief Financial Officer
3. Mr. Gagan Preet Singh – Company Secretary

Employees

The information relating to Employees to be given under Section 197(12) of the Companies Act, 2013 is given in Annexure G.

Corporate Governance

Your Company is fully compliant with the requirements under SEBI (LODR) Regulations, 2015. The report on Corporate Governance as per Regulation 34(3) read with Schedule V of the listing Regulations is given in Annexure A.

Certificate from Auditors confirming the compliance of conditions of Corporate Governance is included in Annexure B. CEO / CFO certification is attached in Annexure I.

In terms of Regulation 34 of SEBI (LODR) Regulations, 2015, the Management Discussion and Analysis report is given in Annexure – C.

Subsidiary Companies

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

The Consolidated Financial Statements of the Company and its subsidiaries are prepared in accordance with Indian Accounting Standards and forms an integral part of this Annual Report.

The Annual Accounts of the said subsidiaries and the related detailed information will be made available to the investors of the Company seeking such information at any point of time. Performance and financial position of subsidiaries included in consolidated financial statements of the Company in format AOC-1 is provided in Annexure E.

The Company monitors performance of subsidiary companies (list of subsidiary companies has been provided in the financial statements), inter-alia, by the following means:

- a) The Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary.
- b) The Audit Committee reviews the financial statements, in particular, the investments made by the subsidiary companies on a quarterly basis.



- c) Your Company has formulated a Policy on Material Subsidiary as required under SEBI (LODR) Regulations, 2015 and the policy is hosted on the website of the Company under the web link <https://www.allsectech.com/investor-information>.

Compliance under Companies Act, 2013

Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, your Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated in this report.

Extract of Annual Return

An Extract of the Annual Return in form MGT-9 as of 31st March 2019, pursuant to the sub section (3) of Section 92 of the Companies Act 2013 and forming part of the report is placed in the Company's website under the web link <https://www.allsectech.com/investor-information>.

Board Meetings held during the year

During the year, 4 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached as Annexure-A to this Report.

Committees of the Board

The Board of Directors have 4 committees, 1. Audit Committee 2. Nomination and Remuneration Committee 3. Corporate Social Responsibility & 4. Stakeholder Relationship Committee. The Details of the composition and meetings are furnished in the Corporate Governance Report which is attached as Annexure -A to this report.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility of ensuring compliance with the provisions of Section 134(3)(c) of the 2013 Act. To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements:

Your Directors confirm the following that:

- In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 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.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- The Directors had prepared the annual accounts on a going concern basis.
- Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- Proper systems were in place so as to ensure compliance with the provisions of all applicable laws and were adequate and operating effectively.

Independent Directors and Board Evaluation

The Independent Directors of the Company have declared that they meet the criteria of Independence in terms of Section 149(6) of the Companies Act, 2013, Regulation 25 of the SEBI (LODR) Regulations, 2015.

Pursuant to Section 134(3) of the Companies Act, 2013 & Rule (8) of the Companies (Accounts) Rules, 2014 and the listing Regulations, a structured Questionnaire was prepared considering the various aspects of Board Committees functioning and composition of Board Committees and used to evaluate the performance of the Board. The Independent Directors considered / evaluated the performance of the Non-independent Directors at a meeting without the Non-independent Directors.

The Board members subsequently evaluated performance of the Board, the Committees and Independent Directors as per the criteria and questionnaire developed for the purpose and the Board of Directors expressed their satisfaction with the evaluation process.

Familiarisation Programme

Your Company follows an orientation and familiarization program through various reports / codes / internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations are made at the Board Meetings on business and performance, long term strategy initiatives and risks involved. The details about the familiarization program have been posted in the website of the Company under the web link <https://www.allsectech.com/investor-information>.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Company's policy on appointment and remuneration including criteria for determining qualifications, positive attributes, and independence are provided in the Corporate Governance Report forming part as an Annexure-A to this Report.



Related Party Transactions

The Company has formulated a policy on Related Party Transactions as approved by the Board and the same is uploaded on the Company's website <https://www.allsectech.com/investor-information>.

All the Related Party Transactions that were entered into by the Company during the financial year 2018-19, were on an arm's length basis and were in the ordinary course of business. All repetitive Related Party Transactions are placed before the Audit Committee and are within the Omnibus Approval limits obtained in accordance with the requirements of the SEBI (LODR) Regulation 2015. The transactions entered into pursuant to such approval are placed periodically before the Audit Committee.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel which may have a potential conflict with the interest of the Company at large. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company otherwise than disclosed in the Corporate Governance Report, forming part of this report.

Details of the transaction are provided in Form AOC-2 which is attached as Annexure - F to this Report.

Vigil Mechanism / Whistle Blower Policy

In accordance with the requirements of the Companies Act 2013, your Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and Employees to report genuine concerns. The said Policy meets the requirement of the Vigil Mechanism framework under the 2013 Act, and the members can view the details of the policy on <https://www.allsectech.com/investor-information>. No member has been denied access to Vigil Mechanism and no complaints have been received during the year.

Corporate Social Responsibility

The Board of Directors of your Company has constituted the CSR Committee to help the Company to frame, monitor and execute the CSR activities.

As per Section 135 of the Companies Act 2013, the Board of every Company referred to in sub-section (1), shall ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years.

As per Computations made under Section 198 of the Companies Act, 2013, the Company must contribute approximately INR 37 lakhs as CSR Contribution. During the financial year 2018-19, the Company has formulated a CSR policy and the CSR committee had a meeting on 26th March 2019 which approved the contributions

made and proposed to the tune of INR 38 Lakhs to promote various educational institutions identified and which falls under the categories prescribed in Schedule VII of the Companies Act 2013 under (ii) promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and the differently abled and livelihood enhancement project.

The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules 2014 is annexed in Annexure - H and forms an integral part of the this Report. The policy has been uploaded on the Company's website at the Link <https://www.allsectech.com/investor-information>.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the financial statements forming an integral Part of the Annual Report.

Internal Financial Control and Adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures. The Internal Audit is entrusted to M/s. Srinivasan & Shankar Chartered Accountants and the main scope of the Audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the Industry.

Auditors

As required under SEBI (LODR) Regulations 2015, the Statutory Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Comments on Auditors' report

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in Practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2019 and May 17, 2019 (date of the Report)

Pursuant to a Public Announcement dated April 17, 2019, Conneqt Business Solutions Limited ("Acquirer")



along with Qess Corp Limited ("Person Acting in Concert" / "PAC") informed of their proposal to purchase 39,61,940 number of shares from First Carlyle Ventures Mauritius Carlyle and 53,87,155 number of shares from the Promoters of the Company.

Subsequent to above, the Acquirer and the PAC also proposed an Open Offer ("Offer") for acquisition of upto 39,61,965 fully paid equity shares of face value of Rs. 10/- each representing 26% of the Voting Share Capital of the Company from the Public Shareholders of the Company in accordance with SEBI (SAST) Regulations, 2011.

The Acquirer published a Detailed Public Statement ("DPS") in leading newspapers to draw the attention of the public shareholders of the Company detailing the process involved in the Open Offer and a synopsis of the Share Purchase agreements entered into with First Carlyle Ventures Mauritius and the Promoters of the Company.

Subsequently, the Acquirer has submitted a Draft Letter of Offer with SEBI for its review and Approval as per the requirements of SEBI (SAST) Regulations, 2011 as amended from time to time.

The Board of Directors of the Company has also constituted a 'Committee of Independent Directors for Open Offer' to give its written reasoned recommendations on the open offer to the shareholders of the Company. The members of the Committee are as stated below.

S.No	Directors Name	Designation
1	Mr. T. Anantha Narayanan	Chairman
2	Mr. C. Jayaram	Member
3	Mr. D. Padmanabhan	Member

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. P. Sriram (CP No. 3310), a Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is given as an Annexure - D and forms part of this Report.

Names of Companies which have ceased / become Subsidiaries / Joint Ventures / Associates

During the year there is no change in the status of any subsidiary.

Quality & Information Security

The Company has a robust Quality Management and Information Security Management system in place to identify potential risks, areas for improvement and

further to have smooth business operations. Periodic Management Review meetings are conducted to review these.

ISO 9001 certification at Chennai that was upgraded to latest version i.e. ISO 9001:2015 from ISO 9001:2008 last year which enhanced the strength of our QMS to a new level continues to be in practice and is renewed this year. ISO 27001:2013 certification has been renewed at Chennai, Manila and Bengaluru facilities. Our facility in Noida is included in Scope of ISO 27001:2013 certification this year and this center is also certified now. Every Allsec service delivery location across globe is ISO 27001:2013 certified.

Existing PCI DSS compliance certifications at Chennai, Manila and Irving facilities are renewed this year. Further, existing SSAE 18 / ISAE 3402 which is a graduated version of SAS 70 Type II certification for the HRO business has been renewed. Frequency of SSAE 18 / ISAE 3402 audits is now 2 annually instead of 1 to fulfill the requirements of various clients.

General Data Protection Regulation (GDPR) is a regulation in EU law on data protection & privacy for EU / UK citizens or those residing in EU / UK region. It also addresses the requirements to be fulfilled for export of personal data from EU to outside the EU. This act is applicable to the entities which can be located anywhere in the world who collect or process personally identifiable information (PII) of EU citizens or those residing in EU. We deployed this framework and accomplished GDPR compliance (adequacy) in a comprehensive validation audit conducted by an external agency. This has not only fulfilled few clients' and legal requirements but is also a value addition to Organization's information security frameworks.

Disclosure as per Securities and Exchange Board of India (Employees Stock option Scheme and Employee Stock Purchase Scheme) Guidelines, 2011

The options granted under the scheme have lapsed.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Since your Company is in the Information Technology Enabled Services (ITES) business, 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 in Lakhs
Earnings in Foreign Currency	4,560
Expenditure in Foreign Currency	169



Environment, Health & Safety

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees either permanent, temporary or contractual are covered under the above policy. The said policy has been uploaded on the internal portal of the Company for information of all employees. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act. During the year the committee has not received any complaints.

Investor Services

Your Company will constantly endeavor to give the best possible services to the investors. Towards this end, the following are some of the initiatives taken by the Company:

The investor Information section of the Website of the Company (www.allsectech.com), furnishes important financial details and other data of frequent reference by the investors as per the Regulation 46 of SEBI (LODR) Regulations, 2015. The Company also has

a Stakeholders' Relationship Committee to address shareholders grievances if any and resolve them as & when they are reported. 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 Fintech Private limited 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 - Company Secretary, Allsec Technologies Ltd, 46B, Velachery Main Road, Velachery, Chennai 600042.

Shareholders are requested to update their email addresses with their respective depository participants so that the Company can provide better services at all times.

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

Chennai
May 17, 2019

A. Saravanan
Director
DIN : 00033683

R. Jagadish
Director
DIN : 00033589



REPORT ON CORPORATE GOVERNANCE

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 One Non Independent Director, one Executive Director & CEO and four Independent Directors. The Directors are not related to each other

and the Board is chaired by an Independent Director Mr. T. Anantha Narayanan.

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 the following Committees namely Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and CSR Committee.

During the year 2018 - 2019, 4 Board Meetings were held on 24th May 2018, 09th August 2018, 13th November 2018 & 07th February 2019.

Name	Designation	Category	Attendance		Other Board	
			Board Meeting	Last AGM	Director ships #	Committee Member ship \$
T. Anantha Narayanan (00007227)	Chairman	Independent Non- Executive	4	Yes	-	-
Lalitha Sankaran (01780757)	Director	Independent Non Executive	2	Yes	-	-
C.Jayaram (00012214)	Director	Independent Non- Executive	4	Yes	3	-
D.Padmanabhan (00265865)	Director	Independent Non- Executive	4	Yes	-	-
A. Saravanan (00033683)	Director & President	Non- Independent Non - Executive	4	Yes	-	-
R.Jagadish (00033589)	Director & CEO	Non-Independent Executive	4	Yes	-	-

Excluding Private Limited Companies, Foreign Companies, Section 8 Companies.

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

The Board Skill Matrix

Name	Designation	Category	Skills
T. Anantha Narayanan (00007227)	Chairman	Independent Non- Executive	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.
Lalitha Sankaran (01780757)	Director	Independent Non Executive	She has extensive knowledge in implementing CBS and also in overseeing projects. She has been part of about 20-25 project implementation in various capacity. She has managed most of the projects and has successfully guided client banks in transitioning their existing processes to the new CBS platform seamlessly.
C. Jayaram (00012214)	Director	Independent Non- Executive	Mr. C. Jayaram has varied experience of over 37 years in many areas of finance and business.



Name	Designation	Category	Skills
D. Padmanabhan (00265865)	Director	Independent Non- Executive	Mr. Padmanabhan has about 30 years experience in the software field. He has expertise in the areas of Performance engineering, high volume OLTP system design, Core banking product architecture, design and development
A. Saravanan (00033683)	Director & President	Non- Independent Non- Executive	Mr. A. Saravanan is a qualified Chartered Accountant. He has over 25 years of experience in finance and management across different industry segments, which he has effectively used whilst being the co-promoter of the Allsec group of companies. He headed marketing initiatives in areas of investments, merchant banking, portfolio management, brokerages and debt syndication for the Allsec group of companies.
R.Jagadish (00033589)	Director & CEO	Non- Independent Executive	He is a qualified Chartered Accountant and has over 28 years of experience in Enterprise creation and corporate Management. He has been managing the operations of the Allsec Group of Companies for 18 years and has handled departments like merchant banking, investment banking, treasury operations, portfolio management, management information systems, budgets and planning & treasury and debt syndication.

The criteria for making payment of remuneration to Independent Directors are as follows:

An amount of INR 20,000/- per meeting is being paid towards Sitting fee for attending meetings of the Board and Committees of Directors.

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: <https://www.allsectech.com/investor-information>. All the Board members and the Senior Management Personnel have confirmed the Compliance with the Code. The policy decisions and control vests with Board and the operational issues are handled by the Committees.

3. Audit Committee:

The Audit Committee presently consists of Independent and Non-Independent directors. The Committee currently comprises of Mr. T. Anantha Narayanan, Mr. C. Jayaram, Mr. D. Padmanabhan, Mr. R. Jagadish and Ms. Lalitha Sankaran. The composition of the Audit Committee complies with the requirements of Regulation 18 of the SEBI (LODR) Regulations 2015. During the year, 4 Audit Committee meetings were held on 24th May 2018, 09th August 2018, 13th November 2018 and 07th February 2019.

The Terms of reference of Audit committee of your Company are in accordance with section 177 of the Companies Act, 2013 and Rules framed there under and as per Regulation 18 of the SEBI (LODR) Regulations 2015.

Name	Category	Category	Attendance
T. Anantha Narayanan	Independent Non- Executive	Chairman	4
C. Jayaram	Independent Non - Executive	Member	4
D. Padmanabhan	Independent Non - Executive	Member	4
Lalitha Sankaran	Independent Non - Executive	Member	2
R. Jagadish	Non Independent – Executive	Member	4

4. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee presently consists of Independent and Non-Independent directors. The Committee currently comprises Mr. C. Jayaram, (Chairman), Mr. T. Anantha Narayanan, Ms. Lalitha Sankaran & Mr. A. Saravanan. During the year, one meeting was held on 07th February 2019.



The objective of the Committee is

- To Formulate Remuneration Policy
- Formulate criteria for evaluation of Directors and the Board and it is placed in our Company website <https://www.allsectech.com/investor-information/>
- To ensure that the Remuneration Policy shall also include the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Identify persons who are qualified to become Directors and those who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Grant of stock options under the Employees Stock Option Scheme and perform other functions of Nomination and Remuneration committee as required/ recommended by SEBI (Share Based Employee Benefits) Regulations, 2014.
- Other functions of a Remuneration Committee as required / recommended in the SEBI (LODR) Regulations 2015.

The remuneration paid to the Whole-time Director is approved by the Committee of Board and Shareholders at the general meeting as required by the Companies Act, 2013. The details of the remuneration paid to the Directors for the year ended 31st March 2019 is given below:

Executive Director

(INR In Lakhs)

Name	Salary & Allowances	Commission	Total
R. Jagadish	170.64	0	170.64

Independent Directors

(INR In Lakhs)

Name of Director	Sitting Fees	
	Board	Audit Committee
T. Anantha Narayanan	0.80	0.80
C. Jayaram	0.80	0.80
D. Padmanabhan	0.80	0.80
Lalitha Sankaran	0.40	0.40

5. Stakeholders Relationship Committee:

The composition of the Stakeholders Relationship Committee complies with the requirements of Regulation 20 of SEBI (LODR) Regulations 2015.

The Stakeholder Relationship Committee presently consists of Mr. T. Anantha Narayanan, Mr. A. Saravanan and Mr. R. Jagadish. During the year, no Committee meetings were held.

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. Gagan Preet Singh, DGM – Legal & Company Secretary is the compliance officer nominated for this purpose.

The details of investor complaints during the year 2018-2019 are:

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

6. Independent Directors Meeting:

A Meeting of the Independent Directors was held on 07th February 2019 in accordance to the section 149(8) of the Companies Act, 2013 to review the performance of the Independent directors, Board as a whole including other Executive & Non Executive Directors.

7. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of 3 Directors. Mr. T. Anantha Narayanan, Mr. R. Jagadish & Mr. A. Saravanan. The Composition is in accordance with provisions of Sec 135 of the Companies Act, 2013. The Committee formulates and recommends to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified under the companies act 2013.

During the year, as per the computations made under Section 198 of the Companies Act, 2013, the Company must contribute approximately INR 37 Lakhs as CSR Contribution. During the financial year 2018-19, the Company has formulated a CSR policy and the CSR committee had one meeting held on 26th March 2019 which approved the proposal to contribute INR 38 Lakhs to activities which fall under the categories prescribed in Schedule VII of the Companies Act 2013 under (ii) promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and the differently abled and livelihood enhancement project.



8. General Body Meetings:

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

Financial Year	Date	Time	Venue
2015-16	August 11, 2016	03.30 P.M	Narada Gana Sabha, 314,TTK Salai, Alwarpet, Chennai 600 018
2016-17	August 10, 2017	10.00 A.M	Narada Gana Sabha, 314,TTK Salai, Alwarpet, Chennai 600 018
2017-18	August 09, 2018	10.00 A.M	Narada Gana Sabha, 314,TTK Salai, Alwarpet, Chennai 600 018

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

1. The following Special Resolution was passed in the AGM held on 11th August 2016.
 - i. Resolution for payment of remuneration and re-appointment of Mr. R. Jagadish, Whole-time Director
2. No Special Resolution was passed in the AGM held on 10th August 2017.
3. No Special Resolution was passed in the AGM held on 09th August 2018.

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, 314,TTK Salai, Alwarpet, Chennai -18
21st February, 2008	11.00 am	46 C, Velachery Main Road, Velachery, Chennai – 42
8th March, 2010	3.00 pm	46 C, Velachery Main Road, Velachery, Chennai – 42

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

- i. At the EGM dated 12th October, 2006
 - Resolution for amendment to Articles of Association.
 - Resolution for authorizing the increase in the limits for investment by Foreign Institutional Investors (FII) to 100%.
 - Resolution for approval of the Employment Agreement with Mr. A. Saravanan, Whole time Director.

- Resolution for approval of the Employment Agreement with Mr. R. Jagadish, Whole time Director.
- ii. At the EGM dated 21st February, 2008
 - Resolution for payment of remuneration and re-appointment of Mr. A. Saravanan, Whole-time Director.
 - Resolution for payment of remuneration and re-appointment of Mr. R. Jagadish, Whole-time Director.
- iii. At the EGM dated 8th March, 2010
 - Resolution for payment of remuneration and re-appointment of Mr. A. Saravanan, Whole-time Director.
 - Resolution for payment of remuneration and re-appointment of Mr. R. Jagadish, Whole-time Director.

IV. Postal Ballot

Special Resolution(s) through Postal ballot was passed on 15th March 2013:

For payment of remuneration and re-appointment of Mr. A. Saravanan, Whole-time Director.

For payment of remuneration and re-appointment of Mr. R. Jagadish, Whole-time Director.

Resolution	No. of Votes in favour (Shares)	No. of. Votes against (Shares)
For Re-appointment and fixation of Remuneration to Mr. A. Saravanan as Whole-time Director of the Company	5781459	510638
For Re-appointment and fixation of Remuneration to Mr. R. Jagadish as Whole-time Director of the Company	5781361	510683

9. Disclosures

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. In addition, your Company also strives to adhere and comply with discretionary requirements specified in Regulation 27 and Part-E of schedule II of SEBI Listing Regulations to the extent applicable to (i) Unmodified opinion (ii) reporting of Internal Auditor to the Board (iii) Separate Post of Chairman & CEO & (vi) Non-Executive Chairman.



10. 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 or Malai Sudar). 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, News releases and other shareholders information.
- The Management Discussion and Analysis Report is also given as part of the Annual Report.

11. General Shareholders Information :

A. Annual General Meeting

Date and Time: 30th September 2019 at 3.00 P.M.

Venue: Vani Mahal,
Sri P.Obul Reddy Hall, 103, Gopathi Narayanaswami
Chetty Road, T. Nagar, Chennai 600 017.

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

13th September 2019 - 19th September 2019 (Both days inclusive)

D. Listing on Stock Exchanges

The shares of the Company are listed on National Stock Exchange of India Limited (Address) and Bombay Stock Exchange Limited (address) and hereby confirm that the Annual Listing fees for the year is duly paid.

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.

Broad Based Market Comparison information details for the year 2018-2019

Month	National Stock Exchange				Bombay Stock Exchange			
	Price		Indices		Price		Indices	
	High	Low	High	Low	High	Low	High	Low
Apr-18	406.30	322.80	10759.00	10111.30	403.50	324.00	35213.30	32972.56
May-18	394.00	295.00	10929.20	10417.80	396.00	290.00	35993.53	34302.89
Jun-18	301.90	204.00	10893.25	10550.90	300.00	202.05	35877.41	34784.68
Jul-18	290.00	238.50	11328.10	10604.65	294.00	236.05	37644.59	35106.57
Aug-18	297.40	230.80	11760.20	11234.95	298.95	226.20	38989.65	37128.99
Sep-18	328.25	222.00	11751.80	10821.55	326.95	225.00	38934.35	35985.63
Oct-18	277.00	208.30	11035.65	10004.55	276.50	210.00	36616.64	33291.58
Nov-18	262.00	207.35	10922.45	10341.90	274.70	206.60	36389.22	34303.38
Dec-18	217.95	185.15	10985.15	10333.85	220.00	185.15	36554.99	34426.29
Jan-19	205.00	165.00	10987.45	10583.65	209.85	165.05	36701.03	35375.51
Feb-19	188.00	165.00	11118.10	10585.65	191.90	151.10	37172.18	35287.16
Mar-19	296.30	178.05	11630.35	10817.00	295.05	180.45	38748.54	35926.94

G. Registrars and Transfer Agents

Karvy Fintech Private Limited

Unit: Allsec
Karvy Selenium Tower No. B, Plot No. 31-32,
Gachibowli, Financial District
Nanakramguda, Hyderabad : 500 032
Tel : +91 040 67161591
E-mail: einward.ris@karvy.com
Website: www.karvy.com

H. Share Transfer System

Karvy Fintech Private Limited is the Registrar and Share Transfer Agent of the Company. The shares lodged for physical transfer / transmission / transposition, if any, would be registered within the prescribed time limit, if the documents are complete in all respects. The shares in the dematerialized 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, 2019:

Category	No. of Share	% of Holding
Promoters Holding :		
Indian Promoters	61,49,071	40.36
Person Acting in Concert	-	-
Non Promoters Holding:		
Institutional Investors	-	-
Financial Institutions / Banks	-	-
Mutual Funds	-	-
Category	No. of Share	% of Holding
Foreign Institutional Investors	-	-
Foreign Venture Capital	47,02,858	30.86
Foreign Corporate Bodies	-	-
Others:		
Private Corporate Bodies	9,34,691	6.14
Indian Public	32,14,168	21.09
Non Resident Indians	2,06,447	1.35
Others	31,091	0.20
TOTAL	1,52,38,326	100.00

Distribution Schedule

Category (Amount)	No. of Holders	% To Holders	Amount (INR)	% To Equity
1 - 5000	5841	90.67	44,41,290	2.91
5001 - 10000	225	3.49	17,77,740	1.16
10001 - 20000	146	2.26	21,97,630	1.44
20001 - 30000	62	0.96	15,81,010	1.03
30001 - 40000	36	0.55	13,17,400	0.86
40001 - 50000	15	0.23	683,590	0.44
50001 - 100000	43	0.66	32,40,830	2.12
100001 & ABOVE	74	1.14	1,37,14,770	89.99
TOTAL	6344	100.00	15,23,83,260	100.00

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

K. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities. Detailed in MDA Report.

L. Plant/Office locations

Allsec Technologies has its offices/ Service delivery centers in India at Chennai, Bengaluru and Noida.

The details of our subsidiaries are as given below: -

Name of the Subsidiary	% of Controlling Interest
Allsectech Inc. at USA	100%
Allsectech Manila Inc. at Philippines	100%
Retreat Capital Management Inc. at USA	100%

M. Dematerialization of shares and liquidity

As on March 31, 2019 about 99.99% of the shares were held in dematerialized form.

N. 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 Fintech Private Limited

Unit : Allsec

Karvy Selenium Tower No. B, Plot No. 31-32,
Gachibowli, Financial District,

Nanakramguda, Hyderabad - 500 032

Tel : +91 040 67161591

E-mail: einward.ris@karvy.com

Website: www.karvy.com

For General Correspondence:

Company Secretary,

Allsec Technologies Limited,

46-B, Velachery Main Road,

Velachery, Chennai - 600 042.

Tel.: +91 44 4299 7070 Fax: +91 44 2244 7077

E-mail : investorcontact@allsectech.com

Web site: www.allsectech.com

OTHER DISCLOSURES

- disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large; - Not Applicable
- details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; None



- (c) details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee; Integral Part of Directors Report.
- (d) details of compliance with mandatory requirements and adoption of the non-mandatory requirements; All mandatory requirements of SEBI (LODR) Regulations 2015 have been complied with.
- (e) web link where policy for determining 'material' subsidiaries is disclosed; <https://www.allsectech.com/investor-information/>
- (f) web link where policy on dealing with related party transactions; <https://www.allsectech.com/investor-information/>
- (g) disclosure of commodity price risks and commodity hedging activities. -NA
- (h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). Not Applicable
- (i) a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. -The Company has obtained a certificate to this effect from Mr. P. Sriram a practicing company secretary, Chennai as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Amendments Regulation, 2018.
- (j) where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year : Nil
- (k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: Detailed in notes to Financial Statements.
- (l) disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- a. number of complaints filed during the financial year – 0
 - b. number of complaints disposed of during the financial year -0
 - c. number of complaints pending as on end of the financial year.-0
- (m) Non-compliance of any requirement of corporate governance report of with reasons thereof: NA

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 2018-2019.

Place : Chennai
Date: May 17, 2019

R. Jagadish
Director & CEO



Independent Auditor's Certificate on Corporate Governance

To the Members of Allsec Technologies Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 15 October 2018
2. We have examined the compliance of conditions of corporate governance by Allsec Technologies Limited ('the Company') for the year ended on 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2019.

We 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.

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Place: Chennai
Date: May 17, 2019

Sumesh E S
Partner
Membership No.: 206931
UDIN: 19206931AAAAAL2628



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview of the IT BPM Industry*:

In 2018, Global IT-BPM industry (excl Hardware) stood at USD 1.4 trillion showing a growth of 4.9% over 2017. Key trends emerging in the sector include:

- Increased industry growth as software led digital penetration increases
- IT services grew at a rate of 3.2%. Growth was led by demand for application development & management services
- BPM grew by 4.5% with Robotic Process automation (RPA) playing a key role as customers look to automate low hanging fruit and shift their focus to more strategic work
- Packaged software grew 7.4% with spend driven by rapid adoption of SaaS especially CRM (focus on better customer experience); renewed interest in security and privacy solutions
- ER&D has emerged as the fastest growing technology segment with a growth of 11%

Indian IT-BPM Industry*:

India's IT-BPM industry is set to grow ~6% in FY2019 – from USD 167 billion to USD 177 billion, an addition of USD 10 billion. Overall the industry is estimated to employ 4.14 million employees representing a growth of 4.3% from previous year. Six digital technologies primarily driving growth of the industry are Industrial automation, IoT, Robotics, Cloud, AR/VR and Blockchain.

In FY2019, IT-BPM exports from India is expected to reach USD 177 billion.

Company Overview:

Allsec is a global company with vast expertise in providing business process solutions across various industry verticals. The Company was incorporated in 1998 as a limited Company under the erstwhile Companies Act, 1956 and is listed on the National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE).

The Company owns three wholly owned subsidiaries, Allsectech Inc., USA, Allsectech Manila Inc., Philippines and Retreat Capital Management Inc., USA.

The Company operates three segments globally viz Human Resources Operation (HRO) covering HRMS, payroll services, time and attendance management; Customer Lifecycle Management (CLM) which encompasses lead generation, customer retention and relationship management comprising both voice and

non-voice processes and Anti Money Laundering and Compliance services (AML). The HRO services and CLM services are delivered from India and the subsidiary in Philippines while AML services are provided by the US subsidiary. In India the CLM business supports both international (CLM International business) and domestic (CLM domestic business) customers and the HRO business supports both international and domestic customers.

The Company is a highly customer-centric, flexible and transparent service provider. The Company believes in enhancing its client's business experience by taking process responsibility, improving cost efficiencies and adding value through continuous process improvements and quality assurances.

OPPORTUNITIES:

Core Competency

Allsec has focussed on developing expertise in specific verticals to fuel growth. This has helped the Company sharpen training and processes for specific domains enabling achievement of domain specialization resulting in delivering quality solutions to each of our customers. Allsec takes pride on quality centric, speedy and nimble footed approach in every client engagement. The constant focus on process improvement by automation and continuous benchmarking of delivery to improve focus, have resulted in customer satisfaction every time. Our customers stand testimony to our track record of providing outstanding customer experience and maximizing their Return on Investment. **Building Lasting Relationships** has always been our culture and that focus enables us to deliver enhanced business value, a culture that inspires our actions and is a part of our DNA.

We expanded our offering in the domestic market by positioning our services to suit the domestic business with unique features like multi language requirements etc. We are now a leading provider of outsourced solutions in customer engagement, sales & retention and quality assurance for businesses across BFSI, Mortgage, Telecommunication, Retail, Healthcare, Energy & Utilities and Technology.

As one of the largest outsourced payroll service providers today, Allsec manages some of the most complex pay and tax scenarios, for both global and domestic organizations from various industries. We are a market leader for payroll management and HRMS, handling thousands of employees across various industries. Our HRMS & payroll solutions, which are custom made to fit specific requirements, have benefited large, medium and small organizations alike.

* Source: NASSCOM



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. With our philosophy of long term client relationships, we are sure that we will be able to maintain our track record and strike long term relationships with all our International & Domestic clients.

In non-voice segment, our best in class Quality Assurance process has triggered great interest in many of the captive/ outsourced centres 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 multi fold in India over and above our efforts internationally.

HRO has continued its growth in the current year as well and our plan to expand HRO division to new geographies has been received very well and we have got good response in Philippines as well as the Middle East, Africa and other parts of Asia. The new markets in Asia, Africa and the US/UK markets will be the key growth area for the future in the HRO business and we believe HRO business will continue to see a significant growth in the next few years.

Quality

The Company has a robust Quality Management and Information Security Management system in place to identify potential risks, areas for improvement and further to have smooth business operations. Periodic Management Review meetings are conducted to review these. ISO 9001 certification at Chennai was upgraded to latest version i.e. ISO 9001:2015 from ISO 9001:2008 last year which enhanced the strength of our QMS. ISO 27001:2013 certification has been renewed at Chennai, Manila and Bengaluru facilities and during the current year. The Company has also obtained ISO 27001:2013 for its Noida facility. With that all of the Company's service delivery location is ISO 27001:2013 certified.

Existing PCI DSS compliance certifications at Chennai, Manila and Irving facilities is renewed this year. Further, existing SSAE 18 / ISAE 3402 which is a graduated version of SAS 70 Type II certification for the HRO business has been renewed. We have also increased the frequency of SSAE 18 / ISAE 3402 audits to half year from the year annual audits to provide more assurance on the process to the Company and its clients.

General Data Protection Regulation (GDPR) is a regulation in EU law on data protection & privacy for EU

/ UK citizens or those residing in EU / UK region. It also addresses the requirements to be fulfilled for export of personal data from EU to outside the EU. This Act is applicable to the entities which can be located anywhere in the world who collect or process personally identifiable information (PII) of EU citizens or those residing in EU. We deployed this framework and accomplished GDPR compliance (adequacy) in a comprehensive validation audit conducted by an external agency. This has not only fulfilled few clients' and legal requirements but is also a value addition to Organization's information security framework.

Capacity

Today, Allsec has a pan India presence and a capacity of over 3200 seats with facilities in 3 locations which are in NCR, Bengaluru, and Chennai. Apart from India, we also have a capacity of 600 seats in Manila and around 120 seats in USA.

During the year, we added capacity in our Bengaluru and Noida location based on increased business volumes primarily arising from the CLM Domestic business. This is a further demonstration of our ability to quickly ramp up capacity based on customer requirements. Our strategy of right sizing capacity to match current demand has borne fruits in the past few years and capacity utilization will continue to be the focus for any new addition/ closure decisions.

THREATS:

Attrition:

Allsec, is in an industry where attrition is one of the major concern areas. Allsec has an annual attrition of 28% (down from 33% last year). Allsec has taken a number of measures including Mentor-Mentee system, Individual counselling etc., to maintain work force stability. During the year steps were taken to reduce attrition levels.

The Company in the CLM International business faces tough challenges in getting employable manpower from the available manpower pool. 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 CLM Domestic business 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.



RISKS AND CONCERNS

BUSINESS RISKS

As discussed in first few paragraphs, the business risks involved in our industry are varied.

The CLM International business is affected by the global slowdown and we are actively increasing the marketing activity both by increasing the feet on street sales force as well as increasing the marketing team. The offshore servicing business which yields exports revenue has not grown and it continues to have a lower Capacity Utilization. We have teams in US as well as consultants in UK and will keep putting efforts to grow this business.

The CLM Domestic business has been competitive and while there is pricing pressure, your Company has been able to provide superior value added services which has helped in retaining existing customers and also winning new customers. We now have good capacity utilization in this business at rates which are much higher than what we were getting few years back. The plan is to keep looking for strategic contracts where we can command higher rates and make this business more profitable.

HRO division has been growing organically for us and this will continue in the coming years too. The average realisation per payslip has remained at similar levels, however the Company believes that with higher competition the price may be under pressure in the coming years. We believe that our efforts in technology will help us in being a key differentiator in the market and our superior service delivery standard will strengthen existing client relationships.

FINANCIAL RISKS

GEOGRAPHICAL CONCENTRATION OF CLIENTS

Our Company has a global footprint and the revenues in the international segment are dependent on clients located predominantly in US. Our HRO International business also has been increasing from last year. As a strategy, we continue to focus on increasing the share of our export revenues as the margins are better compared to Domestic business. As a result the Company is exposed to various risks typically associated with doing business in various counties, many of which are beyond the control of the management.

PRESSURE ON MARGINS

Our margins can be impacted due to pressure on pricing owing to competition. The Company engages customers regularly briefing them on the value added support being provided. Since our processes are heavily dependent on manpower our margins may be impacted if there are increases in salaries on account of revision in minimum wages in any of our locations.

EXCHANGE FLUCTUATION

Movements in exchange rates continue to be a major threat. There has been volatility in the exchange rate between INR and USD in the recent years and these currencies may continue to fluctuate significantly in future as well. During the year there have been significant volatility in the rupee with a low of INR 64.93 and a high of INR 74.39. We are currently adopting hedging strategies as approved by the Board and in addition use bank balances in foreign currency to meet our foreign currency liabilities. Also the increase in share of domestic revenue will mitigate this risk to an extent. 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.

INDIAN TAXATION RISK

Taxes and other levies imposed by the Government of India and / or various states including Tamil Nadu may affect our performance. In particular we will be affected by the taxes and laws levied by authorities such as a) Income Tax b) Goods and Services Tax etc. We are taking adequate efforts to comply with the entire statutory requirement on an ongoing basis and the same is subject to Internal Audit on a quarterly basis. We also take the help of external consultants to handle specific issues as and when need arises.

CUSTOMER CREDIT RISK

Company follows a process of due client qualification in respect of orders received and contracts signed. However owing to business reasons or reasons specific to delivery /disputes there are collection risks which the company faces. There is a regular follow-up process to ensure that amounts due are billed in time and collections received in time. Regular quarterly confirmation of balance is also obtained from major clients. Due provisions are made in accounts for amounts considered not collectible.

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 and the mortgage servicing businesses.

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. However on



an ongoing basis we have taken the following steps to mitigate this:

- We have complied on ongoing basis with all registrations/ renewals concerning telemarketing and collection licenses in USA. Our Legal /Secretarial Dept. have an internal monitoring mechanism as well as through attorneys /firms appointed in US for attending the same.
- We have complied with all relevant provisions governing call centre business in India such as DOT approval and adherence to Do Not call Registry norms.
- All Registrations as required under STPI /Customs / Labor laws and State laws are adequately monitored and complied with.
- There are no specific issues or non-compliance notified in any of these areas during the year.
- In respect of client and other commercial contracts such as lease and other purchase contracts adequate measures are in place for vetting the contracts by Legal team and due vetting and clearance procedures are followed before signing of contracts.

INFRASTRUCTURE RISKS

The Company has invested substantially in the state of the art infrastructure and equipment in its centres to provide a world-class service to its customers. Service to our clients also depends 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. Adequate backups and redundancy measures are in place for uninterrupted functioning of IT and telecom equipment. AMC of all equipment is being monitored for timely renewals wherever needed. Insurance for fixed assets and all office locations is in force and is monitored for timely renewals and adequacy of risks covered under Office package policy.

HUMAN RESOURCES RISK

ITES (BPM) industry is a labour intensive industry and the Company's success depends on its ability to retain key employees. Historically high employee attrition has been a common feature and our Company has also experienced a very high level of attrition. 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. 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 5 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.

The Companies Act provisions relating to Internal Financial control (IFC) and Internal Financial control over Financial Reporting are applicable to your Company from the financial year ended March 31, 2016. Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the 2013 Act" or "the Act") requires the auditors' report to state whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls. Clause (e) of Sub-section 5 of Section 134 to the Act requires the directors' responsibility statement to state that the directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively. The auditor's objective in an audit of internal financial controls over financial reporting is to express an opinion on the effectiveness of the Company's internal financial controls over financial reporting and the procedures in respect thereof are carried out along with an audit of the financial statements. Your Company has complied with these requirements.



MATERIAL DEVELOPMENTS ON HUMAN RESOURCE FRONT INCLUDING HEADCOUNT

As at 31st March 2019, total number of employees stood at 3127 nos. which is an increase of 543 nos from the previous year end figure of 2584.

SEGMENTWISE OR PRODUCTWISE PERFORMANCE

Allsec is currently providing the following services:

Segment Revenue	31-Mar-19		31-Mar-18	
	INR Lakhs	% to total revenue	INR Lakhs	% to total revenue
CLM - International	3,277	21%	3,180	25%
CLM - Domestic	6,203	41%	4,798	37%
HRO - Exports	1,282	8%	861	7%
HRO - Domestic	4,555	30%	4,039	31%
	15,317		12,878	

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 to the Indian Accounting Standards and the relevant provisions of the Companies Act, 2013. 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 Earnings per share data (Basic / Diluted)

	2018-19		2017-18		% increase / (decrease) over previous year
	INR In Lakhs	% to Total revenue	INR In Lakhs	% to Total revenue	
Income					
Income - Operations	15,317	96	12,878	96	19
Income - Others	680	4	518	4	31
A) Income - Total	15,997	100	13,396	100	19
Costs					
Connectivity costs	344	2	321	2	7
Employee benefit expenses	9,010	56	7,454	57	21
Other expenses	2,957	18	2,793	21	6
B) Costs - Total	12,310	77	10,568	80	16
C) Profit before interest, tax, depreciation and amortisation and exceptional item	3,687	23	2,828	20	30
Depreciation and amortisation	408	3	328	2	24
Finance costs	20	0	24	0	(19)
Interest Income	(63)	(0)	(2)	(0)	NA
D) Profit/ (Loss) before tax and exceptional item	3,322	20	2,478	18	34
Exceptional Item	1,307	8	-	-	
E) Profit/ (Loss) before tax	2,015	12	2,478	18	-19
Tax	1,064	7	(421)	(3)	(353)
F) Profit/ (Loss) after tax	951	5	2,899	21	-67

**Earnings per share data (Basic / Diluted)**

YE March 31, 2019	INR 6.24/6.24
YE March 31, 2018	INR 19.02/19.02

(in INR Lakhs)

PROFIT AND LOSS ACCOUNT**i. Income from Operations**

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

INR In Lakhs

Revenue Segments	31-Mar-19	31-Mar-18
CLM – International	3,277	3,180
CLM – Domestic	6,203	4,798
HRO – Exports	1,282	861
HRO – Domestic	4,555	4,039
	15,317	12,878

There is an increase of 3% in CLM - International revenue in INR terms. In US\$ terms, the international revenue has been flat year on year.

Domestic revenue has grown by 29% with addition of new customers and higher volumes from existing customers.

HRO has continued to grow organically with an overall increase of 19% over previous year. HRO exports has grown by 49% and domestic has grown by 13%.

ii. Other Income

Current year stood at INR 680 Lakhs as compared to INR 518 Lakhs in the previous year. The main movements are:

- Profit on sale of current investments higher by INR 124 lakhs compared to previous year
- Gain on foreign exchange differences INR 70 lakhs compared to previous year

iii. Expenditure

During the year there is an increase in total expenditure by INR 1,818 lakhs (while increase in revenues amounted to INR 2,439 lakhs). This was primarily due to higher manpower costs due to salary increments and additional headcount for new processes. Other costs have largely remained flat.

Cost Category	31-Mar-19	31-Mar-18	favourable / (unfavourable) in % over previous year
Connectivity costs (Note 1)	344	321	(7)
Employee costs and benefits (Note 2)	9,010	7,454	(21)
General and administration expenses (Note 3)	2,957	2,793	(6)
Finance charges (Note 4)	20	24	19
Depreciation (Note 5)	408	328	(24)
	12,739	10,921	(17)

Note 1: The increase in cost of connectivity is due to additional lines taken during the year to build redundancies.

Note 2: There has been an overall increase of around 20% in headcount which is on account of increased business in the CLM Domestic business and HRO adding to approximately INR 1,000 Lakhs. Impact on account of annual salary increase given to employees at an average of 6% effective October 2018 and full year impact of increase given in October 2017 was INR 396 lakhs.

Note 3: General admin costs have increased moderately by 6% with increase in selling expenses and moderate increase in other costs.

Note 4: – Depreciation higher with additions to fixed assets amounting to INR 550 Lakhs in 2017-18 and INR 376 Lakhs in 2018-19.

Exceptional Item:

During the current year, the Company has made a provision of INR 1,307 Lakh towards impairment of investment made in its US subsidiary Retreat Capital Management. This has been made on a conservative basis considering Anti Money Laundering Service Business in US had become zero since October 2018.



Provision for Tax

Provision for tax includes current tax, deferred taxes apart from MAT credit entitlement if any. During this financial year, current tax was INR 890 lakhs and deferred tax credit of INR 174 lakhs with an effective tax rate of 32% primarily on account of unwinding of deferred tax asset in the current year.

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, 2019 stands at INR 1,524 Lakhs and has remained constant over the previous Balance sheet date.

2. Other equity

The Company's Reserves and Surplus as on March 31, 2019 stood at INR 15,950 Lakhs represented by capital reserve at INR 251 lakhs (same as last year), share premium on the equity shares amounting to INR 12,019 lakhs (same as last year), INR 1,413 lakhs representing General Reserve (same as last year), INR 2,420 lakhs (previous year: INR 2,389 lakhs) representing credit balance in the profit and loss account shows an increase of INR 951 Lakhs during the year being the profit for the period and the reasons for the increase in profits for the year has been explained in the above paragraphs under Profit and Loss Account which is offset by dividend payout of INR 762 Lakhs and dividend distribution tax of INR 158 Lakhs. Other Comprehensive income moved from INR 118 lakhs to INR 153 Lakhs representing movement in gratuity.

3. Non-Current Financial Liabilities - Borrowings

Secured loan of INR 45 lakhs represents balance payable towards Finance lease obligation (HP loans). This has decreased by INR 20 lakhs during the year primarily due to repayments during the year.

4. Non-Current financial liabilities – Others

Represents amount retained from vendor payments amounting to INR 19 Lakhs which are payable at a future date.

5. Non-current liabilities - Provisions

Non-current portion of Provision for Gratuity for the current year is at INR 322 lakhs.

6. Trade Payables

Trade payables being payable to suppliers of goods and services has increased by INR 68 lakhs from INR 446 lakhs to INR 514 lakhs in FY19.

7. Other current financial Liabilities

Other financial liabilities were higher at INR 421 lakhs as against INR 291 lakhs an increase of INR 130 lakhs.

8. Other current liabilities

Other current liabilities were at INR 277 lakhs compared to INR 206 Lakhs in the previous year mainly on account of higher statutory dues for which the necessary due dates have not yet been reached.

9. Other current provisions

Provision was at INR 236 lakhs as against INR 162 lakhs an increase of INR 74 lakhs primarily on account of higher compensated absence cost of INR 59 Lakhs

10. Property, Plant and equipment

Additions to Fixed Assets amounted to INR 376 lakhs (previous year: INR 550 lakhs) in tangible fixed assets primarily due to additions to call centre equipment and Computers and Servers –INR 284 lakhs; office equipment of INR 45 lakhs; Furniture of INR 26 lakhs, Vehicles of INR 13 lakhs and lease hold improvement of INR 8 Lakhs.

The Gross block value of total assets disposed off during the year amounted to INR 32 lakhs (Previous year: INR 26 lakhs). The Assets disposed off were office equipment and Furniture and Fixtures – INR 22 lakhs and Vehicles – INR 10 lakhs.

After providing for depreciation of INR 302 lakhs (Previous year: INR 227 lakhs) for the year, the net block of fixed assets stood at INR 862 lakhs as on March 31, 2019 compared to INR 802 lakhs as at March 31, 2018.

11. Other intangible assets

Intangible assets comprise block of software used for call center operation. During the year there was an addition in Software of INR 193 lakhs.

The closing net block of software is INR 298 lakhs as at 31 March 2019 as against INR 211 lakhs for the year ended 31 March 2018.



12. Non-Current Investments

Total Investments represent the amount of equity capital invested in three subsidiaries. During the year the Company has made an impairment of INR 1,307 Lakhs towards its investment in Retreat Capital Management. The details are mentioned under Exceptional item in the MD&A.

13. Non Current Financial Assets - Others

Other financial assets stood at INR 425 lakhs compared to INR 371 lakhs on 31 March 2018. This is on account of new premise taken on rent in Bengaluru and Noida to meet increased employee headcount on account of CLM Business.

14. Deferred tax assets

Represents timing difference between Companies Act and Income tax act with respect to depreciation and provision for employee benefits. The amount for the current year stood at INR 1,441 lakhs as against INR 1,633 lakhs on March 31, 2018 representing the deferred tax charge taken for the current year.

15. Income tax assets (Net)

Advance tax and tax deducted at source by our customers stood at INR 864 lakhs in current year as compared to INR 726 lakhs in last year.

16. Current Investments

Current investments represent balances invested in mutual funds. The Balance as at 31 March 2019 is INR 8,239 lakhs (previous year: INR 7,297 lakhs).

17. Trade Receivables

Current Trade receivable remained at similar levels of INR 2,339 lakhs as at March 31, 2019 as against INR 2,306 lakhs as at March 31, 2018.

The sundry debtor in terms of days of sales (DSO) as at 31 March 2019 is 56 days (65 days for previous year).

18. Cash and Bank Balances

Cash and Bank balances stood at INR 1,467 lakhs as at 31 March 2019 as against INR 1,367 lakhs as at 31 March 2018. This represents deposit accounts including margin money deposits amounting to INR 33 lakhs (previous year: INR 33 lakhs) and yearend cash and bank balances of INR 1,434 lakhs as at end March 2019 as compared to INR 1,334 lakhs as at end March 2018.

The increase in cash and cash equivalents of INR 100 lakhs during the year represented by

- a) Net Cash inflow from operations amounting to INR 1,928 lakhs (previous year cash inflow of INR 1,755 lakhs)
- b) Net cash used in Investing activity amounted to INR 931 lakhs (previous year net cash used of INR 615 lakhs) and
- c) Net cash used in financing activity amounted to INR 962 lakhs (previous year net cash inflow of INR 17 lakhs)

19. Other Current Financial Assets

Other financial assets stood at INR 958 lakhs in March 31, 2019 as against INR 526 lakhs in previous year. This is primarily on account of higher unbilled revenue in current year of INR 879 lakhs against INR 526 lakhs in previous year and foreign currency forward contract balance of INR 67 Lakhs.

20. Other current assets

Other Current assets were at INR 181 Lakhs compared to INR 152 lakhs in previous year mainly due to increase in Prepaid expenses which were at INR 162 lakhs compared to INR 149 lakhs in previous year.

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..



Form No. MR-3
SECRETARIAL AUDIT REPORT
FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members
Allsec Technologies Limited
No. 7H, Century Plaza 560-562, Anna Salai
Chennai 600 018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Allsec Technologies Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015
- 6) Software Technology Parks of India and its regulations;
- 7) Information Technology Act, 2000 and Information Technology Amendment Act, 2008;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above,



I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions were carried out with unanimous approval of the Board and there were no instance of dissent voting by any member during the period under review.

I have examined the systems and procedures of the Company as placed to ensure the compliance with general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them., rules, regulations and guidelines.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations

Place: Chennai

Date: May 17 , 2019

(P. Sriram)
P. Sriram & Associates
FCS No. 4862/CP No: 3310



Annexure A

To

**THE MEMBERS,
ALLSEC TECHNOLOGIES LIMITED**

My report of even date is to be read along with this supplementary testimony.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, the Company had followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai

Date: May 17, 2019

(P. Sriram)
P. Sriram & Associates
FCS No. 4862/CP No: 3310

**Form AOC-1**

(Pursuant to first proviso to sub-section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES OR ASSOCIATE COMPANIES OR JOINT VENTURES

PART-A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in INR)

1	Name of the subsidiary	AllsecTech Inc., USA	AllsecTech Manila Inc., Philippines	Retreat Capital Management Inc., USA
2	The date since when subsidiary was acquired	14th September 2000	23rd November 2007	16th February 2011
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	01.04.2018 - 31.03.2019	01.04.2018 - 31.03.2019	01.04.2018 - 31.03.2019
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	USD 69.321	Philippines PESO 1.3137	USD 69.321
5	Share Capital	121,406,592	78,320,388	2,147,812
6	Reserves and surplus	118,393,374	372,708,758	(37,680,220)
7	Total assets	369,094,885	491,446,515	98,158,103
8	Total Liabilities	129,294,919	40,417,368	133,690,511
9	Investments	-	-	-
10	Turnover	350,454,688	874,663,975	2,570,600
11	Profit before taxation	(115,430,124)	304,747,730	(108,072,407)
12	Provision for taxation	(11,301,999)	29,936,157	6,566,480
13	Profit after taxation	(104,128,125)	274,811,572	(114,638,887)
14	Proposed Dividend	-	-	-
15	Extent of shareholding (in percentage)	100%	100%	100%

PART- B Associates and Joint Ventures

As on 31st March 2019, the Company does not have any associate Company and or/Joint venture.

Place : Chennai
Date: May 17, 2019

R. Jagadish
Director & CEO

**FORM NO. AOC-2**

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts /arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of Contracts or arrangements or transactions not at arm's length basis: **Nil**
2. Details of material contracts or arrangement or transactions at arm's length basis:
 - 2(I) (a) Name(s) of the related party and nature of relationship : **Allsectech Inc., USA (Wholly Owned Subsidiary)**
 - (b) Nature of contracts / arrangements/ transactions : **Specialised Services Support**
 - (c) Duration of the contracts / arrangements / transactions : **Till Termination**
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any : **Deployment of Specialised Resource on Need Basis**
 - (e) Date(s) of approval by the Board, if any : **February 6, 2017**
 - (f) Amount paid as advances, if any : **Nil**
 - 2(II) (a) Name(s) of the related party and nature of relationship : **AllsecTech Manila Inc. Philippines (Wholly Owned Subsidiary)**
 - (b) Nature of contracts / arrangements/ transactions : **Specialised Services Support / HRO Services**
 - (c) Duration of the contracts / arrangements / transactions : **Till Termination**
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any : **Deployment of Specialised Resources on Need Basis & Providing HRO related services**
 - (e) Date(s) of approval by the Board, if any : **November 9, 2017**
 - (f) Amount paid as advances, if any : **Nil**

Place : Chennai
Date: May 17 , 2019

R. Jagadish
Director & CEO



Disclosures pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below.

- a. Table showing ratio of Remuneration of each director to the median remuneration of the employees of the Company

Amount in INR

S. No.	Name of the Director / KMP	Remuneration	Median Remuneration	Ratio (times)	% Increase in Remuneration during 2017-2018
1	Mr. R. Jagadish (CEO & Director)	170,64,000	189,600	90.00	32.9%
2	Mr. P. Raghunath (CFO)	48,92,536	189,600	25.80	9.00%
3	Mr. Gagan Preet Singh	23,67,612	189,600	12.49	8.91%

- b. The Median Remuneration for the year 2018-19 : Rs. 189,600
- c. The number of permanent employees in the Rolls of the Company : 3,127
- d. Percentage of Increase in the median remuneration of employees in the financial year : 12.41%
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	For the Financial Year 2018-19
A) Average percentile increase already made in the salaries of employees other than the managerial personnel	12.41%
B) Percentile increase in the managerial remuneration	20.19%
Comparison of (A) & (B)	7.78
Justification	Due to higher commission to CEO which is based on Company's performance and as approved by Nomination and Remuneration Committee.
Any exceptional circumstances for increase in the managerial remuneration	NA

- f. Affirmation that the Remuneration is as per the policy :
The Board has, on recommendation of the Nomination & Remuneration Committee framed a remuneration Policy for selection, appointment of Directors & Senior Management and the same is available in the website link <https://www.allsectech.com/investor-information>.
- g. Statement of Employees drawing more than the value prescribed Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – NIL
- h. Disclosure of Top 10 Employees in terms of Remuneration drawing exceeding the limit of INR 1.20 Cr

Disclosure of Employees in terms of Remuneration drawn

S. No.	Name	Designation of the Employee	Educational Qualification	Remuneration Received in Fiscal Year 2019	Exp. in years	Last Employment Details
1	Jagadish R	Whole-time Director & CEO	BSc. (Physics), CA & MA (London)	1,70,64,000	30	Financial Advisory firm



ANNUAL REPORT ON CSR ACTIVITIES

Sr. No.	Particulars	Remarks
1.	A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be under taken and a reference to the web link to the CSR policy and project or programs.	The Company's CSR policy has been uploaded in the website of the Company under the web-link : https://www.allsectech.com/investor-information
2.	The Composition of the CSR Committee	T. Anantha Narayanan (Chairman) A. Saravanan (Member) R. Jagadish (Member)
3.	Average net profit of the Company for last three financial years	Rs. 1,881 Lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 37 Lakhs
5.	Details of CSR spent during the financial year a) Total amount to be spent for the financial year b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below:	38 lakhs Completely Spent Detailed in the table below

1	2	3	4	5	6	7	8
Sl. No.	CSR project Or activity Identified	Sector in Which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs(2) Overheads:	Cumulative expenditure upto to the reporting period (Lakhs)	Amount spent: Direct or through implementing agency*
1.	Donation for Vedic Education	Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and the differently abled and livelihood enhancement project	Kalavai Guruparampara Veda Vidya Trust, Chennai District, Tamil Nadu	6.00	Direct Expenditure: Rs. 6.00 Lakhs	6.00	Direct
2.	Donation for Education of Children in Rural Areas	Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and the differently abled and livelihood enhancement project	Samaskriya Foundation – Chennai District, Tamil Nadu	2.00	Direct Expenditure : Rs.2.00 Lakhs	2.00	Direct



1	2	3	4	5	6	7	8
Sl. No.	CSR project Or activity Identified	Sector in Which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs(2) Overheads:	Cumulative expenditure upto to the reporting period (Lakhs)	Amount spent: Direct or through implementing agency*
3.	Promoting Education and employment enhancing vocational skills	Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and the differently abled and livelihood enhancement project	Sri Pratyaksha Charitable Trust, Chennai , Tamil Nadu	20.00	Direct Expenditure : Rs.20.00 Lakhs	20.00	Direct
4.	Promoting Education and employment enhancing vocational skills	Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and the differently abled and livelihood enhancement project	VNT School , Tirunelveli District, Tamil Nadu	10.00	Direct Expenditure: 10.00 Lakhs	10.00	Direct

* Give details of implementing agency:

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report. NA
7. CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

R. Jagadish
Director & CEO
DIN : 00033589

T. Anantha Narayanan
Chairman
DIN : 00007227



**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
TO THE BOARD AS PER REGULATION 17(8) OF THE SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We hereby certify to the Board:

A. We hereby certify that -

- a. We have reviewed financial statements for the period ended March 31, 2019 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 quarter which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal control over Financial reporting 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 quarter;
 - ii. Significant changes in accounting policies during the quarter, 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: 17th May 2019

R. Jagadish
Director & CEO

P. Raghunath
Chief Financial Officer



ALLSEC TECHNOLOGIES LIMITED

*Standalone Financial Statements
for the year ended March 31, 2019*



Independent Auditor's Report

To the Members of Allsec Technologies Limited

Report on the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Allsec Technologies Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of cash flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key audit matter	How our audit addressed the key audit matter
1	<p>Implementation of Ind AS 115:</p> <p>The Company adopted Ind AS 115 – Revenue from Contracts with Customers with effect from 01 April 2018. The Company has opted to use the modified retrospective approach of implementation wherein the cumulative effect of initially applying Ind AS 115 is adjusted to the opening balance of other equity as at 01 April 2018.</p> <p>The Company has revised its revenue recognition policy in accordance with Ind AS 115, as disclosed in Note 2.4 to the standalone financial statements, which requires the management to apply judgement for identification of separate and distinct performance obligations in complex contracts involving multiple promises, determining transaction price taking into account variable price considerations, and assessment of satisfaction of obligations.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of each stream of revenue as disclosed in Note 2.4 to the standalone financial statements, and evaluated the design and operating effectiveness of the internal controls placed by the management on evaluating the impact on implementation of Ind AS 115 during the current year with respect to recognition and measurement of revenue. - Assessed the appropriateness of practical expedients adopted by the management in implementing and transitioning to Ind AS 115



S.No.	Key audit matter	How our audit addressed the key audit matter
	<p>In process of evaluating the impact of revised revenue recognition policy, management has analysed contracts related to HR-BPO segment for the terms relating to initial set-up and one time charges. The management, based on judgment, has assessed that the set-up and one-time activities are not highly interrelated with the monthly payroll services provided and accordingly are distinct services for the purpose of revenue recognition. Further, in determining of transaction price, terms of the contracts in relation to HR-BPO and Customer life-cycle management (CLM) segments were evaluated for variable consideration/performance based consideration, rewards and penalties. Based on such evaluation, revenue was assessed to be recognised at a point in time and not over the period of the contract.</p> <p>The impact on account of implementation of Ind AS 115 on the balance in retained earnings as at 01 April 2018 and on the profits for the year ended 31 March 2019 has been disclosed in Note 2.4 to the standalone financial statements.</p> <p>Considering the significance of the area, large volume of revenue transactions and management judgment involved, this matter was identified as a key audit matter for the current year audit.</p>	<p>- Evaluated contracts with customers, on a sample basis, that were in effect as on 01 April 2018, to test management's assessment of the impact on account of change in revenue recognition policy on the date of implementation, including performing the following procedures for the sample contracts selected:</p> <ul style="list-style-type: none"> • Discussed and obtained from the management, their evaluation of identification of performance obligations and satisfaction thereof for such sample contracts. Evaluated such assessment for appropriateness in accordance with the accounting principles of Ind AS 115. • Tested the assumptions used by the Company for the expected contract period in case of open ended contracts. • Evaluated the terms in such contracts with customers pertaining to variable consideration, rewards, penalties, etc., to assess whether the revenue recognition with respect to such terms is in accordance with the principles of Ind AS 115. • Tested the arithmetical accuracy of the underlying calculations determining the impact of implementing the new accounting standard. <p>- On a sample basis, evaluated the appropriateness of accounting treatment pertaining to revenue recognition for the new contracts with customers that were entered during the year ended 31 March 2019 to evaluate implementation of Ind AS 115 on an on-going basis.</p> <p>Evaluated the disclosures made in the standalone financial statements with respect to the implementation of Ind AS 115 for appropriateness in accordance with the requirements of the Ind AS and Schedule III of the Companies Act 2013.</p>
2	<p>Recoverable amount of Investment in Subsidiaries:</p> <p>The Company carries an investment of INR 2,521 lakhs made in its wholly owned subsidiaries Allsectech Inc., USA and Retreat Capital Management Inc., USA (together referred to as "US subsidiaries"). The US subsidiaries have incurred significant losses due to loss of a significant contract during the year and expense incurred towards class action suits by erstwhile contractors and demand raised by Texas Work Force Commission, as detailed in Note 37 to the standalone financial statements.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> - Obtained a detailed understanding of the management's process of identification of impairment indicators for investments in subsidiaries and for valuation of such investments to determine the impairment provisions required to be made with respect to the carrying value of such investments.



S.No.	Key audit matter	How our audit addressed the key audit matter
	<p>The Company's accounting policy, as detailed in Note 2.8 to the standalone financial statements, sets out that the Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired and if such indication exists, the Company estimates the recoverable amount of the asset.</p> <p>The Company has identified the losses incurred during the year ended 31 March 2019 by the US subsidiaries as an indicator of impairment.</p> <p>The recoverable amount is computed by the management, using the assistance of an independent valuation expert, based on the present value of the future cash flows (Discounted Cash Flow valuation method) expected to be derived from the respective subsidiaries as at 31 March 2019.</p> <p>As detailed in note 37, the recoverable amount of AllsecTech Inc. was determined to be higher than the carrying value of relevant investments in the standalone financial statements, whereas the recoverable amount of Retreat Capital Management Inc. was lower when compared with the carrying value of relevant investments in the standalone financial statements. Based on these factors, the Company has provided for impairment on the value of investments in Retreat Capital Management Inc. as at 31 March 2019 for an amount of INR 1,307 lakhs.</p> <p>Considering materiality of the amounts involved and the significant management judgment involved in measurement of recoverable amounts of the investments in subsidiaries, recoverability of investment in subsidiaries was identified as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> - Evaluated the design and tested the operating effectiveness of the internal controls implemented by the management around the recognition and measurement of impairment of investments in subsidiaries. - Evaluated the impairment indicators identified by the management as per the Company's accounting policy. - Obtained management's estimation of recoverable value, based on valuation performed by the management expert and tested the appropriateness of the valuation methodology and valuation assumptions including discount rate. Evaluated the cash flow projections used in the said valuation to business plans based on past performance of the subsidiaries. We also evaluated independence, competency and objectivity of the management expert. - Inspected legal correspondence and notices received by the US subsidiaries with respect to the outstanding litigations and related legal opinion obtained from its legal advisors on the potential financial exposure relating to such outstanding litigations, to determine whether the same have been appropriately considered by the management while determining the projected future cash outflows from such subsidiaries. - Tested arithmetical accuracy of the calculations performed as above. - Evaluated appropriateness of disclosures made in the standalone financial statements in accordance with disclosure requirements of Ind AS and Schedule III of the Companies Act 2013.

Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial



position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 17 May 2019 as per Annexure B expressed an unmodified opinion;
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2019;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Place: Chennai
Date: May 17, 2019

Sumesh E S
Partner
Membership No.: 206931



Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order are not applicable
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income-tax, sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid / provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Chennai

Date: May 17, 2019

Sumesh E S

Partner

Membership No.: 206931



Annexure B

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Allsec Technologies Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Chennai

Date: May 17, 2019

Sumesh E S

Partner

Membership No.: 206931

Balance Sheet

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	862	802
Other intangible assets	5	298	211
Financial assets			
- Investments	6	2,234	3,560
- Other financial assets	7	425	371
Deferred tax assets	8	1,441	1,633
Current tax assets (net)		864	726
Other non-current assets	9	-	6
		6,124	7,309
Current assets			
Financial assets			
- Investments	6	8,239	7,297
- Trade receivables	10	2,339	2,306
- Cash and cash equivalents	11	1,434	1,334
- Bank balances other than cash and cash equivalents	12	33	33
- Loans	13	-	2
- Other financial assets	7	958	526
Other current assets	9	181	152
		13,184	11,650
Total assets		19,308	18,959
EQUITY AND LIABILITIES			
Equity share capital	14	1,524	1,524
Other equity	15	15,950	15,954
Total equity		17,474	17,478
Non-current liabilities			
Financial liabilities			
- Borrowings	16	45	65
- Other financial liabilities	17	19	6
Provisions	18	322	305
		386	376
Current liabilities			
Financial Liabilities			
- Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		514	446
- Other financial liabilities	17	421	291
Other current liabilities	20	277	206
Provisions	18	236	162
		1,448	1,105
Total liabilities		1,834	1,481
Total equity and liabilities		19,308	18,959

See accompanying notes (1-38) forming part of financial statements

In terms of our report attached

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

Place: Chennai
Date: May 17, 2019

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary

Profit and Loss Account

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE			
Revenue from operations	21	15,317	12,878
Other income	22	743	520
Total income		16,060	13,398
EXPENSES			
Employee benefits expense	23	9,010	7,454
Finance costs	24	20	24
Depreciation and amortisation expense	5	408	328
Other expenses	25	3,300	3,114
Total expenses		12,738	10,920
Profit before exceptional items and tax		3,322	2,478
Exceptional items			
Provision for impairment of investment in subsidiary	37	1,307	-
		2,015	2,478
Profit before tax			
Tax expense			
Current tax	28	890	529
Deferred tax	8	174	(950)
		1,064	(421)
Profit for the year		951	2,899
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
- Re-measurement of the defined benefit liability - loss		(53)	-
- Income tax relating to above items		18	-
Items that will be reclassified to profit or loss		-	-
Total other comprehensive loss for the year, net of tax		(35)	-
Total comprehensive income for the year		916	2,899
Earnings per equity share			
Equity shares of par value INR 10/- each			
Basic and diluted (INR)	31		
On profit for the year		6.24	19.02
On total comprehensive income		6.01	19.02
See accompanying notes (1-38) forming part of financial statements			

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sumesh E S

Partner

Membership No: 206931

Place: Chennai

Date: May 17, 2019

For and on behalf of the Board of Directors of

Allsec Technologies Limited

A Saravanan

Director

DIN : 00033683

P Raghunath

Chief Financial Officer

Place: Chennai

Date: May 17, 2019

R Jagadish

Director

DIN : 00033589

Gagan Preet Singh

Company Secretary

Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before income tax	2,015	2,478
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	408	328
Unrealized foreign exchange (gain) on cash and cash equivalents	(72)	(27)
Provision for impairment of investment in subsidiary	1,307	-
Loss on sale of property, plant and equipment (net)	9	24
Provision for loss allowances	7	13
Finance costs	20	24
Net gain on current investments	(570)	(446)
Interest Income		
- on fixed deposits	(2)	(2)
- income tax refund	(61)	-
Dividend income	(1)	(17)
Operating profit before working capital changes	<u>3,060</u>	<u>2,375</u>
Working capital adjustments:		
(Increase) / decrease in trade receivables	(26)	15
(Increase) in other financial assets	(486)	(96)
Increase in trade payables	68	12
Increase in other financial liabilities	147	28
Increase in other liabilities	71	58
Increase in provisions	144	23
(Increase) in other assets	(23)	(9)
Direct taxes paid, net	(1,027)	(651)
Net cash generated from operating activities	<u>1,928</u>	<u>1,755</u>

Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from investing activities		
Purchase of Property, plant and equipment	(569)	(574)
Proceeds from sale of Property, plant and equipment	5	2
Redemption of investments in subsidiaries	-	635
Loans advanced to subsidiaries received	2	21
Purchase of current investments (net)	(372)	(718)
Interest received	2	2
Dividend income	1	17
Net cash used in investing activities	(931)	(615)
Cash flows from financing activities		
Proceeds from borrowings	13	80
Repayment of borrowings	(37)	(39)
Dividend paid (including dividend distribution tax)	(918)	-
Interest paid	(20)	(24)
Net cash flow (used in) / from financing activities	(962)	17
Net increase/(decrease) in cash and cash equivalents	35	1,157
Effects of foreign currency translation	65	1
Cash and cash equivalents at the beginning of the year	1,334	176
Cash and cash equivalents at the end of the year	1,434	1,334
Components of cash and cash equivalents (Also, refer note 11)		
Cash on hand	3	2
Balance with banks in current accounts	1,431	1,332
Total cash and cash equivalents	1,434	1,334

See accompanying notes (1-38) forming part of financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Sumesh E S

Partner

Membership No: 206931

Place: Chennai

Date: May 17, 2019

For and on behalf of the Board of Directors of

Allsec Technologies Limited

A Saravanan

Director

DIN : 00033683

P Raghunath

Chief Financial Officer

Place: Chennai

Date: May 17, 2019

R Jagadish

Director

DIN : 00033589

Gagan Preet Singh

Company Secretary

Statement of Changes in Equity

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



ALLSEC TECHNOLOGIES LIMITED

A. Equity share capital

	Amount
Balance as at April 01, 2017	1,524
Changes in equity share capital during the year	-
Balance as at March 31, 2018	1,524
Changes in equity share capital during the year	-
Balance as at March 31, 2019	1,524

B. Other equity

	Reserves and surplus				Other comprehensive income	Total
	General reserve	Retained earnings	Capital reserve	Securities premium reserve		
Balances at 01 April 2017	1,413	(510)	251	12,019	(118)	13,055
Profit for the year	-	2,899	-	-	-	2,899
Balance at 31 March 2018	1,413	2,389	251	12,019	(118)	15,954
Dividends	-	(762)	-	-	-	(762)
Dividend distribution tax	-	(158)	-	-	-	(158)
Profit for the year	-	951	-	-	-	951
Other comprehensive income (net of tax)	-	-	-	-	(35)	(35)
Balance at 31 March 2019	1,413	2,420	251	12,019	(153)	15,950

In terms of our report attached

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

Place: Chennai
Date: May 17, 2019

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary



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

1 General Information

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on 24 August 1998 as a limited company under the erstwhile 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 Customer Lifecycle Management (CLM) and Human Resource Outsourcing (HRO) 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 and NCR. The Company has three wholly owned subsidiaries, Allsectech Inc., USA, Allsectech Manila Inc., Philippines and Retreat Capital Management Inc., USA. The Registered office of the entity is located at 7H Century Plaza, 560-562 Anna Salai, Teynampet, Chennai 600 018 and its principal place of business is at 46B Velachery Main Road, Velachery, Chennai 600 042.

2 Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter, as notified under section 133 of Companies Act, 2016 (the "Act") and other relevant provisions of the Act.

The financial statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets that have been measured at fair value. These financial statements are presented in Indian Rupees (INR), which is also the functional currency of the company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated. Figures for the previous years have been reclassified/rearranged wherever considered necessary to conform to the figures presented in the current year.

2.2 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These accounting policies have been used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.3 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

a. Significant management judgement

Recognition of deferred tax assets: The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised.

Revenue recognition

The Company uses significant judgment while assessing the services performed in a contract with a customer to be distinct or interrelated, for the purpose of identification of performance obligations.

b. Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.



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

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.4 Revenue from contracts with customers

The Company derives revenues primarily from IT Enabled Services comprising the CLM and HRO services for customer in India and outside India. Effective 01 April 2018, the Company has adopted Ind AS 115, Revenue from Contracts with Customers, using modified retrospective method, applied to contracts that were not completed as at 01 April 2018. In accordance with modified retrospective method, the comparatives has not been retrospectively adjusted. The following is a summary of the new significant accounting policies related to revenue recognition. Refer to note 2.4 under Summary of significant accounting policies in the Company's standalone financial statements for the year ended 31 March 2018 for policies in effect for revenue prior to 01 April 2018. The effect on adoption of Ind AS 115 was insignificant.

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers is recognised upon transfer of control of promised products or services to the customer at an amount that reflects the consideration the company expects to receive in exchange for those products or services. Agreements with customers for IT Enabled Services are either on a fixed price, fixed time frame or on a time- and - material basis.

Revenue on time-and-material basis contracts is recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to the measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

In arrangements for IT Enabled Services and one time services, the Company has applied the guidance in Ind AS 115, Revenue from Contracts with Customers, by applying the revenue recognition criteria for each distinct performance obligation. The contracts with customers generally meet the criteria for considering the principal service and one-time service as distinct performance obligations and consideration for the each of such service is clearly specified in the contract, that enables to arrive at the transaction price for each performance obligations which is best evidence of its standalone selling price.



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

Dividend and interest income

Dividend income is recognised when the unconditional right to receive the dividend is established. Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate basis taking in to account the amount outstanding and the rate applicable.

Impairment

The company recognises loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit and loss. Loss allowance for trade receivables and unbilled revenue with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of Profit and Loss.

2.5 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. They are subsequently measured at cost less accumulated depreciation and any impairment losses. Cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets. The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The management, basis its past experience and technical assessment, has estimated the useful life in order to reflect the actual usage of the assets. The estimated useful lives of assets are as follows:

Asset Description	Useful lives (Years) followed by the Company	Useful lives (Years) prescribed under Schedule II to the Companies Act, 2013
Computers and servers	3 - 10	3
Call Centre Equipments	3 - 10	15
Furniture and fixtures	3 - 10	10
Office Equipment	5	5
Vehicles – Motor Cars	3 - 8	8

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period (3 – 4 years), whichever is less.

2.6 Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful economic life. 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 of 4 years, or over the license period of the software, whichever is shorter. Gains or losses arising from de-recognition of an intangible asset are measured as the difference



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

between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

2.7 Investment in subsidiaries

Investment in subsidiaries is carried at cost in standalone financial statements.

2.8 Impairment testing of other intangible assets, property, plant and equipment and investment in subsidiaries

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.9 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. All leases other than finance lease are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.10 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and, except for trade receivables which do not contain a significant financing component, these are measured initially at:

- (a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);
- (b) fair value adjusted for transaction costs, in case of all other financial instruments.

Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when the underlying obligation specified in the contract is discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

In case of all financial assets except for those at FVTPL, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial instruments at amortised cost
- Financial instruments at fair value through other comprehensive income (FVOCI)
- Financial instruments, derivatives and equity instruments at FVTPL
- Equity instruments



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

Financial instruments at amortised cost

A 'financial instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Financial instruments at fair value through other comprehensive income (FVOCI)

A 'financial instrument' is measured at FVOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Financial instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVOCI financial instrument is reported as interest income using the EIR method.

Financial instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL. In addition, the Company may elect to designate a financial instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial instrument as at FVTPL. Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

Equity instruments

All equity investments in the scope of Ind AS 109, Financial Instruments, are measured at fair value, except for Ind AS 27 related. Equity instruments which are held for trading and contingent consideration has been recognised by an acquirer in a business combination to which Ind AS 103 applies, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI with subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Forward contracts**

The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to probable forecast transactions. Such forward contracts are initially recognized at fair value on the date on which the contract is entered into and subsequently re-measured at fair value. These forward contracts are stated at fair value at each reporting date and these changes in fair value of these forward contract is recognized in statement of profit or loss. At each reporting date the net balance after fair valuation is shown as part as of other financial asset or liability.

2.11 Employee benefits**Provident fund**

The Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method

Service cost on the Gratuity plan is included in employee benefits expense. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

2.12 Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

2.13 Taxation

Tax expense recognized in the statement of profit and loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that are relevant for the assessment year. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognized in other comprehensive income are also disclosed under the same head.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is reasonable certainty that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to



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

be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the ICAI Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as part of "Deferred Tax Expense/(Income)". The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have reasonable certainty that it will pay normal tax during the specified period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the respective entity's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognize deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in the statement of profit and loss, except where they relate to items that are recognized in other comprehensive income (such as the re-measurement of defined benefit plans) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

At the end of each reporting period, the Company reassesses unrecognised deferred tax assets. The entity recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.14 Contingent liabilities and provisions

Provisions for warranties, legal disputes, or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote. The Company does not recognize contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of 3 months or less, as applicable.

3 Others

3.1 Transfer Pricing

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated



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

enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31 March 2019 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Company's results.

3.2 Segment reporting

Per Para 4 of Ind AS 108 Operating Segments, when entity's financial report contains both the consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Hence segment information is disclosed as part of consolidated financial statements for the year ended 31 March 2019.

4 Recent accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Ind AS 116 'Leases'

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. The Company is currently evaluating the effect of this amendment on the standalone financial statements

Ind AS 12 Appendix C, 'Uncertainty over Income Tax Treatment'

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Company is currently evaluating the effect of this amendment on the standalone financial statements

Amendment to Ind AS 12 – 'Income taxes'

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 01 April 2019. The Company has evaluated the effect of this amendment on the standalone financial statements to be nil.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 01 April 2019. The Company does not have any impact on account of this amendment.

Notes

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



ALLSEC TECHNOLOGIES LIMITED

5 Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment							Other Intangible assets - Computer software
	Computers	Call centre equipment	Furniture and fittings	Office equipment	Vehicles*	Leasehold improvements	Total	
Gross block								
Balance as at 01 April 2017	36	307	54	115	179	26	717	384
Additions	195	80	8	73	165	29	550	52
Disposals	-	-	(10)	-	(16)	-	(26)	-
Balance as at 31 March 2018	231	387	52	188	328	55	1,241	436
Additions	138	146	26	45	13	8	376	193
Disposals	-	-	(21)	(1)	(10)	-	(32)	-
Balance as at 31 March 2019	369	533	57	232	331	63	1,585	629
Accumulated depreciation/ amortisation								
Balance as at 01 April 2017	27	101	15	25	28	16	212	124
Depreciation/amortisation expense for the year	44	86	13	28	45	11	227	101
Balance as at 31 March 2018	71	187	28	53	73	27	439	225
Depreciation/amortisation expense for the year	86	88	12	34	69	13	302	106
Reversal on sale of assets	-	-	(18)	-	-	-	(18)	-
Balance as at 31 March 2019	157	275	22	87	142	40	723	331
Net block								
Balance as at March 31, 2017	160	200	24	135	255	28	802	211
Balance as at March 31, 2018	212	258	35	145	189	23	862	298

* includes vehicles taken on finance lease: Gross block INR 121 (March 31, 2018: INR 161); Depreciation charge for the year INR 14 (March 31, 2018: INR 27); Accumulated depreciation INR 50 (March 31, 2018: INR 36); Net book value INR 71 (March 31, 2018: INR 125).

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
6 Investments		
A Non-current (Unquoted)		
i. Investments carried at cost		
Investments in equity instruments of subsidiaries (fully paid-up)		
Allsectech Inc, USA	1,214	1,214
- 100 (31 March 2018 - 100) Common stock of US \$ 23,100 each, fully paid up		
Allsectech Manila Inc., Philippines	1,020	1,020
- 8,12,500 (31 March 2018 - 8,12,500) Equity shares of Philippine Pesos (PHP) 100 each fully paid up		
Retreat Capital Management Inc., USA	1,307	1,307
- 1,160 (31 March 2018- 1,160) Common stock of US \$10 each, fully paid up		
Total Cost	<u>3,541</u>	<u>3,541</u>
Provision for impairment (Refer note 37)	<u>(1,307)</u>	<u>-</u>
Net carrying value of investment in subsidiary	<u>2,234</u>	<u>3,541</u>
ii. Investments carried at fair value through profit or loss (FVTPL)		
Investments in equity instruments of other companies (fully paid-up)		
Tulip Renewable Powertech Private Limited	-	19
- 31 March 2018 - 194,775 Equity shares of INR 10 each, fully paid up		
Total non-current investments	<u>2,234</u>	<u>3,560</u>
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	2,234	3,560
Aggregate amount of impairment in the value of investments	1,307	-
Extent of investment in subsidiaries		
Allsectech Inc, USA	100%	100%
Allsectech Manila Inc., Philippines	100%	100%
Retreat Capital Management Inc., USA	100%	100%
B. Current (Unquoted)		
Investments carried at fair value through profit and loss		
Investment in mutual funds	8,239	7,297
Total current investments	<u>8,239</u>	<u>7,297</u>
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	8,239	7,297
Aggregate amount of impairment in the value of investments	-	-

Notes

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



ALLSEC TECHNOLOGIES LIMITED

Details of investment in mutual funds

Name of Mutual fund	As at March 31, 2019	
	No of units*	Amount
Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	209,315	772
Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	119,186	356
HDFC Floating Rate Debt Fund - WS - Growth - Regular Plan	3,112,513	1,012
ICICI Prudential Savings Fund - Growth	285,766	1,025
ICICI Prudential Short Term Fund - Growth Option	1,188,414	459
Kotak Money Market Scheme - Growth	36,915	1,135
Reliance Liquidity Fund - Growth Plan - Growth Option	25,574	1,161
Reliance Banking & PSU Debt Fund - Growth Plan	3,453,271	465
Baroda Liquid Fund - Plan B Growth	36,911	794
UTI Liquid Cash Plan - Regular Growth Plan	34,705	1,060
		8,239

Name of Mutual fund	As at March 31, 2018	
	No of units*	Amount
Baroda Pioneer Liquid Fund - Plan B Growth	10,044	201
Birla Sun Life Savings Fund-Growth-Regular Plan	479,198	1,638
Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth	1,871,317	450
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	5,227,781	1,581
HDFC Short Term Plan - Regular Plan - Growth	335,073	115
ICICI Prudential Flexible Income - Growth	432,645	1,442
ICICI Prudential Short Term - Growth Option	496,563	180
Kotak Floater Short Term Growth - (Regular Plan)	29,234	832
Kotak Flexi Debt Regular Plan Growth	573,522	128
Reliance Short Term Fund - Growth Plan Growth Option	952,847	311
Reliance Money Manager Fund - Growth Plan Growth Option	17,478	419
		7,297

* No of Units are in absolute numbers

	As at March 31, 2019	As at March 31, 2018
7 Other financial assets		
Non-current		
Security deposits	425	371
	425	371
Current		
Foreign currency forward contracts	67	-
Unbilled revenue	879	526
Others	12	-
	958	526
Total other financial assets	1,383	897

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
8 Deferred tax assets		
The balance comprises temporary differences attributable to:-		
- Depreciation/ amortisation as per books and depreciation as per tax	560	726
- Adjustments on account of provision for employee benefits	163	161
- MAT credit entitlement	711	746
- Others	7	-
	<u>1,441</u>	<u>1,633</u>

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2019:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
- Depreciation/ amortisation as per books and depreciation as per tax	-	166
- Adjustments on account of provision for employee benefits	18	(20)
- MAT credit entitlement	-	35
- Others	-	(7)
Total	18	174

Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended March 31, 2018:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
- Depreciation/ amortization as per financials and depreciation as per tax	-	(298)
- Adjustments on account of provision for employee benefits	-	(272)
- MAT credit entitlement	-	(100)
- Others	-	(280)
Total	-	(950)

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realised. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
9 Other assets		
Non current		
Prepaid Expenses	-	6
	<u>-</u>	<u>6</u>
Current		
Prepaid expenses	162	149
Others	19	3
	<u>181</u>	<u>152</u>
Total other assets	<u>181</u>	<u>158</u>
10 Trade receivables		
Trade Receivables considered good - Unsecured (Also, refer note 30)	2,359	2,319
Less : Loss allowances	(20)	(13)
	<u>2,339</u>	<u>2,306</u>
11 Cash and cash equivalents		
Cash on hand	3	2
Balance with banks in current accounts*	1,431	1,332
	<u>1,434</u>	<u>1,334</u>
*includes amount of INR 2 lakhs pertaining to unpaid dividends (31 March 2018: nil)		
12 Bank balances other than cash and cash equivalents		
Balances with bank held as margin money	33	33
	<u>33</u>	<u>33</u>
Margin money deposits are provided as security against guarantee.		
13 Loans		
Unsecured, considered good		
Current		
Loan to related parties-subsiidiaries (Also, refer note 30)	-	2
	<u>-</u>	<u>2</u>
Total loans	<u>-</u>	<u>2</u>
Loans and Advances include amount receivable from subsidiaries:		
Allsectech Manila Inc., Philippines	-	2

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019		As at March 31, 2018	
	Number	Amount	Number	Amount
14 Equity share capital				
Authorised				
Equity shares of INR 10/- each	20,000,000	2,000	20,000,000	2,000
Convertible preference shares of INR 100/- each	1,350,000	1,350	1,350,000	1,350
Issued, subscribed and fully paid-up				
Equity shares of INR 10/- each fully paid up	15,238,326	1,524	15,238,326	1,524
	<u>15,238,326</u>	<u>1,524</u>	<u>15,238,326</u>	<u>1,524</u>

a) There is no change in issued and subscribed share capital during the current year and as well as in the previous year.

b) Shareholders holding more than 5% of the aggregate shares in the Company

Equity shares of INR 10/- each fully paid

	As at March 31, 2019		As at March 31, 2018	
	Number	% holding	Number	% holding
A. Saravanan	3,112,119	20%	3,112,119	20%
R. Jagadish	3,036,952	20%	3,036,952	20%
First Carlyle Ventures Mauritius	4,702,838	31%	4,702,838	31%

c) Rights, preferences and restrictions attached to equity shares

The Company has issued only one class of equity shares having a face value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues or brought back during the last five years immediately preceding 31 March 2019.

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
15 Other equity		
a) Securities premium reserve		
Balance at the beginning of the year	12,019	12,019
Add : Additions made during the year	-	-
Balance at the end of the year	<u>12,019</u>	<u>12,019</u>
<p>Securities premium reserve comprises of the amount of share issue price received over and above the face value of INR 10 each.</p>		
b) Capital reserve		
Balance at the beginning of the year	251	251
Add : Additions made during the year	-	-
Balance at the end of the year	<u>251</u>	<u>251</u>
<p>Capital reserve comprises initial application money on warrants received, forfeited subsequently.</p>		
c) General reserve		
Balance at the beginning of the year	1,413	1,413
Add : Additions made during the year	-	-
Balance at the end of the year	<u>1,413</u>	<u>1,413</u>
<p>General reserve represents an appropriation of profits by the Company.</p>		
d) Retained earnings		
Balance at the beginning of the year	2,389	(510)
Less: Dividends	(762)	-
Less: Dividend distribution tax	(158)	-
Add : Transfer from statement of profit and loss	951	2,899
Balance at the end of the year	<u>2,420</u>	<u>2,389</u>
<p>Retained earnings represents the amounts of accumulated earnings of the Company.</p> <p>Note: Dividend of INR 5 per share on its equity share (50% of par value of INR 10 each), approved by the members during the AGM dated 09 August 2018 pertains to dividend for Financial Year 2017-18.</p>		
e) Other comprehensive income		
Balance at the beginning of the year	(118)	(118)
Add : Transfer from other comprehensive income	(35)	-
Balance at the end of the year	<u>(153)</u>	<u>(118)</u>
Total other equity	<u>15,950</u>	<u>15,954</u>

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
16 Borrowings		
Non-current		
From banks		
Finance lease obligation (Secured) (Also, refer note 5 and 29) #	45	65
	<u>45</u>	<u>65</u>
# Finance lease obligations are secured by hypothecation of the respective vehicles acquired on hire purchase and carry an interest rate of 8.25%-10.50% p.a (31 March 2018: 8.25%-10.75% p.a) with repayment term ranging from 3 to 5 years.		
17 Other financial liabilities		
Non-current		
Retentions	19	6
	<u>19</u>	<u>6</u>
Current		
Current maturities of finance lease obligations (Also, refer note 16)	29	33
Employee related payables	392	258
	<u>421</u>	<u>291</u>
Total other financial liabilities	<u>440</u>	<u>297</u>
18 Provisions		
Non-current		
Gratuity	322	305
	<u>322</u>	<u>305</u>
Current		
Gratuity	60	45
Compensated absences*	176	117
Total provisions	<u>236</u>	<u>162</u>

* The amount of compensated absences provision is presented as current, since the Company does not have an unconditional right to defer settlement for this obligation.



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

a) **Provision for employee benefits**

i) **Gratuity**

Gratuity is payable to all the members at the rate of 15 days salary for each year of service. In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment subject to a maximum limit of Rs. 20 lakhs. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement :

	Year ended March 31, 2019	Year ended March 31, 2018
<u>Changes in present value of defined benefit obligation</u>		
Projected benefit obligation at the beginning of the year	460	366
Interest cost	32	25
Current service cost	50	45
Past service cost	(22)	46
Benefits paid	(29)	(29)
Actuarial loss	53	7
Projected benefit obligation at the end of the year	544	460
<u>Changes in fair value of plan assets</u>		
Opening fair value of plan assets	110	43
Expected return	10	5
Contributions by the Company	71	84
Benefits paid	(29)	(29)
Actuarial gains	-	7
Closing fair value of plan assets	162	110
Net defined benefit obligation (deficit)	382	350
<u>Amount recognised in profit or loss</u>		
Current service cost	50	45
Past service cost	(22)	46
Interest cost	32	25
Expected return on planned assets	(10)	(5)
Total amount recognised in profit or loss	50	111
<u>Amount recognised in other comprehensive income</u>		
Remeasurement due to changes in actuarial assumptions	53	-
Total amount recognised in other comprehensive income	53	-

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
Significant actuarial assumptions		
a) Discount rate and expected return on plan assets	6.95%	7.21%
b) Long-term rate of compensation increase	5%	5%
c) Attrition rate		
- employees with service upto 5 years as at valuation date	35%	35%
- employees with service more than 5 years as at valuation date	2%	2%

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Sensitivity analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability.

Particulars	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2019						
> Sensitivity Level	1%	-1%	1%	-1%	1%	-1%
> Impact on defined benefit obligation	11	(12)	(53)	63	59	(52)
March 31, 2018						
> Sensitivity Level	1%	-1%	1%	-1%	1%	-1%
> Impact on defined benefit obligation	7	(10)	(40)	44	43	(40)

Other information

Expected contribution to post-employment benefit plans for the year ending 31 March 2019 is Rs.60 lakhs. The weighted average duration of the defined benefit obligation is 11.6 years (31 March 2018: 10.2 years).

The expected maturity analysis of undiscounted gratuity benefit obligation for the 10 years after balance sheet date is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	5-10 years	Total
March 31, 2019					
Defined benefit obligation	19	63	112	200	394
March 31, 2018					
Defined benefit obligation	18	65	125	138	346



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

Risk exposure

The defined benefit plan exposes the Company to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Indian rupees. A decrease in market yield on high quality corporate bonds will increase the Company's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk

The company maintains plan assets in the form of fund with Life Insurance Corporation of India. The fair value of the plan assets is exposed to the market risks (in India).

Longevity risk

The Company is required to provide benefits for the members of the defined benefit liability. Increase in the life expectancy of the members, will increase the defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Company's liability.

	As at March 31, 2019	As at March 31, 2018
19 Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Also refer Note a)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	514	444
Trade payables to related parties (Also, refer note 30)	-	2
	<u>514</u>	<u>446</u>

a) Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There is no overdue amount payable to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any micro and small enterprises during the current and previous year. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

	As at March 31, 2019	As at March 31, 2018
20 Other current liabilities		
Advances from customers	39	56
Statutory dues	236	150
Unclaimed dividend	2	-
	<u>277</u>	<u>206</u>

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	Year ended March 31, 2019	Year ended March 31, 2018
21 Revenue from operations		
Income from services	15,317	12,878
	<u>15,317</u>	<u>12,878</u>
22 Other income		
Dividend income on		
- Investment in subsidiaries (Also, refer note 30)	-	16
- Current investments	1	1
Interest Income		
- on fixed deposits	2	2
- income tax refund	61	-
- others	-	9
Net gain on current investments*	570	446
Net gain on foreign currency transaction and translation	107	37
Miscellaneous income	2	9
	<u>743</u>	<u>520</u>
* includes (loss) on / income from fair valuation of investments at balance sheet date amounting to INR (6) lakhs (previous year INR 29 lakhs)		
23 Employee benefits expense		
Salaries, wages and bonus	8,027	6,436
Contribution to provident fund and other funds	515	496
Gratuity expense (Also, refer note 18 a (i))	50	111
Staff welfare expenses	418	411
	<u>9,010</u>	<u>7,454</u>
24 Finance costs		
Interest expense	4	7
Other borrowing costs		
- Bank guarantee charges	3	4
- Others	13	13
	<u>20</u>	<u>24</u>

Notes

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



ALLSEC TECHNOLOGIES LIMITED

	Year ended March 31, 2019	Year ended March 31, 2018
25 Other expenses		
Power and fuel	398	378
Repairs to:		
- Machinery	328	327
- Others	247	229
Security charges	162	152
Rent	954	929
Rates and taxes	4	10
Insurance	20	16
Travelling and conveyance	138	184
Connectivity cost	344	321
Communication expenses	17	21
Legal and professional charges (Also, refer note 26)	439	392
Selling Expense	91	15
Loss on sale of property, plant and equipment (net)	9	24
Provision for loss allowances	7	13
Corporate social responsibility expenditure (Refer note 27)	38	6
Miscellaneous expenses	104	97
	3,300	3,114
26 Details of payment to auditors (included as part of legal and professional charges)*		
As auditor:		
Audit fee	33	30
In other capacities:		
Certification fees	1	1
Other services	3	7
Re-imbursement of expenses	1	1
	38	39

*excluding taxes

27 Corporate social responsibility expenditure

As per section 135 of the Companies Act, 2013, 2% of the average net profit of the last 3 years as computed under Section 198 of the Act, are as follows:

(a)	Gross amount to be spent	37	23	
(b)	Amount spent during the year (Also, refer note 27(ii))	38	6	
	Particulars	In cash	Yet to be paid	Total
	For the year ended March 31, 2019			
	On construction/acquisition of an asset	-	-	-
	On purposes other than above	38	-	38
	For the year ended March 31, 2018			
	On construction/acquisition of an asset	-	-	-
	On purposes other than above	6	-	6

Notes

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



ALLSEC TECHNOLOGIES LIMITED

28 Tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 29.12% (Financial year 2017-18: 34.61%) and the reported tax expense in the Statement of Profit and Loss are as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	2,015	2,478
Domestic tax rate	29.12%	34.61%
Expected tax expense	587	858
Deferred tax assets relating to prior years written off / (created)	-	(1,218)
Remeasurement of deferred tax assets due to change in rates	141	-
Adjustment for non-deductible expenses		
-Provision for impairment of investment in subsidiary	381	-
-Others	25	2
Adjustment for additional deductions under Income Tax Act	(82)	(66)
Others	(6)	3
Actual tax expense	1,046	(421)
Tax expense comprises:		
Current tax expense	890	529
Deferred tax expense		
Origination and reversal of temporary differences	174	(950)
Tax expense	1,064	(421)
Deferred tax expense (income), recognised directly in other comprehensive income	(18)	-

Note 8 provides information on deferred tax assets.
There are no tax related contingent liabilities

29 Leases

Finance leases as lessee

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

Finance lease liabilities (refer note 16) are secured by the related assets held under finance leases. Future minimum finance lease payments at 31 March were as follows:

	Minimum lease payments due			Total
	Within 1 year	1 to 5 years	after 5 years	
March 31, 2019				
Lease payments	35	48	-	83
Finance charges	(6)	(3)	-	(9)
Net present values	29	45	-	74
March 31, 2018				
Lease payments	40	72	-	112
Finance charges	(7)	(7)	-	(14)
Net present values	33	65	-	98

Notes

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



ALLSEC TECHNOLOGIES LIMITED

Operating leases as lessee

	Year ended March 31, 2019	Year ended March 31, 2018
Total lease payments charged off to the statement of profit and loss (Also, refer note 25)	954	929
Disclosures in respect of non-cancellable operating leases		
The total of future minimum lease payments for each of the following periods:		
(i) Not later than one year	131	-
(ii) Due later than one year and not later than five years	91	-
(iii) Due later than five years	-	-
	<u>222</u>	<u>-</u>
During the previous year, the Company had operating leases for office premises in India ranging for a period between 12 months to 60 months and are cancellable leases.		

30 Related party transactions

A. Names of related parties and related party relationships

Relationship	Name of the related party
Related parties where control exists	
Subsidiaries (Wholly owned)	Allsectech Inc., USA Allsectech Manila Inc., Philippines Retreat Capital Management Inc., USA
Key management personnel	
Whole-time director	Mr. Jagadish R
Chief financial officer	Mr. Raghunath P
Non- whole-time directors	
Non Independent Director	Mr. Saravanan A
Independent director	Mr. Anantha Narayanan T
Independent director	Mr. Jayaram C
Independent director	Mr. Padmanabhan D
Independent director	Ms. Lalitha Sankaran

Notes

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



ALLSEC TECHNOLOGIES LIMITED

B. Transactions with related parties

Particulars	Subsidiaries		Key management personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Income from services billed to				
Allsectech Inc., USA	323	409	-	-
Allsectech Manila Inc., Philippines	629	398	-	-
Provision for impairment of investment in subsidiary				
Retreat Capital Management Inc., USA	1,307	-	-	-
Redemption of preference shares (receipt)				
Allsectech Manila Inc., Philippines	-	585	-	-
Dividend income				
Allsectech Manila Inc., Philippines	-	16	-	-
Reimbursement of expenses incurred by company				
Allsectech Manila Inc., Philippines	41	23	-	-
Allsectech Inc., USA	23	33	-	-
Reimbursement of expenses incurred by wholly owned subsidiary				
Allsectech Inc., USA	2	-	-	-
Remuneration and other benefits*				
Whole-time director	-	-	171	128
Chief financial officer	-	-	49	42
Non-whole-time directors	-	-	7	9

* Remuneration and other benefits pertain to short term employee benefits. As the gratuity and compensated absences are determined for all the employees in aggregate, the post-employment benefits and other long-term benefits relating to key management personnel cannot be ascertained individually.

Notes

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



ALLSEC TECHNOLOGIES LIMITED

C. Balances with related parties

Particulars	Subsidiaries		Key management personnel	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Investments in equity instruments of subsidiaries				
Allsectech Inc, USA	1,214	1,214	-	-
Allsectech Manila Inc., Philippines	1,020	1,020	-	-
Retreat Capital Management Inc., USA	1,307	1,307	-	-
Provision for impairment of investment in subsidiary				
Retreat Capital Management Inc., USA	1,307	-	-	-
Trade receivables				
Allsectech Inc., USA	39	113	-	-
Allsectech Manila Inc., Philippines	53	146	-	-
Payables				
Allsectech Inc., USA	-	2	-	-
Loans				
Allsectech Manila Inc., Philippines	-	2	-	-
Remuneration payable				
Whole-time director	-	-	65	36

The details of the maximum amount outstanding for the years ended 31 March 2019 and 31 March 2018 are as follows:

Particulars	Subsidiaries		Key management personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Loans and other financial assets				
Allsectech Manila Inc., Philippines	2	18	-	-
Allsectech Inc., USA	-	5	-	-
Investments made in subsidiaries				
Allsectech Inc, USA	1,214	1,214	-	-
Allsectech Manila Inc., Philippines	1,020	1,668	-	-
Retreat Capital Management Inc., USA	1,307	1,307	-	-

31 Earnings per equity share

	Year ended March 31, 2019	Year ended March 31, 2018
Profit after tax considered as numerator for calculating basic and diluted earnings per share	951	2,899
Total comprehensive income considered as numerator for calculating basic and diluted earnings per share	916	2,899
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	15,238,326	15,238,326

Notes

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



ALLSEC TECHNOLOGIES LIMITED

32 Contingent liabilities and commitments

Claims against the company not acknowledged as debt

The Company received a demand from the Tamil Nadu Electricity Board for an amount of Rs. 109 lakhs 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.

Commitments	As at March 31, 2019	As at March 31, 2018
Capital commitments that are not cancellable - Estimated amount of capital contracts remaining to be executed	42	201

33 Financial assets and liabilities

Categories of financial assets and financial liabilities

Note 2.10 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	As at March 31, 2019			As at March 31, 2018		
	Financial assets at FVTPL	Financial assets at amortised cost	Total	Financial assets at FVTPL	Financial assets at amortised cost	Total
Financial assets						
Investments*	8,239	-	8,239	7,316	-	7,316
Loans	-	-	-	-	2	2
Trade receivables	-	2,339	2,339	-	2,306	2,306
Cash and cash equivalents	-	1,434	1,434	-	1,334	1,334
Other bank balances	-	33	33	-	33	33
Other financial assets	67	1,316	1,383	-	897	897
	8,306	5,122	13,428	7,316	4,572	11,888

* Does not include investment in subsidiaries which are accounted at cost in accordance with Ind AS 27.

	As at March 31, 2019	As at March 31, 2018
	Other liabilities at amortised cost	Other liabilities at amortised cost
Financial liabilities		
Borrowings	74	98
Trade payables	514	446
Other financial liabilities	411	264
	999	808



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

34 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Short-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Company's transactions are carried out in INR. Exposures to currency exchange rates arise from the Company's overseas sale of services, which are primarily denominated in US dollars (USD).

To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored and forward exchange contracts are entered. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

Book value in INR of foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below:

	Short term exposure		Long-term exposure	
	USD	PHP	USD	PHP
31 March 2019				
Financial assets	2,117	-	-	-
Financial liabilities	-	-	-	-
Total exposure	2,117	-	-	-
31 March 2018				
Financial assets	2,065	2	-	-
Financial liabilities	2	-	-	-
Total exposure	2,063	2	-	-

Investments in equity of subsidiaries are not considered in the above table since the same is not impacted due to foreign currency fluctuations.

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company's profit before taxes by approximately INR 212 lakhs for the year ended 31 March 2019 (31 March 2018: INR 207 lakhs).

Interest rate sensitivity

Borrowings that existed as at 31 March 2019 and 31 March 2018 are at fixed interest rates and hence the Company is not exposed to changes in market interest rates.

Other price sensitivity

The Company is exposed to other price risk in respect of its investments in mutual funds.



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

For the mutual fund units, an average volatility of 0.61% has been observed during 2018-19 (2017-18: 0.83%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the net asset value (NAV) for these securities increased or decreased by that amount, the statement of profit and loss and equity would have changed by Rs 50 lakhs (2017-18: INR 61 lakhs).

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investments etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March 2019.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. Where available at reasonable cost external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents and investment in mutual funds is considered negligible, since the counterparties have high quality external credit ratings.

Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available funds in order to determine headroom or any shortfalls. This analysis shows that available funds are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by the ability to sell/recover long-term financial assets.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

As at 31 March 2019, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

March 31, 2019	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Finance lease obligations	18	17	48	-
Trade and other payables	928	-	-	-
Total	946	17	48	-



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

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting periods as follows:

March 31, 2018	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Finance lease obligations	20	20	72	-
Trade and other payables	717	-	6	-
Total	737	20	78	-

In assessing and managing liquidity risks of its derivative financial instruments, the Company considers both contractual inflows and outflows.

The contractual cash flows of the Company's derivative financial assets and liabilities as at the end of reporting period is as follows:

March 31, 2019	Current	
	Within 6 months	6 to 12 months
Net settled forward contracts		
Cash inflow	67	-
Total	67	-

* As at 31 March 2018, there were no derivative financial assets and liabilities that existed

35 Fair value measurement

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the balance sheet are classified into three Levels of a fair value hierarchy. The three Levels are defined based in the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2019 and 31 March 2018. There were no financial liabilities measured at fair value as at the reporting dates.

	Level 1	Level 2	Level 3	Total
Financial assets				
March 31, 2019				
Investments in mutual fund units	8,239	-	-	8,239
Investments in equity instruments of other companies	-	-	-	-
Foreign exchange forward contracts	-	67	-	67
March 31, 2018				
Investments in mutual fund units	7,297	-	-	7,297
Investments in equity instruments of other companies	-	-	19	19
Foreign exchange forward contracts	-	-	-	-

Measurement of fair value of financial instruments

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Company's reporting dates.



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

The valuation techniques used for instruments categorised in Levels 1, 2 and 3 are described below:

Investments in mutual fund units (Level 1)

The mutual funds are valued using the closing NAV.

Foreign exchange forward contracts (Level 2)

The Company's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

Investments in equity instruments of other companies (Level 3)

These investments are not traded in active markets, and management considers the cost of investments to approximate the fair value.

Financial instruments measured at amortised cost for which the fair value is disclosed

The carrying amount of all financial instruments measured at amortised cost are considered to be a reasonable approximation of the fair value.

Fair value measurement of non-financial assets

There are no non-financial assets that were measured at fair value on the reporting dates.

36 Capital management policies and procedures

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

37 Provision for impairment of investment in subsidiary

During the current year, the Company's subsidiaries domiciled in the USA, Allsec Tech Inc., USA and Retreat Capital Management Inc., USA incurred material losses due to non-renewal of a significant contract, payments made towards class action suits by contractors and demand raised by Texas Work Force Commission. The Company assessed these factors to be indicators that the carrying value of non-current investments in these subsidiaries may be impaired. Accordingly, in line with the Company's accounting policy detailed in note 2.8, the recoverable amount of such investments was determined by an independent valuation expert. The recoverable amount (value in use) of AllsecTech Inc., USA was determined to be higher than the carrying value of relevant investments in the standalone financial statements, whereas the recoverable amount (value in use) of Retreat Capital Management Inc., USA was determined to be lower than the carrying value as at reporting date. Consequently, based on these factors, the Company has impaired the value of investments in Retreat Capital Management Inc., USA as at 31 March 2019 amounting to INR 1,307 lakhs and disclosed the same as exceptional item in Statement of Profit or Loss for the year ended 31 March 2019. For determining the said value in use, the discount rate used by the Company is 9%. There were no impairment on investments that were recorded in books during the previous year.

38 Post reporting date events

Conneqt Business Solutions Limited ('Conneqt') has entered into share purchase agreements dated 17 April 2019 with Mr. Jagadish R, Mr. Saravanan A and First Carlyle Ventures Mauritius to acquire 9,349,095 equity shares, representing 61.35% of the voting share capital of the Company. Further in accordance with SEBI Regulations, Conneqt made an open offer to the public shareholders of Allsec to purchase up to 26% of shareholding, constituting 3,961,965 shares.

In terms of our report attached

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

Place: Chennai
Date: May 17, 2019

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary



ALLSEC TECHNOLOGIES LIMITED

*Consolidated Financial Statements
for the year ended March 31, 2019*



Independent Auditor's Report

To the Members of Allsec Technologies Limited

Report on the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Allsec Technologies Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of cash flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report

S.No.	Key audit matter	How our audit addressed the key audit matter
1	<p>Implementation of Ind AS 115:</p> <p>The Group adopted Ind AS 115 – Revenue from Contracts with Customers with effect from 01 April 2018. The Group has opted to use the modified retrospective approach of implementation wherein the cumulative effect of initially applying Ind AS 115 is adjusted to the opening balance of other equity as at 01 April 2018.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of each stream of revenue as disclosed in Note 2.6 to the consolidated financial statements, and evaluated the design and operating effectiveness of the internal controls placed by the management on evaluating the impact on implementation of Ind AS 115 during the current year with respect to recognition and measurement of revenue. - Assessed the appropriateness of practical expedients adopted by the management in implementing and transitioning to Ind AS 115



S.No.	Key audit matter	How our audit addressed the key audit matter
	<p>The Group has revised its revenue recognition policy in accordance with Ind AS 115, as disclosed in Note 2.6 to the consolidated financial statements, which requires the management to apply judgement for identification of separate and distinct performance obligations in complex contracts involving multiple promises, determining transaction price taking into account variable price considerations, and assessment of satisfaction of obligations.</p> <p>In process of evaluating the impact of revised revenue recognition policy, management has analysed contracts related to HR-BPO segment for the terms relating to initial set-up and one time charges. The management, based on judgment, has assessed that the set-up and one-time activities are not highly interrelated with the monthly payroll services provided and accordingly are distinct services for the purpose of revenue recognition. Further, in determining of transaction price, terms of the contracts in relation to HR-BPO and Customer life-cycle management (CLM) segments were evaluated for variable consideration/performance based consideration, rewards and penalties. Based on such evaluation, revenue was assessed to be recognised at a point in time and not over the period of the contract.</p> <p>The impact on account of implementation of Ind AS 115 on the balance in retained earnings as at 01 April 2018 and on the profits for the year ended 31 March 2019 has been disclosed in Note 2.6 to the consolidated financial statements.</p> <p>Considering the significance of the area, large volume of revenue transactions and management judgment involved, this matter was identified as a key audit matter for the current year audit.</p>	<p>- Evaluated contracts with customers, on a sample basis, that were in effect as on 01 April 2018, to test management's assessment of the impact on account of change in revenue recognition policy on the date of implementation, including performing the following procedures for the sample contracts selected:</p> <ul style="list-style-type: none"> • Discussed and obtained from the management, their evaluation of identification of performance obligations and satisfaction thereof for such sample contracts. Evaluated such assessment for appropriateness in accordance with the accounting principles of Ind AS 115. • Tested the assumptions used by the Company for the expected contract period in case of open ended contracts. • Evaluated the terms in such contracts with customers pertaining to variable consideration, rewards, penalties, etc., to assess whether the revenue recognition with respect to such terms is in accordance with the principles of Ind AS 115. • Tested the arithmetical accuracy of the underlying calculations determining the impact of implementing the new accounting standard. <p>- On a sample basis, evaluated the appropriateness of accounting treatment pertaining to revenue recognition for the new contracts with customers that were entered during the year ended 31 March 2019 to evaluate implementation of Ind AS 115 on an on-going basis.</p> <p>Evaluated the disclosures made in the consolidated financial statements with respect to the implementation of Ind AS 115 for appropriateness in accordance with the requirements of the accounting standards.</p>
2	<p>Impairment of goodwill and Litigations:</p> <p>The Group carries a goodwill of Rs. 1,249 lakhs in the consolidated financial statements pertaining to acquisition of Retreat Capital Management Inc., USA ('RCM') RCM and Allsectech Inc., USA (together referred to as "US subsidiaries") have incurred significant losses due to loss of a significant contract during the year and expenses incurred towards certain litigations as detailed in note 17.</p>	<p>Our audit procedures included but were not limited to the following:</p> <p>A) Litigations:</p> <p>- Obtained an understanding of management's process of identification of litigations faced by the Group, and related assessment of accounting treatment in accordance with the principles of Ind AS 37.</p>



S.No.	Key audit matter	How our audit addressed the key audit matter
	<p>The Group's accounting policy, as detailed in Note 2.10 to the consolidated financial statements, sets out that the Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired and if such indication exists, the Group will estimate the recoverable amount of the asset.</p> <p>The Group has identified the losses incurred during the year ended 31 March 2019 by the US subsidiaries as an indicator of impairment of aforementioned goodwill as well as subsidiaries' assets forming part of consolidated financial statements.</p> <p>The recoverable amount of the subsidiaries' assets and goodwill is calculated by the management, using an independent valuation expert, based on the present value of the future cash flows (Discounted Cash Flow valuation method) expected to be derived from the subsidiaries as at 31 March 2019.</p> <p>As detailed in note 37, the recoverable amount of TechInc. was determined to be higher than the carrying value of its net assets in the consolidated financial statements, whereas the recoverable amount of Retreat Capital Management Inc. was lower when compared with the carrying value of its net assets including goodwill in the consolidated financial statements. Based on these factors, the Group has provided for impairment on the value of goodwill pertaining to Retreat Capital Management Inc. as at 31 March 2019 for an amount of Rs. 1,247 lakhs.</p> <p>Considering the materiality of amounts involved and the significant management judgment involved in measurement of recoverable amount of the subsidiaries and in estimation of the timing and probability of expected cash outflows from litigations for determination of the impact to the consolidated financial statements as per Ind AS 37, recoverability of goodwill have been identified as key audit matters for the current year.</p>	<ul style="list-style-type: none"> - Evaluated the design and tested the operating effectiveness of the internal controls implemented by the management around identification of litigations and regulatory matters, and measurement of related provisions and contingent liabilities required to be made and/or disclosed in the consolidated financial statements. - Discussed open matters and developments during the year with the management and legal advisors of the US subsidiaries, and inspected legal documents including correspondence between the management and the legal advisors to corroborate such understanding obtained. - Inspected settlement agreement entered with the part of the contractors, DOL correspondence for PAID scheme and orders from Texas Workforce Commission to test the adequacy of provisions made with respect to these matters. - Obtained the confirmation from management's legal advisors on the possible financial exposure pertaining to the legal dispute pending as at balance sheet date and ensured adequacy of amount recorded in books. We also evaluated independence, competency and objectivity of the management's legal advisors - Assessed and challenged management's conclusions through understanding precedents set in similar cases; - Enquired and evaluated impact of subsequent events with respect to the litigations and regulatory matters. - Tested the appropriateness of accounting treatment applied to these legal matters in accordance with the requirements under Ind AS 37. - Evaluated the appropriateness of disclosures made with respect to provisions and contingent liability in the consolidated financial statements with respect to these matters. <p>B) Impairment assessment of goodwill:</p> <ul style="list-style-type: none"> - Obtained an understanding of the management's process of identification of impairment indicators for goodwill, and for valuation of subsidiaries' net assets to determine the impairment provision required to be made with respect to the carrying value of such goodwill.

Auditors' Report

On Consolidated Financial Statements



ALLSEC TECHNOLOGIES LIMITED

S.No.	Key audit matter	How our audit addressed the key audit matter
		<ul style="list-style-type: none"> - Evaluated the design and tested the operating effectiveness of the internal controls implemented by the management around the recognition and measurement of impairment of goodwill. - Evaluated the indicators of impairment identified by the management as per the Group accounting policy. - Obtained the management's estimation of recoverable value, based on valuation performed by the management expert and tested the appropriateness of the valuation methodology and valuation assumptions such as discount rate. We also evaluated independence, competency and objectivity of the management expert. - Evaluated the cash flow projections used in the said valuation to approved business plans based on past performance of the subsidiaries. - Assessed whether the potential exposure from litigations as discussed above have been appropriately considered by the management while determining the projected future cash outflows from such US subsidiaries. - Tested arithmetical accuracy of the calculations performed as above. <p>Evaluated appropriateness of disclosures made in the consolidated financial statements in accordance with disclosure requirements of Ind AS and Schedule III of the Companies Act 2013.</p>

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records



including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group have adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical



requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of three subsidiaries, whose financial statements reflects total assets of INR 9,622 lakhs and net assets of INR 6,568 lakhs as at 31 March 2019, total revenues of INR 12,277 lakhs and net cash inflow amounting to INR 316 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries based solely on the reports of the other auditors.

Further, all these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 14, on separate financial statements of the subsidiaries. We report that the Holding Company, its subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained before the purpose of our audit of the aforesaid consolidated financial statements.
 - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;

Auditors' Report

On Consolidated Financial Statements



ALLSEC TECHNOLOGIES LIMITED

- f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 30 to the consolidated financial statements;
 - ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there were no amount required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2019;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Place: Chennai
Date: May 17, 2019

Sumesh E S
Partner
Membership No.: 206931



Annexure A

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Allsec Technologies Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, which is a company covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company, which is a Company covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion the Holding Company have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Chennai

Date: May 17, 2019

Sumesh E S

Partner

Membership No.: 206931

Consolidated Balance Sheet



ALLSEC TECHNOLOGIES LIMITED

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

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,023	964
Goodwill	5	-	1,249
Other intangible assets	5	298	211
Financial assets			
- Investments	6	-	19
- Other financial assets	7	571	493
Deferred tax assets	8	1,441	1,633
Current tax assets (net)		870	810
Other non-current assets	9	-	6
		4,203	5,385
Current assets			
Financial assets			
- Investments	6	8,239	7,297
- Trade receivables	10	3,547	4,105
- Cash and cash equivalents	11	7,164	6,620
- Bank balances other than cash and cash equivalents	12	33	33
- Other financial assets	7	1,101	527
Other current assets	9	233	186
		20,317	18,768
Total assets		24,520	24,153
EQUITY AND LIABILITIES			
Equity share capital	13	1,524	1,524
Other equity	14	20,256	19,229
Total equity		21,780	20,753
Non-current liabilities			
Financial liabilities			
- Borrowings	15	45	65
- Other financial liabilities	16	19	6
Provisions	17	322	305
		386	376
Current liabilities			
Financial Liabilities			
- Trade payables	18	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		800	799
- Other financial liabilities	16	479	743
Other current liabilities	19	488	464
Provisions	17	456	162
Current tax liabilities (net)		131	856
		2,354	3,024
Total liabilities		2,740	3,400
Total equity and liabilities		24,520	24,153

See accompanying notes (1-38) forming part of financial statements

In terms of our report attached

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

Place: Chennai
Date: May 17, 2019

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary

Consolidated Profit and Loss Account

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE			
Revenue from operations	20	26,116	32,496
Other income	21	742	738
Total income		26,858	33,234
EXPENSES			
Employee benefits expense	22	13,838	11,731
Finance costs	23	49	33
Depreciation and amortisation expense	5	526	450
Other expenses	24	8,315	14,661
Total expenses		22,728	26,875
Profit before exceptional items and tax		4,130	6,359
Exceptional items			
Provision for impairment of goodwill	37	1,247	-
		2,883	6,359
Profit before tax			
Tax expense			
Current tax	26	1,142	1,356
Deferred tax	8	174	(950)
		1,316	406
Profit for the year		1,567	5,953
Other comprehensive income:			
Items that will be reclassified to profit or loss		415	(160)
- Exchange differences on translation of foreign operations		415	(160)
Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit liability - loss		(53)	-
- Income tax relating to above items		18	-
		(35)	-
Total other comprehensive loss for the year, net of tax		380	(160)
Total comprehensive income for the year		1,947	5,793
Earnings per equity share	29		
Equity shares of par value INR 10/- each			
Basic and diluted (INR)			
On profit for the year		10.28	39.07
On total comprehensive income		12.78	38.02
See accompanying notes (1-38) forming part of financial statements			

In terms of our report attached

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary

Place: Chennai
Date: May 17, 2019

Consolidated Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	2,883	6,359
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	526	450
Unrealized foreign exchange (gain) on cash and cash equivalents	(72)	(27)
Provision for impairment of goodwill	1,247	-
Loss on sale of property, plant and equipment (net)	9	24
Provision for loss allowances	7	13
Finance costs	49	33
Net gain on current investments	(570)	(446)
Interest Income		
- on fixed deposits	(2)	(2)
- income tax refund	(61)	-
Dividend income	(1)	(1)
Operating profit before working capital changes	<u>4,015</u>	<u>6,403</u>
Working capital adjustments:		
Decrease/ (increase) in trade receivables	733	(482)
(Increase) / decrease in other financial assets	(599)	107
Increase in trade payables	1	161
(Decrease) / increase in other financial liabilities	(225)	82
(Decrease) in other liabilities	(906)	(155)
(Decrease) / increase in provisions	(19)	24
Decrease in other assets	294	13
Direct taxes paid, net	(1,277)	(899)
Net cash generated from operating activities	<u>2,017</u>	<u>5,254</u>

Consolidated Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from investing activities		
Purchase of property, plant and equipment	(675)	(702)
Proceeds from sale of property, plant and equipment	5	2
Purchase of current investments (net)	(372)	(718)
Interest received	2	2
Dividend income	1	1
Net cash used in investing activities	(1,039)	(1,415)
Cash flows from financing activities		
Proceeds from borrowings	13	80
Repayment of borrowings	(37)	(39)
Interest paid	(49)	(33)
Dividend paid (including dividend distribution tax)	(918)	-
Net cash flow (used in) / from financing activities	(991)	8
Net (decrease) / increase in cash and cash equivalents	(13)	3,847
Effect of exchange differences on cash & cash equivalents held in foreign currency	557	(97)
Cash and cash equivalents at the beginning of the year	6,620	2,870
Cash and cash equivalents at the end of the year	7,164	6,620
Components of cash and cash equivalents (Also, refer note 11)		
Cash on hand	4	3
Balance with banks in current accounts	7,160	6,617
Total cash and cash equivalents	7,164	6,620

See accompanying notes (1-38) forming part of financial statements

In terms of our report attached

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

Place: Chennai
Date: May 17, 2019

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary

Consolidated Statement of Changes in Equity

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



ALLSEC TECHNOLOGIES LIMITED

A. Equity share capital

	Amount
Balance as at April 01, 2017	1,524
Changes in equity share capital during the year	-
Balance as at March 31, 2018	1,524
Changes in equity share capital during the year	-
Balance as at March 31, 2019	1,524

B. Other equity

	Reserves and surplus				Other comprehensive income	Foreign currency translation reserve	Total
	General reserve	Retained earnings	Capital reserve	Securities premium reserve			
Balances at 01 April 2017	1,413	158	251	12,019	(118)	(287)	13,436
Profit for the year	-	5,953	-	-	-	-	5,953
Other comprehensive income (net of tax)	-	-	-	-	-	(160)	(160)
Balance at 31 March 2018	1,413	6,111	251	12,019	(118)	(447)	19,229
Dividends	-	(762)	-	-	-	-	(762)
Dividend distribution tax	-	(158)	-	-	-	-	(158)
Profit for the year	-	1,567	-	-	-	-	1,567
Other comprehensive income (net of tax)	-	-	-	-	(35)	415	380
Balance at 31 March 2019	1,413	6,758	251	12,019	(153)	(32)	20,256

In terms of our report attached

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

Place: Chennai
Date: May 17, 2019

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary



1 General Information

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on 24 August 1998 as a limited company under the erstwhile 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 Customer Lifecycle Management (CLM) and Human Resource Outsourcing (HRO) 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 and NCR. The Registered office of the holding company is located at 7H Century Plaza, 560-562 Anna Salai, Teynampet, Chennai 600 018.

The Company has three wholly owned subsidiaries as at the year end. They are:

- Allsectech Inc., USA ('Allsectech') – A wholly owned subsidiary of the Company incorporated on 14 September 2000 in the state of Delaware, USA. This subsidiary is engaged primarily in the business of providing anti-money laundering review services and others.
- Retreat Capital Management Inc., USA ('Retreat') – The Company had acquired 66% of the outstanding equity capital of Retreat during 2011. In the previous years, the Company had acquired additional equity in Retreat, thereby increasing its holdings to 100% as at 31 March 2015.
- Allsectech Manila Inc ('ATM') – 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. Allsec had acquired controlling interest in ATM on 14 February 2008. Allsectech, ATM, and Retreat shall hereinafter, be collectively referred to as "the Subsidiaries". Allsec, along with Subsidiaries, shall hereinafter, be collectively referred to as "the Group".

2 Summary of significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter, as notified under section 133 of Companies Act, 2016 (the "Act") and other relevant provisions of the Act.

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets that have been measured at fair value. These financial statements are presented in lakhs of Indian Rupees (INR), except per share data and as otherwise stated. Figures for the previous years have been reclassified/rearranged wherever considered necessary to conform to the figures presented in the current year.

2.2 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.3 Basis of consolidation

The Group consolidates the financial statements of Allsec and all of its subsidiaries (as listed above in note 1) as of 31 March 2019. All subsidiaries have a reporting date of 31 March.

Subsidiaries are all entities over which Allsec exercises control if and only if it has the following:

- (a) power over the entity;
- (b) exposure, or rights, to variable returns from its involvement with the entity; and
- (c) the ability to use its power over the entity to affect the amount of its returns.

Allsec reassesses, whether it controls an entity if facts and circumstances indicate that there are changes to one or



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

more of the three elements of control. Consolidation of the financial statements of subsidiaries begins on the date control is established.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the holding company and the non-controlling interests, if any, based on their respective ownership interests.

2.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in currency Indian Rupees (INR), which is also the functional currency of the holding company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into INR at the closing rate. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

2.5 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

a. Significant management judgement

Recognition of deferred tax assets: The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised.

Revenue recognition

The Group uses significant judgment while assessing the services performed in a contract with a customer to be distinct or interrelated, for the purpose of identification of performance obligations."

b. Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.



Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.6 Revenue from contracts with customers

The Group derives revenues primarily from IT Enabled Services comprising the CLM, HRO and ALM services for customers in India and outside India. Effective 01 April 2018, the Group has adopted Ind AS 115, Revenue from Contracts with Customers, using modified retrospective method, applied to contracts that were not completed as at 01 April 2018. In accordance with modified retrospective method, the comparatives has not been retrospectively adjusted. The following is a summary of the new significant accounting policies related to revenue recognition. Refer to note 2.6 Summary of significant accounting policies in the Group's consolidated financial statements for the year ended 31 March 2018 for policies in effect for revenue prior to 01 April 2018. The effect of adoption of Ind AS 115 was insignificant.

To determine whether to recognise revenue from contracts with customers, the Group follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers is recognised upon transfer of control of promised products or services to the customer at an amount that reflects the consideration that the group expects to receive in exchange for those products or services. Agreements with customers for IT Enabled Services are either on a fixed price, fixed time frame or on a time- and - material basis.

Revenue on time-and-material basis contracts is recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to the measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

In arrangements for IT Enabled Services and one time services, the Group has applied the guidance in Ind AS 115, Revenue from Contracts with Customers, by applying the revenue recognition criteria for each distinct performance



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

obligation. The contracts with customers generally meet the criteria for considering the principal service and one-time service as distinct performance obligations and consideration for the each of such service is clearly specified in the contract, that enables to arrive at the transaction price for each performance obligations which is best evidence of its standalone selling price.

Dividend and interest income

Dividend income is recognised when the unconditional right to receive the dividend is established. Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate basis taking in to account the amount outstanding and the rate applicable.

Impairment

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit and loss. Loss allowance for trade receivables and unbilled revenue with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognised as an impairment gain or loss in the statement of Profit and Loss.

2.7 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. They are subsequently measured at cost less accumulated depreciation and any impairment losses. Cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the consolidated statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets. The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The management, basis its past experience and technical assessment, has estimated the useful life in order to reflect the actual usage of the assets. The estimated useful lives of assets are as follows:

Asset Description	Useful lives (Years) followed by the Company	Useful lives (Years) prescribed under Schedule II to the Companies Act, 2013
Computers and servers	3 - 10	3
Call Centre Equipments	3 - 10	15
Furniture and fixtures	3 - 10	10
Office Equipment	5	5
Vehicles – Motor Cars	3 - 8	8

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period (3 – 4 years), whichever is less.



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

The property, plant and equipment of Allsectech are depreciated using straight line method over its estimated useful life of 3 years for computers and accessories and 5 years for networking equipment and furniture and fixtures. The assets of ATM and Retreat, comprising of 13% of group assets (previous year: 18%) are depreciated using the straight line method over its estimated useful life as follows:

Asset Description	Useful lives (Years) followed by the Company
Computers and accessories	3
Furniture and fixtures	5
Vehicles	5
Leasehold improvements*	5
Office equipment	5

*Leasehold improvements are depreciated over the primary term of the lease.

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

2.8 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

2.9 Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful economic life. 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 of 4 years, or over the license period of the software, whichever is shorter. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

2.10 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The date used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.



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

2.11 Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

All leases other than finance lease are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.12 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and, except for trade receivables which do not contain a significant financing component, these are measured initially at:

- (a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);
- (b) fair value adjusted for transaction costs, in case of all other financial instruments.

Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when the underlying obligation specified in the contract is discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

In case of all financial assets except for those at FVTPL, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial instruments at amortised cost
- Financial instruments at fair value through other comprehensive income (FVOCI)
- Financial instruments, derivatives and equity instruments at FVTPL
- Equity instruments

Financial instruments at amortised cost

A 'financial instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Financial instruments at fair value through other comprehensive income (FVOCI)

A 'financial instrument' is measured at FVOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.



Financial instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVOCI financial instrument is reported as interest income using the EIR method.

Financial instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. In addition, the Group may elect to designate a financial instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any financial instrument as at FVTPL. Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

Equity instruments

All equity investments in the scope of Ind AS 109, Financial Instruments, are measured at fair value, except for Ind AS 27 related. Equity instruments which are held for trading and contingent consideration has been recognised by an acquirer in a business combination to which Ind AS 103 applies, are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in OCI with subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Forward contracts

The group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to probable forecast transactions. Such forward contracts are initially recognized at fair value on the date on which the contract is entered into and subsequently re-measured at fair value. These forward contracts are stated at fair value at each reporting date and these changes in fair value of these forward contract is recognized in statement of profit or loss. At each reporting date the net balance after fair valuation is shown as part as of other financial asset or liability.

2.13 Employee benefits

Provident fund

The Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment



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

with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method.

Service cost on the Gratuity plan is included in employee benefits expense. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

2.14 Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

2.15 Taxation

Tax expense recognized in the consolidated statement of profit and loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that are relevant for the assessment year. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognized in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the respective entity's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognize deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in the consolidated statement of profit and loss, except where they relate to items that are recognized in other comprehensive income (such as the re-measurement of defined benefit plans) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

At the end of each reporting period, the Group reassesses unrecognised deferred tax assets. The entity recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.16 Contingent liabilities and provisions

Provisions for warranties, legal disputes, or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be



required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote. The Group does not recognize contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the consolidated financial statements.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Segment Reporting

Per Para 4 of Ind AS 108 Operating Segments, when entity's financial report contains both the consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements.

Refer note 31 for segment accounting policies and related disclosures.

2.19 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of 3 months or less, as applicable.

3 Transfer pricing

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Holding Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31 March 2019 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Group's results.

4 Recent accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Ind AS 116 'Leases'

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees.

The Group is currently evaluating the effect of this amendment on the consolidated financial statements



Ind AS 12 Appendix C, 'Uncertainty over Income Tax Treatment'

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Group is currently evaluating the effect of this amendment on the consolidated financial statements

Amendment to Ind AS 12 – 'Income taxes'

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after 01 April 2019. The Group has evaluated the effect of this amendment on the consolidated financial statements to be nil.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 01 April 2019. The Group does not have any impact on account of this amendment.

Consolidated Notes



ALLSEC TECHNOLOGIES LIMITED

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

5 Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment							Good-will	Other Intangible assets - Computer software
	Computers	Call centre equipment	Furniture and fittings	Office equipment	Vehicles*	Leasehold improvements	Total		
Gross block									
Balance as at 01 April 2017	122	307	200	127	180	149	1,085	1,249	386
Additions	317	80	8	79	165	29	678	-	52
Disposals	-	-	(10)	-	(16)	-	(26)	-	-
Foreign exchange fluctuation	(4)	-	-	-	-	-	(4)	-	-
Balance as at 31 March 2018	435	387	198	206	329	178	1,733	1,249	438
Additions	234	146	35	45	13	8	481	-	193
Disposals	-	-	(21)	(1)	(10)	-	(32)	-	-
Foreign exchange fluctuation	11	-	-	-	-	-	11	-	-
Balance as at 31 March 2019	680	533	212	250	332	186	2,193	1,249	631
Accumulated depreciation/amortisation and impairment									
Balance as at 01 April 2017	53	101	101	33	30	103	421	-	126
Depreciation/amortisation expense for the year	89	86	65	31	45	33	349	-	101
Foreign exchange fluctuation	(1)	-	-	-	-	-	(1)	-	-
Balance as at 31 March 2018	141	187	166	64	75	136	769	-	227
Depreciation/amortisation expense for the year	198	88	18	34	69	13	420	-	106
Provision for impairment (Also, refer note 37)	-	-	-	-	-	-	-	1,247	-
Reversal on sale of assets	-	-	(18)	-	-	-	(18)	-	-
Foreign exchange fluctuation	(1)	-	-	-	-	-	(1)	2	-
Balance as at 31 March 2019	338	275	166	98	144	149	1,170	1,249	333
Net block									
Balance as at 31 March 2018	294	200	32	142	254	42	964	1,249	211
Balance as at 31 March 2019	342	258	46	152	188	37	1,023	-	298

* includes vehicles taken on finance lease: Gross block ₹ 121 (31 March 2018: ₹ 161); Depreciation charge for the year ₹ 14 (31 March 2018: ₹ 27); Accumulated depreciation ₹ 50 (31 March 2018: ₹ 36); Net book value ₹ 71 (31 March 2018: ₹ 125).

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
6 Investments		
A Non-current (Unquoted)		
Investments carried at fair value through profit or loss (FVTPL)		
Investments in equity instruments of other companies (fully paid-up)		
Tulip Renewable Powertech Private Limited	-	19
- 31 March 2018 - 194,775 Equity shares of ₹ 10 each, fully paid up	-	19
	-	19
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	-	19
Aggregate amount of impairment in the value of investments	-	-
B. Current (Unquoted)		
Investments carried at fair value through profit and loss		
Investment in mutual funds	8,239	7,297
Total current investments	8,239	7,297
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	8,239	7,297
Aggregate amount of impairment in the value of investments	-	-

Details of investment in mutual funds

Name of Mutual fund	As at March 31, 2019	
	No of units *	Amount
Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	209,315	772
Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	119,186	356
HDFC Floating Rate Debt Fund - WS - Growth - Regular Plan	3,112,513	1,012
ICICI Prudential Savings Fund - Growth	285,766	1,025
ICICI Prudential Short Term Fund - Growth Option	1,188,414	459
Kotak Money Market Scheme - Growth	36,915	1,135
Reliance Liquidity Fund - Growth Plan - Growth Option	25,574	1,161
Reliance Banking & PSU Debt Fund - Growth Plan	3,453,271	465
Baroda Liquid Fund - Plan B Growth	36,911	794
UTI Liquid Cash Plan - Regular Growth Plan	34,705	1,060
		8,239

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

Name of Mutual fund	As at March 31, 2018	
	No of units*	Amount
Baroda Pioneer Liquid Fund - Plan B Growth	10,044	201
Birla Sun Life Savings Fund-Growth-Regular Plan	479,198	1,638
Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth	1,871,317	450
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	5,227,781	1,581
HDFC Short Term Plan - Regular Plan - Growth	335,073	115
ICICI Prudential Flexible Income - Growth	432,645	1,442
ICICI Prudential Short Term - Growth Option	496,563	180
Kotak Floater Short Term Growth - (Regular Plan)	29,234	832
Kotak Flexi Debt Regular Plan Growth	573,522	128
Reliance Short Term Fund - Growth Plan Growth Option	952,847	311
Reliance Money Manager Fund - Growth Plan Growth Option	17,478	419
		7,297

* No of units are in absolute numbers

	As at March 31, 2019	As at March 31, 2018
7 Other financial assets		
Non-current		
Security deposits	571	493
	571	493
Current		
Foreign currency forward contracts	67	-
Unbilled revenue	1,034	527
	1,101	527
Total other financial assets	1,672	1,020

	As at March 31, 2019	As at March 31, 2018
8 Deferred tax assets		
The balance comprises temporary differences attributable to:-		
- Depreciation/ amortisation as per books and depreciation as per tax	560	726
- Adjustments on account of provision for employee benefits	163	161
- MAT credit entitlement	711	746
- Others	7	-
	1,441	1,633

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2019:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
- Depreciation/ amortisation as per books and depreciation as per tax	-	166
- Adjustments on account of provision for employee benefits	18	(20)
- MAT credit entitlement	-	35
- Others	-	(7)
Total	18	174

Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended March 31, 2018:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
- Depreciation/ amortization as per financials and depreciation as per tax	-	(298)
- Adjustments on account of provision for employee benefits	-	(272)
- MAT credit entitlement	-	(100)
- Others	-	(280)
Total	-	(950)

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

	As at March 31, 2019	As at March 31, 2018
9 Other assets		
Non current		
Prepaid Expenses	-	6
	<u>-</u>	<u>6</u>
Current		
Prepaid expenses	197	179
Others	36	7
	<u>233</u>	<u>186</u>
Total other assets	<u>233</u>	<u>192</u>
10 Trade receivables		
Trade Receivables considered good - Unsecured	3,567	4,118
Less : Loss allowance	(20)	(13)
	<u>3,547</u>	<u>4,105</u>

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
11 Cash and cash equivalents		
Cash on hand	4	3
Balance with banks in current accounts*	7,160	6,617
	<u>7,164</u>	<u>6,620</u>
*includes amount of INR 2 lakhs pertaining to unpaid dividends (31 March 2018: nil)		
12 Bank balances other than cash and cash equivalents		
Balances with bank held as margin money	33	33
	<u>33</u>	<u>33</u>
Margin money deposits are provided as security against guarantee.		

	As at March 31, 2019		As at March 31, 2018	
	Number	Amount	Number	Amount
13 Equity share capital				
Authorised				
Equity shares of INR 10/- each	20,000,000	2,000	20,000,000	2,000
Convertible preference shares of INR 100/- each	1,350,000	1,350	1,350,000	1,350
Issued, subscribed and fully paid-up				
Equity shares of INR 10/- each fully paid up	15,238,326	1,524	15,238,326	1,524
	<u>15,238,326</u>	<u>1,524</u>	<u>15,238,326</u>	<u>1,524</u>

a) There is no change in issued and subscribed share capital during the current year and as well as in the previous year.

b) Shareholders holding more than 5% of the aggregate shares in the Company

Equity shares of INR 10/- each fully paid

	As at March 31, 2019		As at March 31, 2018	
	Number	% holding	Number	% holding
A. Saravanan	3,112,119	20%	3,112,119	20%
R. Jagadish	3,036,952	20%	3,036,952	20%
First Carlyle Ventures Mauritius	4,702,838	31%	4,702,838	31%

c) Rights, preferences and restrictions attached to equity shares

The Company has issued only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues or brought back during the last five years immediately preceding 31 March 2019.

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
14 Other equity		
a) Securities premium reserve		
Balance at the beginning of the year	12,019	12,019
Add : Additions made during the year	-	-
Balance at the end of the year	<u>12,019</u>	<u>12,019</u>
Securities premium reserve comprises of the amount of share issue price received over and above the face value of INR 10 each.		
b) Capital reserve		
Balance at the beginning of the year	251	251
Add : Additions made during the year	-	-
Balance at the end of the year	<u>251</u>	<u>251</u>
Capital reserve comprises initial application money on warrants received, forfeited subsequently.		
c) General reserve		
Balance at the beginning of the year	1,413	1,413
Add : Additions made during the year	-	-
Balance at the end of the year	<u>1,413</u>	<u>1,413</u>
General reserve represents an appropriation of profits by the Company.		
d) Retained earnings		
Balance at the beginning of the year	6,111	158
Less: Dividends	(762)	-
Less: Dividend distribution tax	(158)	-
Add : Transfer from statement of profit and loss	1,567	5,953
Balance at the end of the year	<u>6,758</u>	<u>6,111</u>
Retained earnings represents the amounts of accumulated earnings of the Company.		
Note: Dividend of INR 5 per share on its equity share (50% of par value of INR 10 each), approved by the members during the AGM dated 09 August 2018 pertains to dividend for Financial Year 2017-18.		
e) Other comprehensive income		
Balance at the beginning of the year	(118)	(118)
Add : Transfer from other comprehensive income	(35)	-
Balance at the end of the year	<u>(153)</u>	<u>(118)</u>
f) Other comprehensive income		
Balance at the beginning of the year	(447)	(287)
Add : Transfer from other comprehensive income	415	(160)
Balance at the end of the year	<u>(32)</u>	<u>(447)</u>
Total other equity	<u>20,256</u>	<u>19,229</u>

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
15 Borrowings		
Non-current		
From banks		
Finance lease obligation (Secured) (Also, refer note 5 and 27) #	45	65
	<u>45</u>	<u>65</u>
# Finance lease obligations are secured by hypothecation of the respective vehicles acquired on hire purchase and carry an interest rate of 8.25%-10.50% p.a (31 March 2018: 8.25%-10.75% p.a) with repayment term ranging from 3 to 5 years.		
16 Other financial liabilities		
Non-current		
Retentions	19	6
	<u>19</u>	<u>6</u>
Current		
Current maturities of finance lease obligations	29	33
Employee related payables (Also, refer note 28)	448	353
Claims (Also, refer note 17(a))	-	357
Unclaimed dividend	2	-
	<u>479</u>	<u>743</u>
Total other financial liabilities	<u>498</u>	<u>749</u>
17 Provisions		
Non-current		
Gratuity	322	305
	<u>322</u>	<u>305</u>
Current		
Gratuity	60	45
Compensated absences*	176	117
Litigations (Also, refer note (a) below)	220	-
Total provisions	<u>456</u>	<u>162</u>

* The amount of compensated absences provision is presented as current, since the Company does not have an unconditional right to defer settlement for this obligation.

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

a) Litigations

In connection with the class action law suit initiated against RCM by certain class of contractors during the previous year, RCM has received and settled further claims from contractors amounting to \$ 876,740 (INR 612 lakhs) during the current year. Further, based on experience in this matter coupled with a legal opinion from a legal advisor, the management has recorded a provision of \$ 317,364 (INR 220 lakhs) as at 31 March 2019 towards anticipated claims from remaining contractors. The management estimates that there will be no further claims or liability on this matter.

b) Provision for employee benefits

i) Gratuity

Gratuity is payable to all the members at the rate of 15 days salary for each year of service. In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment subject to a maximum limit of Rs. 20 lakhs. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement :

	Year ended March 31, 2019	Year ended March 31, 2018
<u>Changes in present value of defined benefit obligation</u>		
Projected benefit obligation at the beginning of the year	460	366
Interest cost	32	25
Current service cost	50	45
Past service cost	(22)	46
Benefits paid	(29)	(29)
Actuarial loss	53	7
Projected benefit obligation at the end of the year	544	460
<u>Changes in fair value of plan assets</u>		
Opening fair value of plan assets	110	43
Expected return	10	5
Contributions by the Company	71	84
Benefits paid	(29)	(29)
Actuarial gains	-	7
Closing fair value of plan assets	162	110
Net defined benefit obligation (deficit)	382	350
<u>Amount recognised in profit or loss</u>		
Current service cost	50	45
Past service cost	(22)	46
Interest cost	32	25
Expected return on planned assets	(10)	(5)
Total amount recognised in profit or loss	50	111
<u>Amount recognised in other comprehensive income</u>		
Remeasurement due to changes in actuarial assumptions	53	-
Total amount recognised in other comprehensive income	53	-

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

	As at March 31, 2019	As at March 31, 2018
Significant actuarial assumptions		
a) Discount rate and expected return on plan assets	6.95%	7.21%
b) Long-term rate of compensation increase	5%	5%
c) Attrition rate		
- employees with service upto 5 years as at valuation date	35%	35%
- employees with service more than 5 years as at valuation date	2%	2%

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Sensitivity analysis

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability.

Particulars	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2019						
> Sensitivity Level	1%	-1%	1%	-1%	1%	-1%
> Impact on defined benefit obligation	11	(12)	(53)	63	59	(52)
March 31, 2018						
> Sensitivity Level	1%	-1%	1%	-1%	1%	-1%
> Impact on defined benefit obligation	7	(10)	(40)	44	43	(40)

Other information

Expected contribution to post-employment benefit plans for the year ending 31 March 2019 is Rs.60 lakhs. The weighted average duration of the defined benefit obligation is 11.6 years (31 March 2018: 10.2 years).

The expected maturity analysis of undiscounted gratuity benefit obligation for the 10 years after balance sheet date is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	5-10 years	Total
March 31, 2019					
Defined benefit obligation	19	63	112	200	394
March 31, 2018					
Defined benefit obligation	18	65	125	138	346



Risk exposure

The defined benefit plan exposes the Company to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Indian rupees. A decrease in market yield on high quality corporate bonds will increase the Company's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk

The company maintains plan assets in the form of fund with Life Insurance Corporation of India. The fair value of the plan assets is exposed to the market risks (in India).

Longevity risk

The Company is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members, will increase the defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Company's liability.

	As at March 31, 2019	As at March 31, 2018
18 Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Also refer Note a)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	800	799
	<u>800</u>	<u>799</u>

a) Details of dues to micro and small enterprises as defined under MSMED Act, 2006

There is no overdue amount payable to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any micro and small enterprises during the current and previous year. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company

	As at March 31, 2019	As at March 31, 2018
19 Other current liabilities		
Advances from customers	39	56
Statutory dues	449	408
	<u>488</u>	<u>464</u>

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

	Year ended March 31, 2019	Year ended March 31, 2018
20 Revenue from operations		
Income from services	26,116	32,496
	<u>26,116</u>	<u>32,496</u>
21 Other income		
Dividend income from current investments	1	1
Interest Income		
- on fixed deposits	2	2
- income tax refund	61	-
- others	1	9
Net gain on current investments *	570	446
Rental income	-	102
Net gain on foreign currency transaction and translation	103	169
Miscellaneous income	4	9
	<u>742</u>	<u>738</u>
* includes (loss) on / income from fair valuation of investments at balance sheet date amounting to Rs. (6) lakhs (previous year Rs. 29 lakhs)		
22 Employee benefits expense		
Salaries, wages and bonus	12,271	10,300
Contribution to provident fund and other funds	776	654
Gratuity expense (Also, refer note 17)	50	111
Staff welfare expenses	741	666
	<u>13,838</u>	<u>11,731</u>
23 Finance costs		
Interest expense	24	7
Other borrowing costs		
- Bank guarantee charges	3	4
- Others	22	22
	<u>49</u>	<u>33</u>

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

	Year ended March 31, 2019	Year ended March 31, 2018
24 Other expenses		
Power and fuel	576	574
Repairs to:		
- Machinery	328	327
- Others	403	419
Security charges	224	213
Rent	1,516	1,564
Rates and taxes	207	326
Insurance	49	38
Travelling and conveyance	397	433
Connectivity cost	344	321
Communication expenses	153	149
Legal and professional charges (Also, refer note 25)	3,517	9,977
Selling Expense	363	129
Loss on sale of property, plant and equipment (net)	9	24
Provision for loss allowances	7	13
Corporate social responsibility expenditure	38	6
Miscellaneous expenses	184	148
	8,315	14,661
25 Details of payment to auditors (included as part of legal and professional charges)*		
As auditor:		
Audit fee	33	30
In other capacities:		
Certification fees	1	1
Other services	3	7
Re-imbusement of expenses	1	1
	38	39

*excluding taxes

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

26 Tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 29.12% (2017-18: 34.61%) and the reported tax expense in profit or loss are as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	2,883	6,359
Domestic tax rate	29.12%	34.61%
Expected tax expense	840	2,201
Deferred tax assets relating to prior years (created)	-	(1,218)
Remeasurement of deferred tax assets due to change in rates	141	-
Adjustment for non-deductible expenses		
-Provision for impairment of goodwill	363	-
-Others	10	2
Adjustment for additional deductions under Income Tax Act	(82)	(66)
Difference in overseas tax rates	(606)	(516)
Savings in tax on account of losses incurred by subsidiaries in US	636	-
Others	(4)	3
Actual tax expense	1,298	406
Tax expense comprises:		
Current tax expense	1,142	1,356
Deferred tax expense		
Origination and reversal of temporary differences	174	(950)
Tax expense	1,316	406
Deferred tax expense (income), recognised directly in other comprehensive income	(18)	-

Note 8 provides information on deferred tax assets.

There are no tax related contingent liabilities

27 Leases

Finance leases as lessee

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

Finance lease liabilities (refer note) are secured by the related assets held under finance leases. Future minimum finance lease payments at 31 March were as follows:

	Minimum lease payments due			Total
	Within 1 year	1 to 5 years	after 5 years	
March 31, 2019				
Lease payments	35	48	-	83
Finance charges	(6)	(3)	-	(9)
Net present values	29	45	-	74
March 31, 2018				
Lease payments	40	72	-	112
Finance charges	(7)	(7)	-	(14)
Net present values	33	65	-	98

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

Operating leases as lessee

	Year ended March 31, 2019	Year ended March 31, 2018
Total lease payments charged off to the statement of profit and loss (Also, refer note 24)	1,516	1,564
Disclosures in respect of non-cancellable operating leases		
The total of future minimum lease payments for each of the following periods:		
(i) Not later than one year	140	-
(ii) Due later than one year and not later than five years	101	-
(iii) Due later than five years	-	-
	<u>241</u>	<u>-</u>
During the previous year, the Group had operating leases for office premises in India ranging for a period between 12 months to 60 months and are cancellable leases.		

Operating leases as lessor

ATM had leased out a space of office premises in Manila, Philippines. The lease term ended on 30th June 2017.

	Year ended March 31, 2019	Year ended March 31, 2018
Income on account of lease rentals recognized in the Statement of Profit and Loss (Also, refer note 21)	-	102

28 Related party transactions

A. Names of related parties and related party relationships

Relationship	Name of the related party
Key management personnel (KMP)	
Whole-time director	Mr. Jagadish R
Whole-time director	Mr. Saravanan A
Chief financial officer	Mr. Raghunath P
Non- whole-time directors	
Independent director	Mr. Anantha Narayanan T
Independent director	Mr. Jayaram C
Independent director	Mr. Padmanabhan D
Independent director	Ms. Lalitha Sankaran
Entity in which relative of KMP has control	Experiencing Consulting Solutions LLP

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

B. Transactions with related parties

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Remuneration*		
Whole-time director	380	321
Chief financial officer	49	42
Non-whole-time director	7	9
Digital & marketing support service		
Experiencing Consulting Solutions LLP	36	28

* Remuneration and other benefits pertain to short term employee benefits. As the gratuity and compensated absences are determined for all the employees in aggregate, the post-employment benefits and other long-term benefits relating to key management personnel cannot be ascertained individually.

C. Balances with related parties

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Remuneration payable		
Whole-time director	65	36

29 Earnings per equity share

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit after tax considered as numerator for calculating basic and diluted earnings per share	1,567	5,953
Total comprehensive income considered as numerator for calculating basic and diluted earnings per share	1,947	5,793
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	15,238,326	15,238,326

30 Contingent liabilities and commitments

Claims against the company not acknowledged as debt

The Company received a demand from the Tamil Nadu Electricity Board for an amount of ₹ 109 lakhs 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.

Commitments	As at March 31, 2019	As at March 31, 2018
Capital commitments that are not cancellable - Estimated amount of capital contracts remaining to be executed	42	201

31 Segment Reporting

Ind AS 108 establishes the standards for the way that business enterprises report information about operating segments, which is based on the "management approach". Under "management approach", the 'Chief Operating Decision Maker' (CODM) considers and regularly reviews the segment operating results to assess the performance of the business segments and group as a whole. The Chief Executive Officer (CEO) is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in IND AS 108. The Operating Segment is the level at which discrete

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

financial information is available. The CODM allocates resources and assess performance at this level. The group has Customer Life Cycle Management (CLM), Anti Money Laundering (AML), Human Resource Outsourcing (HRO) as its business segments for the financial year ended 31 March 2019

The above business segments have been identified considering :

- the nature of products and services,
- the differing risks and returns,
- the internal organization and management structure, and
- the internal financial reporting systems.

These business segments were considered to be primary and solely reportable segments of Group for the year ended 31 March 2019.

Business Segments

CLM comprises Inbound and Outbound Tele calling services and Call Quality Monitoring services rendered to its clients. HRO comprises payroll processing and statutory compliance support services to its client. AML services provided by the Group pertains to vouching, screening and other specific requirements from the regulatory authorities to comply with anti-money laundering regulations by its customers.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

Segment information

Particulars	CLM	HRO	AML	Unallocable	Total
Revenue from operations*					
Year ended 31 March 2019	17,808	5,942	2,366	-	26,116
Year ended 31 March 2018	13,042	5,010	14,444	-	32,496
Operating and other expenses/(income), net					
Year ended 31 March 2019	14,140	3,522	4,273	787	22,722
Year ended 31 March 2018	11,355	2,984	11,770	(444)	25,665
Depreciation and amortization expense					
Year ended 31 March 2019	355	48	24	99	526
Year ended 31 March 2018	259	31	80	80	450
Finance costs					
Year ended 31 March 2019	-	-	-	49	49
Year ended 31 March 2018	-	-	-	33	33
Interest income					
Year ended 31 March 2019	-	-	-	64	64
Year ended 31 March 2018	-	-	-	11	11
Profit before tax					
Year ended 31 March 2019	3,313	2,372	(1,931)	(871)	2,883
Year ended 31 March 2018	1,428	1,995	2,594	342	6,359
Tax expense					
Year ended 31 March 2019	-	-	-	1,316	1,316
Year ended 31 March 2018	-	-	-	406	406
Profit after tax					
Year ended 31 March 2019	-	-	-	-	1,567
Year ended 31 March 2018	-	-	-	-	5,953
* Revenue from other than external customers: Nil (2017-18: Nil)					

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

Other information					
Segment Assets					
As at 31 March 2019	4,024	1,562	11	18,923	24,520
As at 31 March 2018	3,266	1,057	1,229	18,601	24,153
Segment Liabilities					
As at 31 March 2019	1,027	284	221	1,208	2,740
As at 31 March 2018	732	211	233	2,224	3,400
Non cash expenses, other than depreciation and amortization and impairment					
Year ended 31 March 2019	33	13	-	11	57
Year ended 31 March 2018	78	31	-	27	136

Information about major customers (individually constituting 10 per cent or more of Group's revenues):

Year ended	Segment	No of customers	Revenue	% of Group's revenue
31 March 2019	ALM	1	2,366	9%
31 March 2018		1	14,444	44%
31 March 2019	CLM	2	6,306	24%
31 March 2018		2	3,856	12%

32 Financial assets and liabilities

Categories of financial assets and financial liabilities

Note 2.12 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Particulars	As at 31 March 2019			As at 31 March 2018		
	Financial assets at FVTPL	Financial assets at amortised cost	Total	Financial assets at FVTPL	Financial assets at amortised cost	Total
Financial assets						
Investments	8,239	-	8,239	7,316	-	7,316
Trade receivables	-	3,547	3,547	-	4,105	4,105
Cash and cash equivalents	-	7,164	7,164	-	6,620	6,620
Other bank balances	-	33	33	-	33	33
Other financial assets	67	1,605	1,672	-	1,020	1,020
	8,306	12,349	20,655	7,316	11,778	19,094

Particulars	As at 31 March 2019	As at 31 March 2018
	Other liabilities at amortised cost	
Financial liabilities		
Borrowings	74	98
Trade payables	800	799
Other financial liabilities	469	716
	1,343	1,613

Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

33 Additional information required as per Schedule-III of the Companies Act, 2013:

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated assets	Amount	As a % of consolidated profit or Loss	Amount	As a % of consolidated Other Comprehensive Income	Amount	As a % of consolidated total comprehensive income	Amount
As at 31 March 2019								
Holding company	73%	17,475	63%	951	100%	(35)	62%	916
Foreign subsidiaries:								
Allsectech Inc	10%	2,398	-69%	(1,047)	0%	-	-71%	(1,047)
Allsectech Manila Inc	19%	4,526	182%	2,752	0%	-	187%	2,752
Retreat Capital Management Inc	-2%	(355)	-76%	(1,146)	0%	-	-78%	(1,146)
Total	100%	24,044	100%	1,510	100%	(35)	100%	1,475
Inter-company eliminations and other adjustments		(2,264)		57		415		472
Total for consolidated financials		21,780		1,567		380		1,947
As at 31 March 2018								
Holding company	76%	17,478	50%	2,899	0%	-	50%	2,899
Foreign subsidiaries:								
Allsectech Inc	14%	3,215	27%	1,597	0%	-	27%	1,597
Allsectech Manila Inc	7%	1,685	25%	1,474	0%	-	25%	1,474
Retreat Capital Management Inc	3%	731	-2%	(158)	0%	-	-2%	(158)
Total	100%	23,109	100%	5,812	0%	-	100%	5,812
Inter-company eliminations and other adjustments		(2,356)		141		(160)		(19)
Total for consolidated financials		20,753		5,953		(160)		5,793

34 Financial instruments risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Short-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.



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

Foreign currency sensitivity

Most of the Group's transactions are carried out in Indian rupees (INR), US dollars (USD) and Philippine Pesos (PHP). Exposures to currency exchange rates arise from the Group companies' overseas sale of services, which are primarily denominated in US dollars (USD).

To mitigate the Allsec's exposure to foreign currency risk, non-INR cash flows are monitored and forward exchange contracts are entered. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

Book value in INR of foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below:

	Short term exposure		Long-term exposure	
	USD	PHP	USD	PHP
31 March 2019				
Financial assets	5,770	-	-	-
Financial liabilities	-	-	-	-
Total exposure	5,770	-	-	-
31 March 2018				
Financial assets	9,014	292	84	-
Financial liabilities	1,698	218	-	-
Total exposure	7,316	74	84	-

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Group would result in decrease /increase in the Group's profit before taxes by approximately INR 854 lakhs for the year ended 31 March 2019 (31 March 2018: INR 747 lakhs).

Interest rate sensitivity

Borrowings that existed as at 31 March 2019 are at fixed interest rates and hence the Group is not exposed to changes in market interest rates.

Other price sensitivity

The Group is exposed to other price risk in respect of its investments in mutual funds.

For the mutual fund units, an average volatility of 0.61% has been observed during 2018-19 (2017-18: 0.83%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the net asset value (NAV) for these securities increased or decreased by that amount, the statement of profit and loss and equity would have changed by Rs 50 lakhs (2017-18: Rs 61 lakhs).

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investments etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March 2019.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Where available at reasonable cost external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer



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

default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents and investment in mutual funds is considered negligible, since the counterparties have high quality external credit ratings.

Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available funds in order to determine headroom or any shortfalls. This analysis shows that available funds are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by the ability to sell/recover long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

As at 31 March 2019, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

March 31, 2019	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Finance lease obligations	18	17	48	-
Trade and other payables	1,253	-	19	-
Total	1,271	17	67	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

March 31, 2018	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Finance lease obligations	20	20	72	-
Trade and other payables	1,509	-	6	-
Total	1,529	20	78	-

In assessing and managing liquidity risks of its derivative financial instruments, the Group considers both contractual inflows and outflows. As at 31 March 2018, there were no derivative financial assets and liabilities that existed.

The contractual cash flows of the Group's derivative financial assets and liabilities as on 31 March 2019 as follows:

March 31, 2019	Current	
	Within 6 months	6 to 12 months
Net settled forward contracts		
Cash inflow	67	-
Total	67	-



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

35 Fair value measurement

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the balance sheet are classified into three Levels of a fair value hierarchy. The three Levels are defined based in the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2019, 31 March 2018. There were no financial liabilities measured at fair value as at the reporting dates.

	Level 1	Level 2	Level 3	Total
Financial assets				
March 31, 2019				
Investments in mutual fund units	8,239	-	-	8,239
Investments in equity instruments of other companies	-	-	-	-
Foreign exchange forward contracts	-	67	-	67
March 31, 2018				
Investments in mutual fund units	7,297	-	-	7,297
Investments in equity instruments of other companies	-	-	19	19
Foreign exchange forward contracts	-	-	-	-

Measurement of fair value of financial instruments

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Investments in mutual fund units (Level 1)

The mutual funds are valued using the closing NAV.

Foreign exchange forward contracts (Level 2)

The Group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

Investments in equity instruments of other companies (Level 3)

These investments are not traded in active markets, and management considers the cost of investments to approximate the fair value.

Financial instruments measured at amortised cost for which the fair value is disclosed

The carrying amount of all financial instruments measured at amortised cost are considered to be a reasonable approximation of the fair value.

Fair value measurement of non-financial assets

There are no non-financial assets that were measured at fair value on the reporting dates.



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

36 Capital management policies and procedures

The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Group is not subject to any externally imposed capital requirements.

37 Provision for impairment of investment in subsidiary

During the current year, the subsidiaries domiciled in the USA, Allsectech and RCM incurred material losses due to non-renewal of a significant contract, payments made towards class action law suits (Also, refer note 17 (a)) by contractors and demand raised by Texas Work Force Commission. The Group assessed these factors to be indicators that the carrying value of the assets pertaining to these subsidiaries (cash-generating units) forming part of the consolidated financial statements may be impaired. Accordingly, in line with the Group's accounting policy detailed in note 2.10, the recoverable amount of the cash-generating units was determined by an independent valuation expert. The recoverable amount (value in use) of Allsectech was determined to be higher than the carrying value of the assets of the relevant cash-generating unit, whereas the recoverable amount (value in use) of RCM was determined to be lower than the carrying value (including goodwill paid on acquisition of RCM) as at reporting date. Consequently, based on these factors, the Group has impaired the carrying value of goodwill as at 31 March 2019 amounting to INR 1,247 Lakhs and disclosed the same as exceptional item in Statement of Profit or Loss for the year ended 31 March 2019. For determining the said value in use, the discount rate used by the Company is 9% on the projected cash flows. There were no impairment on goodwill that were recorded in books during the previous year.

The recoverable amount of a cash-generating unit is the higher of the fair value less costs to sell and its value-in-use. Considering the curtailment of operations the fair value of assets pertaining to RCM is determined to be nil. The value-in-use is determined based on specific calculations. These calculations use cash flow projections over a period of five years. The key assumptions used in the calculations as at 31 March 2019 are:-

Particulars	Range
Long-term growth rate	5%-7%
Operating margins	10%-15%

38 Post reporting date events

Conneqt Business Solutions Limited ('Conneqt') has entered into share purchase agreements dated 17 April 2019 with Mr. Jagadish R, Mr. Saravanan A and First Carlyle Ventures Mauritius to acquire 9,349,095 equity shares, representing 61.35% of the voting share capital of the Company. Further in accordance with SEBI Regulations, Conneqt made an open offer to the public shareholders of Allsec to purchase up to 26% of shareholding, constituting 3,961,965 shares.

In terms of our report attached

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place: Chennai
Date: May 17, 2019

For and on behalf of the Board of Directors of
Allsec Technologies Limited

A Saravanan
Director
DIN : 00033683
P Raghunath
Chief Financial Officer

R Jagadish
Director
DIN : 00033589
Gagan Preet Singh
Company Secretary

Place: Chennai
Date: May 17, 2019

