



**ALLSEC  
TECHNOLOGIES  
LIMITED**

*Annual Report*  
*2013 - 14*



**Board of Directors**

Dr. Bala. V. Balachandran  
Mr. T. Anantha Narayanan  
Mr. Mahesh Parasuraman  
Mr. Manish Gaur  
Dr. Krishnakumar Srinivasan  
Mr. S. Premkumar  
Mr. A. Saravanan  
Mr. R. Jagadish

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

**Management Team**

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

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

**AGM Legal & Company Secretary**

Mr. A. Mohan Kumar

**Auditors**

S.R. Batliboi & Associates LLP  
Chartered Accountants  
Chennai

**Registered Office**

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

**Corporate Office**

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

**Bankers**

- Canara Bank
- HDFC Bank

**Registrars & Transfer Agents**

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



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**Notice** is hereby given that the 15th Annual General Meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Thursday 14th August 2014 at Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018 to transact the following business:

### Ordinary Business:

- 1) To consider and adopt the Standalone and Consolidated Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the period ended 31st March 2014 along with the Schedules, the report of the Directors and Auditors thereon.
- 2) To appoint a Director in the place of Mr. R. Jagadish (DIN No: 00033589) who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution;

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

### Special Business:

- 4) To appoint Dr. Krishnakumar Srinivasan as an Independent Director and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Krishnakumar Srinivasan (DIN: 01612133), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from 14th August, 2014.”

- 5) To appoint Mr. S. Premkumar as an Independent Director and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S. Premkumar (DIN: 03114983), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from 14th August, 2014.”

- 6) To appoint Mr. T. Anantha Narayanan as an Independent Director and to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. T. Anantha Narayanan (DIN: 00007227), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for further period of 5 (five) consecutive years with effect from 14th August, 2014.”

### NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.



- 2) The Register of Members of the Company and Transfer Books thereof will be closed from 9th August, 2014 to 14th August, 2014 (both days inclusive).
- 3) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS facility is available. Hence, the members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, ECS mandates, power of attorney, change of address/name, etc., to their depository participant only and not to the Company's Registrar and Transfer Agent. Changes intimated to the depository participant will help the Company and its Registrars to provide efficient and better services to the Members.
- 4) As per the Circular No.17/95/2011 CL-V dated 21st April, 2011 issued by the Ministry of Corporate Affairs, to facilitate the Green Initiative in the Corporate Governance, share holders are allowed to receive the Notice / Documents like Annual report, etc through electronic mode i-e: to their e-mail address registered with the Company/ Depository participant.  
In line with the above initiative by the Ministry of Corporate Affairs, all the members are requested to update their email address on their respective depository account with the depository participant to provide better service at all times.
- 5) The proxies appointed, should bring their attendance slips sent herewith, duly filled in, for attending the meeting.
- 6) Members are requested to note that dividend not encashed or claimed within seven years from the date of transfer to the Company's unpaid dividend account, will as per section 205A of the Companies Act, 1956 be transferred to the Investor Education and Protection Fund (IEPF). The details of unpaid/unclaimed dividend for the year 2006 – 2007 shall be transferred to the IEPF are as follows:

Financial Year	Date of Declaration of Dividend	Last Date of Claiming unpaid dividend	Due Date for Transfer to IEPF
2006-2007	27th July 2007	26th July 2014	25th August 2014

Members who wish to claim dividends, which remain unclaimed, are requested to either correspond with the Company Secretary at the Company's registered office or the Company's Registrar and Share Transfer Agent M/s. Karvy Computer Share Private Limited, Karvy House, Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.

- 7) Electronic copy of the Notice of the 15th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 15th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

**Voting through electronic means**

- 8) Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, it is mandatory to extend to the Members of the Company, the facility to vote at the Annual General Meeting (AGM) by electronic means. Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting. The Company has appointed M/s Srinivasan and Shankar, Chartered Accountants, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three (3) working days from the date of conclusion of e-voting period, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company. The result of the same will be disclosed at the AGM proceedings.

**INSTRUCTION FOR E-VOTING**

- (a) To use the following URL for e-voting:
  - i) From Karvy website : <http://evoting.karvy.com>
- (b) Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
- (c) Enter the login credentials [i.e., user id and password mentioned on the enclosed form. Your Folio No/ DP ID Client ID will be your user ID.
- (d) After entering the details appropriately, click on LOGIN.
- (e) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password



in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (f) You need to login again with the new credentials.
- (g) On successful login, the system will prompt you to select the EVENT i.e., Allsec Technologies Limited.
- (h) On the voting page, enter the number of shares as on the cutoff date (July 11, 2014, Friday) (Record Date) under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- (i) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (j) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- (k) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (l) The Portal will be open for voting from: 9 A.M. on August 7, 2014 (Thursday) to 6 P.M. on August 9, 2014 (Saturday).
- (m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt Ltd at Tel No. 1800 345 4001 (toll free).

By Order of the Board

**A. Mohan Kumar**  
Company Secretary

Place: Chennai

Date : May 23, 2014

**Registered Office:**

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

### EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

#### ITEM NO. 4

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company appointed Dr. Krishnakumar Srinivasan as an Additional Director of the Company with effect from August 12, 2013.

In terms of the provisions of Section 161(1) of the Act, Dr. Krishnakumar Srinivasan would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Dr. Krishnakumar Srinivasan for the office of Director of the Company.

Dr. Krishnakumar Srinivasan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Dr. Krishnakumar Srinivasan that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Dr. Krishnakumar Srinivasan possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the opinion of the Board, Dr. Krishnakumar Srinivasan fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Dr. Krishnakumar Srinivasan is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Dr. Krishnakumar Srinivasan is appointed as an Independent Director.

Copy of the draft letter for appointment of Dr. Krishnakumar Srinivasan as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

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

None of the directors except Dr. Krishnakumar Srinivasan is concerned or interested in the resolution.



### ITEM NO. 5

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. S. Premkumar as an Additional Director of the Company with effect from May 23, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. S. Premkumar would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. S. Premkumar for the office of Director of the Company.

Mr. S. Premkumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. S. Premkumar that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. S. Premkumar possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the opinion of the Board, Mr. S. Premkumar fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. S. Premkumar is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. S. Premkumar is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. S. Premkumar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

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

None of the directors except Mr. S. Premkumar is concerned or interested in the resolution.

### ITEM NO. 6

Mr. T. Anantha Narayanan is an Independent Director of the Company and have held the position as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent Director by a listed company. It is proposed to appoint Mr. T. Anantha Narayanan as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for further 5 (Five) consecutive years for a term from 14th August, 2014.

Mr. T. Anantha Narayanan is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given his consent to act as Director.

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. T. Anantha Narayanan for the office of Director of the Company.

In the opinion of the Board, Mr. T. Anantha Narayanan fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement. Mr. T. Anantha Narayanan is independent of the management.

Copy of the draft letter for appointment of Mr. T. Anantha Narayanan as an Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

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

None of the directors except Mr. T. Anantha Narayanan is concerned or interested in the resolution.



**Annexure to Item No. 2 & 4 of the Notice**

**Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting  
(in pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mr. R. Jagadish	Dr. Krishnakumar Srinivasan
Date of Birth	05-May-1962	1-May-1959
DIN	00033589	01612133
Date of Appointment on the Board	24-August-1998	12-August-2013
Qualifications	B.Sc. (Physics), Chartered Accountant from Institute of Chartered Accountant of India and a Management Accountant from the Institute of Management Accountants, London	Bachelor of Technology from Indian Institute of Technology MBA from Indian Institute of Management PhD in Business from the University of Pittsburgh
Shareholding in Allsec	26,62,262 Equity Shares of Rs. 10/- each (17.47% on the paid-up Capital)	NIL
List of Directorship held in Companies	1. Allsec Technologies Limited 2. Allsectech Inc., USA 3. Allsectech Manila Inc., - Philippines	Allsec Technologies Limited
Nature of expertise in specific functional areas	<p>Mr. R. Jagadish has over 28 years of experience in Enterprise creation and corporate management, which he has effectively used whilst being the co-promoter of the Allsec Group of Companies. 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 and debt syndication. Prior to setting up the Allsec Group of Companies, he worked for Ashok Leyland for four years in various departments including management information systems, budgets and planning &amp; treasury. As the Chief Executive Officer and Whole Time Director, he is responsible for the day to day operations of the Company.</p> <p>The re-appointment of Mr. R. Jagadish retiring by rotation will not alter terms of his appointment and the original terms of his appointment as Whole Time Director approved by the shareholders of the Company by way of Postal Ballot on 15th March 2013 and by the Central Government remains unchanged.</p>	<p>Dr. Krishnakumar Srinivasan is the Founder and CEO of Lux Analytics which helps organizations make better decisionsthrough the use of analytics. Currently the company specializes in verticals such as financial services, health insurance, retail and telecom. Previously he ran the credit card business at Atlanticus a specialty finance company based in Atlanta.</p>



**Annexure to Item No. 5 & 6 of the Notice**

**Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting  
(in pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mr. S. Premkumar	Mr. T. Anantha Narayanan
Date of Birth	11-May-1959	9-April-1945
DIN	03114983	00007227
Date of Appointment on the Board	23-May-2014	20-October-2005
Qualifications	Masters, Psychology & General Management Doctorate Pursuit, Managerial Psychology. Pursuing additional Research	A.C.A. (Associate Chartered Accountant)/ A.I.C.W.A. (Associate ICWA)
Shareholding in Allsec	NIL	NIL
List of Directorship held in Companies	1. Allsec Technologies Limited 2. HCL Infosystems Limited	1. Allsec Technologies Limited 2. Sundaram Asset Management Co. Ltd. 3. Sanco Trans Ltd 4. Hinduja Leyland Finance Ltd 5. Indusind Bank Limited 6. Hinduja Foundries Limited
Nature of expertise in specific functional areas	Mr. S. Premkumar is an acknowledged industry leader having spent nearly 3 decades in the technology space providing strategic leadership and setting new benchmarks in organization building. A Masters' in Psychology, Prem has risen through the ranks starting as a Management Trainee with HCL, a US\$ 6 billion IT Group eventually becoming the Senior Corporate Officer and President. He is also a member of CII National Committee on Marketing.	Mr. T. Anantha Narayanan 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.

By Order of the Board

**A. Mohan Kumar**  
Company Secretary

Place : Chennai  
Date : May 23, 2014

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



(Rs. in Million)

	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2014
<b>A Profit and Loss Account</b>					
Income from services	1,220.80	1,415.44	1,247.10	1,074.77	1067.40
Other income	107.07	35.77	50.50	35.12	27.60
Total income	1,327.87	1,451.21	1,297.60	1,109.89	1095.00
Gross Profit before Interest, depreciation & Tax (EBITDA)	37.02	68.64	(32.80)	73.63	136.80
Depreciation & Amortisation	101.42	103.38	107.90	101.35	74.80
Profit before interest & tax	(64.40)	(34.74)	(140.70)	(27.72)	62.00
Interest	(3.74)	4.71	6.30	5.61	7.70
Profit before taxation	(68.14)	(39.45)	(147.00)	(33.33)	54.30
Profit after taxation	(68.14)	(39.45)	(147.00)	(33.33)	54.30
<b>B Balance Sheet</b>					
Net fixed assets	356.99	358.82	313.10	238.46	176.90
Investments	271.59	425.29	311.80	353.20	617.88
Net current Assets	764.46	577.51	576.20	565.04	416.10
<b>Total</b>	<b>1,393.04</b>	<b>1,361.62</b>	<b>1,201.10</b>	<b>1,156.70</b>	<b>1,210.88</b>
Share Capital	152.38	152.38	152.38	152.38	152.38
Reserves & Surplus	1,215.06	1,175.60	1,028.72	995.45	1,049.70
<b>Net worth</b>	<b>1,367.44</b>	<b>1,327.98</b>	<b>1,181.10</b>	<b>1,147.83</b>	<b>1,202.08</b>
Loan funds	25.60	33.64	20.00	8.87	8.80
<b>Total</b>	<b>1,393.04</b>	<b>1,361.62</b>	<b>1,201.10</b>	<b>1,156.70</b>	<b>1,210.88</b>
<b>C EPS (in Rs.)</b>	(4.47)	(2.59)	(9.64)	(2.19)	3.57
Diluted EPS (in Rs.)	(4.47)	(2.59)	(9.64)	(2.19)	3.47
Book Value per share	89.74	87.15	77.50	75.33	78.89
Capital employed	1,393.04	1,361.62	1,201.10	1,156.70	1,210.88
Return on Capital Employed (ROCE in %)	-5%	-3%	-12%	-3%	4%
Return on Networth (RONW in %)	-5%	-3%	-12%	-3%	5%
Fixed Assets Turnover (No of times)	3.42	3.94	3.98	4.51	6.03
Working Capital Turnover (No of times)	1.60	2.45	2.16	1.90	2.57
EBITDA as a % of total income	3%	5%	-3%	7%	13%
Net Profit (Loss) as a % of total income	-5%	-3%	-12%	-3%	5%



### Directors Report

The Directors have pleasure in presenting to you the 15th Annual Report of the company covering the financial year ended 31st March 2014.

### FINANCIAL HIGHLIGHTS

(Rs. In Million)

PARTICULARS	YEAR ENDED MAR 31, 2014	YEAR ENDED MAR 31, 2013	Y-o-y % Inc / (Dec)
INCOME FROM SERVICES	1067.4	1074.8	(1%)
TOTAL COSTS	958.2	1036.2	(8%)
OPERATING MARGIN	109.2	38.6	183%
OTHER INCOME	27.6	35.1	(21%)
EBIDTA	136.8	73.7	86%
EBIDTA (%)	13%	7%	86%
DEPRECIATION	74.8	101.4	(26%)
FINANCE CHARGES	7.7	5.6	38%
PBT / (LOSS) BEFORE TAX	54.3	(33.3)	-
PBT / (LOSS) AFTER TAX	54.3	(33.3)	-
CASH PROFIT	129.1	68.1	90%

### Dividend

The Board of Directors of your Company does not recommend any dividend for the Financial Year 2013-14 in view of the accumulated losses and to conserve cash for future growth of your company.

### Business Outlook

Your Company has turned around this year and has made a good overall performance due to sustained marketing efforts, focusing on right pricing of contracts, non renewal of unprofitable contracts and also sustained cost cutting efforts. The Standalone total Income is at the same levels at Rs. 1067.4 Million (Previous year: Rs. 1074.8 Million).

There is an increase in Exports revenue by 5.8% in local currency terms. Though there is a drop of revenues in US Dollar terms, the exchange rate was favorable throughout the year. Economy in US and UK is now showing definite signs of improvement and we believe there will be a significant growth in our top line in the next few years. With additional focus on business development in US, your company believes that growth in business from the US and UK will be to our acceptable levels and profitability will improve substantially.

Domestic business saw a decline of 14% compared to last year and it is mainly due to your Company's conscious decision not to renew contracts with 2 major

clients whose pricing was not profitable. Despite that we have added quite a few clients in the Domestic market during the year to offset this and the Pricing with these new Clients were negotiated at normal levels. This has resulted in the improved profitability of your company as can be seen from the results.

HR BPO is a vertical which is growing organically for us and this will continue in the coming years too. The plan is to expand HR BPO to new geographies mainly in the Phillipines and the US. We are also making efforts to actively market the new SAAS based application. The new markets in Phillipines as well as in the US will be the key growth area for the future in HR BPO and marketing efforts will be increased to market in the new destinations in the coming year. We believe HR BPO business will see a significant growth in the next 2 years.

Profit before Interest, Depreciation and Tax (EBIDTA) has almost doubled to INR 136.8 Million from previous year of INR 73.7 Million due to efforts taken by your company as stated in the previous paragraphs. Your company has reported Net Profit after tax for the current year and it is at INR 54.3 Million as compared to Net loss after tax of INR 33.3 Million for the previous year. Detailed analysis of the Standalone results forms part of the Management Discussion and Analysis (MDNA) report provided separately as part of the Annual Report.

The Auditors have made qualified opinion in Para 1 and Para 2 under "basis of qualified opinion" in the Audit Report for the year 2013-14. We have given our detailed explanation to this qualified opinion in Note 19 (a) & (b) of the Notes forming part of the Accounts. In view of this, we have not made any provision in the books of Accounts. The same may be considered as our explanation to the qualified opinion of the Auditors.

Performance of Retreat Capital Management Inc, was disappointing in 2013 and the head start we had in 2012 was not consolidated by Rereat management team. The consulting business was not growing and was facing significant challenges as organizations seek to cut more costs. The nature of business has changed with the business requiring more innovative solutions including offshore mix to deliver cost savings. The management team at Retreat has been changed in early 2014 and the new emphasis is to focus on more stable process driven transactions based business, compared to the consulting business done earlier. We have taken a few steps to cut costs as well as resize work force and sales force and we are confident that the coming quarters will bring growth to the Retreat business. The focus is on process driven transaction related businesses which will bring stability to the revenues and create an opportunity to grow organically.

The company is continuing to pursue growth through the Organic route in both the overseas and domestic



markets and see very good traction for growth in both US and Domestic Markets. The company has delivery centers in India and Manila for the international segment and has Domestic delivery centers in major cities in India and has the capability to offer delivery in multiple Indian languages.

**Quality & Information Security**

The vision of Quality and Information security at Allsec is to institutionalize excellence in quality of service and security of data of Clients, customers and Organization by developing and deploying simple, efficient and effective processes using the latest Quality models in accordance with ISO 9001:2008 interlined with data security controls prescribed by International standards such as ISO 27001:2005. As part of its continuous improvement program, ISO 9001:2008 (Quality Management System), ISO 27001:2005 (Information Security Management), PCI DSS compliance certifications are renewed at Chennai location of your company. To take this forward, Manila location of your company is certified for ISO 27001:2005 for the first time and PCI DSS & HIPAA, Certifications were renewed. Further existing ISAE 3402 which is graduated version of SAS 70 Type II certification for HR BPO business is renewed to ensure consistency with business and market needs in HR outsourcing. Several client audits took place on information security and data privacy and results indicated that the company accomplished required compliance with their contractual and standards requirements.

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

The details are given in Annexure –A to Directors Report

**Responsibility Statement**

Your Directors confirm the following:

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

- iv. That the directors had prepared the annual accounts on a going concern basis.

**Subsidiaries**

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

A Statement containing brief financial particulars of the subsidiary companies for the year ended March 31, 2014 is included in the Annual Report. The Consolidated Financial Statements of the Company and its Subsidiaries prepared in accordance with Accounting Standard AS-21 form part of the Annual Report and Accounts.

The Annual Accounts of the said subsidiaries and the related detailed information will be made available to the investors of the Company/Subsidiaries, seeking such information at any point of time. The copies of Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Corporate Office of the Company.

**Deposits:**

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

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

Your Company being in the Information Technology Enabled Services (ITES) 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 (Millions)
Earnings in Foreign Currency	536.8
Expenditure in Foreign Currency	67.5
Remittance of Dividend in Foreign Currency	-

**Directors**

Mr. R. Jagadish, Director retire at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Dr. Krishnakumar Srinivasan, a Director who was appointed as an Additional Director and who holds office as such upto the date of Fifteenth Annual General Meeting of the Company and in respect of whom Notice under section 160 of the Act has been received from members signifying their intention to propose Dr. Krishnakumar Srinivasan as a candidate for the office of Director and accordingly a resolution will be placed before the members at the forthcoming Annual General Meeting.



Mr. S. Premkumar, a Director who was appointed as an Additional Director and who holds office as such upto the date of Fifteenth Annual General Meeting of the Company and in respect of whom Notice under section 160 of the Act, has been received from members signifying their intention to propose Mr. S. Premkumar as a candidate for the office of Director and accordingly a resolution will be placed before the members at the forthcoming Annual General Meeting.

Mr. T. Anantha Narayanan is an Independent Director of the Company and have held the position as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent Director by a listed company. It is proposed to appoint Mr. T. Anantha Narayanan as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for further 5 (Five) consecutive years for a term with effect from 14th August, 2014.

Mr. T. Anantha Narayanan is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given his consent to act as Director.

Dr. Bala V Balachandran has informed that he would like to resign from the position of Chairman & Director with effect from August 14, 2014. The Board wishes to place on record its appreciation for the wonderful guidance provided by Dr. Bala V Balachandran during his tenure as Chairman of the Company. Mr. Aravinthan Wijay, Director resigned from the Board on 23rd May 2014.

### Corporate Governance

A Report on Compliance of Corporate Governance under Clause 49 of the listing agreement & Certificate from Auditors confirming compliance of conditions of Corporate Governance is included in this Annual Report.

### Investor Services

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

The investor Information section of the Website of the Company ([www.allsectech.com](http://www.allsectech.com)), furnishes important financial details and other data of frequent reference by the investors. The Company also has a Shareholders/ Investors Relation Committee to address shareholders grievances if any and resolve them as & when they are highlighted.

The Company has provided an exclusive email id: [investorcontact@allsectech.com](mailto:investorcontact@allsectech.com) for the investors to facilitate the redressal of the queries and complaints of the investors.

The Company has appointed M/s Karvy Computershare Pvt Ltd as Registrars & Share Transfer Agents for attending to issues relating to Physical shares and routine services requests.

Shareholders can also address any unresolved issues or information requests by postal mail to -The Company Secretary, Allsec Technologies Ltd, 46B, Velachery Main Road, Velachery, Chennai 600042.

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

### Auditors

M/s. S.R. Batliboi & Associates, Chartered Accountants were re-appointed as Auditors of the company at the annual general meeting held on 12th August, 2013. M/s. S.R. Batliboi & Associates retire at this Annual General meeting and being eligible offers themselves for re-election.

### Employees

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended regarding the employees, is given in the Annexure to the Directors' Report. However, as per the provisions of Section 219 of the Companies Act, 1956, the Report and Accounts are being sent to all the members of the Company, excluding the aforesaid information. The said information would be filed with the Registrar of Companies and also would be available for inspection by the members at the Corporate Office of the Company. Any member interested in obtaining such particulars may also write to the Company Secretary, Allsec Technologies Limited, 46B, Velachery Main Road, Velachery, Chennai 600042.

### Acknowledgement

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

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

### For and on behalf of the Board of Directors

**A. Saravanan**  
Director

**R. Jagadish**  
Director

Place : Chennai  
Date : May 23, 2014



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

#### Employees Stock Option Schemes

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

Date of Grant	ESOS 2010	Exercise Price (per option)
August 4, 2010	390000	Rs. 45.05
August 2, 2012	100000	Rs. 41.25

Descriptions		ESOS 2010
a.	i. Options granted on 04.08.2010	390000
	ii. Options granted on 02.08.2012	100000
b.	The pricing formula	At the Market Price
c.	Options vested	440000
d.	Options exercised	NIL
e.	The total number of shares arising as a result of exercise of options	NIL
f.	Options Cancelled	NIL
g.	Options lapsed	99000
h.	Variation of terms of options	N.A
i.	Money realized by exercise of options	NIL
j.	Total number of options in force	391000

k. Employee wise details of options granted to :

(i) Senior Managerial Personnel :

Name	Designation	No. of Options granted under ESOS 2010
Mr.R.Vaithyanathan	Senior Vice President Operations & HR	25000
Mr.C. Mahadevan	Vice President HR BPO	20000
Mr.K. Narasimhan	Vice President Finance	15000
Mr.Saravanan Thambusamy	Vice President Technology	15000
Mr. C.S.Bapaiah	Vice President – HR	20000
Mr. Aravinthan Wijay	Retreat Capital Management Inc	100000*

\*Lapsed on 22nd June, 2014

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

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

l. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20. Rs. 3.47.

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

Particulars	Profit / (Loss) after tax (Rs in Lakhs's)	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2014</b>			
- Amounts as Reported	543	3.57	3.47
- Amounts as per pro-forma	543	3.57	3.47
<b>Year ended March 31, 2013</b>			
- Amounts as Reported	(333)	(2.19)	(2.19)
- Amounts as per pro-forma	(333)	(2.19)	(2.19)

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

Particulars	ESOS 2010
Risk-free interest rate	7.25%
Expected life	5 years
Expected volatility	56%
Expected dividend yield	-
Share price on the date of grant on 04.08.2010	Rs. 45.05
Share price on the date of grant on 02.08.2012	Rs. 41.25
Expected forfeiture	30%

For and on behalf of the Board of Directors

A. Saravanan  
Director

R. Jagadish  
Director

Place : Chennai  
Date : 23rd May 2014



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

We hereby certify that –

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to Financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d. We have indicated wherever applicable to the Auditors and the Audit Committee:
  - i) significant changes in internal control over Financial reporting during the year;
  - ii) all significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Chennai  
Date : May 23, 2014

**R. Jagadish**  
Director and CEO

**K. Narasimhan**  
Chief Financial Officer



## A. Mandatory Requirements

### 1. Company's Philosophy :

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

### 2. Board of Directors :

The Board comprises of a Non-executive Director as Chairman, 2 Executive Directors and 5 Non-Executive Directors.

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

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

During the year 2013 - 2014, 4 Board Meetings were held on 8th May 2013, 12th August 2013, 7th November 2013 and 6th February 2014.

Name	Designation	Category	Attendance		Other Board	
			Board Meeting	Last AGM	Director ships #	Committee Memberships \$
Dr. Bala V Balachandran	Chairman	Independent Non-Executive	3	Yes	1	1
T. Anantha Narayanan	Director	Independent Non-Executive	4	Yes	5	6
Krishnakumar Srinivasan	Director	Independent Non-Executive	3	No	-	-
Manish Gaur	Director	Investor Nominee – Non- Executive	3	Yes	-	-
Mahesh Parasuraman	Director	Investor Nominee – Non- Executive	2	Yes	2	5
Arvinthan Wijay	Director	Professional – Non-Executive	3	Yes	-	-
A. Saravanan	Director & President	Non-Independent Executive	4	Yes	-	-
R. Jagadish	Director & CEO	Non-Independent Executive	4	Yes	-	-

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

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

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

An amount of Rs. 20,000/- per meeting is being paid towards Sitting Fee for attending meetings of the Board, Committee of Directors and the Audit Committee to the Non-executive Directors (Excluding Investor Nominee).

### Code of Conduct for Directors and Senior Management

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

### 3. Audit Committee :

The Audit Committee presently consists of Independent and Non-Independent directors. The Committee currently comprises of Mr. T. Anantha Narayanan, Dr. Bala V Balachandran, Mr. R. Jagadish and Dr. Krishnakumar Srinivasan. The composition of the Audit Committee complies with the requirements of Clause 49 of the listing agreement entered into with the Stock Exchanges. During the year, 4 Audit Committee meetings were held on 8th May 2013, 12th August 2013, 7th November 2013 and 6th February 2014.

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

Name	Category	Status	Attendance
T. Anantha Narayanan	Independent Non- Executive	Chairman	4
Dr. Bala V Balachandran	Independent Non-Executive	Member	3
R. Jagadish	Non-Independent Executive	Member	4
Krishnakumar Srinivasan	Independent Non-Executive	Member	2



#### 4. Compensation Committee :

The Compensation committee presently consists of Independent and Non-Independent directors. During the year ended 31 March 2014, the committee comprised of Dr. Bala V Balachandran, Mr.T.Anantha Narayanan, Dr. Krishnakumar Srinivasan and Mr.A.Saravanan.

The objective of the Committee is

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

The remuneration paid to the whole time directors is approved by the Committee of Board and Shareholders at the general meeting as required by the Companies Act, 1956. The details of the remuneration paid to the directors for the year ended 31st March 2014 is given below:

#### Executive Directors

(Rs. In Lakhs)

Name	Salary & Allowances*	Commission	Total
Mr. A. Saravanan	84.00	Nil	84.00
R. Jagadish	84.00	Nil	84.00

\* (also refer Standalone Note 25)

#### Non-Executive Directors

(Rs. In Lakhs)

Name of Director	Sitting Fees	
	Board	Audit Committee
Dr. Bala V Balachandran	0.60	0.60
Mr. T. Anantha Narayanan	0.80	0.80
Mr. Manish Gaur	-	-
Mr. Mahesh Parasuraman	-	-
Mr. Krishnakumar Srinivasan	0.60	0.40

#### 5. Shareholders / Investor Relation Committee :

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

The Shareholders/Investor Relation Committee presently consists of Mr. T. Anantha Narayanan, Mr. A. Saravanan and Mr. R. Jagadish. During the year, 4 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. A. Mohan Kumar, Company Secretary is the compliance officer nominated for this purpose.

**The details of investor complaints during the year 2013-2014 are:**

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

#### 6. General Body Meetings :

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

Financial Year	Date	Time	Venue
2010-11	August 4, 2011	10.00 am	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
2011-12	August 2, 2012	10.00 am	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
2012-13	August 12, 2013	10.00 am	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018



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

1. No Special Resolution was passed in the AGM held on 4th August 2011.
2. No Special Resolution was passed in the AGM held on 2nd August 2012.
3. No Special Resolution was passed in the AGM held on 12th August 2013.

## III. Extra-Ordinary General Meetings :

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

Date	Time	Venue
12th October, 2006	11.00 am	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai -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	Votes polled in favour (No. of Shares)	Votes polled against (No. of 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

## 7. Disclosures

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

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

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

## 8. Means of Communication :

The Quarterly results are being published in one leading national (English) newspaper normally Financial Express or Business Line and in one vernacular newspaper (Makkalkural or Malai Murasu or Malai Sudar). The Quarterly results are also displayed on the Company's website- [www.allsectech.com](http://www.allsectech.com).



The Company's website also displays Annual Report, shareholding pattern, code of conduct and other shareholders information.

The Management Discussion and Analysis Report is also given as part of the Annual Report.

#### 9. General Shareholders Information :

##### A. Annual General Meeting

Date and Time : 14th August 2014 at 10.00 A.M.  
Venue : Narada Gana Sabha, Mini Hall, 314,  
TTK Salai, Alwarpet, Chennai 600 018.

##### B. Financial Year

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

##### C. Date of Book Closure

9th August, 2014 to 14th August, 2014 (Both days inclusive)

##### D. Listing on Stock Exchanges

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

##### E. Stock Code / Symbol

NSE – Scrip Code – Allsec  
BSE – Scrip Code - 532633

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

#### Market information details for the year 2013-2014

Month	National Stock Exchange				Bombay Stock Exchange			
	Price		Indices		Price		Indices	
	High	Low	High	Low	High	Low	High	Low
Apr-13	55.20	46.00	5962.30	5494.90	56.55	44.00	19,622.68	18,144.22
May-13	-	-	6229.45	5928.45	42.00	31.05	20,443.62	19,451.26
Jun-13	-	-	6011.00	5579.35	39.75	32.00	19,860.19	18,467.16
Jul-13	-	-	6093.35	5675.75	34.95	29.50	19,126.82	19,345.70
Aug-13	-	-	5808.50	5118.85	29.30	24.10	17,448.71	18,619.72
Sep-13	-	-	6142.50	5318.90	23.10	18.10	18,166.17	19,379.77
Oct-13	-	-	6309.05	5700.95	29.20	21.00	19,264.72	21,164.52
Nov-13	-	-	6342.95	5972.45	32.35	20.30	20,137.67	20,791.93
Dec-13	-	-	6415.25	6146.05	23.45	20.00	20,568.70	21,170.68
Jan-14	39.20	22.10	6358.30	6027.25	39.30	20.20	20,343.78	20,513.85
Feb-14	34.00	23.25	6282.70	5933.30	33.80	23.25	19,963.12	21,120.12
Mar-14	33.55	26.00	6730.05	6212.25	33.40	26.00	20,920.98	22,386.27

##### G. Registrars and Transfer Agents

#### KARVY Computershare Private Limited

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

##### H. Share Transfer System Karvy Computershare

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



I. Category wise distribution of equity shares as of March 31, 2014:

Category	No. of Share	% of Holding
<b>Promoters Holding :</b>		
Indian Promoters	5399381	35.43
Person Acting in Concert	Nil	Nil
<b>Non Promoters Holding:</b>		
Institutional Investors	Nil	Nil
Financial Institutions /Banks	Nil	Nil
Mutual Funds	502932	3.30
Foreign Institutional Investors	498816	3.27
Foreign Venture Capital	4702858	30.86
Foreign Corporate Bodies	81570	0.54
<b>Others:</b>		
Private Corporate Bodies	247849	1.63
Indian Public	3562408	23.38
Non Resident Indians	195168	1.28
Others	47344	0.31
<b>TOTAL</b>	<b>15238326</b>	<b>100.00</b>

**Distribution Schedule**

Category (Amount)	No. of Holders	% To Holders	Amount (Rs.)	% To Equity
1 - 5000	4718	88.29	4,964,280	3.26
5001 - 10000	288	5.39	2,334,390	1.53
10001 - 20000	152	2.84	2,246,660	1.47
20001 - 30000	55	1.03	1,387,580	0.91
30001 - 40000	25	0.47	860,230	0.56
40001 - 50000	21	0.39	985,400	0.65
50001 - 100000	39	0.73	2,707,380	1.78
100001 & ABOVE	46	0.86	136,897,340	89.84
<b>TOTAL</b>	<b>5344</b>	<b>100.00</b>	<b>152,383,260</b>	<b>100.00</b>

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

K. Delivery centres

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

The details of our subsidiaries are as given below:

Name of the Subsidiary	% of controlling Interest
Allsectech Inc located at USA	100%
Allsectech Manila Inc at Philippines,	100%
Retreat Capital Management Group at USA.	77%
Centigral Inc at USA	80%

L. Dematerialization of shares and liquidity

As on March 31, 2014 about 99.99% of the shares were held in dematerialized form.

M. Address for Investor Correspondence

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

**Karvy Computershare Private Limited,**

Unit : Allsec

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

Tel : +91 40 44655000

E-mail: einward.ris@karvy.com.

Website: www.karvy.com

**For General Correspondence:**

Company Secretary

Allsec Technologies Limited,

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

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E-mail : investorcontact@allsectech.com

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**B. Non-Mandatory Requirements**

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

**Remuneration Committee/Compensation Committee :**

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

**DECLARATION**

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

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the Code for the year 2013-2014.

Place : Chennai

Date : May 23, 2014

**R. Jagadish**  
Director & CEO

**AUDITORS' CERTIFICATE**

**To**  
**The Members of Allsec Technologies Limited**

We have examined the compliance of conditions of corporate governance by Allsec Technologies Limited, for the year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

**FOR S.R. BATLIBOI & ASSOCIATES LLP**  
(ICAI Firm Registration Number: 101049W)  
Chartered Accountants

**per S. Balasubrahmanyam**  
Partner  
Membership No.: 053315

Place : Chennai  
Date : May 23, 2014

Tidel Park, 6 & 7th Floor, A-Block,  
Module (601, 701-702),  
No. 4 Rajeev Gandhi Salai,  
Taramani, Chennai - 600 113.



**INDIAN ITES INDUSTRY – DEVELOPMENTS AND OUTLOOK**

Despite improved global financial conditions and reduced short term risks, the world economy continues to expand at a subdued pace. Situations in the euro area, the fiscal adjustments in the US and the economic slowdown in large developing countries have diminished, though the risk still continues. Global economic activity is expected to gain momentum in 2014 on the back of accommodative monetary policies in developed and developing economies. Most world regions are likely to see a moderate pickup in activity, but growth will continue to be below potential. Overall global sourcing market grew by 8.5% in 2013 while Global IT spending grew by 4.5%.

2013 was a year where Indian IT-BPM (Business process management) industry accepted changing business paradigms and transformed its business models to embark on the growth path of the future. With a lesser growth rate of around 8%, IT-BPM Industry in FY 2014 clocked revenues of around US\$118 billion. The industry has been expanding into newer verticals and geographies, attracting new customer segments and transforming from technology partners to strategic business partners and use Cloud Services to a large extent to bring in better economics and flexibility.

Between 2004 and 2013, BPM Industry size increased from USD 3.4 Billion to USD 21 Billion – increase by 6.2 times. Despite the entry of many other low cost destinations like Philippines, India continues to maintain its dominant position as the leading cost efficient service provider. The burgeoning of new Tier II cities in India offering outsourcing services at a discount to Tier I cities has given additional advantage. The market share of the BPM industry in India saw a rise from 34% in 2009-10 to around 38% (2013E) in 2013-14.

During the year, BPM services exports saw a faster growth of 12.35%. Sector wise revenue break up is as below:

**Indian BPO Industry - Sector-wise revenue break-up:**

	2011-12	2012-13	2013-14E	% inc
BPO USD billion	19.3	20.9	23.0	10%
Exports USD billion	15.9	17.8	20.0	12%
Domestic INR billion	149	167	180	8%
Domestic USD billion	3.3	3.1	3.0	-

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

**Exports**

BPM exports today is likely to be a USD 20 Billion industry in itself – emergence of Business Process as

a Service model / Cloud based services and analytics leading to strategic shifts in traditional service lines with increased focus on non linear growth, platforms and analytics. NAASCOM has projected BPM exports to be somewhere between USD 35.5 billion (with current initiatives) and USD 42.3 Billion (with focussed initiatives and innovation – Accelerated growth) in the year 2020.

**Domestic**

Domestic BPM segment is expected to be dominated by Customer Interaction services and the financial services sector. The industry grew by 7.8% in FY 2014 to reach INR 180 Billion (USD 3 billion). This is possible by demand from selected customers reverting to outsourcing business process, especially from the BFSI, automotive and retail sectors. NAASCOM has projected BPM domestic business to be somewhere between USD 6.5 billion (with current initiatives) and USD 7.4 Billion (with focussed initiatives and innovation – Accelerated growth) in the year 2020.

**Future Outlook**

Stable Political situation with stability in commodity prices and inflation, FY 2015 promises to be a positive year and global tech spending is likely to improve. Decisive elections in India are expected to drive up the IT investment cycle in the country. Growth of world gross Product (WGP) is now projected at 2.3% in 2013 and it is projected to gradually strengthen to 3.1% in 2014. Global IT-BPM spend is expected to grow between 6-7% per year over the next 5-7 years and is poised to reach USD 233 billion by 2020. Though US and UK dominate the global BPM spend, there is significant growth in business expected in emerging Asia Pacific market.

Indian BPM exports are expected to remain the main focus with 80-85% share of the total BPM Market and likely to touch USD 36 Billion by the year 2020. Though significant contribution of traditional services and sectors to Indian BPM exports will continue, growth opportunities are expected to move from traditional verticals like BFSI and Telecom to newer verticals like healthcare and retail and from horizontals like F&A to new horizontals like KPO and Procurement services.

Domestic BPM industry is poised to grow 2 times to USD 6.5 Billion in the year 2020. The domestic BPM market is expected to be dominated by BFSI sector in the near future. KPO and Technology led services will not have a greater share in Domestic BPM market. However economic growth, reforms and government policy will play a crucial role in the future of domestic BPM market in the next year.



**OPPORTUNITIES & THREATS**

**OPPORTUNITIES**

❖ **Core Competency**

The strategy of Allsec has always been to grow by developing its expertise in specific verticals. This has helped us sharpen our training & processes for specific domains enabling us to achieve domain specialization resulting in delivering quality solutions to each of our customers. With our 10+ years experience of servicing multitude of clients, handling millions of transactions and observing a million of them, Allsec has the experience, expertise and customizable solutions that focus on customer delight. We expanded our offering in the domestic market by positioning our services to suit the domestic business with its unique features like multi language requirements etc. We are 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. Our solutions are reflective of our outlook and focus. Building Lasting Relationships - at Allsec, it's a culture that percolates into everything we do. We look to grow in each of these domains and also identify and develop vertical specialization in other geographies and domains to grow our offerings continuously.

❖ **Client Acquisition**

The focus on winning fresh clients across geographies where we can serve on the strength of our core competencies, on the basis of our track record of delivery and positive client references is an ongoing process. Allsec was successful in acquiring a range of Clients in the International and domestic markets over the past 5 years. With our philosophy of long term client relationships, which has served us well with our international clients, we are sure that we will be able to maintain our track record and strike long term relationships with all our International and Domestic clients.

In the non-voice segment, with the growth of domestic call centre business, our Quality Assurance process 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. Our strength in the platform based HR-BPO business is our track record of delivery coupled with responsive services which has helped us grow this business steadily. We have a cutting edge technology platform for Payroll processing and this coupled with strong process and domain strength, we expect that our Payroll business

will have a significant growth across geographies in the next 2 years and we expect a big jump in revenues from this vertical. During the year, we have expanded our market and we are focussing to increase the HR payroll business in Philippines and other geographies including the US market.

❖ **Quality**

The vision of Quality and Information security at Allsec is to institutionalize excellence in quality of service and security of data of Clients, customers and Organization by developing and deploying simple, efficient and effective processes using the latest Quality models in accordance with ISO 9001:2008 interlined with data security controls prescribed by International standards such as ISO 27001:2005. As part of its continuous improvement program, ISO 9001:2008 (Quality Management System), ISO 27001:2005 (Information Security Management), PCI DSS compliance certifications are renewed at Chennai location of your company. Existing PCI DSS certification at Manila location of your company also has been renewed. Further existing ISAE 3402 which is a graduated version of SAS 70 Type II certification for HR BPO is renewed to ensure consistency with business and market needs in HR outsourcing. Allsec has developed an in-house talent pool for managing internal audit process on Quality management system & Information security management system as part of our monitoring mechanism. We have also successfully conducted several business continuity process tests that includes a comprehensive fire-drill at Chennai and Manila locations of your company. Several client audits took place on information security and data privacy and results indicated that the company accomplished required compliance with their contractual and standards' requirements.

❖ **Capacity**

Today, Allsec has a pan India presence with facilities in 5 locations which are in Delhi, Mumbai, Bengaluru, Chennai and Trichy. The Company has also invested in additional technology investments primarily to cater to its new client addition. Apart from India, we also have a capacity of 600 seats in Manila.

**THREATS**

**ATTRITION:**

Allsec, is in an industry where attrition is one of the major concern areas. Allsec has an annual attrition of 35% (down from 47% last year) which is almost similar or slightly lower than the industry average.

In the international business the Company faces a tough challenge 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 Domestic segment is also on similar lines. Allsec has extended its learning in the International segment to the 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.

Efforts are continued and constantly updated plans are also implemented in the direction of training, employee referral scheme, employee satisfaction surveys and other creative activities to address the threat posed by attrition.

### RISKS AND CONCERNS

#### BUSINESS RISKS

The business risks involved in our industry are varied and can be broadly classified as below:

- ◆ International Economic Downturn
- ◆ Low cost competition from other countries.
- ◆ Protectionist measures by current US Administration affecting scope of outsourcing.
- ◆ Increased competition and pricing issues in Domestic market.
- ◆ Threat of taxation on outsourcing firms.
- ◆ The decline in demand in International market and unutilized capacity in India has forced many International Players including major players to concentrate on the Domestic market.
- ◆ Possible pricing and volume reduction pressures in the international clientele.

#### FINANCIAL RISKS

##### ❖ GEOGRAPHICAL CONCENTRATION OF CLIENTS

Our Company has a global footprint and the revenues are still dependent on clients located in US or from Indian subsidiaries of US companies. As a strategy we are looking to increase the share of our Revenues from US / UK 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 other countries, many of which are beyond the control of the management.

##### ❖ 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. However the rupee depreciated during FY 2014 and has helped our company realise better. 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 the States of India that we operate in like: (i) Customs Duties; (ii) Service Tax; (iii) Income Tax; (iv) Value Added Tax etc., may affect the BPO industry.

Certain changes introduced over the years had their impact on the ITES industry, inclusion of profits eligible for 10A deduction for computing Minimum Alternate Tax, introduction of Service Tax on accrual basis with respect to related party transactions instead of on payment basis, Service Tax introduction on import of services under reverse charge method etc. which have had a dampening effect on the Industry.

#### 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.

#### 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 depend on the uninterrupted functioning of these equipment, power and stability of telecom network. Any obsolescence in the infrastructure and equipment leading to incompatibility with client's systems or any disruption in the essential services may affect the business of the company.



**HUMAN RESOURCES RISK**

BPO 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 3 Directors which has a majority of Independent Directors. This committee reviews the internal audit reports, statutory audit reports, the quarterly and/annual financial statements and discusses all significant audit observations and follow up actions arising from them. It further monitors the risk exposures of the company. The committee also reviews and recommends to the Board the terms of appointment of the statutory auditors and internal auditors.

**MATERIAL DEVELOPMENTS ON HUMAN RESOURCE FRONT INCLUDING HEAD COUNT**

As at 31st March 2014, total number of employees stood at 2553 nos. which is an increase of 74 nos from the previous year end figure of 2479.

**SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

Allsec is currently providing voice and data services to its International and Domestic clients in the Information Technology Enabled Services sector (ITES). Due to the loss of some key customers in US market, the share of Exports to Domestic came down substantially and was around 1/3 of total Revenues in the year 2010-2012. However, due to the addition of few International clients coupled with reduction in domestic revenues and better Rupee conversions. Exports as a % of total revenue has increased to 50%.

(Rs. in Million)

For the year ended	Exports	%	Domestic	%	Total income
31 March 2014	536.8	50	530.6	50	1,067.4
31 March 2013	507.5	47	567.3	53	1,074.8

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

**Overview**

The following discussion is based on our audited standalone financial statements which have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 (the ‘Act’) read with general circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs. 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

	2013-14		2012-13		% Increase/ (decrease) over previous year
	Rs. in Million	% of Total revenues	Rs. in Million	% of Total revenues	
<b>INCOME</b>					
Income – Operations	1,067.4	97	1,074.8	97	(1)
Income – Others	27.6	3	35.1	3	(21)
<b>A) Income – Total</b>	<b>1,095.0</b>	<b>100</b>	<b>1,109.9</b>	<b>100</b>	<b>(1)</b>
<b>COSTS</b>					
Connectivity costs	61.8	6	68.2	6	(9)
Staff cost	580.4	53	615.7	55	(6)
Other Costs	316.0	29	352.3	32	(10)
<b>B) Total costs</b>	<b>958.2</b>	<b>88</b>	<b>1036.2</b>	<b>93</b>	<b>(8)</b>
<b>C) Profit/(Loss) before Interest, depreciation &amp; taxes</b>	<b>136.8</b>	<b>12</b>	<b>73.7</b>	<b>7</b>	<b>86</b>
Depreciation & amortization	74.8	7	101.4	9	(26)
Interest	7.7	1	5.6	1	38
<b>D) Profit /(loss)before Taxes</b>	<b>54.3</b>	<b>5</b>	<b>(33.3)</b>	<b>(3)</b>	<b>-</b>
Taxes	-	-	-	-	-
<b>E) Profit /(Loss)after Taxes</b>	<b>54.3</b>	<b>5</b>	<b>(33.3)</b>	<b>(3)</b>	<b>-</b>

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

## Earnings per share data (Basic / Diluted)

YE 31 March 2014	Rs. 3.57
YE 31 March 2013	Rs. (2.19)

## PROFIT AND LOSS ACCOUNT

## 1. Income from Operations

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

(Rs. in Million)

Income	Year Ended March 31, 2014	Year Ended March 31, 2013	Increase/ (Decrease) in %
Exports	536.8	507.5	5.8%
Domestic	530.6	567.3	(6.5%)
Total	1067.4	1074.8	(0.7%)

There is an Increase of 6% in export revenue primarily due to favorable dollar rupee exchange rate though there

is a decrease in USD billing by 6% over previous year.

Domestic revenue has seen a decline during the year due to closure of contracts with two major clients in the middle of 2012-13. We had closed those contracts as the pricing was not acceptable to us. We have however added up few clients with better pricing during the year which has contributed to both Revenue and PAT.

HR BPO is a vertical which is growing organically for us and this will continue in the coming years too. This Vertical has shown an increase of 15% over previous year.

## 2. Other Income

Current year other income stood at Rs. 28 million as compared to Rs. 35 million in the previous year – a decrease of Rs. 7 million or (21)%. The decrease is mainly due to:



- i. We received Interest on Income tax refund to the tune of INR 4.4 Mn in 2012-13 which was a one time income in the previous year.
- ii. In 2012 - 13, there was a rental receipt due to sub-leasing of one of our facility to the tune of INR 5 Million. As we have closed the contract with the Landlord this income as well as its associated costs were not there this year.
- iii. Offset by increased interest / dividend income and favourable exchange differences to the tune of INR 2.2 mn.

**3. Expenditure**

During the year there is a reduction in total expenditure of Rs.102 Mn while reduction in revenues amounted to Rs.8 Mn. This was primarily due to lower manpower costs due to better utilisation and lower infrastructure costs due to ramp down of activities in domestic market and savings in overheads.

	Year ended March 31, 2014	Year ended March 31, 2013	Favourable / (unfavourable) in % over previous year
	Amount	Amount	
	Rs. in Million		%
Connectivity cost (Note 1)	61.8	68.2	9.4
Employee costs and benefits(Note 2)	580.4	615.7	5.7
General and administration expenses (Note 3)	290.4	328.7	11.6
Selling expenses (Note 4)	25.6	23.6	(8.5)
Finance charges	7.7	5.6	(37.5)
Depreciation (Note 5)	74.8	101.4	26.2

**Note 1:** The decrease in cost of connectivity is due to the conversion from linear IPLC to redundant MPLS based connectivity and Optimization of our Co-lo Space and various circuits during the year. This is despite increased expenses due to overseas call charges resulting from depreciating rupee.

**Note 2:** The decrease in employee cost is mainly on account of lower average head count during the year as compared to previous year. Due to lower numbers, the associated costs of employee benefits and welfare expenses and recruitment costs have also reduced as compared to previous year. This has resulted in a decrease of 5.7% or Rs. 35 million in salaries and related employee benefits and welfare expenses in the current year.

**Note 3:** The total savings in general and admin expenses in the current year was Rs. 38 million or 12% compared to the previous year.

During 2012-13, receivables from client outstanding for more than 4 years totaling to Rs. 64 million was partially settled by the Client by paying around Rs. 21 Million. However Company had to write off the balance amount of Rs. 43 million in the books. This was a onetime expenditure in 2012-13 and not there in the current year.

Due to closure of few centers in 2012-13, there is a marked savings in expenditure relating to those centers like rent and electricity amounting to Rs. 39 Mn. However this savings is set off by, two items mentioned below:

We have provided for the Investment in Centigral Inc USA and the loans advanced to Centigral amounting to Rs. 27 Mn which is a one time charge under this head.

Other increases in general and admin expenses like AMC costs and other Maintenance costs to upgrade the call center equipments amounting to Rs. 17 Mn.

**Note 4** –Increase in selling expenses is primarily due to higher exports sales and higher exchange rate payable for selling commission due to INR depreciation. Business promotion expenses remained at the same level as of last year.

**Note 5** – The decrease in Depreciation is due to closure of few Centers in 2012-13 resulting in providing for some of the assets which are not usable and lapse of useful life of some Assets during the previous year resulting in Lower Depreciable assets. Depreciation has reduced by 26% as compared to previous year.

**4. Provision for Tax**

Provision for tax includes current tax, deferred taxes apart from MAT credit entitlement if any. During this financial year there was no current taxes provision due to loss situation and no MAT payable on account of carry forward loss as per MAT provisions.

**FINANCIAL CONDITION - BALANCE SHEET**

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

**1. Share Capital**

The Equity Capital of the Company as on March 31, 2014 stands at Rs. 152.4 Million and has remained constant over the previous Balance sheet date.

**2. Employee Stock Option Plan (ESOP):**

**Employee Stock Option Scheme (ESOS), 2010:**

The shareholders at the Annual General Meeting held



on August 4, 2010, have approved an Employee Stock Option Scheme 2010 which provides for an issue of 600,000 options to the employees. Consequently, the compensation committee had granted the 390,000 options on August 4, 2010 at an exercise price of Rs. 45.05/- per share and 100,000 options on August 2, 2012 at an exercise price of Rs. 41.25 per share. Out of the 490,000 options granted, 99,000 options have been cancelled/lapsed as on March 31, 2014 and balance of 391,000 are outstanding as at 31 March 2014.

### 3. Reserves and Surplus

The Company's Reserves and Surplus as on March 31, 2014 stood at Rs. 1050 million represented by capital reserve at Rs. 25.1 million (same as last year), share premium on the equity shares amounting to Rs. 1,202 million (same as last year), Rs. 141 million representing General Reserve (same as last year), Rs. 319 million (previous year: Rs. 373 Mn) representing debit balance in the profit and loss account, a reduction of Rs. 54 Million during the year being the profit for the period and the reasons for the increase in profits for the year as been explained in the above paragraphs under Profit and Loss Account.

### 4. Long Term Borrowings

Secured loan balance of Rs. 8.8 Mn represents balance payable towards Finance lease obligation (HP loans). This has decreased by Rs. 0.1 million during the year from Rs. 8.9 million as at 31 March 2013 and this is primarily due to net repayment of HP loans during the year. This loan is for eligible employees availing the Car scheme of the company which is a welfare measure provided by the Company.

### 5. Provisions

Due to change in the new Format of Schedule VI of Companies Act, provisions were categorized into long term and short term.

Provision for Gratuity for the current year is at Rs. 19.8 Mn as against Rs. 19.8 Mn in the previous year Rs. 4.3 Mn out of Rs. 19.8 Mn is considered as Long term and shown accordingly.

Provision for Leave benefits for the current year is at Rs.7.3 Mn as against Rs. 7.4 Mn in the previous year. Long term provision is NIL.

Provision for Employee bonus has come down from Rs.3.8 mn to Rs. 2.7 Mn as at 31 March 2014.

### 6. Short term Borrowings:

This represents bank overdraft and there is nil balance as at 31 March, 2014 similar to the previous year, as we have not utilized any amount from the banks for our working capital needs.

### 7. Other Current Liabilities

Trade payables being payable to suppliers of goods and services has remained at the same levels of Rs. 70 Mn.

- Other liabilities remained at the same levels at Rs. 26.8 Mn as against Rs. 27.2 Mn in previous year .
- Withholding and other tax payables has come down by Rs. 2.7 Mn
- Other Non trade payables has gone up by Rs.1.8 Mn.

### 8. Fixed Assets – Tangible

Additions to Fixed Assets amounted to Rs. 6.6 million (previous year : Rs. 14.2 Mn) in tangible fixed assets primarily due to additions to Vehicles (employee welfare scheme) of Rs. 5.1 million call centre equipment and Computers and Servers - Rs.1.2 million and office equipment of Rs. 0.3 million.

The total assets disposed off during the year amounted to Rs. 38.8 Mn (Previous year: Rs. 130 Mn) mainly due to closure of few delivery centers during the previous year. The Assets sold were Call center equipment and Computers and servers – Rs. 29 Mn and Furniture and Fixtures – Rs. 4.4 Mn and Vehicles – Rs. 4.3 Mn.

After providing for depreciation of Rs. 41.2 Mn (Previous year: Rs. 67 Mn) for the year, the net block of fixed assets stood at Rs. 141.5 million as on March 31, 2014 compared to Rs. 179 million as at March 31, 2013.

### 9. Fixed Assets - Intangible

Intangible assets comprise block of software used for call centre operation and goodwill. During the year there was an addition in Software of Rs. 24.5 million being the software upgrade in nice loggers software upgrade for servers and upgrade for additional data protection which in our opinion will protect the technological environment in the coming years.

The goodwill which arose on business purchase of the call centre division of i2i Telesource Pvt Ltd in earlier year is being fully amortized at the end of current year. The closing net block of Intangible assets is Rs. 35.2 Mn as at 31 March 2014 and was Rs. 50 Mn as at 31 March 2013.

### 10. Non Current Investments

Total Investments represent the amount of equity capital invested in four subsidiaries. The movement during the year amounting to Rs. 246 Mn.

During the year, the Company had subscribed to the equity share capital of Allsectech Inc USA amounting to USD 1 Mn (Rs. 61.9 Mn).

During the year, the Company had subscribed to the equity share capital of Retreat Capital Management Inc USA amounting to USD 500,000 (Rs. 31.3 Mn).



During 2012-13, your Board has approved to convert Loan given to WOS in Manila into non-voting preference shares. On receipt of approval from Manila authorities, during the year we have taken this loan under investment of preference shares in WOS Manila amounting to Rs. 157 Mn.

**11. Loans and Advances**

**Long Term Loans and Advances:**

(Rs. in Million)

Head	As at March 31, 2014	As at March 31, 2013
Security Deposits	45.1	47.7
Loan to related party	23.9	10.9
Less provided during the year	(23.9)	-
Advances towards investment in preference shares	-	144.3
Prepaid expenses	1.4	0.8
Taxes receivable	173.9	152.0
<b>Total</b>	<b>220.4</b>	<b>355.7</b>

Deposits primarily reflect the security deposits for utilities and office premises paid.

Loan to related party amounting to Rs. 23.9 Mn (USD 400,000) Previous year (Rs. 10.9 Mn (USD 200,000) represents loan given to our Subsidiary in USA during the year amounting to USD 200,000. We have provided for Rs. 23.9 Mn during the year.

During 2012-13, your Board has approved to convert Loan given to WOS in Manila into non-voting preference shares. On receipt of approval from Manila authorities, during the year we have moved this loan to investment in preference shares in WOS Manila amounting to Rs. 144 Mn.

**Short Term Loans and Advances:**

Head	As at March 31, 2014	As at March 31, 2013
Security Deposits	0.1	5.8
Advances recoverable	4.2	3.4
Prepaid expenses	9.5	5.7
Balances with Statutory authorities	2.1	1.8
Foreign Currency receivable	-	0.9
<b>Total</b>	<b>15.9</b>	<b>17.6</b>

Deposits primarily reflect the security deposits for utilities and office premises paid. There is a repayment of deposits during the year due to closure of centers.

**12. Trade Receivables**

Current Trade receivable decreased to Rs. 234 million as at March 31, 2014 as against Rs. 236 million as at March 31, 2013.

Current Trade receivables from related parties (Subsidiaries) amounted to Rs. 54 Mn as compared to Rs. 80 million in the previous year representing amount received from related parties during the year.

The sundry debtors in terms of days of sales (DSO) at 80 days as at March 31, 2014 (same as previous year). The DSO without considering the receivables from related party is at 63 days for the current year.

**13. Other Assets**

Non Current bank balances represent the Fixed Deposit given as a Margin Money for opening SBLC with Banks and are maturing after 31 March 2015. Interest accrued on those deposits is also classified with the deposit as Long term.

Other current assets represent Fixed Deposits which are maturing before 31 March 2014 and interest accrued on those deposits and unbilled revenues of Rs. 3.2 Mn.

**14. Current Investments**

Current investments represent balances invested in mutual funds. The Balance as at 31 March 2014 is Rs. 107 Mn as compared to Rs. 89 Mn as at 31 March 2013. The increase is mainly due to better cash flows from operations and reduced working capital needs due to lower operating costs partly offset by equity infusion in the subsidiaries during the year.

**15. Cash and Bank Balances**

Cash and Bank balances decreased to Rs. 60 Mn as at 31 March 2014 as against Rs. 81 Mn as at 31 March 2013. This represents year end cash and bank balances available in current and deposit accounts including margin money deposits accounts.

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 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.  
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To

**The Members of Allsec Technologies Limited**

**Audit Report on the Financial Statements**

We have audited the accompanying financial statements of Allsec Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for qualified opinion**

1. *The financial statements as at March 31, 2014 include investments in equity and preference share capital in its wholly owned subsidiary Allsectech Manila Inc., Philippines aggregating Rs. 2,586 lakhs (March 31, 2013: Rs. 1,020 lakhs as investments and Rs. 1,443 as advance towards share capital). The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2014. Management has undertaken several initiatives to improve its income from operations and establish profitable operations. The recovery of the value of such investment in the subsidiary is dependent upon the ability of the subsidiary to establish successful operations in the future and achieve sustained profitability. In view of the operational and financial position of the subsidiary as noted above, we are unable to comment on the adjustments, if any, that may be required to be made to the carrying value of such investments and advances. Our audit opinion on the financial statements for the year ended March 31, 2013 was also qualified in respect of the above matter.*
2. *The financial statements as at March 31, 2014 include investments of Rs. 1,214 lakhs (March 31, 2013: Rs. 595 lakhs) in its wholly owned subsidiary Allsectech Inc., USA and receivable balance (net) of Rs.84 lakhs (March 31, 2013: Rs.595 lakhs ) from such subsidiary. The subsidiary's*

*accumulated losses have substantially eroded its net worth as at March 31, 2014. The recovery of the value of such investment in the subsidiary is dependent upon the ability of the subsidiary to establish successful operations in the future and achieve sustained profitability. In view of the operational and financial position of the subsidiary as noted above, we are unable to comment on the adjustments, if any, that may be required to be made to the carrying value of such investments and receivables. Our audit opinion on the financial statements for the year ended March 31, 2013 was also qualified in respect of the above matter.*

**Qualified opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have 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 appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 08/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs; and
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.R. Batliboi & Associates LLP**  
**Chartered Accountants**  
**ICAI Firm's Registration Number: 101049W**

**per S. Balasubrahmanyam**  
 Partner

Membership Number: 053315

Place : Chennai

Date : May 23, 2014.

**Annexure referred to in paragraph 1 under the section, 'Report on Other Legal and Regulatory Requirements' of our report of even date****Re: Allsec Technologies Limited ("the Company")**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management during the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) Having regard to the nature of the Company's business clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the rendering of services. The activities of the Company did not involve any purchase of inventory or sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business .
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act 1956, for the services of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it though there have been a *few delays in relation to contribution to Labour Welfare Fund under, "Tamilnadu Labour Welfare Fund Act, 1972"*. Statutory dues in respect of excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, and cess on account of any dispute, other than the following



Nature of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax*	-	2004 to 2009	Commissioner of Income Tax (Appeals)

\*The order passed by the assessing officer has impact on the unabsorbed losses and unabsorbed depreciation that can be carried forward.

- (x) *Without considering the possible effects of the matters stated in the basis for qualified opinion paragraph of our auditor's report*, the Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and the Company has not incurred any cash losses in the current financial year and also in the previous financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has no dues to debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities. The Company does not have any debentures.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on information and explanations given to us by management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment .
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues and accordingly, the provisions of clause 4(xx) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.R. Batliboi & Associates LLP**  
**Chartered Accountants**  
**ICAI Firm's Registration Number: 101049W**

Place : Chennai  
Date : May 23, 2014.

per **S. Balasubrahmanyam**  
Partner  
Membership Number: 053315

## Balance Sheet

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



**ALLSEC TECHNOLOGIES LIMITED**

PARTICULARS	Notes	As at March 31, 2014	As at March 31, 2013
<b>Equity and liabilities</b>			
Shareholders' funds			
Share capital	3	1,524	1,524
Reserves and surplus	4	10,497	9,954
		<u>12,021</u>	<u>11,478</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	88	89
Long-term provisions	6	43	46
		<u>131</u>	<u>135</u>
<b>Current liabilities</b>			
Trade payables	7	708	704
Other current liabilities	7	268	272
Short-term provisions	6	255	264
		<u>1,231</u>	<u>1,240</u>
<b>Total</b>		<u>13,383</u>	<u>12,853</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	1,415	1,789
Intangible assets	8	352	504
Capital work-in-progress		2	91
Non-current investments	9	5,107	2,644
Long-term loans and advances	10	2,204	3,557
Other non-current assets	11.2	71	-
		<u>9,151</u>	<u>8,585</u>
<b>Current assets</b>			
Current investments	12	1,072	888
Trade receivables	11.1	2,344	2,358
Cash and bank balances	13	602	811
Short-term loans and advances	10	159	176
Other current assets	11.3	55	35
		<u>4,232</u>	<u>4,268</u>
<b>Total</b>		<u>13,383</u>	<u>12,853</u>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

**per S. Balasubrahmanyam**  
Partner  
Membership No: 053315

Place : Chennai  
Date : May 23, 2014

**For and on behalf of the Board of Directors**

**A. Saravanan**  
Director

**R. Jagadish**  
Director

**A. Mohan Kumar**  
Company Secretary

## Profit and Loss Account

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Notes	Year ended March 31, 2014	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations(net)			
- Income from IT enabled services		10,674	10,748
Other income	14	276	351
<b>Total revenue (I)</b>		<u>10,950</u>	<u>11,099</u>
<b>Expenses</b>			
Connectivity costs		618	682
Employee benefits expense	15	5,804	6,157
Other expenses	16	3,160	3,523
<b>Total (II)</b>		<u>9,582</u>	<u>10,362</u>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>			
		1,368	737
Depreciation and amortization expense	8	748	1,014
Finance costs	17	77	56
<b>Profit / (loss) before tax</b>		<u>543</u>	<u>(333)</u>
Tax expenses			
Current tax		-	-
<b>Profit / (loss) for the year</b>		<u>543</u>	<u>(333)</u>
<b>Earnings per equity share</b>	27		
Basic earnings per share (equity shares, par value Rs. 10/- each) (Rs.)		3.57	(2.19)
Diluted earnings per share (equity shares, par value Rs. 10/- each) (Rs.)		3.47	(2.19)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

ICAI Firm Registration No.: 101049W

Chartered Accountants

**per S. Balasubrahmanyam**

Partner

Membership No: 053315

Place : Chennai

Date : May 23, 2014

**For and on behalf of the Board of Directors**

**A. Saravanan**

Director

**R. Jagadish**

Director

**A. Mohan Kumar**

Company Secretary

## Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) before tax	543	(333)
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/amortization	748	1,014
Impairment Loss / loss on fixed assets written off	76	21
Unrealized foreign exchange Loss / (gain)	78	(57)
Bad debts Written off / provision for loans to Subsidiary and Provision for dimunition, other than temporary value of investments	275	463
Interest expense	13	14
Net gain on sale of current investments	(77)	(52)
Liabilities No Longer Required	(9)	(42)
Interest income	(39)	(34)
Dividend income	(1)	(1)
<b>Operating profit before working capital changes</b>	<u>1,607</u>	<u>993</u>
<b>Movements in working capital :</b>		
Increase/(decrease) in trade payables & Other current liabilities	(23)	(682)
Decrease/(increase) in trade receivables	(62)	530
Decrease / (increase) in loans and advances	(86)	(46)
Decrease/(increase) in other assets	(25)	65
<b>Cash generated from / (used in) operations</b>	<u>1,411</u>	<u>860</u>
Direct taxes paid (net of refunds)	(219)	358
<b>Net cash flow from / (used in) operating activities (A)</b>	<u>1,192</u>	<u>1,218</u>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP and capital advances	(222)	(258)
Proceeds from sale of fixed assets	13	61
Investment in subsidiary	(932)	(35)
Loans advanced to subsidiary	(115)	(250)
Investments in / (withdrawal from) term deposits	(102)	(88)
Proceeds of current investments	6,778	6,005
Purchase of current investments	(6,885)	(6,331)
Interest received	44	26
Dividends received on current investments	1	1
<b>Net cash flow from / (used in) investing activities (B)</b>	<u>(1,420)</u>	<u>(869)</u>

# Cash Flow Statement

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



**ALLSEC TECHNOLOGIES LIMITED**

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	29	135
Repayment of long-term borrowings	(25)	(63)
Repayment of short-term borrowings	-	(156)
Interest paid	(13)	(14)
<b>Net cash flow from / (used in) in financing activities (C)</b>	<b>(9)</b>	<b>(98)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(237)</b>	251
Effect of exchange differences on cash & cash equivalents held in foreign currency	(3)	4
Cash and cash equivalents at the beginning of the year	430	175
<b>Cash and cash equivalents at the end of the year</b>	<b>190</b>	<b>430</b>
<b>D. Components of cash and cash equivalents</b>		
Cash on hand	1	1
With banks		
- on current account*	189	428
- unpaid dividend accounts**	-	1
<b>Total cash and cash equivalents (note 18)</b>	<b>190</b>	<b>430</b>

Summary of significant accounting policies 2.1

\*Includes restricted cash balance amounting to Rs. 55 Lakhs.

\*\*The company can utilize these balances only towards settlement of the respective unpaid dividend.

As per our report of even date

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

**For and on behalf of the Board of Directors**

**per S. Balasubrahmanyam**  
Partner  
Membership No: 053315

**A. Saravanan**  
Director

**R. Jagadish**  
Director

**A. Mohan Kumar**  
Company Secretary

Place : Chennai  
Date : May 23, 2014

**1. Corporate information**

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

As at the year end, the Company has four subsidiaries, Allsectech Inc. USA, located at 6303 Commerce Drive Suite 180, Irving, Texas - 75063 USA, Allsectech Manila Inc., located at 3F Market! Market!, Bonifacio Global City, Taguig City, Manila - 1634, Philippines, Retreat Capital Management Inc., located at 6303 Commerce Drive Suite 180, Irving, Texas - 75063 USA and Centigral Inc., located at 1200 Route 22 East, Suite 2000 - 2118 Bridgewater, New Jersey - 08807 USA.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with general circular 8/2014 dated April 4, 2014 issued by Ministry of Corporate Affairs. The financial statement has been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1 Summary of significant accounting policies****(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(b) Tangible fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**(c) Depreciation on tangible fixed assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

## Notes

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



ALLSEC TECHNOLOGIES LIMITED

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

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period (3 – 4 years), whichever is less. Assets individually costing Rupees five thousand or less are fully depreciated in the year of purchase.

### (d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

#### Computer software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software (4 years), or over the license period of the software, whichever is shorter.

#### Goodwill

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

### (e) Leases

#### **Where the Company is the lessee:**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

The Company has used the following rates to provide depreciation on its fixed assets (vehicles) taken on finance lease.

Asset Description	Rates (SLM)
Vehicles	9.50%

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

### (f) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the



Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed. Only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**(g) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(h) Revenue recognition**

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

**Income from services**

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

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

**Dividend income**

Dividend income is recognized when the right to receive payment is established by the reporting date.

**Interest**

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

**(i) Foreign currency translation**

*Foreign currency transactions and balances*

**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**(iii) Exchange difference**

All exchange differences arising on settlement / conversion of foreign currency transactions are recognized as income or expense in the period in which they arise.

**(iv) Forward exchange contracts**

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

**(j) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for service received before the balance sheet date then excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation. The costs of providing benefits under such plans are determined on the basis of actuarial valuation at each year-end. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.



The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents provision for employee benefits based on the criteria laid down in revised schedule VI.

**(k) Income taxes**

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

**(l) Employee stock compensation cost**

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

**(m) Segment reporting****Identification of segments**

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

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(n) Earnings per share**

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

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

**(o) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(p) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(q) Cash and cash equivalents**

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

**(r) Derivative instruments**

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

**(s) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>3 Share capital</b>		
<b>Authorized shares (No. in lakhs)</b>		
200 [March 31, 2013: 200] Equity shares of Rs. 10/- each	<b>2,000</b>	2,000
13.5 [March 31, 2013: 13.5] Convertible Preference Shares of Rs. 100/- each	<b>1,350</b>	1,350
<b>Issued, subscribed and fully paid-up shares (No. in lakhs)</b>		
152 [March 31, 2013: 152] Equity Shares of Rs. 10/- each fully paid up	<b>1,524</b>	1,524
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,524</b>	1,524

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	March 31, 2014		March 31, 2013	
	No. of Shares (in lakhs)	Amount	No. of Shares (in lakhs)	Amount
At the beginning of the period	152	1,524	152	1,524
Issued during the period	-	-	-	-
Outstanding at the end of the period	152	1,524	152	1,524

### (b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the current year as well as the previous year.

In the event of liquidation of the Company, 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.

### (c) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs.10/- each fully paid

Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares (in lakhs)	% holding in the class	No. of Shares (in lakhs)	% holding in the class
Saravanan A	27.37	17.96%	27.18	17.84%
Jagadish R	26.62	17.47%	26.62	17.47%
First Carlyle Ventures Mauritius	47.03	30.86%	47.03	30.86%
Ashish Dhawan	10.75	7.06%	10.75	7.06%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### (d) Shares reserved for issue under options

For details of shares reserved for issue under the Employee stock option plan (ESOP) of company, please refer Note 21

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>4 Reserves and surplus</b>		
Capital reserve	251	251
Securities premium reserve	12,019	12,019
General reserve	1,413	1,413
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(3,729)	(3,396)
Profit / (loss) for the period	543	(333)
<b>Net deficit in the statement of profit and loss</b>	<u>(3,186)</u>	<u>(3,729)</u>
<b>Total reserves and surplus</b>	<u>10,497</u>	<u>9,954</u>
<b>5 Long-term borrowings</b>		
<b>Other loans and advances</b>		
Finance lease obligation (Secured)*		
Non-current portion	88	89
Current maturities	33	27
	<u>121</u>	<u>116</u>
<b>The above amount includes</b>		
Secured borrowings	121	116
Amount disclosed under the head "other current liabilities" (Note 7)	(33)	(27)
<b>Net long-term borrowings</b>	<u>88</u>	<u>89</u>

\*Finance lease obligations are secured by hypothecation of the respective vehicles acquired on hire purchase and carry an average interest rate of 10% with repayment term of 5 years.

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>6 Provisions</b>		
<b>Long-term</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	43	46
<b>Total long term provisions</b>	<u>43</u>	<u>46</u>
<b>Short-term</b>		
<b>Provision for employee benefits</b>		
Provision for employee bonus	27	38
Provision for gratuity	155	152
Provision for leave benefits	73	74
<b>Total short term provisions</b>	<u>255</u>	<u>264</u>
<b>Total Provisions</b>	<u>298</u>	<u>310</u>
<b>7 Other current liabilities</b>		
Trade payables	<u>708</u>	<u>704</u>
<b>Other liabilities</b>		
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation)	33	27
- Unpaid dividend	-	1
<b>Others</b>		
- Withholding and other tax payables	71	98
- Other non trade payables	<u>164</u>	<u>146</u>
	<u>268</u>	<u>272</u>
<b>Total other current liabilities</b>	<u>976</u>	<u>976</u>

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

### 8 Fixed assets

Particulars	Tangible assets						Intangible assets			
	Plant and machinery			Furniture and fixtures*	Leasehold improvements*	Vehicles #	Total	Goodwill	Computer software**	Total
	Computers and servers*	Call centre equipment*	Office equipment**							
<b>Cost as at April 1, 2012</b>	1,848	3,741	746	633	1,462	164	8,594	254	1,689	1,943
Additions	3	11	8	-	-	120	142	-	130	130
Disposals	(251)	(493)	(130)	(92)	(260)	(73)	(1,299)	-	(39)	(39)
<b>At March 31, 2013</b>	<b>1,600</b>	<b>3,259</b>	<b>624</b>	<b>541</b>	<b>1,202</b>	<b>211</b>	<b>7,437</b>	<b>254</b>	<b>1,780</b>	<b>2,034</b>
Additions	2	10	3	-	-	51	66	-	245	245
Disposals	(41)	(253)	(8)	(44)	-	(42)	(388)	-	(92)	(92)
<b>At March 31, 2014</b>	<b>1,561</b>	<b>3,016</b>	<b>619</b>	<b>497</b>	<b>1,202</b>	<b>220</b>	<b>7,115</b>	<b>254</b>	<b>1,933</b>	<b>2,187</b>
<b>Accumulated Depreciation \ Amortization as at April 1, 2012</b>	1,307	2,941	231	358	1,311	46	6,194	184	1,042	1,226
Charge for the period	143	234	98	43	133	20	671	50	293	343
Disposals	(233)	(485)	(116)	(92)	(259)	(32)	(1,217)	-	(39)	(39)
<b>At March 31, 2013</b>	<b>1,217</b>	<b>2,690</b>	<b>213</b>	<b>309</b>	<b>1,185</b>	<b>34</b>	<b>5,648</b>	<b>234</b>	<b>1,296</b>	<b>1,530</b>
Charge for the period	122	189	40	32	8	21	412	20	316	336
Disposals	(39)	(253)	(8)	(44)	-	(16)	(360)	-	(31)	(31)
<b>At March 31, 2014</b>	<b>1,300</b>	<b>2,626</b>	<b>245</b>	<b>297</b>	<b>1,193</b>	<b>39</b>	<b>5,700</b>	<b>254</b>	<b>1,581</b>	<b>1,835</b>
<b>Net Block</b>										
<b>At March 31, 2013</b>	<b>383</b>	<b>569</b>	<b>411</b>	<b>232</b>	<b>17</b>	<b>177</b>	<b>1,789</b>	<b>20</b>	<b>484</b>	<b>504</b>
<b>At March 31, 2014</b>	<b>261</b>	<b>390</b>	<b>374</b>	<b>200</b>	<b>9</b>	<b>181</b>	<b>1,415</b>	<b>-</b>	<b>352</b>	<b>352</b>

# Vehicles includes vehicles taken on finance lease: Gross block Rs. 177 (March 31, 2013: 208) ; Depreciation charge for the year Rs. 15 (March 31, 2013: Rs.12) ; Accumulated depreciation Rs. 24 (March 31, 2013: Rs. 32); Net book value Rs. 153 (March 31, 2013: Rs.176).

\* The Company has revised the useful life of certain assets during the previous year ended March 31, 2013, resulting in an additional depreciation of Rs. 172 Lakhs.

\*\* Includes loss on impairment of assets amounting to Rs. 61 lakhs representing net book value of such assets as at March 31, 2014.

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>9 Non-current investments</b>		
<b>Trade investments (valued at cost unless stated otherwise)</b>		
Investment in subsidiaries - unquoted equity instruments		
Allsectech Inc, USA	1,214	595
- Common stock hundred (March 31, 2013 - hundred), fully paid up		
Allsectech Manila Inc., Philippines	1,020	1,020
- 8.13 (March 31, 2013 - 8.13) Equity shares of Php 100 each fully paid up		
Retreat Capital Management Group	1,307	994
- Common stock thousand one hundred and sixty (March 31, 2013 - six hundred and sixty), fully paid up		
Centigral Inc	35	35
- Common stock Six hundred and forty (March 31, 2013 - Six hundred and forty), fully paid up		
Less: Provision for dimunition, other than temporary in value of investments	(35)	-
(Refer Note - 19(c))		
Investment in subsidiaries - unquoted preference instruments		
Allsectech Manila Inc., Philippines	1,566	-
(Refer Note-19(a))		
<b>Total Investments</b>	<b>5,107</b>	<b>2,644</b>
<b>10 Loans and advances</b>		
<b>(Unsecured, considered good unless stated otherwise)</b>		
<b>Long-term loans and advances</b>		
Advances towards investment in preference shares*	-	1,443
Security deposits	451	477
Loan and advances to related parties (Refer Note-24)	239	109
Less: Provision for doubtful advances	(239)	-
Other loans and advances		
- Advance income-tax (net of provision for taxation)	1,739	1,520
- Prepaid expenses	14	8
<b>Total long-term loans and advances</b>	<b>2,204</b>	<b>3,557</b>

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
*Converted into unquoted preference shares		
<b>Short-term loans and advances</b>		
Security deposits	1	58
Advances recoverable in cash or kind	42	34
Other loans and advances		
Prepaid expenses	95	57
Foreign currency receivable	-	9
Balances with statutory/ government authorities	21	18
<b>Total short-term loans and advances</b>	<u>159</u>	<u>176</u>
<b>Total loans and advances</b>	<u>2,363</u>	<u>3,733</u>
Long-term Loans and advances from related parties include		
Allsectech Manila Inc.	-	1,443
Centigral Inc.	-	109
Short-term Loans and advances include recoverable from Directors	36	-
<b>11 Trade receivables and other assets</b>		
<b>11.1 Trade receivables (unsecured)</b>		
<b>Current trade receivable</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	354	580
Other receivables, considered good	1,990	1,778
<b>Total Current trade receivable</b>	<u>2,344</u>	<u>2,358</u>
<b>Current trade receivable from related parties include</b>		
Dues from Allsectech Inc, USA	191	690
Dues from Retreat Capital Management Inc.,	349	105
<b>11.2 Other assets (Unsecured, considered good unless stated otherwise)</b>		
Other non-current assets		
Non-current bank balances (Note 13)	71	-
<b>Total Other non-current assets</b>	<u>71</u>	<u>-</u>

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>11.3 Other Current Assets</b>		
Interest accrued on fixed deposits	23	28
Unbilled revenues	32	7
<b>Total Other current assets</b>	<u>55</u>	<u>35</u>
<b>12 Current investments</b>		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted mutual funds	1,072	888
<b>Total current investments</b>	<u>1,072</u>	<u>888</u>
Aggregate amount of unquoted Investments (Net Asset Value Rs. 1,102, March 31, 2013: Rs. 892)		
<b>Details of current investments</b>		
Current investments in mutual funds at the year end comprise:		
	<b>March 31, 2014</b>	
<b>Name of Mutual fund</b>	<b>No of units (in lakhs)</b>	<b>Amount</b>
Reliance Short Term Fund-Growth Plan Growth Option	4.63	100
ICICI Prudential Short Term - Regular Plan - Growth	2.03	50
HDFC Short Term Plan - Growth	2.16	51
Birla Sun Life Dynamic Bond Fund - Retail - Growth - Regular Plan	2.43	50
HSBC Floating Rate Fund - Long Term Plan - Growth	2.67	52
Sundaram Money Fund Regular Growth	3.95	105
HDFC FMP 531D December 2013 (1) Series 29 - Regular - Growth	10.00	100
Baroda Pioneer Liquid Fund Plan A - Growth	0.11	161
Religare Invesco Ultra Short Term Fund - Growth	0.10	176
DWS Money Plus Fund - Institutional Plan - Growth	5.69	75
IDFC Money Manager Fund-Treasury Plan-Growth	3.75	75
Principal Cash Management Fund-Regular Plan Dividend Daily -Reinvestment	0.08	77
<b>Total</b>		<b>1,072</b>

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

Name of Mutual fund	March 31, 2013 No of units (in lakhs)	Amount
Kotak Floater Long Term - Growth	1.46	27
Reliance Liquid Fund - Treasury Plan - Institutional Option-Growth Option-Growth Plan	0.01	41
Pramerica Liquid Fund - Growth Option	0.08	102
Baroda Pioneer Liquid Fund - Institutional Growth Plan	0.08	101
Tata Floater Fund - Growth	0.04	77
Religare Liquid Fund - Super Institutional Growth	0.06	102
Reliance Short term fund - Growth Plan Growth option	4.63	100
SBI Magnum Insta Cash Fund Liquid Floater - Regular Plan - Growth	0.05	100
Reliance Medium Term Fund - Growth Plan - Growth Option	4.14	100
ICICI Prudential Ultra Short Term - Regular Plan - Growth	11.68	138
<b>Total</b>		<b>888</b>

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>13 Cash and bank balances</b>		
<b>Current</b>		
<b>Cash and cash equivalents</b>		
<b>Balances with banks:</b>		
- On current accounts*	189	428
- On unpaid dividend account	-	1
Cash on hand	1	1
	<u>190</u>	<u>430</u>
<b>Other bank balances</b>		
- Margin money deposit	412	381
	<u>602</u>	<u>811</u>
<b>Non-current</b>		
<b>Other bank balances</b>		
- Deposits with original maturity for more than 12 months	71	-
Amount disclosed under non-current assets (refer note 11.2)	(71)	-
<b>Total cash and bank balances</b>	<u>602</u>	<u>811</u>
*Includes restricted cash balance amounting to Rs. 55 Lakhs		

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>14 Other income</b>		
Interest income on		
Bank deposits	39	34
Others	-	44
Dividend income on current investments	1	1
Profit on sale of current investments	77	52
Exchange differences (net)	150	128
Liabilities no longer required written back	9	42
Rental income	-	50
	<u>276</u>	<u>351</u>
<b>15. Employee benefit expense</b>	<b>4,879</b>	<b>5,095</b>
Salaries, wages and bonus	315	341
Contribution to provident and other fund	27	48
Gratuity expense (Refer Note-20)	448	518
Staff welfare expenses	135	155
Recruitment and training		
	<u>5,804</u>	<u>6,157</u>
<b>16. Other expenses</b>		
Electricity	474	555
Rent and amenities	790	1,011
Rates and taxes	25	25
Insurance	21	22
Repairs and maintenance		
Plant and machinery	443	287
Others	284	339
Selling commission	240	224
Other selling expenses	16	12
Travelling and conveyance	179	167
Communication costs	19	16
Legal and professional fees	225	244
Bad debts written off / Provisions for loans to subsidiary and Provision for dimunition, other than temporary in value of Investments	275	426
Impairment loss / loss on fixed assets written off	76	21
Miscellaneous expenses	93	174
	<u>3,160</u>	<u>3,523</u>

## Notes

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



## ALLSEC TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>Payment to auditor (Included under legal and professional fees)</b>		
As auditor:	22	19
Audit fee		
In other capacity:	2	2
Other services (certification fees)	24	21
<b>17. Finance costs</b>	13	14
Interest on secured borrowings	24	-
Interest others	40	42
Bank charges	77	56



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

**19. Diminution in the value of investments and other receivables from subsidiaries**

**(a) Allsectech Manila Inc, Philippines**

The financial statements as at March 31, 2014 include investments of Rs. 1,020 lakhs (March 31, 2013 : Rs. 1,020 lakhs) in the equity share capital of its wholly owned subsidiary Allsectech Manila Inc., Philippines and investment in preference share capital of Rs. 1566 lakhs (shown as advances towards preference share capital as at March 31, 2013 : Rs.1,443 lakhs) in such subsidiary.

The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2014. Management has undertaken several initiatives to improve its income from operations and establish profitable operations. Management has also entered into arrangements such as subleasing of excess capacity to earn alternative sources of income. Based on these action plans, the management is confident that the subsidiary will be able to earn sufficient profit which will enable the parent Company to recoup the value of investments in the subsidiary. Based on the above, management is of the view that no provision is required to be made to the carrying value of such investments.

**(b) Allsectech Inc, USA**

The financial statements as at March 31, 2014 include investments of Rs. 1,214 lakhs in its wholly owned subsidiary Allsectech Inc., USA and receivable balance (net) of Rs.84 lakhs from such subsidiary. The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2014.

Management has undertaken several initiatives to restructure the operations of its subsidiary and establish profitable operations. The management believes that the synergy of the consolidated operations of parent and subsidiary increases the operational efficiency of the group. Considering that the investment in subsidiary is long term in nature and steps have been taken by the management for turnaround of the subsidiary, diminution in value is considered as temporary and management is of the view that no provision is required to be made to the carrying value of such investments and other receivables.

**(c) Centigral Inc, USA**

The financial statements as at March 31, 2014 include investments of Rs 35 lakhs in its subsidiary Centigral Inc.USA and advances of Rs.239 lakhs due from such subsidiary. The accumulated losses of Rs.320 lakhs as on March 31, 2014 have substantially eroded the net worth of the subsidiary. Considering the accumulated losses, the management has recorded provision for permanent diminution in the value of investments in and advances due from this subsidiary as on March 31, 2014 in the Financial statements.

**20. Gratuity benefit plans**

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

The following tables summarizes the components of net benefit/ expense recognised in the statement of profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity:

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

### Statement of Profit and Loss account

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	26	35
Interest cost on benefit obligation	16	16
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(15)	(3)
Net employee benefit expense	27	48

### Balance sheet

#### Details of provision for gratuity

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	(198)	(207)	(192)	(208)	(200)
Fair value of plan assets	-	9	2	11	36
Plan asset / (liability)	(198)	(198)	(190)	(197)	(164)
Experience adjustment on plan asset	-	-	(1)	3	1

Experience adjustment on plan liabilities was loss of Rs. 13 (March 31, 2013: gain of Rs. 6; March 31, 2012: gain of Rs. 5; March 31, 2011: loss of Rs. 52)

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

Particulars	As at March 31, 2014	As at March 31, 2013
Opening defined benefit obligation	207	192
Interest cost	16	16
Current service cost	26	35
Benefits paid	(36)	(33)
Actuarial (gains) / losses on obligation	(15)	(3)
Closing defined benefit obligation	198	207

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

Particulars	As at March 31, 2014	As at March 31, 2013
Opening fair value of plan assets	9	2
Expected return	-	-
Contributions by employer	27	40
Benefits paid	(36)	(33)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	-	9
Actual return on plan assets	-	-

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
Investments with insurer	100%	100%

### Assumptions

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate	9.29%	8.00%
Expected return on plan assets	8.70%	8.70%

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

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

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

## 21. Employee stock option plans

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

### Employee Stock Option Scheme (ESOS), 2010

The shareholders at the Annual General Meeting held on August 4, 2010, approved an Employee Stock Option Scheme 2010 (ESOS 2010) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted 390,000 options on August 4, 2010 and 100,000 options on August 2, 2012 at an exercise price of Rs. 45.05/- per share & Rs. 41.25/- per share.

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

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Options outstanding, beginning of year</b>	<b>431,000</b>	<b>343,000</b>
Options granted during the year	-	100,000
Options exercised during the year	-	-
Options lapsed during the year	40,000	12,000
<b>Options outstanding, end of year</b>	<b>391,000</b>	<b>431,000</b>
<b>Options outstanding at the year end comprise :</b>		
- Options eligible for exercise at year end	391,000	431,000
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options (granted in August 04, 2010)	1 year & 4 months	2 years & 4 months
Weighted average remaining contract life of options (for 100,000 options granted on August 02, 2012)	3 years & 4 months	4 years & 4 months
<b>Vesting period of options</b>		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

The summary of the movements in options is as follows:

Particulars	No of options (2013-2014)	Weighted average exercise price	No of options (2012-2013)	Weighted average exercise price (Rs.)
<b>Outstanding at the beginning of the period</b>	<b>431,000</b>	<b>45.05</b>	<b>343,000</b>	<b>45.05</b>
Granted during the year	-	-	100,000	41.25
Lapsed during the year August 2010	40,000	45.05	12,000	45.05
Outstanding at the end of the year				
<b>Granted in August 2010</b>	<b>291,000</b>	<b>45.05</b>	<b>331,000</b>	<b>45.05</b>
<b>Granted on August 2012</b>	<b>100,000</b>	<b>41.25</b>	<b>100,000</b>	<b>41.25</b>

Particulars	As at March 31, 2014	As at March 31, 2013
Weighted average share price at the date of exercise (Rs.)	-	-
Range of share price of options outstanding at the year end (Rs.)		
Granted in August 2010	45.05	45.05
Granted in August 2012	41.25	41.25

### Pro-forma Disclosures for ESOS 2010

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

Particulars	Profit / (Loss) after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2014</b>			
- Amounts as reported	543	3.57	3.47
- Amounts as per pro-forma	543	3.57	3.47
<b>Year ended March 31, 2013</b>			
- Amounts as reported	(333)	(2.19)	(2.19)
- Amounts as per pro-forma	(333)	(2.19)	(2.19)

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

Particulars	ESOS 2010
Risk-free interest rate	7.25%
Expected life	5 years
Expected volatility	56%
Expected dividend yield	-
Share price on the date of grant (04.08.2010)	Rs. 45.05/-
Share price on the date of grant (02.08.2012)	Rs. 41.25/-
Expected forfeiture	30%

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

## Notes

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



ALLSEC TECHNOLOGIES LIMITED

### 22. Leases

#### Finance leases

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

Particulars	March 31, 2014	March 31, 2013
<b>Total as at year end</b>		
Minimum lease payments	145	144
Less: finance charges	24	28
Present value	121	116
<b>Not later than one year</b>		
Minimum lease payments	44	38
Less: finance charges	11	11
Present value	33	27
<b>Later than one year but not later than five years</b>		
Minimum lease payments	100	106
Less: finance charges	13	17
Present value	87	89
<b>Later than five years</b>		
Minimum lease payments	Nil	Nil
Less: finance charges	Nil	Nil
Present value	Nil	Nil

#### Operating leases

Office premises in India are obtained under operating lease. Lease rentals incurred during the year of Rs. 790 (previous year Rs. 1,011) have been charged as an expense in the statement of profit and loss account. The lease terms vary between 3 and 9 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

Particulars	March 31, 2014	March 31, 2013
Up to 1 year	491	784
1 to 5 years	918	1214
Beyond 5 years	-	74
<b>Total</b>	<b>1,409</b>	<b>2,072</b>

### 23. Segment information

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

Information about secondary segments	March 31, 2014	March 31, 2013
<b>Revenue from services</b>		
United States of America	2,758	2,738
United Kingdom	2,541	2,310
India	5,306	5,673
Others	69	27
<b>Total</b>	<b>10,674</b>	<b>10,748</b>

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

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

### 24. Related party disclosures

#### 1. Names of related parties

Relationship	Name of the party
Subsidiaries	Allsectech Inc., USA Allsectech Manila Inc., Philippines Retreat Capital Management Inc., USA Centrigal Inc., USA
Key management personnel	Whole Time Directors: Mr. A. Saravanan Mr. R. Jagadish

#### 2. Transactions with related parties:

Particulars	Subsidiaries		Key Management	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Selling commission – expenses-- Allsectech Inc.	240	224	-	-
Service income billed to -- Allsectech Inc.	-	232	-	-
-- Retreat Capital Management Inc	238	106	-	-
Reimbursement of expenses incurred by WOS on behalf of Parent Company				
-- Allsectech Inc.	-	39	-	-
-- Allsectech Manila Inc.	100	97	-	-
Reimbursement of expenses incurred by Parent company on behalf of WOS				
Retreat capital Management Inc	5	-	-	-
Advances made				
-- Allsectech Manila Inc.	-	141	-	-
-- Centrigal Inc	130	109	-	-
Investment in subsidiary				
-- Allsectech Inc.	619	-	-	-
-- Centrigal Inc	-	35	-	-
-- Retreat Capital Management Inc	313	-	-	-
-- Allsectech Manila Inc- Preference shares	1,566	-	-	-
Remuneration - Wholetime Directors'	-	-	-	-
-- Salaries (also refer Note 25)	-	-	168	253

The Company has extended guarantees aggregating to Rs. 533 (USD 8.85) (previous year – Rs. 521 (USD 9.60) on behalf of its subsidiary Allsectech Inc., USA.

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

### 3. Balances with related parties:

Particulars	Subsidiaries		Key Management	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Trade Receivable				
-- Allsectech Inc.	191	690	-	-
-- Retreat Capital Management Inc	349	105	-	-
Payables				
-- Allsectech Inc.	107	96	-	-
Loans and Advances				
-- Centigral Inc **	239	109	-	-
Investment in subsidiary				
-- Allsectech Inc.	1,214	595	-	-
-- Allsectech Manila Inc.	1,020	1,020	-	-
--Allsectech Manila Inc. - Preference shares	1,566	-	-	-
-- Retreat Capital Management Inc., USA	1,307	994	-	-
-- Centigral Inc**	35	35	-	-
Advance towards investment in preference share capital*				
-- Allsectech Manila Inc.	-	1,443	-	-
Advance recoverable from Directors	-	-	36	-
Maximum amounts outstanding during the year				
Loans and Advances				
--Allsectech Manila Inc.	-	1443	-	-
-- Centigral Inc	239	109	-	-

\* Represents conversion of loan given to Allsectech Manilla Inc. amounting to Rs. 1,443 (USD 26.57) into preference share capital.

\*\* The Company has provided for impairment in the value of Investment in and advances due from the subsidiary as on March 31, 2014. Also refer Note 19 above.

### 25. Compliance with Section 269 of the Companies Act:

The Company had made an application to the Ministry of Corporate Affairs (MCA) in January 2014 seeking approval for the re-appointment of the whole time directors under the section 269 of the Companies Act 1956 and also for the remuneration to be paid to them for the period from April 1, 2013 to March 31, 2016. The application for reappointment was accepted by MCA vide communication dated January 10, 2014, restricting the remuneration to directors to Rs. 84 per annum per director. The Company has paid an amount of Rs. 36 in excess of the remuneration approved by MCA. Management has filed an application for condonation with the Ministry of Corporate Affairs in February 2014 seeking waiver of excess remuneration paid during the period April – December 2013. Pending receipt of such waiver, the excess remuneration paid, amounting to Rs. 36 has been disclosed as 'Advances recoverable from directors'.



## 26. Contingencies and commitments

Particulars	March 31, 2014	March 31, 2013
<b>Commitments</b>		
Capital contracts yet to be executed	4	1
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debts*	109	109

\*Represents demand received from the Tamil Nadu Electricity Board in January 2008 relating to reclassification disputes on the tariff category applicable to the Company in two of its delivery centers with retrospective effect from 2005. The Company has obtained an interim stay order from the Hon'ble High Court of Madras against this claim. The Company considers the claim to be erroneous and as not payable under the specified tariff category applicable to ITES units. The company has pending assessments with local tax authorities for FY 2004-FY 2007. However as these assessments are expected to have an impact only on the carried forward losses and unabsorbed depreciation that can be carried forward by the company and not give rise to a cash outflow, no amounts have been disclosed as contingent liability.

## 27. Earnings per Share (EPS)

The following reflects the profit and share data used in basic and diluted EPS computation:

Particulars	March 31, 2014	March 31, 2013
Net Profit / (loss) for calculation of basic and diluted EPS	543	(333)
Weighted average number of equity shares in calculating basic	152	152
Effect of dilutive equity shares on account of:		
- Employee Stock option	4	-
Weighted average number of equity shares in calculating diluted	156	152
Par value per share (Rs.)	10	10

## 28. Derivative instruments and unhedged foreign currency exposure

The Company had used derivative financial instruments in the form of forward exchange contracts to hedge its risks associated with foreign currency fluctuations during the year. Accounting policy for forward exchange contracts is given in Note 2.1 (r) above.

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

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

Particulars	Foreign Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	19.98	1,192	21.54	1,169
	GBP	0.14	14	0.05	5
	EUR	0.35	29	-	-
Payables	USD	1.88	113	2.86	157
Bank balances	USD	0.53	31	5.87	319
Investments	USD	102.45	5,142	60.88	2,644
Loan to subsidiary	USD	4.00	239	2.00	109
Advances towards investment in preference shares	USD	-	-	26.57	1,443

**(b) Derivatives outstanding as at the year end**

Particulars	Purpose
Forward contract to sell US \$: US \$ Nil (March 31, 2013: US\$ Nil)	Hedge of highly probable foreign currency sales

**29. Details of dues to micro and small enterprises as defined under MSMED Act, 2006**

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

**30. Value of imports calculated on CIF basis**

Particulars	March 31, 2014	March 31, 2013
Capital goods	7	-

**31. Expenditure in foreign currency (accrual basis)**

Particulars	March 31, 2014	March 31, 2013
Connectivity cost	276	266
Selling commission	240	224
Foreign travel	34	49
Maintenance charges	82	49
Legal and professional charges	34	93
Others	9	9

## Notes

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



ALLSEC TECHNOLOGIES LIMITED

### 32. Earnings in foreign currency (accrual basis)

Particulars	March 31, 2014	March 31, 2013
Service income	5,368	5,075

### 33. Previous year figures

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

#### For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration No.: 101049W  
Chartered Accountants

#### per S. Balasubrahmanyam

Partner

Membership No: 053315

Place : Chennai

Date : May 23, 2014

#### For and on behalf of the Board of Directors

**A. Saravanan**  
Director

**R. Jagadish**  
Director

**A. Mohan Kumar**  
Company Secretary

## Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

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

(Rs in Thousands)

1.	Name of the Subsidiary Company	Allsectech Inc.,	Allsectech Manila Inc.,	Retreat Capital Management Inc.,	Centigral Inc
2.	Financial Year of the Subsidiary ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
3.	Extent of interest in Subsidiary Company	100%	100%	77%	80%
4.	Net aggregate amount of the Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of the Company				
	a) Dealt with in the Company's Accounts				
	I) For the Financial Year of the Subsidiary.	Nil	Nil	Nil	Nil
	II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	Nil	Nil	Nil	Nil
	b) Not Dealt with in the Company's Accounts				
	I) For the Financial Year of the Subsidiary.	(16,819)	(12,535)	(400,647)	(19,995)
	II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	(103,787)	(180,302)	(285,626)	(11,431)
5.	Change in the interest of the Company between the end of the financial year of the Subsidiary Companies and the Company's Financial Year ended 31st March 2014	NA	NA	NA	NA
6.	Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial year ended 31st March 2014				
	a. Fixed Assets				
	b. Investments	NA	NA	NA	NA
	c. Money lent				
	d. Money borrowed other than those for meeting Current Liabilities				

### Information of Subsidiary Companies for the year ended March 31, 2014 disclosed under Section 212(8) of the Companies Act, 1956 as per the General Circular #2/2011 dated 2nd February, 2011 issued by the Central Government

Sl. No.	Particulars	Allsectech Inc.,		Allsectech Manila Inc		Retreat Capital Management Inc		Centigral Inc	
		US Dollar	Rs.	Phillippine peso	Rs.	US Dollar	Rs.	US Dollar	Rs.
	Period	01-APR-2013 to 31-MAR-2014		01-APR-2013 to 31-MAR-2014		01-APR-2013 to 31-MAR-2014		01-APR-2013 to 31-MAR-2014	
(a)	Capital	2,310,000	139,248,879	189,132,171	252,964,279	510,000	30,743,259	80,000	4,822,472
(b)	Reserves	(2,286,908)	(137,856,872)	(180,040,573)	(240,804,266)	(1,001,296)	(60,359,024)	(560,187)	(33,768,577)
(c)	Total Assets	431,301	25,999,212	28,535,204	38,165,835	6,688,880	403,211,706	16,937	1,020,978
(d)	Total Liabilities	408,209	24,607,206	19,443,606	26,005,823	7,180,176	432,827,471	497,124	29,967,082
(e)	Investment (Except in case of investment in Subsidiaries)	-	-	-	-	-	-	-	-
(f)	Turnover	1,087,729	65,569,283	97,557,301	130,482,890	13,350,987	804,809,512	-	-
(g)	Profit/(Loss) Before Taxation	(164,263)	(9,901,921)	(8,303,389)	(11,105,783)	(8,787,117)	(529,695,321)	(338,125)	(20,382,479)
(h)	Provision for Taxation	(10,862)	(654,771)	(886,681)	(1,185,936)	(2,376,880)	(143,280,466)	-	-
(i)	Profit After Taxation	(175,125)	(10,556,693)	(9,190,070)	(12,291,719)	(6,410,237)	(386,414,856)	(338,125)	(20,382,479)
(j)	Proposed Dividend	-	-	-	-	-	-	-	-

# Exchange Rate (INR) for USD 60.2809 and Php 1.3375

For and on behalf of the Board of Directors

Place : Chennai  
Date : May 23, 2014

**A. Saravanan**  
Director

**R. Jagadish**  
Director

**A. Mohan Kumar**  
Company Secretary



ALLSEC TECHNOLOGIES LIMITED

*Consolidated Financial Statements  
for the year ended March 31, 2014*





### To the Board of Directors of Allsec Technologies Limited

We have audited the accompanying consolidated financial statements of Allsec Technologies Limited ("the Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matter

We did not audit total assets of Rs. 537 lakhs as at March 31, 2014, total revenues of Rs. 1,669 lakhs and net cash outflows amounting to Rs. 77.79 lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. The management of the Company has converted the audited financial statements of the foreign subsidiaries prepared under the generally accepted accounting principles of their respective countries to accounting principles generally accepted in India ("Indian GAAP") for the purpose of preparation of the Company's consolidated financial statements in accordance with Indian GAAP. Our opinion thus, insofar it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors under the accounting policies generally accepted in respective countries and our review of the conversion process followed by management.

Our opinion is not qualified in respect of this matter.

**For S.R. Batliboi & Associates LLP**  
**Chartered Accountants**  
**ICAI Firm's Registration Number: 101049W**

**per S. Balasubrahmanyam**  
Partner

Membership Number: 053315

Place : Chennai

Date : May 23, 2014.

# Consolidated Balance Sheet

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



**ALLSEC TECHNOLOGIES LIMITED**

PARTICULARS	Notes	As at March 31, 2014	As at March 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,524	1,524
Reserves and surplus	4	6,430	8,620
		<u>7,954</u>	<u>10,144</u>
Minority Interest		-	1,024
<b>Non-current liabilities</b>			
Long-term borrowings	5	260	325
Long-term provisions	6	43	46
		<u>303</u>	<u>371</u>
<b>Current liabilities</b>			
Short-term borrowings	7	1,191	-
Trade payables	8	1,050	1,208
Other current liabilities	8	1,119	3,116
Short-term provisions	6	255	264
		<u>3,615</u>	<u>4,588</u>
<b>Total</b>		<u>11,872</u>	<u>16,127</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	2,229	2,696
Intangible assets	9	1,677	1,597
Capital work-in-progress		33	682
Long-term loans and advances	10	655	2,063
Other non-current assets	11.2	71	26
Deferred Tax Asset		1,666	-
		<u>6,331</u>	<u>7,064</u>
<b>Current assets</b>			
Current investments	12	1,072	888
Trade receivables	11.1	3,266	5,582
Cash and bank balances	13	889	1,631
Short-term loans and advances	10	258	866
Other current assets	11.3	56	96
		<u>5,541</u>	<u>9,063</u>
<b>Total</b>		<u>11,872</u>	<u>16,127</u>

Summary of significant accounting policies 2.1  
 The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

per **S. Balasubrahmanyam**  
 Partner  
 Membership No: 053315

Place : Chennai  
 Date : May 23, 2014

**For and on behalf of the Board of Directors**

**A. Saravanan**  
 Director

**R. Jagadish**  
 Director

**A. Mohan Kumar**  
 Company Secretary

# Consolidated Profit and Loss Account

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Notes	Year ended March 31, 2014	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations	14	19,962	32,007
Other income	15	271	416
<b>Total revenue (I)</b>		<u>20,233</u>	<u>32,423</u>
<b>Expenses</b>			
Connectivity costs		664	777
Employee benefits expense	16	16,339	21,297
Other expenses	17	6,682	6,292
<b>Total (II)</b>		<u>23,685</u>	<u>28,366</u>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>(3,452)</b>	4,057
Depreciation and amortization expense	9	1,242	1,477
Finance costs	18	669	517
<b>Profit / (Loss) before tax</b>		<u>(5,363)</u>	<u>2,063</u>
<b>Tax expenses</b>			
Current tax		17	1,179
Deferred tax (Note 19)		(1,666)	-
<b>Total tax expense</b>		<u>(1,649)</u>	<u>1,179</u>
<b>Profit/(loss) after tax and before minority interest</b>		<u>(3,714)</u>	<u>884</u>
<b>Minority interest</b>		<u>(1,211)</u>	689
<b>Profit/(loss) after tax and minority interest</b>		<u>(2,503)</u>	<u>195</u>
<b>Earnings per equity share</b>			
	26		
Basic earnings per share (equity shares, par value Rs. 10/- each)		(16.43)	1.28
Diluted earnings per share (equity shares, par value Rs. 10/- each)		(16.43)	1.24

Summary of significant accounting policies

2.1

The accompanying notes are an intergral part of the financial statements.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

ICAI Firm Registration No.: 101049W

Chartered Accountants

**per S. Balasubrahmanyam**

Partner

Membership No: 053315

Place : Chennai

Date : May 23, 2014

**For and on behalf of the Board of Directors**

**A. Saravanan**

Director

**R. Jagadish**

Director

**A. Mohan Kumar**

Company Secretary

## Consolidated Cash Flow Statement

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. Cash flow from operating activities</b>		
Profit / (Loss) before tax	(5,363)	2,063
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/amortization on continuing operation	1,242	1,477
Impairment (Loss) / Loss on fixed assets written off	1,032	21
Unrealized foreign exchange gain	447	195
Bad debts written off / Provision for bad & doubtful debts on Advances	223	491
Interest expense	185	14
Net gain on sale of current investments	(77)	(51)
Liabilities No Longer Required	(9)	(42)
Interest income	(39)	(34)
Dividend income	(1)	(1)
Operating profit before working capital changes	<u>(2,360)</u>	<u>4,133</u>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade payables and provisions	(932)	1,034
(Decrease)/increase in trade receivables	2,241	(1,083)
(Decrease) / increase in loans and advances	383	(212)
(Decrease)/increase in other assets	(10)	(7)
Cash generated from /(used in) operations	<u>(678)</u>	<u>3,865</u>
Direct taxes paid (net of refunds)	75	(1,143)
<b>Net cash flow from / (used in) operating activities (A)</b>	<u>(603)</u>	<u>2,722</u>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets	(1,179)	(1,846)
Proceeds from sale of fixed assets	85	60
Investments in / (withdrawal from) term deposits	(31)	(88)
Proceeds of current investments	6,779	6,005
Purchase of current investments	(6,885)	(6,331)
Interest received	44	26
Dividends received	1	1
<b>Net cash flow from/(used in) investing activities (B)</b>	<u>(1,186)</u>	<u>(2,173)</u>

# Consolidated Cash Flow Statement

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



**ALLSEC TECHNOLOGIES LIMITED**

PARTICULARS	Year ended March 31, 2014	Year ended March 31, 2013
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	38	493
Repayment of long-term borrowings	(25)	(63)
Proceeds / (Repayment) from short-term borrowings	1,191	(156)
Interest paid	(185)	(14)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>1,019</b>	<b>260</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(770)	809
Effect of exchange differences on cash & cash equivalents held in foreign currency	(3)	(4)
Cash and cash equivalents at the beginning of the year	1,250	445
Cash and cash equivalents at the end of the year	<b>477</b>	<b>1,250</b>
<b>D. Components of cash and cash equivalents</b>		
Cash on hand	1	2
With banks-		
- on current account*	476	1,247
- unpaid dividend accounts**	-	1
<b>Total cash and cash equivalents (Note 13)</b>	<b>477</b>	<b>1,250</b>

Summary of significant accounting policies 2.1

\* Includes restricted cash balance amounting to Rs. 55 Lakhs

\*\*The company can utilize these balances only towards settlement of the respective unpaid dividend.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

**For and on behalf of the Board of Directors**

**per S. Balasubrahmanyam**  
Partner  
Membership No: 053315

**A. Saravanan**  
Director

**R. Jagadish**  
Director

**A. Mohan Kumar**  
Company Secretary

Place : Chennai  
Date : May 23, 2014



### 1. Corporate information

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

The Company has four subsidiaries as at the year end. They are:

- Allsectech Inc., USA ('Allsectech') – A wholly owned subsidiary of the Company incorporated on September 14, 2000 in the state of Delaware, USA. This subsidiary is engaged primarily in the business of providing marketing support services to the Company.
- Allsectech Manila Inc ('ATM') (formerly Kingdom Builders Inc, Philippines) – A wholly owned subsidiary of the Company engaged in the business of IT enabled services including web development, web design, search engine optimization, strategic Teleservices, customer care and quality management. The Company had acquired controlling interest in this Company on February 14, 2008.
- Retreat Capital Management Inc., USA ('Retreat') – The Company had acquired 66% of the outstanding equity capital of Retreat during 2011. During the current year, the Company has acquired additional equity in Retreat, thereby increasing its holdings to 77% as at March 31, 2014. Retreat is engaged in the business of providing loss mitigation, portfolio management and management consulting services for mortgage lender, servicers, asset managers and investors.
- Centigral Inc, USA ('Centigral') -The Company had entered into a Share Subscription Agreement ('SSA') dated August 23, 2012 with the shareholders of Centigral Inc, USA ('Centigral'). Based on such agreement, the Company had acquired 80% of the paid up capital of Centigral on September 11, 2012. Centigral is engaged in the business of providing management consultancy services in health care and business analytics.
- Allsectech, ATM, Retreat and Centigral shall hereinafter, be collectively referred to as "the Subsidiaries". Allsec, along with Subsidiaries, shall hereinafter, be collectively referred to as "the Group".

### 2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act') read with general Circular 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs, to reflect the financial position and the results of operations of the Group. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. Further, the financial statements are presented in the general format specified in the revised Schedule VI notified under the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act are not required and so they may not reflect all the disclosure requirements of the Act.

#### 2.1 Summary of significant accounting policies

##### (a) Preparation of consolidation

- i. The Consolidated Financial Statements ('CFS') of the Group have been prepared based on a line-by-line consolidation of the balance sheet as at March 31, 2014 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2014.



- ii. The financial statements of the Subsidiaries considered for the purpose of consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2014.
- iii. The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iv. All material inter-company transactions and balances between the entities included in the CFS have been eliminated on consolidation.
- v. Any excess / shortage of cost to the Company of its investment in the subsidiaries over its proportionate share in the equity of such subsidiaries as at the date of the investment are recognized as goodwill / capital reserve in the CFS.
- vi. Minority interests have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company.

### (b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### (c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts are charged to the statement of profit and loss for the period during which such expenses are incurred.

### (d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.

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

Leasehold improvements are amortized over the estimated useful lives or the remaining primary lease period (3 – 4 years), whichever is less. Assets individually costing Rupees five thousand or less are fully depreciated in the year of purchase.

The assets of Allsectech aggregating to Rs. 163 (1.15% of the total group assets) are depreciated using straight line method over its estimated useful life of three years for computers and accessories and five years for networking equipments and furniture and fixtures.



The assets of ATM aggregating to Rs. 1,653 (11.79% of the total group assets) are depreciated using the straight line method over its estimated useful life as follows:

<b>Asset Description</b>	<b>Useful life</b>
Computer and accessories	2 – 3 years
Furniture and fixtures	3 – 5 years
Vehicles	3 – 5 years
Leasehold improvements	6- 7 years

The assets of Retreat aggregating to Rs. 1,508 (10.64% of the group assets) are depreciated using the straight line method over its estimated useful life of six years for computers, five years, for furniture and fixtures and over primary term of lease, Sixty months expiring in July 2017 for leasehold improvements.

The assets of Centrigal Inc., aggregating to Rs. 15 (0.11% of the group assets) are depreciated using the straight line method over its estimated useful life of three years for computers & software and five years for net work equipments, furniture and fixtures.

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

**(e) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

**Computer software**

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management’s estimate of useful life of such software 4 years, or over the license period of the software, whichever is shorter.

**Goodwill**

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

**(f) Leases**

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

The Company has used the following rates to provide depreciation on its fixed assets (vehicles) taken on finance lease.



Asset Description	Rates (SLM)
Vehicles	9.5%

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

**(g) Impairment of tangible and intangible assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount.

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

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

**(h) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



### (i) Revenue recognition

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

#### Income from IT Enabled services

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

#### Income from Loan Modification Services

Retreat's services consist of loan modification processing, underwriting, pre close and closing, Notary, staffing door to door pick up , market analysis and quality control related to mortgage. Revenue from loan modification process is recognised as services are performed in accordance with specific terms of contracts with the customers.

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

#### Dividend income

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

#### Interest

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

### (j) Foreign currency translation

*Foreign currency transactions and balances*

#### (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### (iii) Exchange difference

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

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

**(iv) Forward exchange contracts**

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

***Translation of integral and non-integral foreign operation***

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

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

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

**(k) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for service received before the balance sheet date, then excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation. The costs of providing benefits under such plans are determined on the basis of actuarial valuation at each year-end. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents provision for employee benefits based on the criteria laid down in revised Schedule VI.

**(l) Income taxes**

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(m) Employee stock compensation cost**

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

**(n) Segment reporting****Identification of segments**

The Group's operations predominantly relate to IT enabled services, to customers in and outside India, mortgage services to customers outside India and accordingly these have been considered as primary reportable segment. The Group has considered geographical segment as the secondary segment, based on the location of the 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.

**(o) Earnings per share**

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



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

### (p) Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### (q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

### (r) Cash and cash equivalents

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

### (s) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item is ignored.

### (t) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>3 Share capital</b>		
Authorized shares (No. in lakhs)		
200 [March 31, 2013: 200] Equity shares of Rs. 10/- each	2,000	2,000
13.5 [March 31, 2013: 13.5] Convertible Preference Shares of Rs. 100/- each	<u>1,350</u>	<u>1,350</u>
Issued, subscribed and fully paid-up shares (No. in lakhs)		
<b>152 [March 31, 2013: 152] Equity Shares of Rs. 10/- each fully paid up</b>	<u>1,524</u>	<u>1,524</u>
<b>Total issued, subscribed and fully paid-up share capital</b>	<u>1,524</u>	<u>1,524</u>



**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	March 31, 2014		March 31, 2013	
	No. of Shares (in lakhs)	Amount	No. of Shares (in lakhs)	Amount
At the beginning of the period	152	1,524	152	1,524
Issued during the period	-	-	-	-
Outstanding at the end of the period	152	1,524	152	1,524

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the current year as well as the previous year.

In the event of liquidation of the Company, 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 share holders.

**(c) Details of shareholders holding more than 5% shares in the company**

Equity shares of Rs.10/- each fully paid

Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares (in lakhs)	% holding in the class	No. of Shares (in lakhs)	% holding in the class
Saravanan A	27.37	17.96%	27.18	17.84%
Jagadish R	26.62	17.47%	26.62	17.47%
First Carlyle Ventures Mauritius	47.03	30.86%	47.03	30.86%
Ashish Dhawan	10.75	7.06%	10.75	7.06%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(d) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer Note 21.

## Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>4 Reserves and surplus</b>		
<b>Capital Reserve</b>	251	251
Securities premium account		
Balance as per the last financial statements	12,055	12,019
Add: premium on Issues during the period *	-	36
Securities premium reserve	<u>12,055</u>	<u>12,055</u>
<b>General reserve</b>		
Balance as per the last financial statements	<u>1,413</u>	<u>1,413</u>
<b>Closing Balance</b>	<u>1,413</u>	<u>1,413</u>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(5,060)	(5,255)
Profi/(Loss) for the year	<u>(2,503)</u>	<u>195</u>
<b>Net deficit in the statement of profit and loss</b>	<u>(7,563)</u>	<u>(5,060)</u>
<b>Foreign currency translation reserve</b>		
Balance, beginning of year	(39)	(37)
Add: Exchange difference during the year on net investment in non-integral operations	<u>313</u>	<u>(2)</u>
	<u>(274)</u>	<u>(39)</u>
<b>Total reserves and surplus</b>	<u>6,430</u>	<u>8,620</u>
* Represents Premium on Shares with Centigral Inc, USA		
<b>5 Long-term borrowings</b>		
<b>Other loans and advances</b>		
Finance lease obligation*		
Non-current portion	260	325
Current maturities	<u>227</u>	<u>149</u>
Secured borrowings	<u>487</u>	<u>474</u>
The above amount includes		-
Amount disclosed under the head "other current liabilities" (Note 8)	<u>(227)</u>	<u>(149)</u>
<b>Net long-term borrowings</b>	<u>260</u>	<u>325</u>

\*Finance lease obligations in Allsec India are secured by hypothecation of the respective vehicles acquired on hire purchase and carry an average interest rate of 10% with repayment term of 5 years.

\*Finance lease obligations of Retreat are secured by equipments, computer peripheral equipments and vehicles acquired which has an interest rate of 2.9% to 5% for equipments and vehicle and 16% to 22.85% in case of computer equipments with repayment terms of 5 years.

## Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>6 Provisions</b>		
<b>Long-term</b>		
Provision for employee benefits		
Provision for gratuity	43	46
<b>Total long term provisions</b>	<u>43</u>	<u>46</u>
<b>Short-term</b>		
Provision for employee benefits		
Provision for employee bonus	27	38
Provision for gratuity	155	152
<b>Provision for leave benefits</b>	73	74
<b>Total short term provisions</b>	<u>255</u>	<u>264</u>
<b>Total Provisions</b>	<u>298</u>	<u>310</u>
<b>7 Short-term borrowings</b>		
Line of Credit*	1,191	-
<b>Total short-term borrowings</b>	<u>1,191</u>	<u>-</u>
*Represents line of credit taken by Retreat which is secured against all business assets of the Company. The line of credit carries interest @ 6.25% (Bank's prime rate plus 1.5%)		
<b>8 Other current liabilities</b>		
Trade payables	1,050	1,208
<b>Other liabilities</b>		
Current maturities of long-term borrowings (note 5) (Includes current maturity of finance lease obligation)	227	149
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	-	1
Others		
- Withholding and other tax payables	728	2,820
- Other non trade payables	164	146
	<u>1,119</u>	<u>3,116</u>
<b>Total Current liabilities</b>	<u>2,169</u>	<u>4,324</u>

# Consolidated Notes

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



# ALLSEC TECHNOLOGIES LIMITED

## 9 Fixed assets

Particulars	Tangible assets						Intangible assets				
	Plant and machinery			Furniture and fixtures *	Leasehold improvements *	Vehicles #	Total	Goodwill on acquisition	Computer software**	Goodwill on Consolidation	Total
	Computers and servers * \$	Call centre equipment *	Office equipment * @								
Cost as at April 1, 2012	2,797	3,862	771	831	2,076	163	10,500	254	1,701	1,227	3,182
Additions	321	104	149	193	109	188	1,064	-	247	41	288
Disposals	251	493	129	92	260	73	1,298	-	39	-	39
<b>At March 31, 2013</b>	<b>2,867</b>	<b>3,473</b>	<b>791</b>	<b>932</b>	<b>1,925</b>	<b>278</b>	<b>10,266</b>	<b>254</b>	<b>1,909</b>	<b>1,268</b>	<b>3,431</b>
Additions	73	10	171	52	44	58	408	-	285	302	587
Disposals	41	253	8	44	-	43	389	-	92	40	132
<b>At March 31, 2014</b>	<b>2,899</b>	<b>3,230</b>	<b>954</b>	<b>940</b>	<b>1,969</b>	<b>293</b>	<b>10,285</b>	<b>254</b>	<b>2,102</b>	<b>1,530</b>	<b>3,886</b>
<b>Depreciation/Amortization</b>											
as at April 1, 2012	1,970	3,050	282	465	1,782	45	7,594	184	1,044	226	1,454
Charge for the year	241	403	121	121	284	23	1,193	51	313	55	419
Disposals	234	485	115	92	260	31	1,217	-	39	-	39
<b>At March 31, 2013</b>	<b>1,977</b>	<b>2,968</b>	<b>288</b>	<b>494</b>	<b>1,806</b>	<b>37</b>	<b>7,570</b>	<b>235</b>	<b>1,318</b>	<b>281</b>	<b>1,834</b>
Charge for the year	319	193	161	87	50	36	846	19	387	-	406
Disposals	39	253	8	44	-	16	360	-	31	-	31
<b>At March 31, 2014</b>	<b>2,257</b>	<b>2,908</b>	<b>441</b>	<b>537</b>	<b>1,856</b>	<b>57</b>	<b>8,056</b>	<b>254</b>	<b>1,674</b>	<b>281</b>	<b>2,209</b>
<b>Net Block</b>											
<b>At March 31, 2013</b>	<b>890</b>	<b>505</b>	<b>503</b>	<b>438</b>	<b>119</b>	<b>241</b>	<b>2,696</b>	<b>19</b>	<b>591</b>	<b>987</b>	<b>1,597</b>
<b>At March 31, 2014</b>	<b>642</b>	<b>322</b>	<b>513</b>	<b>403</b>	<b>113</b>	<b>236</b>	<b>2,229</b>	<b>-</b>	<b>428</b>	<b>1,249</b>	<b>1,677</b>

# Vehicles includes vehicles taken on finance lease: Gross block Rs. 251 (March 31, 2013: 267) ; Depreciation charge for the year Rs. (30) (March 31, 2013: Rs. (14)) ; Accumulated depreciation Rs. 43 (March 31, 2013: Rs. 34) ; Net book value Rs. 208 (March 31, 2013: Rs. 233)

\* The company has revised the useful life of assets used in certain locations during the previous year ended March 31, 2013, resulting in an additional depreciation of INR 172 lakhs.

\*\* Includes loss on impairment of assets amounting to Rs. 61 lakhs representing net book value of such assets as at March 31, 2014.

@ Office Equipments includes equipments taken on finance lease: Gross block Rs. 400 (March 31, 2013: 252) ; Depreciation charge for the year Rs. (73) (March 31, 2013: Rs. (35)) ; Accumulated depreciation Rs.105 (March 31, 2013: Rs. 35) ; Net book value Rs. 295 (March 31, 2013: Rs. 217)

\$ Computers includes equipments taken on finance lease: Gross block Rs. 336 (March 31, 2013: 108) ; Depreciation charge for the year Rs. (112) (March 31, 2013: Rs. (9)) ; Accumulated depreciation Rs. 155 (March 31, 2013: Rs. 9) ; Net book value Rs. 181 (March 31, 2013: Rs. 99)

Finance lease obligations of Retreat are secured by equipments, computer peripheral equipments and vehicles acquired which has an interest rate of 2.9% to 5%, for equipments and vehicles, 16% to 22.85% in case of computer equipments.

Additions and Depreciation charge for the current year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs. (144) and Rs. (10) respectively.

Additions and Depreciation charge for Previous year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs. (174) and Rs. (137) respectively.

## Consolidated Notes

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



## ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>10 Loans and advances</b>		
<b>(Unsecured, considered good unless stated otherwise)</b>		
<b>Long-term loans and advances</b>		
Security deposit	531	535
Advances recoverable in cash or kind	-	8
Other loans and advances		
Advance income-tax (net of provision for taxation)	110	1,520
Prepaid expenses	14	-
<b>Total Long-term loans and advances</b>	<b>655</b>	<b>2,063</b>
<b>Short-term loans and advances</b>		
Security deposit	1	59
Advances recoverable in cash or kind	45	681
Doubtful Advances	222	-
Less: Provision for doubtful advances	(222)	-
Other loans and advances		
Prepaid expenses	191	100
Foreign currency receivable	-	9
Balances with statutory/ government authorities	21	17
<b>Total Short-term loans and advances</b>	<b>258</b>	<b>866</b>
<b>Total loans and advances</b>	<b>913</b>	<b>2,929</b>
Short-term Loans and advances include recoverable from Directors	36	-
<b>11 Trade receivables and others assets</b>		
<b>11.1 Trade receivables (unsecured)</b>		
<b>Current trade receivable</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	354	538
Other receivables, considered good	2,912	5,044
<b>Total Current trade receivable</b>	<b>3,266</b>	<b>5,582</b>

## Consolidated Notes

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



## ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>11.2 Other assets (Unsecured, considered good unless stated otherwise)</b>		
<b>Other non-current assets</b>		
Non-current bank balances (Note 13)	71	26
Total Other non-current assets	<u>71</u>	<u>26</u>
<b>11.3 Other current assets</b>		
Interest accrued on fixed deposits	23	28
Unbilled revenues	33	68
<b>Total Other current assets</b>	<u>56</u>	<u>96</u>
<b>12 Current investments</b>		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Un Quoted mutual funds	1,072	888
<b>Total current investments</b>	<u>1,072</u>	<u>888</u>
Aggregate value of unquoted Investments (Net asset value Rs. 1,102, March 31, 2013: Rs. 892)		
<b>Details of Current Investments</b>		
Current Investments in Mutual Funds at the year end comprise:		
	<b>March 31, 2014</b>	
<b>Name of Mutual fund</b>	<b>No of units (in lakhs)</b>	<b>Amount</b>
Reliance Short Term Fund-Growth Plan Growth Option	4.63	100
ICICI Prudential Short Term - Regular Plan - Growth	2.03	50
HDFC Short Term Plan - Growth	2.16	51
Birla Sun Life Dynamic Bond Fund - Retail - Growth - Regular Plan	2.43	50
HSBC Floating Rate Fund - Long Term Plan - Growth	2.67	52
Sundaram Money Fund Regular Growth	3.95	105
HDFC FMP 531D December 2013 (1) Series 29 - Regular - Growth	10.00	100
Baroda Pioneer Liquid Fund Plan A - Growth	0.11	161
Religare Invesco Ultra Short Term Fund - Growth	0.10	176
DWS Money Plus Fund - Institutional Plan - Growth	5.69	75
IDFC Money Manager Fund-Treasury Plan-Growth	3.75	75
Principal Cash Management Fund-Regular Plan Dividend Daily -Reinvestment	0.08	77
<b>Total</b>		<b>1,072</b>

## Consolidated Notes

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



ALLSEC TECHNOLOGIES LIMITED

Name of Mutual fund	March 31, 2013	
	No of units (in lakhs)	Amount
Kotak Floater Long Term - Growth	1.46	27
Reliance Liquid Fund - Treasury Plan - Institutional Option-Growth	0.01	41
Pramerica Liquid Fund - Growth Option	0.08	102
Baroda Pioneer Liquid Fund - Institutional Growth Plan	0.08	101
Tata Floater Fund - Growth	0.04	77
Religare Liquid Fund - Super Institutional Growth	0.06	102
Reliance Short Term Fund-Growth Plan Growth Option	4.63	100
SBI Magnum Insta Cash Fund Liquid Floater - Regular Plan - Growth	0.05	100
Reliance Medium Term Fund - Growth Plan - Growth Option	4.14	100
ICICI Prudential Ultra Short Term - Regular Plan - Growth	11.68	138
<b>Total</b>		<b>888</b>

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>13 Cash and bank balances</b>		
Current		
Cash and cash equivalents		
Balances with banks:		
- On current accounts-Schedule Bank*	189	427
- On current accounts-Non Scheduled Bank	287	820
- On unpaid dividend account	-	1
Cash on hand	1	2
	<u>477</u>	<u>1,250</u>
<b>Other bank balances</b>		
- Margin money deposit	412	381
	<u>412</u>	<u>381</u>
	<u>889</u>	<u>1,631</u>

## Consolidated Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>Non-current</b>		
<b>Other bank balances</b>		
- On current accounts-Non Scheduled Bank	-	26
- Margin money deposit	71	-
	<u>71</u>	<u>26</u>
<b>Amount disclosed under non-current assets (note 11.2)</b>	(71)	(26)
	<u>889</u>	<u>1,631</u>
<b>Total cash and bank balances</b>		
* Includes Restricted cash balances amounting to Rs. 55 Lakhs		
<b>14 Revenue from operations</b>		
Income from IT enabled services	11,914	13,456
Income from Mortgage Services	8,048	18,551
<b>Total</b>	<u>19,962</u>	<u>32,007</u>
<b>15 Other income</b>		
Interest income on		
Bank deposits	39	34
Others	-	44
Dividend income on current investments	1	1
Net gain on sale of current investments	77	51
Exchange differences (net)	83	194
Liabilities no longer required written back	9	42
Rental income	62	50
	<u>271</u>	<u>416</u>
<b>16 Employee benefit expense</b>		
Salaries, wages and bonus	15,340	20,209
Contribution to provident and other fund	369	417
Gratuity expense (Refer Note 20)	27	48
Staff welfare expenses	483	559
Recruitment and training	120	64
	<u>16,339</u>	<u>21,297</u>

## Consolidated Notes

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



## ALLSEC TECHNOLOGIES LIMITED

PARTICULARS	Year ended March 31, 2014	Year ended March 31, 2013
<b>17 Other expenses</b>		
Electricity	583	677
Rent and amenities	1,506	1,610
Rates and taxes	432	170
Insurance	130	91
Repairs and maintenance		
Plant and machinery	664	312
Others	346	505
Other selling expenses	199	310
Travelling and conveyance	521	932
Communication costs	304	198
Legal and professional fees	538	449
Bad debts written off / provision for bad & doubtful debts on Advances	223	454
Impairment loss / Loss on fixed assets written off	1,032	21
Miscellaneous expenses	204	563
	<u>6,682</u>	<u>6,292</u>
<b>18 Finance costs</b>		
Interest	185	354
Bank charges	484	163
	<u>669</u>	<u>517</u>

**19** Retreat has recognised deferred tax asset on current year losses, as the Company is virtually certain that they would be able to utilise the taxable losses of the current year against the taxable profits of the earlier years, as per the local regulation in their jurisdiction. The other subsidiaries and the Company has not recognised deferred tax assets arising primarily on account of carried forward tax losses and unabsorbed depreciation, as subsequent realisation of such amounts is not virtually certain.

### **20 Gratuity benefit plans**

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

The following tables summarize the components of net benefit/ expense recognised in the statement of profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity:


**Statement of Profit and Loss account**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	26	35
Interest cost on benefit obligation	16	16
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(15)	(3)
Net employee benefit expense	27	48

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

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	(198)	(207)	(192)	(208)	(200)
Fair value of plan assets	-	9	2	11	36
Plan asset / (liability)	(198)	(198)	(190)	(197)	(164)
Experience adjustment on plan asset	-	-	(1)	3	1

Experience adjustment on plan liabilities was loss of Rs. 13 (March 31, 2013: gain of Rs. 6; March 31, 2012: gain of Rs. 5; March 31, 2011: loss of Rs. 52 & March 31, 2010: gain of Rs. 46).

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

Particulars	As at March 31, 2014	As at March 31, 2013
Opening defined benefit obligation	207	192
Interest cost	16	16
Current service cost	26	35
Benefits paid	(36)	(33)
Actuarial (gains) / losses on obligation	(15)	(3)
Closing defined benefit obligation	198	207

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

Particulars	As at March 31, 2014	As at March 31, 2013
Opening fair value of plan assets	9	2
Expected return	-	-
Contributions by employer	27	40
Benefits paid	(36)	(33)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	-	9
Actual return on plan assets	-	-

The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
Investments with insurer	100%	100%



**Assumptions**

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate	9.29%	8.00%
Expected return on plan assets	8.70%	8.70%

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

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

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

**21. Employee stock option plan**

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

**Employee Stock Option Scheme (ESOS), 2010**

The shareholders at the Annual General Meeting held on August 4, 2010, had approved an Employee Stock Option Scheme 2010 (ESOS 2010) which provides for an issue of 600,000 options (each option convertible into 1 share) to the employees. Consequently, the compensation committee had granted 390,000 options on August 4, 2010 and 100,000 options on August 2, 2012 at an exercise price of Rs. 45.05/- per share and Rs. 41.25/- per share.

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

Particulars	As at March 31, 2014 (No of options)	As at March 31, 2013 (No of options)
<b>Options outstanding, beginning of year</b>	<b>431,000</b>	<b>343,000</b>
Options granted during the year	-	100,000
Options exercised during the year	-	-
Options lapsed during the year	40,000	12,000
<b>Options outstanding, end of year</b>	<b>391,000</b>	<b>431,000</b>
<b>Options outstanding at the year end comprise :</b>		
- Options eligible for exercise at year end	391,000	431,000
- Options not eligible for exercise at year end	-	-
Weighted average remaining contract life of options	<b>1 year &amp; 4 months</b>	2 years & 4 months
Weighted average remaining contract life of options (for 100,000 options granted on August 02, 2012)	<b>3 years &amp; 4 months</b>	4 years & 4 months
<b>Vesting period of options</b>		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		



The summary of the movements in options is as follows:

Particulars	No of options (2013-2014)	Weighted average exercise price (Rs.)	No of options (2012-2013)	Weighted average exercise price (Rs.)
<b>Outstanding at the beginning of the period</b>	<b>431,000</b>	<b>45.05</b>	<b>343,000</b>	<b>45.05</b>
Granted during the year	-	-	100,000	41.25
Lapsed during the year				
Granted in August 2010	40,000	45.05	12,000	45.05
<b>Outstanding at the end of the year</b>				
Granted in August 2010	291,000	45.05	331,000	45.05
Granted in August 2012	100,000*	41.25	100,000	41.25

\*lapsed on 22 June 2014

Particulars	As at March 31, 2014	As at March 31, 2013
Weighted average share price at the date of exercise (Rs.)	-	-
Range of share price of options outstanding at the year end (Rs.) Granted in August 2010	45.05	45.05
Granted in August 2012	41.25	41.25

#### Pro-forma Disclosures for ESOS 2010

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

Particulars	Profit / (Loss) after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2014</b>			
- Amounts as reported	(2,503)	(16.43)	(16.43)
- Amounts as per pro-forma	(2,503)	(16.43)	(16.43)
<b>Year ended March 31, 2013</b>			
- Amounts as reported	195	1.28	1.24
- Amounts as per pro-forma	195	1.28	1.24

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

Particulars	ESOS 2010
Risk-free interest rate	7.25%
Expected life	5 years
Expected volatility	56%
Expected dividend yield	-
Share price on the date of grant (on 04.08.2010)	Rs. 45.05/-
Share price on the date of grant (on 02.08.2012)	Rs. 41.25/-
Expected forfeiture	30%

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



## 22. Leases

### Finance leases

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

Particulars	March 31, 2014	March 31, 2013
<b>Total as at year end</b>		
Minimum lease payments	145	144
Less: Finance charges	24	28
Present value	121	116
<b>Not later than one year</b>		
Minimum lease payments	44	38
Less: Finance charges	11	11
Present value	33	27
<b>Later than one year but not later than five years</b>		
Minimum lease payments	100	106
Less: Finance charges	13	17
Present value	87	89
<b>Later than five years</b>		
Minimum lease payments	Nil	Nil
Less: Finance charges	Nil	Nil
Present value	Nil	Nil

Finance lease obligations of Retreat are secured by equipments, computer peripheral equipments and vehicles. The lease terms range between 3 and 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	March 31, 2014	March 31, 2013
<b>Total as at year end</b>		
Minimum lease payments	394	411
Less: Finance charges	27	53
Present value	367	358
<b>Not later than one year</b>		
Minimum lease payments	216	152
Less: Finance charges	21	30
Present value	195	122
<b>Later than one year but not later than five years</b>		
Minimum lease payments	178	259
Less: Finance charges	6	23
Present value	172	236



## Operating leases

Office premises in India are obtained under operating lease. Lease rentals incurred during the year of Rs. 790 (previous year Rs. 1,011) have been charged as an expense in the statement of profit and loss account. The lease terms vary between 3 and 9 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

Particulars	March 31, 2014	March 31, 2013
Up to 1 year	491	784
1 to 5 years	918	1,214
Beyond 5 years	-	74
<b>Total</b>	<b>1,409</b>	<b>2,072</b>

Allsectech Manila Inc has entered into an operating lease. Lease rentals incurred during the year of Rs. 259 (previous year Rs. 209) have been charged as an expense in the statement of profit and loss. The lease terms vary between 1 and 3 years. There are no restrictions imposed by lease arrangements. The future lease rentals payable are as follows:

Particulars	March 31, 2014	March 31, 2013
Upto 1 year	251	244
1 to 3 Years	197	454
<b>Total</b>	<b>448</b>	<b>698</b>

Retreat Management Inc has entered into an operating lease. Lease rentals incurred during the year of Rs. 267. (previous year Rs. 228) have been charged as an expense in the statement of profit and loss. The lease terms vary between 1 and 3 years. There are no restrictions imposed by lease arrangements. There are no subleases. The future lease rentals payable are as follows:

Particulars	March 31, 2014	March 31, 2013
Upto 1 year	259	235
1 to 3 Years	167	401
<b>Total</b>	<b>426</b>	<b>636</b>

## 23. Segment information

- a. The groups operations predominantly relates to IT enabled services for customers located in India and outside India and Mortgage Services to the customers outside india, accordingly these have been considered as primary reportable segments. The group has considered geographical as the secondary segment based on the location of the customers.
- b. Segment accounting polices-

The group prepares its segment information in conformity with the Accounting policies adopted for preparing and presenting the financial statement of the group as a whole.

## Consolidated Notes

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



**ALLSEC TECHNOLOGIES LIMITED**

Particulars	IT Enabled Services		Mortgage services		Elimination entries		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Total revenue (net)	12,152	13,467	8,048	18,551	(238)	(11)	19,962	32,007
Segment result	350	(1,225)	(5,083)	3,738	-	(11)	(4,734)	2,502
Unallocated corporate expenses / (Income)	-	-	-	-	-	-	-	-
Operating profits	350	(1,225)	(5,083)	3,738	-	(11)	(4,734)	2,502
Interest Expense	87	68	582	449	-	-	669	517
Interest income	39	78	-	-	-	-	39	78
Tax Expenses / (Income)	17	15	(1,666)	1,163	-	-	(1,649)	1,187
<b>Net profit after taxes</b>	<b>285</b>	<b>(1,230)</b>	<b>(3,999)</b>	<b>2,125</b>	<b>-</b>	<b>(11)</b>	<b>(3,714)</b>	<b>884</b>
<b>Other Information:-</b>								
Segment assets	8,189	9,831	4,032	6,412	(349)	(116)	11,872	16,127
Unallocated corporate assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>8,189</b>	<b>9,831</b>	<b>4,032</b>	<b>6,412</b>	<b>(349)</b>	<b>(116)</b>	<b>11,872</b>	<b>16,127</b>
Segment liabilities	1,571	1,782	2,696	3,282	(349)	(105)	3,918	4,959
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,571</b>	<b>1,782</b>	<b>2,696</b>	<b>3,282</b>	<b>(349)</b>	<b>(105)</b>	<b>3,918</b>	<b>4,959</b>
Capital expenditures	637	490	358	862	-	-	995	1,352
Depreciation and amortization	804	1,284	438	193	-	-	1,242	1,477

Information about secondary segments	March 31, 2014	March 31, 2013
<b>Revenue from services</b>		
United States of America	12,046	23,997
United Kingdom	2,541	2,310
India	5,306	5,672
Others	69	28
<b>Total</b>	<b>19,962</b>	<b>32,007</b>

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



### 24. Related party disclosures

#### 1. Names of related parties

Relationship	Name of the party
Key management personnel	
	1) Whole Time Directors in Allsec a) Mr. A. Saravanan b) Mr. R. Jagadish 2) Whole Time Director in Retreat a) Mr. Aravinthan Wijay

#### 2. Transactions with related parties:

Particulars	Key Management Personnel	
	March 31, 2014	March 31, 2013
Remuneration - Wholetime Directors' Salaries		
-- Allsec Technologies Limited	168*	253
-- Retreat Capital Management Inc, USA.	254	584

\*(also refer Note 27)

#### 3. Balances with related parties:

Particulars	Key Management Personnel	
	March 31, 2014	March 31, 2013
Advances Recoverable from Directors	36	-

### 25. Contingencies and commitments

Particulars	March 31, 2014	March 31, 2013
<b>Commitments</b>		
Capital contracts yet to be executed	4	1
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debts*	109	109

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



**26. Earnings per Share (EPS)**

The following reflects the profit and share data used in basic and diluted EPS computation:

Particulars	March 31, 2014	March 31, 2013
Net Profit / (loss) for calculation of basic and diluted EPS	(2,503)	195
Weighted average number of equity shares in calculating basic (No. in Lakhs)	152	152
Effect of dilutive equity shares on account of:		
- Employee Stock option (Refer Note - 21)	-	5
Weighted average number of equity shares in calculating diluted	152	157
Par value per share (Rs)	10	10

**27. Compliance with Section 269 of the Companies Act**

The Company had made an application to the Ministry of Corporate Affairs (MCA) in January 2014 seeking approval for the re-appointment of the whole time directors under the section 269 of the Companies Act 1956 and also for the remuneration to be paid to them for the period from April 1, 2013 to March 31, 2016. The application for reappointment was accepted by MCA vide communication dated January 10, 2014, restricting the remuneration to directors to Rs.84 lakhs per annum per director. The Company has paid an amount of Rs. 36 in excess of the remuneration approved by MCA. Management has filed an application for condonation with the Ministry of Corporate Affairs in February 2014 seeking waiver of excess remuneration paid during the period April – December 2013. Pending receipt of such waiver, the excess remuneration paid, amounting to Rs 36 has been disclosed as ‘Advances recoverable from directors’.

**28. Previous year figures**

Previous year figures have been regrouped / Reclassified, wherever necessary, to conform to current year’s classification. Previous year figures include the asset and liabilities as at March 31, 2013 and transactions of Centigral for the period from September 11, 2012 (Date of acquisition of controlling Interest) till March 2013. Accordingly, figures of current year are not strictly comparable with those of the prior years.

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

**per S. Balasubrahmanyam**  
Partner  
Membership No: 053315

Place : Chennai  
Date : May 23, 2014

**For and on behalf of the Board of Directors**

<b>A. Saravanan</b> Director	<b>R. Jagadish</b> Director	<b>A. Mohan Kumar</b> Company Secretary
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# ALLSEC TECHNOLOGIES LIMITED

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

Mr./Ms \_\_\_\_\_

## ATTENDANCE SLIP

**Date & Time** Thursday  
14th August 2014  
10.00 AM

**Venue** Narada Gana Sabha,  
Mini Hall, 314, TTK Salai,  
Alwarpet, Chennai 600018

**Folio No.**

**No. of Shares**

## DEMAT PARTICULARS

**DP ID No.**

I N

**Client ID No.**

**MEMBER**

**PROXY**

(Please tick as applicable)

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

I hereby record my presence at the  
15th Annual General Meeting of the Company

-----  
Signature of Member / Proxy



# ALLSEC TECHNOLOGIES LIMITED

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

**DP ID No.**

I N

**Client ID No.**

## FORM OF PROXY

**Folio No.**

**No. of Shares held**

I / We ..... of

(Address)

being Member of ALLSEC TECHNOLOGIES LIMITED hereby appoint

(Name of Proxy)

..... Or falling him

(Address of Proxy)

..... of

(Name of alternate proxy)

..... As my / our

(Address of alternate proxy)

Proxy to vote for me / us on my / our behalf at the 15th ANNUAL GENERAL MEETING of the Company to be held at 10.00 AM on Thursday, the 14th August 2014 and at any adjournment thereof.

Dat: .....

Signature .....

Re. 1  
Revenue  
Stamp



Tear Here



