ALLSEC TECHNOLOGIES LIMITED

Annual Report

2008 - 09


Mumbai
Pune
ALLSEC
Bangalore
Delhi

Corporate Information

ALLSEC TECHNOLOGIES LIMITED

Board of Directors

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

Management Team

Mr.R.Vaithiyanathan	*Senior Vice President – Operations & HR*
Mr.K.Narasimha Nayak	*Chief Financial Officer*
Mr.Anand Krishnan	*Vice President – Marketing*
Mr.Saravanan Thambusamy	*Vice President – Technology*
Mr.C.Mahadevan	*Vice President – HR BPO*
Mr.C.S.Bapaiah	*Vice President – HR*
Mr. Amarendra Kumar Jha	Vice President – Domestic Business

Company Secretary

Mr.A.Mohan Kumar

Auditors

S.R.Batliboi & Associates
Chartered Accountants
Chennai

Registered Office

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

Corporate Office

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

Bankers

- Canara Bank
- HDFC Bank

Registrars & Transfer Agents

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

Contents

Notice is hereby given that the 10th Annual General meeting of the Shareholders of **ALLSEC TECHNOLOGIES LIMITED** will be held at 10.00 A.M. on Friday the 31st July, 2009 at Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600018 to transact the following business :

Ordinary Business :

1. To consider and adopt the Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the period ended 31st March 2009 along with the Schedules, the report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Dr.Bala V Balachandran who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr.R.Jagadish who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT M/s. S. R. Batliboi & Associates, Chartered Accountants, the retiring auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be decided by the Board of Directors plus reimbursement of actual travel and other out-of-pocket expenses."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members of the Company and Transfer Books thereof will be closed from 24th July 2009 to 31st July 2009 (both days inclusive).
3. 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 and effected by them will help the Company and its Registrars to provide efficient and better services to the Members.
4. The proxies appointed, should bring their attendance slips sent herewith, dully filled in, for attending the meeting.

By Order of the Board

Place : Chennai
Date : June 15, 2009

A Mohan Kumar
Company Secretary

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

Annexure to Item No.2 & 3 of the Notice
Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Dr. Bala V Balachandran	Mr.R. Jagadish
Date of Birth	6 - July - 1937	5 - May - 1962
Date of Appointment on the Board	31 - December - 2000	24 - August - 1998
Qualifications	B.Sc. (Hons.) Mathematics / Statistics, M.A., Mathematics/Statistics, M.S. Applied Statistics, Annamalai University, MSE, Engineering, University of Dayton; MSIA; Business Administration, PhD; Industrial Administration, Carnegie-Mellon University; CPA; CMA.	B.Sc. (Physics), Chartered Accountant from Institute of Chartered Accountant of India and Management Accountant from the Institute of Management Accountants, London.
Shareholding in Allsec as on 15 June, 2009	70,000 Equity Shares of Rs.10/- each	23,20,081 Equity Shares of Rs.10/- each
List of Directorship held in other Companies	Godrej Consumer Products Ltd Great Lake Institute of Management Solid Systems Engineering - USA Air Control Science - USA Also the member of Audit Committee in Godrej Consumer Products Ltd.	Allsectech Inc., USA Allsectech Manila Inc., - Philippines
Nature of expertise in specific functional areas	Eminent Economist, distinguished Professor of Accounting, Information System and Decision Sciences and Director of the Accounting Research Center at J.L. Kellogg Graduate School of Management, Illinois, USA, Dr. Bala V. Balachandran has over 40 years of experience in accounting and expertise in management. He has to his credit several honors, Awards, Fellowships, Teacher Award, and Alumni Faculty Choice Award.	He has a post qualification expereice of 25 years and over 20 years of experience in Enterprise creation and corporate Management, which he has effectively used whilst being the co-promoter of the Allsec. As the Chief Executive Officer and Whole Time Director, he is responsible for the day to day operations of the Company. The Re-appointment of Mr. R.Jagadish retiring by rotation will not alter terms of his appointment as Whole Time Director approved by the shareholders of the Company in the Extra-Ordinary General Meeting held on 21st February, 2008.

By Order of the Board

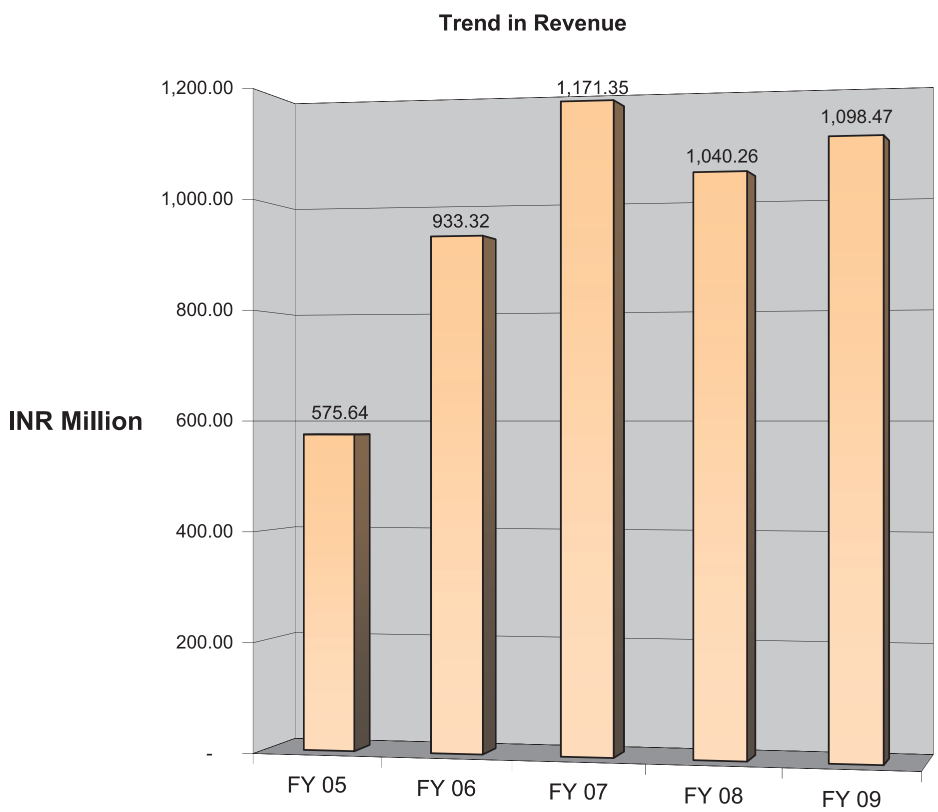
Place : Chennai,
Date : June 15, 2009

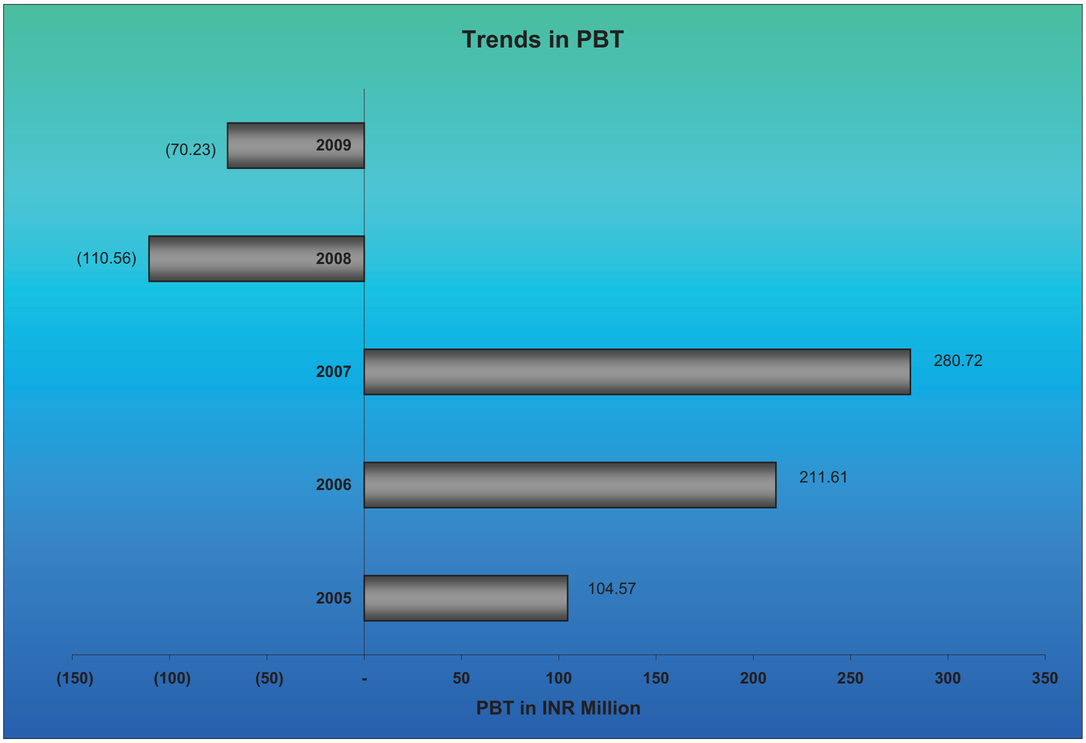
A Mohan Kumar
Company Secretary

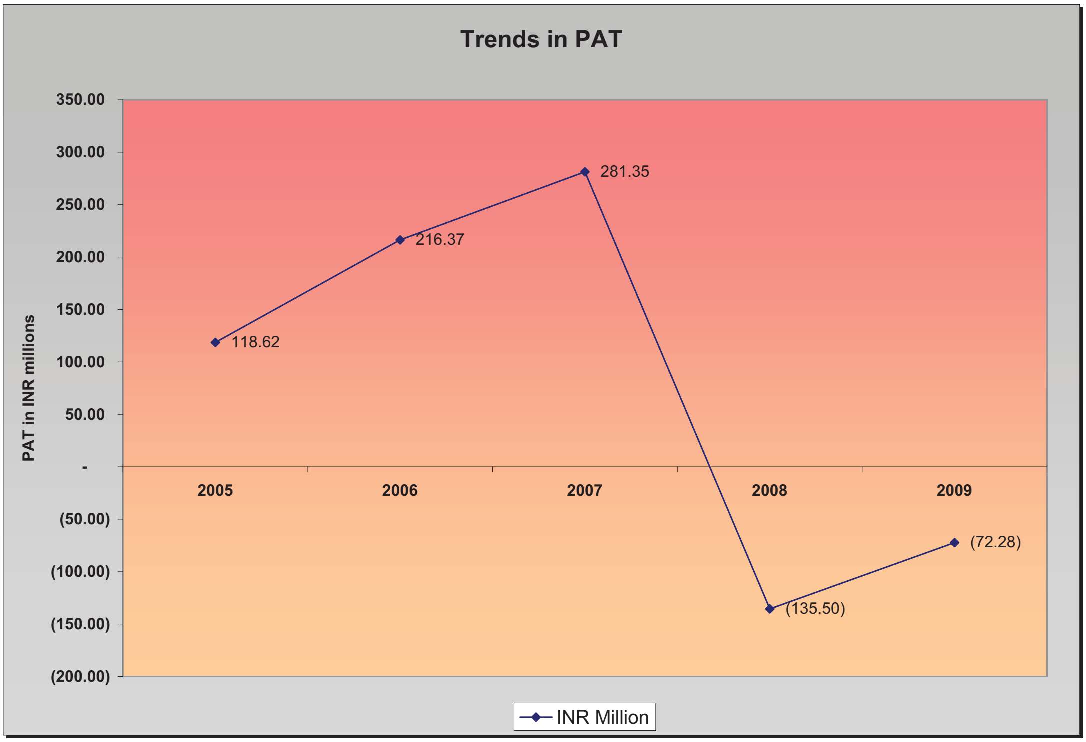
Registered Office:
7H, Century Plaza, 560-562, Anna Salai, Teynampet, Chennai 600 018.

(Rs. in Million)

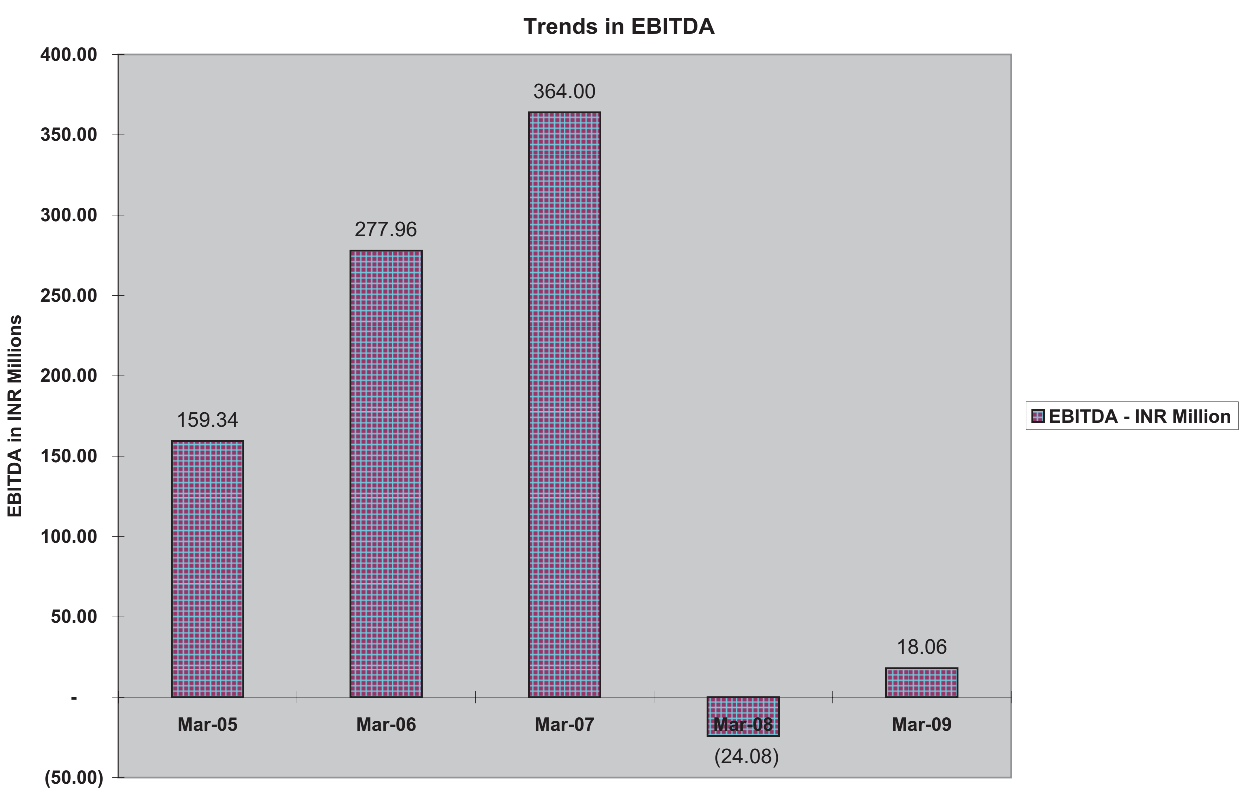
		Year Ended March 31, 2005	Year Ended March 31, 2006	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009
A.	***Profit and Loss Account***					
	Income from services	575.53	922.56	1132.79	990.16	964.92
	Other income	0.11	10.76	38.56	50.10	133.54
	Total income	575.64	933.32	1171.35	1040.26	1098.46
	Gross Profit before Interest, depreciation & Tax (EBITDA)	159.34	277.96	364.00	(24.08)	18.06
	Depreciation & Amortisation	40.80	61.31	79.42	83.90	84.48
	Profit/(Loss) before interest & tax	118.54	216.65	284.58	(107.98)	(66.42)
	Interest	13.97	5.04	3.86	2.58	3.81
	Profit/(Loss) before taxation	104.57	211.61	280.72	(110.56)	(70.23)
	Profit/(Loss) after taxation	118.62	216.37	281.35	(135.50)	(72.28)
B.	***Balance Sheet***					
	Net fixed assets	144.02	341.95	290.41	291.44	266.67
	Investments	14.90	108.42	884.79	793.24	453.81
	Net current Assets	78.27	237.06	498.67	424.36	721.01
	Total	**237.19**	**687.43**	**1673.87**	**1509.04**	**1441.49**
	Share Capital	88.25	120.87	152.38	152.38	152.38
	Reserves & Surplus	128.10	587.34	1542.75	1352.99	1283.19
	Less: Profit & Loss account debit balance	27.10	-	-	-	-
	Miscellaneous expenses (to the extent not written off)	9.60	-	-	-	-
	Net worth	**179.65**	**708.21**	**1695.13**	**1505.37**	**1435.57**
	Loan funds	72.06	1.51	1.56	3.67	5.92
	Deferred Tax (net)	(14.52)	(22.29)	(22.82)	-	-
	Total	**237.19**	**687.43**	**1673.87**	**1509.04**	**1441.49**
C.	EPS (in Rs)	14.37	18.40	20.09	(8.89)	(4.74)
	Diluted EPS (in Rs)	14.12	18.15	19.93	(8.89)	(4.74)
	Book Value per share (in Rs)	20.36	58.59	111.24	98.79	94.21
	Return on Capital Employed (ROCE in %)	50%	32%	17%	(7%)	(5%)
	Return on Networth (RONW in %)	66%	31%	17%	(7%)	(5%)
	Fixed Assets Turnover (No of times)	4.00	2.70	3.90	3.40	3.62
	Working Capital Turnover (No of times)	7.35	3.89	2.27	2.33	1.34
	EBITDA as a % of total income	28%	30%	31%	(2%)	2%
	Net Profit/(Loss) as a % of total income	21%	23%	24%	(13%)	(7%)


Trend in Revenue
INR Million
1,200.00
1,000.00
800.00
600.00
400.00
200.00
-
575.64
933.32
1,171.35
1,040.26
1,098.47
FY 05
FY 06
FY 07
FY 08
FY 09


Trends in PBT
(70.23)
2009
(110.56)
2008
2007
280.72
2006
211.61
2005
104.57
(150)
(100)
(50)
-
50
100
150
200
250
300
350
PBT in INR Million


Trends in PAT
PAT in INR millions
350.00
300.00
250.00
200.00
150.00
100.00
50.00
-
(50.00)
(100.00)
(150.00)
(200.00)
2005
2006
2007
2008
2009
118.62
216.37
281.35
(135.50)
(72.28)
INR Million

EBITDA


Trends in EBITDA
EBITDA in INR Millions
400.00
350.00
300.00
250.00
200.00
150.00
100.00
50.00
-
(50.00)
Mar-05
Mar-06
Mar-07
Mar-08
Mar-09
159.34
277.96
364.00
(24.08)
18.06
EBITDA - INR Million

Having spread its wings pan India, Allsec Technologies strongly believes that its committed work force is imperative in building the success of the organization. With the acquisition in the Domestic Call Center sphere, Allsec made its presence throughout India, backed with the strength of around 3700 employees.

While continuing to strive to be the best employer in the BPO Industry, Allsec Technologies Limited seamlessly focuses on defining and redefining its HR Policies in order to attract the best talent into the company.

The company set its brand value through Operational Efficiency, Quality and People Management. Many young graduates salute Allsec Technologies Limited not only for providing an opportunity to be an Allsecian, but also for the value chain they gain in the society. Continuous enhancements and structuring of the domain and soft skill training help employees in developing their personality, thereby focusing on enriching the individual and organization growth.

At Allsec, the prevailing work culture induces employees to take positive initiatives. Such opportunities help individuals in enhancing their performance and realizing their aspirations. By promoting an open culture, maintaining transparency and through professional integrity, employees of Allsec overwhelmingly contribute to achieve organizational objectives.

Best Employer among BPOs

For the second consecutive year, Allsec Technologies Limited retained a place among the top 10 BPOs in the Eighth Dataquest IDC Best Employer Survey.

While sustaining the glory, yet another feather in the cap for Allsec was,

- **Ranked the 4th Best Employer in India**
- **Ranked 2nd for Best in HR Practices.**

The verdict was based on the survey conducted by Dataquest – IDC Best employer survey. The survey covered employees across 33 companies. The companies were ranked based on Employee Satisfaction and HR best practices.

Allsec also attained a high degree of transparency with the appraisal system by implementing a HR tool that allows employees to view their performance on a day to day basis. The creation of HR-ER business partners within the organization is another significant move by the company. The HR-ER partners work closely with employees and help them in identifying their core competencies and achieve results through a mentoring system.

This is another stride in Allsec's continuing journey to being the Best Employer in the country.

HR Workshop

HR initiatives are taken to hold frequent one day seminars and workshops by guest speakers from the HR industry for the benefit of the Allsec HR team. This initiative focuses on understanding the best HR practice across industries and widening the HR team's spectrum to help them become multifaceted professionals. The first session was on Managing and Motivating skilled workforce. The session also provided useful insights about work life balance.

Allsec believes in helping the employees in maintaining a balanced lifestyle. Numerous events are organized for the employees, keeping in mind their well being and their recreational needs.

Health is Wealth

A healthy employee is a highly motivated employee. Bearing this as principle a Free Dental Camp on Dental hygiene and Dental checkup was organized for the benefit of our employees. This initiative oriented the employees towards dental hygiene and emphasized on remedial measures for tooth ailments.

Ayurvedic Medical Camp was organized, emphasizing on natural cure for casual ailments. An approach on work life balance was presented by Ayurvedic Doctors to our employees, while holding the Ayurvedic medical checkup.

Sports and Games

Towards Team building and to break work routine, employees were encouraged to participate in cricket matches and other out bound activities. The employee response was overwhelming and their enthusiasm was evident from the success of the events.

Community Partnership

Blood Donation Camp

As always, this year has seen overwhelming participation of our employees in the blood donation camp organized by us.

Helping Hand to Orphanage

Employees at Trichy facility visited an orphanage at Vidivelli for lending helping hand to the orphan children. It was a memorable occasion where our employees involved in performing dance with the children and had many events which gave the children a sense of belongingness.

Chennai Marathon

Our solidarity is not restricted within Allsec premises. Our employees participated in large numbers for the Chennai Marathon organized by the Government of Tamil Nadu.

Teach India Campaign

Teach India Campaign is a nation-building initiative for a social cause from the Times of India that brings together children in need of education and people who can contribute a little time in imparting knowledge to them. The initiative is based on one simple principle that if you desire to teach, they will put you in touch with the underprivileged children who are willing to learn. Surprising the organizers, over 120 Allsecians volunteered and enrolled themselves for a noble cause.

It's just a beginning and the destiny is excellence in every sphere. This is the mantra in which the HR Activities and interventions will focus on. Synchronizing people, business and society and taking Allsec to greater heights is the vision of HR.

The Directors have pleasure in presenting to you the 10th Annual Report of the company covering the financial year ended 31st March 2009.

FINANCIAL HIGHLIGHTS

(Rs. in Million)

Particulars	Year Ended March 31 2009	Year Ended March 31 2008
Income from Operations	**964.92**	990.16
Other Income	**133.54**	50.09
Total Income	**1098.46**	1040.25
Profit/(Loss) before interest, depreciation & Tax (EBITDA)	**18.06**	(24.08)
Depreciation & Amortisation	**84.48**	83.90
Profit /(Loss) before interest & tax	**(66.42)**	(107.98)
Interest & Finance charges	**3.81**	2.58
Profit /(Loss) before taxation	**(70.23)**	(110.56)
Profit /(Loss) after taxation	**(72.28)**	(135.50)
Profit / (Loss) brought forward	**(12.80)**	202.56
Surplus/(Deficit) carried forward to Balance Sheet	**(85.08)**	(12.80)

Dividend

Due to the loss incurred during the year, the Board of Directors of your Company does not recommend any dividend for the Financial Year 2008-09.

Business Outlook

During the year, the company continued to make losses due to the following reasons:

- The downturn in International markets affected us from procuring any significant new businesses mainly from USA which has always been our dominant market.
- In this business, the fixed costs are quite high and need to be recovered only through revenue growth.

However compared to FY 2007-08, the company has made significant reduction in its net losses (by about 46%) on almost similar levels of revenue. This was primarily due to higher levels of Domestic business which has offset reductions in the international business and helped the Company maintain revenue as well as realization due to better average foreign exchange conversion levels.

In fact the second half of the year saw the company operating at above break even levels and we believe with volume increases, the company will be able to generate profitability in the years to come.

This may also be treated as an explanation for the statement made in point (x) of the Annexure to Auditors Report dated 15th June, 2009.

The company is pursuing growth through the organic and inorganic routes since a combination of both will help the company achieve better results.

During the year, your company acquired the Indian Domestic Contact Management services division of i2i Telesource Pvt. Ltd. effective 31st July, 2008. This brought in a pan India presence in 8 cities which is particularly useful for the Indian Domestic business.

The Company is pursuing the opportunity to expand in the Indian Domestic market. The company has already signed the interoperability license now allowed by DoT and is also using its current infrastructure to provide voice and non voice services to Indian enterprises.

The Company believes its brand value, international sector experience and value for money offerings combined with its marketing & sales efforts will help garner more customers and larger contracts in the coming years in the Indian Domestic market.

The company has not made provisions towards certain receivables totaling Rs.159.38 million in respect of two foreign customers where amounts are overdue and exceed six months. On the basis of available information and regular confirmations from customers of the balance due and intent to pay the same, the company is confident of recovery of the entire amount and has therefore not made any provision in respect of any losses/reductions on the same. This may be also treated as an explanation for the observations made in para (4) of the Auditors Report dated 15th June, 2009.

New Centers

Consequent to the acquisition of domestic Contact Management services division of i2i Telesource with its existing facilities, the Company has during the year additionally established delivery centers at Delhi, Mumbai, Kolkata, Bengaluru, Kochi, Hyderabad and Jaipur. During the year, the Company has expanded its domestic delivery center at Bengaluru and Mumbai. The company has also created a new center at Pune and these would become operational during 2009-10.

Allsectech Manila Inc

Allsectech Manila Inc (ATM) which was acquired during the last financial year is engaged in Business Process Outsourcing including Contact Center Operations and Web Development Operations. The Company had set up a new delivery center and shifted its operations to this delivery center at Taguig City, Manila during the previous year and same has become fully operational in the current year.

Dissolution of B2K Corp Inc

B2K Corp Inc (a subsidiary of the company since August 2007, subsequent to merger of its erstwhile parent company B2K Corp Pvt Ltd with your company) was dissolved under voluntary dissolution process with effect from October 2008 and the investments made in the company and loans extended to it has been fully recovered.

Reduction of Capital in Allsectech Inc.

The company had invested $8 Mn in Allsectech Inc, its wholly owned subsidiary to help in an acquisition. However with the current environment not being conducive and with no immediate plans to utilize, the money has been returned to the company by Allsectech Inc.

Quality & Information Security

The vision of Quality and Information security at Allsec is to institutionalize excellence in quality of service and security of customer data by developing and deploying simple, efficient and effective processes using the latest Quality models interlined with data security controls prescribed by international standards such as ISO 27001:2005. As part of its continuous improvement program, your Company is certified for ISO 27001 (Information Security Management), ISO 9001:2000. In addition to such certifications, your Company has also achieved SAS 70 Type II certification for its HR BPO services to realize higher levels of maturity and be consistent with business and market needs in HR outsourcing.

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

The details are given in Annexure –A to Directors Report

Responsibility Statement

Your Directors confirm the following:

(i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

(iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

Subsidiaries

The company has two wholly owned subsidiaries as at year end namely Allsectech Inc, USA, and Allsectech Manila Inc., Philippines. During the year B2K Corp Inc., USA which was a wholly owned subsidiary has been dissolved effective October 2008 under a process of voluntary dissolution in USA.

Your Company has been granted exemption for the year ended March 31, 2009 by the Ministry of Corporate Affairs from attaching to its Balance Sheet, the Annual Report and accounts' of its subsidiaries and therefore the accounts of Allsectech Inc, USA , B2K Corp Inc, USA and Allsectech Manila Inc, Philippines are not attached. As per the terms of the exemption, a Statement under Section 212 of the Companies Act, 1956 containing brief financial particulars of the subsidiary companies for the year ended March 31, 2009 is included in the Annual Report.

The Consolidated Financial Statements of the Company and its Subsidiaries prepared in accordance with Accounting Standard AS-21 form part of the Annual Report and Accounts.

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

Deposits:

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

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

Your Company being in the Information Technology Enabled Services (ITES), the provisions relating to conservation of energy and technology absorptions are not applicable. The details of the earnings and expenditure in foreign currency are given below:

Particulars	INR Million
Earnings in Foreign Currency	718.38
Expenditure in Foreign Currency	134.98
Remittance of Dividend in Foreign Currency	NIL

Directors

Dr.Bala V Balachandran and Mr.R.Jagadish Directors retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Corporate Governance

A Report on Management Discussion & Analysis of Performance and Compliance of Corporate Governance under clause 49 of the listing agreement & Certificate from Auditors confirming compliance of conditions of Corporate Governance is included in this Annual Report.

Investor Services

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

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

The Company has provided an exclusive email id: investorcontact@allsectech.com for the investors to facilitate the re-dressal of the queries and complaints of the investors.

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

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

Auditors

M/s. S.R.Batliboi & Associates, Chartered Accountants were re-appointed as Auditors of the company at the annual general meeting held on 31st July 2008. 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 Ltd, 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 : June 15, 2009

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

Employees Stock Option Schemes

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

Date of Grant	ESOP 2004	Exercise Price (per option)	ESOS 2006 (per option)	Exercise Price (per option)
May 6, 2004	286500	Rs.10/-		
January 14, 2005	13500	Rs.10/-		
January 31, 2005	33700	Rs.10/-		
January 25, 2007			350000	Rs.289.75

	Descriptions	ESOS 2004	ESOS 2006
a.	Options granted	333700	350000
b.	The pricing formula	Face Value	Discount of 15% on prevailing market price
c.	Options vested	300000	225500
d.	Options exercised	250600	NIL
e.	The total number of shares arising as a result of exercise of options	250600	NIL
f.	Options Cancelled	33700	NIL
g.	Options lapsed	29600	124500
h.	Variation of terms of options	N.A	N.A
i.	Money realized by exercise of options	Rs.25,06,000/-	NIL
j.	Total number of options in force	19800	225500

k. Employee wise details of options granted to :

(i) Senior Managerial Personnel :

Name	Designation	No. of options granted under ESOS 2004	No. of options granted under ESOS 2006
Mr.R.Vaithiyanathan	Senior Vice President Operations & HR	36,800	20000
Mr.C. Mahadevan	Vice President HR BPO	12,800	20000
Mr.Rafael A Martinez	Vice President - Allsectech Inc,USA (wholly owned Subsidiary)	19,800	20000

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

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

l. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20. Rs. (4.74).

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

Particulars	Profit /(Loss) after tax (Rs in 000's)	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2009			
- Amounts as Reported	(72,281)	(4.74)	(4.74)
- Amounts as per pro-forma	(77,694)	(5.10)	(5.10)
Year ended March 31, 2008			
- Amounts as reported	(135,504)	(8.89)	(8.89)
- Amounts as per pro-forma	(148,550)	(9.75)	(9.75)

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

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

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

Place : Chennai
Date : June 15, 2009

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, 2009 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	**R Jagadish**	**K Narasimha Nayak**
Date : June 15, 2009	Director and CEO	Chief Financial Officer

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

A. Mandatory Requirements

1. Company's Philosophy :

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

2. Board of Directors :

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

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

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

During the year 2008-2009, 5 Board Meetings were held on 29-Apr-08, 23-Jun-08, 31-Jul-08, 25-Oct-08 and 22- Jan-09.

Name	Designation	Category	Attendance		Other Board#	
			Board Meeting*	Last AGM	Directorships	Committee Memberships$
Dr. Bala V Balachandran	Chairman	Independent, Non-executive	3	Yes	1	1
T.Anantha Narayanan	Director	Independent, Non-executive	5	Yes	6	3
A.Sankarakrishnan	Director	Independent, Non-executive	5	Yes	3	-
Shankar Narayanan Madhava Menon	Director	Investor Nominee Non-Executive	4	No	4	2
Mahesh Parasuraman	Director	Investor Nominee, Non-Executive	4	Yes	2	1
A. Saravanan	Director & President	Non-Independent - Executive	5	Yes	-	-
R. Jagadish	Director & CEO	Non-Independent - Executive	5	Yes	-	-

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

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

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

Code of Conduct for Directors and Senior Management

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

3. Audit Committee :

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

During the year, 5 Audit Committee meetings were held on 29-Apr-08, 23-Jun-08, 31-Jul-08, 25-Oct-08 and 22-Jan-09.

Name	Category	Status in the Committee	Attendance *
T.Anantha Narayanan	Independent Director	Chairman	5
A.Sankarakrishnan	Independent Director	Member	5
Shankar Narayanan Madhava Menon #	Investor Nominee Director	Member	4
R.Jagadish ##	Executive Director	Member	1

The resignation of Mr.Shankar Narayanan Madhava Menon from the Audit Committee was accepted effective 22nd January, 2009.

Mr.R. Jagadish has been appointed as Member of the Audit Committee with effect from 22nd January, 2009

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

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 292 A of the Companies Act, 1956.

4. Compensation Committee :

The Compensation committee presently consists of Independent and Non-Independent directors. The Committee currently comprises Dr. Bala V Balachandran, Mr.A.Sankarakrishnan, Mr.T.Anantha Narayanan and Mr.A.Saravanan.

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.
- During the year, the resignation of Mr.Shankar Narayanan Madhava Menon from the Committee was accepted effective 22nd January, 2009 by the Board of Directors.

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 2009 is given below :

Executive Directors (Rs. in Lakhs)

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

Non-Executive Directors

(Rs. in Lakhs)

Name of Director	Sitting Fees	
	Board	Audit Committee
Dr.Bala V. Balachandran	0.40	–
T.Anantha Narayanan	1.00	1.00
A.Sankarakrishnan	1.00	1.00
Shankar Narayanan Madhava Menon	–	–
Mahesh Parasuraman	–	–

5. Shareholders/Investor Relation Committee :

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

- The Shareholders/Investor Relation Committee presently consists of Mr.A.Sankarakrishnan, Mr.A.Saravanan and Mr.R.Jagadish. During the year, the resignation of Mr.Shankar Narayanan Madhava Menon from the Committee was accepted effective 22nd January, 2009 by the Board of Directors.
- 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.K.S.Raghu, Company Secretary was the Compliance Officer till he resigned from the Company on 5-Nov-08. Mr.A.Mohan Kumar has been appointed as Company Secretary and Compliance Officer wef. 15th May, 09.
- The details of investor complaints during the year 2008-09 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
2005-06	July 10, 2006	11.00 A.M.	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
2006-07	July 27, 2007	10.00 A.M	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018
2007-08	July 31, 2008	10.00 A.M	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600 018

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

1. Special Resolutions passed in the AGM held on July 10, 2006
   - Resolution for payment of remuneration by way of commission to Non-Executive Directors of the Company.
   - Resolution for issue of ESOP to employees of the Company.
   - Resolution for issue of ESOP to employees of the Subsidiary Companies.
2. No Special Resolution was passed in the AGM held on 27th July, 2007
3. No Special Resolution was passed in the AGM held on 31st July, 2008

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

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

i. At the EGM dated 21st August, 2006
   - ❖ Resolution for amendment to Capital Clause of Articles of Association.
   - ❖ Resolution for issue of equity shares under Section 81 (1A) of the Companies Act, 1956 to First Carlyle Ventures Mauritius.

ii. 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.

iii. 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.

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

7. DISCLOSURES

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

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

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

8. Means of Communications :

- The Quarterly results are being published in one leading national (English) newspaper normally

Financial Express or Business Line and in one vernacular newspaper (Makkalkural or Malai Murasu). The Quarterly results are also displayed on the Company's website- www.allsectech.com

- The Company's website also displays Annual Report, shareholding pattern, code of conduct and other shareholders information.
- The Management Discussion and Analysis Report is also given as part of the Annual Report.

9. General Shareholders Information :

A. Annual General Meeting

Date and Time : 31st July 2009 at 10.00 A.M.

Venue : Naradagana 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

24th July 2009 to 31st July 2009 (Both days inclusive)

D. Listing on Stock Exchanges

The shares of the Company are listed on National Stock Exchange of India Ltd 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 2008-09

Month	National Stock Exchange					Bombay Stock Exchange				
	Price		Index		No. of Shares Traded during the month	Price		Index		No. of Shares Traded during the month
	High	Low	High	Low		High	Low	High	Low	
April 2008	84.50	61.00	5053.40	4632.70	562,741	84.40	61.20	16778.59	15297.96	223,675
May 2008	76.30	57.45	5254.50	5101.25	432,153	77.00	59.50	17054.34	16217.78	263,471
June 2008	65.75	38.50	4679.75	4021.70	521,269	67.50	40.70	15553.37	13731.54	290,247
July 2008	44.85	36.10	3920.05	3896.05	396,555	45.00	36.00	13793.39	12904.09	228,992
August 2008	56.40	38.70	4625.20	4235.70	908,419	55.90	38.45	15520.71	14032.87	541,240
September 2008	45.90	23.80	4522.40	3777.30	455,215	47.00	24.10	15107.01	12402.84	188,388
October 2008	32.90	24.00	3648.25	2252.75	293,437	31.30	24.00	12181.43	8909.34	130,993
November 2008	29.00	16.25	3010.00	2690.30	282,259	26.50	16.00	10373.17	8889.18	106,918
December 2008	24.25	17.00	3052.55	2812.55	72,964	24.00	16.95	10073.10	8601.41	37,412
January 2009	24.70	17.45	3131.95	2888.20	208,582	25.95	16.20	9021.97	9024.45	164,603
February 2009	32.50	17.30	2969.75	2760.70	307,348	32.05	20.50	9695.59	9048.97	104,189
March 2009	28.35	24.70	2822.25	2539.45	112,332	29.30	24.50	9826.22	8047.17	90,346

G. Registrars and Transfer Agents

KARVY Computershare Private Limited
Unit : Allsec
Plot No.17-24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Tel : +91 40 23420815 ; Fax: +91 40 23420814
E-mail: mailmanager@karvy.com
Website: www.karvy.com

H. Share Transfer System

KARVY Computershare Private Limited is the Registrars and Share Transfer Agents 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, 2009 ;

Category	No. of Shares	Percentage of Holding
Promoter Holding :		
Indian Promoters	4,420,371	29.01
Person Acting in Concert	NIL	NIL
Non Promoter Holding :		
Institutional Investors	626,637	4.11
Foreign Institutional Investors	506,418	3.32
Foreign Venture Capital	4,845,175	31.80
Foreign Corporate Bodies	684,362	4.49
Others :		
Private Corporate Bodies	678,361	4.45
Indian Public	3,097,816	20.33
NRIs	343,883	2.26
Others	35,303	0.23
Total	**15,238,326**	**100.00**

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

K. Plant locations

Allsec Technologies has its offices/ Service delivery centers in India at Chennai, Trichy, Bengaluru, Hyderabad, Pune, Mumbai, Kochi, Delhi, Kolkatta and Jaipur. We have our wholly owned subsidiary offices -Allsectech Inc located at USA and Allsectech Manila Inc at Phillippines.

L. Dematerialization of shares and liquidity

As on March 31, 2009, about 95.51%of the shares were held in dematerialized form.

M. Address for Investor Correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to;

KARVY Computershare Private Limited

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

Tel : +91 40 23420815
E-mail: mailmanager@karvy.com
Website: www.karvy.com

For General Correspondence:

Company Secretary
Allsec Technologies Limited,
46-B, Velachery Main Road,
Velachery, Chennai 600 042

Tel: +91 44 2244 7070
Fax: +91 44 2244 7077
E-mail : investorcontact@allsectech.com
Web site: www.allsectech.com

B Non-Mandatory Requirements

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

Remuneration Committee/Compensation Committee :

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

DECLARATION

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

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the Code for the year 2008-09.

R Jagadish
Director & CEO

Place : Chennai
Date : June 15, 2009

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, 2009, 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
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place : Chennai
Date : June 15, 2009

INDIAN ITES INDUSTRY – DEVELOPMENTS & OUTLOOK

FY 2009 was another transformational year for the Indian Information Technology-Business Process Outsourcing (IT-BPO) sector, as it began to re-engineer itself to face the challenges presented by the macro-economic environment which witnessed substantial volatility in commodity prices, inflation, and decline in GDP growth rates, cross-currency movement being highly volatile and finally culminating in the economic downturn.

In an increasingly globalised world, significant complexity and uncertainty is getting attached to this unprecedented economic crisis. The Indian economy has also been impacted by the recessionary trends, with a slowdown in GDP growth to about six per cent compared to the previous three years average of about 9-10%. The focus and exponential growth in the domestic market has partially offset this fall and insulated the country, resulting in net overall momentum.

During the year, the IT-BPO sector maintained its double digit growth rate and was a net hirer. This growth has been fueled by increasing diversification in the geographic base and industry verticals, and adaptation in the service offerings portfolio.

While the effects of the economic crisis are expected to linger in the near term future, the Indian IT-BPO industry has displayed resilience and tenacity in countering the unpredictable conditions and reiterating the viability of India's fundamental value proposition. Also

- Worldwide BPO grew by 12 per cent, the highest among all technology related segments.
- Though the demand side challenges have emerged in terms of reduction in discretionary IT spending, the upside is that outsourcing can help organizations to work through financial and competitive challenges.
- Among all users above average growth was witnessed in the Government, Healthcare and manufacturing segments.

Indian BPO Industry - Sector-wise revenue break-up

USD billion	FY2005	FY2006	FY2007	FY2008	FY2009-E
BPO	**5.2**	**7.2**	**9.5**	**12.5**	**14.8**
-Exports	4.6	6.3	8.4	10.9	12.8
-Domestic	0.6	0.9	1.1	1.6	1.9

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

Source: NASSCOM

Exports: BPO services exports, up 18 per cent, was the fastest growing segment across software and services exports driven by scale as well as scope. BPO service portfolio was strengthened by vertical specialization and global delivery capabilities.

While the US and the UK remain the largest export markets of Indian IT-BPO (accounting for about 60 per cent and 19 per cent respectively, in FY2008), the industry footprint is steadily expanding.

Domestic: ITES-BPO is a very nascent segment of the domestic market, driven by voice based services with customer care and sales and marketing activity accounting for approximately 70 percent of the total. Currently, the BFSI and Telecom verticals account for over 70 percent of the demand for ITES-BPO services in the domestic market notwithstanding its relatively smaller contribution to the industry revenues, this segment has over the past twelve-eighteen months witnessed a noticeable increase in interest and activity on the part of customer organisations as well as service providers. While the market activity (contracts announced and deals known to be in the negotiation stages) signal growth in the segment, future growth may be accentuated if a few issues are addressed.

INDUSTRY OUTLOOK: According to the *NASSCOM-Everest India BPO Study (2008)* Report, India is at the forefront of the rapidly evolving Business Process Offshoring (BPO) market, having established itself as a "destination of choice." The sector, that has grown manifold in size and matured in terms of service delivery capability and footprint over the past decade, is now at an inflexion point. Today, it faces a unique opportunity to enhance its role as a full-service, value-adding partner. There is significant headroom in the addressable BPO opportunity for buyers and providers, and there are sizeable untapped areas across a wide spectrum of segments. Also, the Indian BPO sector is favourably positioned to benefit from its established delivery capabilities, which influence buyers' decision to expand their global sourcing exposure.

The Study shows that going forward, the Indian BPO sector, at its current momentum, can reach around US$ 30 billion in export revenues by 2012. However, the sector can set itself a stretch target of US$ 50 billion (that is, approximately five times its present size) in export revenues by 2012. A five-fold growth in the Indian BPO market will add nearly 2.5 percent directly to India's GDP from exports earnings and provide direct employment to about 2 million people. This will also spur growth in smaller Tier 2 and 3 cities to enable a six-fold growth in the number of delivery centers that will be required to support the enhanced target for the sector.

While the current mood is that of "cautious optimism," the industry is expected to witness sustainable growth over a two-year horizon, going past its USD 50 billion export target in FY2012. While the industry has significant headroom for growth, competition is also increasing, with a number of countries creating enabling business environments aimed at replicating India's success in the IT-BPO industry.

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

OPPORTUNITIES & THREATS

OPPORTUNITIES

❖ Core Competency

Allsec has always grown by developing its expertise in specific verticals and our strategy has always been focused towards the growth in specific business verticals and this has helped us sharpen our training & processes for specific domains enabling us to achieve domain specialization resulting in delivering quality solutions to each of our customers. We further expanded our knowledge in the domestic market with the acquisition of the domestic call center division of i2i Telesource Pvt Ltd ("i2i") during the year. Currently our verticals of specialization are in Life cycle customer management, tele-marketing, collections, Quality assurance, Payroll management, technical support and Web development support.

❖ Client Acquisiton

The focus on winning fresh clients across geographies where we can serve on the strength of our core competencies in the field of Life Cycle Management, collections, Quality Assurance Practice, HR Payroll etc is an ongoing process. Allsec is also in the process of extending its core competency in Domestic markets as well. There has been a steady increase in the domestic business especially in Telecom, retail and BFSI segments. Allsec's expertise in catering to BFSI segment will pave way to get new business in this segment. With our philosophy of long term client relationships, which has served us well with our international clients, we are sure that we will be extending our service portfolio to all our Domestic clients as well.

Similarly, we are working very closely with the domestic clients that we are servicing through our acquisition. Some of them have the potential to grow substantially as these are anchor clients in the select vertical and service area for the erstwhile company. We also have an additional advantage of implementing some of our best practices that we follow for international process, which in turn, in our opinion, help us in acquiring additional businesses from them. We are confident that the value addition and cost savings that we will be providing to these existing domestic clients, will help us in expanding the current portfolio of clients.

In non-voice segment, with the growth of domestic call center business, our Quality Assurance process triggered great interest in many of the captive/outsourced centers of domestic Telecom and BFSI segment clients. Having acquired knowledge and experience of servicing in different Indian languages and with the Pan-India presence, there are enough opportunities to grow this multifold. Investments in technology platform coupled with strong process and domain strength, we expect that our Payroll business will have a steady growth.

❖ Quality

As part of its continuous improvement program, your Company has sustained its Global Certification against ISO 27001 (Information Security Management), ISO 9001:2000. In addition to such certifications we have also achieved SAS 70 Type II certification for the HR BPO services. Considering the importance of Quality at all levels and functions, a lot of investment are being made in process improvement and control including automation to ensure that we provide quality service delivery. Moreover, the quality processes and systems are being re-aligned to cater to the Domestic clients as well.

❖ Capacity

Consequent to the acquisition of domestic call-center division of i2i Telesource Pvt Ltd, during the current year, have added around 1000 seats including expansion of certain existing centers. Today, Allsec has a pan India presence with facilities in 8 locations such as Delhi, Mumbai, Kolkata, Hyderabad, Bangalore, Kochi, Jaipur and Chennai. Company has also identified and signed up to start new domestic delivery centers during the year at Pune and expansion of facilities in Bangalore and Mumbai primarily cater to its new client additions in the Domestic segment, which will become operational in Q1 of FY 2009-10.

❖ Acquisition Targets

In FY 2009, Company increased its presence in the domestic market by acquiring the domestic call center division of i2i Telesource Pvt Ltd and integrating it as domestic business unit of the company. This has helped to increase the range and referenceability of clientele as well as helped the company in pitching for larger contract sizes in domestic market.

The Company is continuing to scout for potential acquisition targets both in International and Domestic segments.

THREATS

ATTRITION:

Allsec is in an industry where attrition is one of the major concern areas which is constantly being addressed. Allsec has an annual attrition of 40% per annum over the years and is well within the industry bench mark which varies between 30 % and 50%.

Allsec also faces tough challenge in getting employable manpower from the large manpower pool available. Allsec has been investing a lot of resources for training candidates on the basic skills that are required to make them employable. These are also done through partnering with educational institutions and governmental organization.

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

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

RISKS AND CONCERNS

BUSINESS RISKS

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

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

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

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

FINANCIAL RISKS

GEOGRAPHICAL CONCENTRATION OF CLIENTS

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

EXCHANGE FLUCTUATION

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

COST ARBITRAGE

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

INDIAN TAXATION RISK

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

Certain changes introduced over the years had their impact on the ITES industry, such as levy of service tax on property rentals, introduction of levy of fringe benefit tax on ESOP, 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 a dampening effect on the Industry. However, a welcome relief introduced in the past year is the extension of Sec 10A benefit on deduction of export profits for IT/ITES units by one year till 31 March 2010.

LEGAL AND CONTRACTUAL RISKS

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

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

INFRASTRUCTURE RISKS

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

HUMAN RESOURCES RISK

There have been cases of companies losing BPO orders for not being able to demonstrate a competent team that can manage a large workforce. High level of attrition further complicates the problem. At least 30%-50% of the workforce change jobs every year. There is a gap between the supply and demand of work force. Further, the available man power is not 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 2009 number of employees was 3684 - an increase of 1050 (40%) from the previous year end figure of 2634.

The increase was primarily on account of increase in employees on acquisition of domestic call-center division of i2i Telesource Pvt Ltd during the year and recruitments for increased domestic business.

For detailed write up and section on HR and Training and material developments please refer pages 8 to 9 of the Annual Report.

SEGMENT – WISE OR PRODUCT-WISE PERFORMANCE

The major market of Allsec is concentrated in the US and exports constituted over 90% of the revenes till FY2007. However, in last 2 years due to the increase in the foucus on domestic outsouring work and also due to the slow down in the US which led to decline in quantum of export revenues and the rise of domestic demand the proportion of domestic revenues has significantly increased as shown below.

(Rs in million)

For the year ended	Exports	%	Domestic	%	Total income
March 31, 2009	718.38	74	246.54	26	964.92
March 31, 2008	878.94	89	111.22	11	990.16

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

Overview

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

RESULTS OF OPERATIONS - PERFORMANCE SUMMARY

	2008-09		2007-08		% increase/ (decrease over previous year
	Rs in Million	% of Total revenues	Rs in Million	% of revenues	
INCOME					
Income – Operations	964.92	87.8	990.16	95.2	(3)
Income – Others	133.54	12.2	50.10	4.8	167
A) Income – Total	1098.46	100	1040.26	100	6
COSTS					
Connectivity costs	99.55	9.1	106.55	10.2	(7)
Staff cost	693.87	63.2	709.80	68.2	(2)
Other Costs	286.98	26.1	247.99	23.8	16
B) Total costs	1080.40	98.4	1064.34	102.3	2
C) Profit/(Loss) before Interest, depreciation & taxes	18.06	1.6	(24.08)	(2.3)	175
Depreciation & amortization	84.48	7.7	83.90	8.1	1
Interest	3.81	*	2.58	*	47
D) Profit /(loss)before Taxes	(70.23)	(6.4)	(110.56)	(10.6)	(37)
Taxes	2.05	*	24.94	2.2	(92)
E) Profit /(Loss) after Taxes	(72.28)	(6.6)	(135.50)	(13)	(47)

* less than 1%

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

Earnings per share data (Basic / Diluted)

Year Ended March 31, 2009	Rs (4.74)
Year Ended March 31, 2008	Rs (8.89)

- The company increased its total income during the year to Rs 1098.46 million from Rs 1040.26 million in previous year – an increase of 6%.
- Losses before taxes decreased to Rs 70.23 million from Rs 110.56 million in previous year – a decrease of 37%.
- Losses after Taxes decreased to Rs 72.28 million compared to Rs 135.50 million in previous year – a decrease of 47%.

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, 2009	Year Ended March 31, 2008	Increase/ (Decrease) in %
Exports	718.38	878.94	(18)
Domestic	246.54	111.22	122
Total	**964.92**	**990.16**	(3)

The reduction in export revenue was primarily due to loss of certain clients in the US from previous year due to changes in regulations in US governing their businesses and general downturn in US economy. This reduction was partially off set by client wins and increase in business volumes of existing clients and improvement in average Rupee–dollar conversion rates during FY 2009 compared to previous year.

The large jump in domestic revenue both in absolute terms and as a percentage of total revenue is due to significant additions to the client list. As a result of new wins as well as the acquisition of business of domestic call center division of i2i Telesource Pvt Ltd effective July 31, 2008.

2. Other Income

Current year stood at Rs 133.54 million as compared to Rs 50.1 million in the previous year - an increase of Rs 83.44 million or 167%. This increase is mainly due to

i) Realised foreign exchange gains recognized on return of overseas subsidiary additional capital – one time income – Rs 42.8 million.

ii) Other foreign exchange gains related to operations-Rs 62 million.

This was partially offset by

i) Fall in mutual funds and bank fixed deposits income by Rs 4.7 million due to lower average balances.

ii) Fall in other interest income on certain overdue customer receivables due to not recognizing the same this year – Rs 11.5 million and

iii) Reduction in miscellaneous income/liabilities not required written back by about Rs 5.2 million.

3. Expenditure

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

(Rs in Million)

Details	Year ended March 31, 2009	Year ended March 31, 2008	Increase/ (Decrease) %
Connectivity cost ***(Note 1)***	99.55	106.56	(7)
Employee costs and benefits ***(Note 2)***	693.87	709.80	(3)
General and administration expenses ***(Note 3)***	255.04	203.28	25
Selling expenses ***(Note 4)***	31.94	44.70	(29)
Finance charges	3.81	2.58	47
Depreciation	84.48	83.90	0.6

Note 1: The reduction in cost of connectivity is due to decrease in fixed international connectivity costs on account of negotiations and general reductions (industry trends and reduction in usage in the current year. This has been offset partly by increases due to average higher exchange rates as well as increase in domestic business connectivity expenses

Note 2: The decrease in employee cost is mainly on account of rationalization of staff welfare measures (Rs 25 Mn) and lower recruitment and training costs (Rs 8.8 Mn) and lower ESOP cost applicable (Rs 5.2 Mn). This is offset partly by increase in salaries and increased contribution to PF and Gratuity & other tenure benefits costs accrued (Rs 23.1 Mn). This is due to

i) Acquisition of domestic business unit of i2i Telesource Pvt Ltd and consequent increase in salaries & wages.

ii) Normal increased impact in existing business.

Note 3: The increase in general and admin expenses is due to rent,electricity, infrastructure and assets maintenance expenses relating to the domestic business unit acquired from i2i Telesource Pvt Ltd incurred for the 8 months of fiscal 2009 .

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

4. Provision for Tax

Provision for tax includes current tax, deferred taxes, fringe benefit tax apart from MAT credit entitlement. Since Allsec enjoys deduction under section 10A of the Income tax Act on its export income, current tax is paid on its book profits (excluding profits eligible for deduction under section 10A) under the provisions of MAT. However during this financial year there were no current taxes provision or MAT entitlement credit as there was no MAT payable on account of there being a loss as per MAT provisions. This reduced tax provisions by Rs 22.8 million (in FY 2008 deferred tax credit write offs were provided at Rs 22.8 million though there was no current tax provision). Fringe benefit tax provision was marginally lower at Rs 2.06 Mn Vs Rs 2.12 Mn due to lower expenditure on heads subject to FBT.

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, 2009 stands at Rs 152.38 Million and has remained constant over the previous Balance sheet date.

2. Employee Stock Option Plan (ESOP):

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

Out of the 333,700 options granted, 19,800 options are outstanding as at March 31, 2009 and 63,300 options have been cancelled / lapsed as on March 31, 2009.

Employee Stock Option Scheme (ESOS) 2006:

The shareholders at the Annual General Meeting held on July 10, 2006, have approved an Employee Stock Option Scheme 2006 which provides for an issue of 600,000 options to the employees. Consequently, the compensation committee had granted the 350,000 options on January 25, 2007 at an exercise price of Rs 289.75 per share. Out of the 350,000 options granted, 124,500 options have been cancelled/lapsed as on March 31, 2009 and balance 224,500 are outstanding and in force.

An amount of Rs 12.4 million represent the total reserve created for Employee Stock Option compensation as at 31 March 2009 (Rs 10.77 million as at 31 March 2008).

3. Reserves and Surplus

The Company's Reserves and Surplus as on March 31, 2009 stood at Rs 1270.78 million represented by capital reserve at Rs 25.07 million, share premium on the equity shares amounting to Rs 1201.88 million, Rs 128.91 millions representing General Reserve, Rs 85.08 million representing debit balance in the profit and loss account.

4. Secured Loans

Secured loan balance represents balance payable towards hire purchase (HP) loans. This increased to Rs 5.92 million as at March 31, 2009 from Rs 3.67 million as at 31 March 2008 primarily due to increase in vehicles and equipment funded on HP terms.

5. Fixed Assets

An amount of Rs 35.83 million has been added in tangible fixed assets gross block during the year which primarily includes assets taken over form i2i – Rs 22.43 million.

After providing for depreciation of Rs 73.58 million for the year, the net block of fixed assets stood at Rs 238.17 million as on March 31, 2009 compared to Rs 279.05 million as at March 31, 2008.

6. Intangible Assets

During the current year software assets (Gross block & accumulated depreciation) has been reclassified under intangible assets. Net block of software as at March 31, 2009 was Rs 6.23 million. The goodwill recognized on account of acquisition of domestic call center division of i2i Telesource Pvt Ltd representing excess of purchase consideration paid over value of fixed and net current assets taken over has been represented under intangible assets. The balance of goodwill net of amortization was Rs 22.26 million as at March 31, 2009.

7. Investments

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

During the year there was reduction in equity invested in subsidiaries due to

i) Closure of B2K Corp Inc. and recovery of equity invested.

ii) Return of additional capital invested of US $8mn in previous year in US subsidiary Allsectech Inc.

As a result of these the value of investments in subsidiaries was Rs 138.44 million as at year end compared to Rs 482.28 million as at previous year end.

The balance invested in mutual funds as at March 31, 2009 was Rs 315.37 million (Rs 310.96 million as at previous year end).

8. Sundry Debtors

Net Sundry Debtors increased to Rs 381.96 million as at March 31, 2009 as against Rs 328.40 million as at March 31, 2008. These debtors are arrived at after making a provision of doubtful debts for Rs18.19 million (PY Rs 8 million). The sundry debtors in terms of days of sales increased to 144 days as at March 31, 2009 as against 121 days as at March 31, 2008. This is primarily in account of marginal reduction in sales volume and increase in category of receivables over 6 months.

9. Cash and Bank Balances

Cash and Bank balances increased to Rs 278.17 million as at March 31, 2009 as against Rs 94.16 million as at March 31, 2008. This represents year-end cash and bank balances available in current and deposit accounts. The increase is mainly due to part of the amount of funds realized on return of additional capital by US subsidiary during the year being invested in fixed deposit accounts.

(Rs in Million)

Head	As at March 31, 2009	As at March 31, 2008	Increase/ (Decrease)
Cash and Current accounts	34.59	52.22	(17.63)
Deposit accounts	243.58	41.94	201.64

10. Other Current Assets

As at year end other current assets were Rs15.47 million (Previous year - Rs 8.48 million).This represents:

i) Value of Unbilled revenues - Rs 3.42 million (PY- Rs 6.32 million) and

ii) Interest accrued to company but not due - Rs 12.05 million (PY-Rs2.16 million).

11. Loans & Advances

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

(Rs in million)

Head	As at March 31, 2009	As at March 31, 2008	Increase/ (Decrease)
Advances recoverable	0.75	0.88	(0.13)
Balances with excise authorities	31.42	32.05	(0.63)
Loan to Subsidiary	71.57	6.41	65.16
Prepaid expenses	5.46	7.29	(1.83)
Deposits	67.96	58.89	9.07
Taxes receivable	46.08	21.31	24.77
Total	223.24	126.83	96.41

Balances with excise authorities represent credit for service tax on input services availed. Balance of loan to subsidiary represents balance in loan given to subsidiary Allsectech Manila Inc. Previous year loan balance of Rs 6.41 million given to erstwhile B2K Corp Inc has been fully recovered during the year on closure of the subsidiary. Taxes receivable includes advance tax and tax deducted at source. The increase in this head is primarily due to increase in tax deducted at source balance due to increase in domestic business which is subject to TDS.

Increase in deposits primarily reflects the security deposits for utilities and office premises, paid which has increased due to the addition of new branches in India at over 8 locations on account of acquisition of domestic call center business of i2i Telesource Pvt Ltd.

12. Current Liabilities and Provisions

(Rs in million)

Head	As at March 31, 2009	As at March 31, 2008	Increase/ (Decrease)
To suppliers of goods and services	103.65	68.48	35.17
Other payables	44.30	43.89	0.41
Employee benefits related liabilities/ accruals	29.89	21.13	8.76
TOTAL	177.84	133.50	44.34

Sundry Creditors, representing the balance payable to suppliers of goods and services stood at Rs 103.65 million as at March 31, 2009 as against Rs 68.48 million at March 31, 2008, the increase being due to increased vendor balances on account of domestic call center business of i2i Telesource taken over and increase in credit periods availed. The increase in employee benefit liabilities is mainly due to increase in liability on account of gratuity and leave encashment consequent to increase in employees with average tenure of over 5 years and takeover of domestic call center business unit of i2i Telesource Pvt Ltd and its carry forward liabilities.

To

The Members of Allsec Technologies Limited

1. We have audited the attached Balance Sheet of Allsec Technologies Limited ('the Company') as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. *As more fully discussed in Note 3 of Schedule 18 to the financial statements, the net sundry debtors as at March 31, 2009, of Rs 381.96 million, include receivables from two foreign customers aggregating Rs. 159.38 million, which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no provision is required in this regard. In view of the above, and having regard to the significant uncertainty involved, we are unable to comment on the provisions required, if any, for such balances.*

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

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

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

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

   iv. *Except for the matter referred to in paragraph 4 above, on which we are unable to comment,* in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. In our opinion and to the best of our information and according to the explanations given to us, *subject to our comments in paragraph 4 above, the effect whereof on the financial statements is not ascertainable,* the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;

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

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

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Chennai
June 15, 2009

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

Re: Allsec Technologies Limited ("the Company")

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

(b) The Company has a phased program of physical verification of fixed assets, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, the Company has verified certain assets during the year. As informed, no material discrepancies were noticed on such verification.

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

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

(iii) (a) The Company has granted loans to its subsidiaries, B2K Corp Inc., and Allsectech Manila Inc., which are included in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 71.6 million and the year end balance of loans granted was Rs. 71.6 million.

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

(c) Loans outstanding from B2K Corp Inc. have been repaid during the year. Loans advanced to Allsectech Manila Inc. are not due for repayment in the current year. The loans given are interest free.

(d) There are no loans more than rupees one lakh, which are overdue, accordingly clause 4(iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4(iii) (f) and 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The activities of the Company did not involve any purchase of inventory or sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of purchase of fixed assets and sale of services.

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

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

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

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

(viii) To the best of our knowledge and according to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for any of the services of the Company. Hence provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, sales tax, service tax, customs duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there are slight delays in payment of service tax. 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, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	–	2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax*	Rs.1,833,792	2005-06	Commissioner of Income Tax (Appeals)

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

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and *it has incurred cash losses in the current year and the immediately preceding financial year.*

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

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

(xiii) 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) 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 Act.

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

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

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

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Chennai
June 15, 2009

Balance Sheet

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

PARTICULARS	Schedule	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	152,383	152,383
Stock options outstanding	2	12,406	10,777
Reserves and surplus	3	1,270,788	1,342,213
		1,435,577	1,505,373
Loan funds			
Secured loans	4	5,917	3,669
		1,441,494	1,509,042
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5A	648,928	618,191
Less : Accumulated depreciation		410,751	339,249
Net block		238,177	278,942
Add: Capital work-in-progress [including capital advances]		-	106
		238,177	279,048
Intangible assets			
Gross block	5 B	87,138	60,138
Less: Accumulated amortisation		58,646	47,745
Net block		28,492	12,393
Investments	6	453,811	793,240
Current assets, loans and advances			
Sundry debtors	7	381,964	328,402
Cash and bank balances	8	278,170	94,160
Other current assets	9	15,469	8,478
Loans and advances	10	223,245	126,833
		898,848	557,873
Less : Current liabilities and provisions			
Current Liabilities	11	147,945	112,384
Provisions	12	29,889	21,128
		177,834	133,512
Net current assets		721,014	424,361
		1,441,494	1,509,042
Notes to Accounts	18		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per S Balasubrahmanyam
Partner
Membership No: 053315

Place : Chennai
Date : June 15, 2009

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Profit and Loss Account

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

PARTICULARS	Schedule	Year Ended March 31, 2009	Year Ended March 31, 2008
Income			
Income from services		**964,922**	990,161
(Tax deducted at source Rs 23,577 previous year Rs 9,774)			
Other income	13	**133,544**	50,097
		1,098,466	1,040,258
Expenditure			
Connectivity costs		**99,549**	106,554
Employee costs and benefits	14	**693,867**	709,804
General and administration expenses	15	**255,048**	203,282
Selling expenses	16	**31,937**	44,698
Finance charges	17	**3,806**	2,581
Depreciation and amortisation	5A & 5B	**84,484**	83,903
		1,168,691	1,150,822
Profit / (Loss) before tax		**(70,225)**	(110,564)
Provision for taxation			
- Deferred tax		**–**	22,821
- Fringe benefit tax		**2,057**	2,119
Profit / (Loss) after tax		**(72,282)**	(135,504)
Balance brought forward from previous year		**(12,801)**	202,568
Amounts adjusted on amalgamation of B2K Corp Private Limited			
Loss after tax for the financial years 2005-06 and 2006-07		**–**	(79,865)
Profit / (Loss) carried to Balance Sheet		**(85,083)**	(12,801)
Earnings per Share			
Net Profit / (Loss) available to equity shareholders		**(72,282)**	(135,504)
Weighted average number of equity shares used in computing basic earnings per share		**15,238,326**	15,238,326
Basic earnings per share (equity shares, par value Rs 10/- each) (Rs.)		**(4.74)**	(8.89)
Weighted average number of equity shares used in computing diluted earnings per share		**15,238,326**	15,238,326
Diluted earnings per share (equity shares, par value Rs 10/- each) (Rs.)		**(4.74)**	(8.89)
Notes to Accounts	18		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per S Balasubrahmanyam
Partner
Membership No: 053315

Place : Chennai
Date : June 15, 2009

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

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

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
A. Cash flow from operating activities:		
Net Profit / (Loss) before tax	**(70,225)**	(110,564)
Adjustments for:		
Depreciation and amortisation	**84,484**	83,903
Interest expense	**1,053**	326
Interest income	**(15,715)**	(2,874)
Dividend income	**(18,680)**	(35,776)
(Profit) / Loss on sale of assets	**(296)**	510
Provision for doubtful debts	**10,187**	8,004
(Profit) on sale of investments	**-**	(232)
Liabilities no longer required written back	**(1,117)**	(1,601)
Unrealised foreign exchange (gain) / loss, net	**(52,389)**	(8,647)
Amortisation of employee stock compensation cost	**2,486**	7,752
Operating profit / (loss) before working capital changes	**(60,212)**	(59,199)
Adjustments for changes in working capital:		
- Decrease / (Increase) in sundry debtors	**6,359**	(42,965)
- (Increase) in loans and advances and other current assets	**(20,266)**	(35,857)
- Increase / (Decrease) in current liabilities and provisions	**13,308**	(11,921)
Cash generated from operations	**(60,811)**	(149,942)
- Taxes (paid), net	**(1,081)**	(5,462)
Net cash from / (used in) operating activities	**(61,892)**	(155,404)
B. Cash flow from investing activities:		
Capital expenditure (Refer note 1)	**(15,545)**	(58,695)
Proceeds from sale of fixed assets	**3,303**	1,682
Purchase of investments - mutual funds	**(433,894)**	(1,933,016)
Consideration paid for purchase of business of i2i	**(47,528)**	-
Expenses incurred relating to purchase of business of i2i	**(1,200)**	-
Proceeds from sale of investments - mutual funds	**429,479**	2,345,383
Investment in subsidiary	**343,844**	(445,803)
Loans advanced to subsidiary	**(55,718)**	-
Deposits (made) / received during the year	**-**	100,000
Interest received	**5,817**	2,630
Dividend received	**18,680**	35,776
Net cash from / (used in) investing activities	**247,238**	47,957

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

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
C. Cash flow from financing activities:		
Share issue expenses	-	(200)
Proceeds from long term borrowings	3,577	3,060
Repayment of long term borrowings	(1,329)	(948)
Interest paid	(1,053)	(326)
Dividend paid	-	(76,192)
Dividend tax paid	-	(12,949)
Net cash from / (used in) financing activities	1,195	(87,555)
Net increase in cash and cash equivalents	186,541	(195,002)
Opening cash and cash equivalents	93,706	273,290
Add: Adjustments on business purchase of callcentre division of i2i Teleservices Pvt. Ltd. in the current year / on amalgamation of B2K Corp. Pvt. Ltd. in the previous year	(2,303)	15,418
Closing cash and cash equivalents*	277,944	93,706
*Includes restricted cash balances	70	80

Reconciliation of cash and cash equivalents with cash and bank balance as per Schedule 8:

	As at March 31, 2009	As at March 31, 2008
Cash and bank balances, per Schedule 8	278,170	94,160
Less: Term deposits	-	-
Loss / (Gain) on restatement of balances in foreign currency accounts.	(226)	(454)
Cash and cash equivalents as per cash flow statement	277,944	93,706

Notes:

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per S Balasubrahmanyam
Partner
Membership No: 053315

Place : Chennai
Date : June 15, 2009

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

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

	PARTICULARS	As at March 31, 2009	As at March 31, 2008
1	**Share capital**		
	Authorised		
	20,000,000 [Previous year - 20,000,000] Equity shares of Rs. 10/- each	**200,000**	200,000
	1,350,000 [Previous year - 1,350,000] Convertible Preference Shares of Rs. 100/- each	**135,000**	135,000
	Issued, subscribed and paid-up		
	15,238,326 [Previous year - 15,238,326] Equity Shares of Rs. 10/- each fully paid up	**152,383**	152,383
		152,383	152,383
	Refer Note 18.5 for stock options outstanding details.		
2	**Stock Options Outstanding**		
	Balance, beginning of year	**13,327**	16,984
	Add: Additions during the year	-	-
	Less: Deletions / adjusted during the year	**921**	3,657
	Balance, end of year	**12,406**	13,327
	Less: Deferred employee stock compensation		
	Balance, beginning of year	**2,550**	13,960
	Add: Additions during the year	**-**	-
	Less: Amortized / adjusted during the year	**2,550**	11,410
	Balance, end of year	**-**	2,550
		12,406	10,777
3.	**Reserves and Surplus**		
	Capital Reserve		
	Balance, beginning of year	**25,074**	-
	Add: Lapsed share warrants transferred	**-**	25,074
	Balance, end of year	**25,074**	25,074
	Securities Premium		
	Balance, beginning of year	**1,201,881**	1,202,081
	Add: Received during the year	**-**	-
	Less: Adjusted against share issue expenses	**-**	200
	Balance, end of year	**1,201,881**	1,201,881
	General Reserve		
	Balance, beginning of year	**128,059**	110,000
	Amounts adjusted on amalgamation of B2K Corp Private Limited	**-**	19,863
	Less: Adjustment for employee benefits provision (net of tax Rs. Nil)	**-**	(1,804)
	Add: Transferred from employee stock options outstanding	**857**	**-**
	Balance, end of year	**128,916**	128,059
	Profit and Loss Account	**(85,083)**	(12,801)
		1,270,788	1,342,213

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

	PARTICULARS	As at March 31, 2009	As at March 31, 2008
4	**Secured loans**		
	Hire purchase loans from banks (Refer note 18.6) (includes amounts repayable within one year Rs. 1,754, previous year Rs. 826)	**5,917**	3,669
		5,917	3,669
	Schedule 5 on Fixed Assets is set out on the following page		
6	**Investments**		
	Long term (at cost) - Unquoted, Non-trade		
	In subsidiaaries		
	Allsectech Inc, USA - Common stock 100 (previous year - 100) fully paid up	**36,473**	382,131
	B2K Corp Inc - Common stock Nil (previous year - 100 fully paid up)	**-**	5
	Allsectech Manila Inc., Philippines - 812,500 (previous year - 793,733) Equity shares of Php 100 each fully paid up	**101,964**	100,145
	(Aggregate Value of non-quoted investments Rs. 138,437, previous year Rs. 482,281)		
	Current investments (at lower of cost or market value) *		
	In Mutual Fund Units #		
	Quoted, fully paid up at cost (Net Asset Value Rs.315,374, previous year Rs. 310,959)	**315,374**	310,959
		453,811	793,240
	# Also refer note 18.9 for details of investments in mutual funds.		
7	**Sundry debtors** (*unsecured*)		
	Debts outstanding for a period exceeding six months		
	- Considered good	**202,573**	165,676
	- Considered doubtful	**18,191**	8,004
	Others, considered good	**179,391**	162,726
		400,155	336,406
	Less: Provision for doubtful debts	**18,191**	8,004
		381,964	328,402
8	**Cash and bank balances**		
	Cash on hand	**70**	91
	Balance with scheduled banks *		
	- in current accounts	**34,432**	52,028
	- in deposit accounts	**243,581**	41,940
	- in unpaid dividend accounts	**70**	80
	Balance with non-scheduled banks		
	- in current accounts with HSBC Plc**	**17**	21
		278,170	94,160

** Maximum balance during the year was Rs. 21 (Previous Year: Rs. 26)
* Includes unutilized proceeds received from preferential issue Rs. 476,327 (Previous Year Rs. 307,088)

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

5A Fixed Assets

Description of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2008	Additions for the year#	Deletions for the year	As at March 31, 2009	As at April 1, 2008	For the year	Deletions for ther year	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Tangible Assets										
Plant and machinery										
-Computers and servers	123,140	4,379	-	127,519	77,990	14,037	-	92,027	35,492	45,150
- Call centre equipment	272,195	7,795	2,579	277,411	162,746	34,079	1,229	195,596	81,815	109,449
- Office equipment	57,698	8,595	608	65,685	13,510	2,786	175	16,121	49,564	44,188
Furniture and fixtures	50,757	24	-	50,781	23,355	2,181	-	25,536	25,245	27,402
Leasehold improvements	105,235	9,411	-	114,646	60,198	19,341	-	79,539	35,107	45,037
Vehicles*	9,166	5,622	1,902	12,886	1,450	1,159	677	1,932	10,954	7,716
Total	618,191	35,826	5,089	648,928	339,249	73,583	2,081	410,751	238,177	278,942
Previous Year@	486,018	134,974	2,801	618,191	215,527	124,331	609	339,249	278,942	

\# Includes assets of Rs. 22,434 taken over pursuant to the acquisition of callcentre division from i2i Telesource Private Limited. Also refer note 18.1.

* Vehicles include assets acquired under finance lease - Gross block - Rs. 7,587 (previous year - Rs. 4,371); Depreciation - Rs. 714 (previous year Rs. 271) and Net block - Rs. 6,586 (previous year - Rs. 4,084)

@ Previous year numbers includes, additions to gross block of Rs. 73,122 and depreciation of Rs. 48,119 pursuant to amalgamation of B2K Corp Private Limited.

5B - Intangible Assets

Description of Assets	Gross Block				Amortisation				Net Block	
	As at April 1, 2008	Additions for the year	Deletions for the year	As at March 31, 2009	As at April 1, 2008	For the year	Deletions for ther year	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Software	60,138	1,649	-	61,787	47,745	7,809	-	55,554	6,233	12,393
Goodwill (also refer note 18.4)	-	25,351	-	25,351	-	3,092	-	3,092	22,259	-
Total	60,138	27,000	-	87,138	47,745	10,901	-	58,646	28,492	12,393
Previous Year@	55,199	4,939	-	60,138	38,946	8,799	-	47,745	12,393	

@ Previous year numbers includes, additions to gross block of Rs. 1,463 and depreciation of Rs. 1,108 pursuant to amalgamation of B2K Corp Private Limited.

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

	PARTICULARS	As at March 31, 2009	As at March 31, 2008
9	**Other current assets**		
	Unbilled revenues	**3,415**	6,322
	Interest accrued but not due	**12,054**	2,156
		15,469	8,478
10	**Loans and advances** *(unsecured, considered good)*		
	Advances recoverable in cash or in kind or for value to be received	**755**	880
	Balance with Excise authorities	**31,423**	32,051
	Loan to subsidiary	**71,571**	6,411
	Prepaid expenses	**5,459**	7,291
	Deposits	**67,958**	58,890
	MAT Credit Entitlement	**-**	4,379
	Advance income tax and tax deducted at source, net	**46,079**	16,931
		223,245	126,833
11	**Current liabilities**		
	Sundry creditors		
	- Due to micro and small enterprises	-	-
	- Others	**103,645**	68,487
	Foreign currency payable	**-**	11
	Other liabilities	**44,230**	43,444
	Book overdraft	**-**	362
	Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
	Unpaid dividend	**70**	80
		147,945	112,384
12	**Provisions**		
	Employee bonus	**6,077**	7,996
	Leave encashment	**10,802**	7,976
	Gratuity	**13,010**	5,156
		29,889	21,128

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

	PARTICULARS	Year ended March 31, 2009	Year ended March 31, 2008
13	**Other income**		
	Interest		
	- Bank deposits (Tax deducted at source Rs 2,103, previous year - Rs 744)	**15,198**	2,874
	- Others (Tax deducted at source Rs 106, previous year - Rs Nil)	**517**	12,034
	Dividend income from mutual funds	**18,680**	35,776
	Profit on sale of non trade investments	**-**	232
	Prifit on sale of fixed assets	**296**	-
	Liabilities no longer required written back	**1,117**	1,601
	Foreign exchange gains / (loss), net	**97,358**	(7,466)
	Miscellaneous income	**378**	5,046
		133,544	50,097
14	**Employee costs and benefits**		
	Salaries, wages and allowances	**591,426**	574,674
	Contributions to provident and other funds	**26,811**	24,748
	Gratuity	**8,269**	3,996
	Employee stock compensation cost*	**2,486**	7,752
	Staff welfare	**56,721**	81,638
	Recruitment and training	**8,154**	16,996
		693,867	709,804
	* Includes Rs.64 (previous year Rs.1,980) of reversal of cost earlier accounted on lapsed options.		
15	**General and Administration expenses**		
	Electricity	**39,176**	39,876
	Rent and amenities	**72,431**	59,533
	Rates and taxes	**706**	1,271
	Repairs and maintenance		
	- Plant and machinery	**24,330**	24,815
	- Others	**31,401**	23,542
	Insurance	**3,049**	2,399
	Professional and consultancy charges	**49,467**	13,986
	Travel and conveyance	**13,686**	16,608
	Telephone	**2,058**	2,831
	Provision for doubtful debts	**10,187**	8,004
	Loss on sale of fixed assets	**-**	510
	Miscellaneous expenses	**8,557**	9,907
		255,048	203,282
16	**Selling expenses**		
	Selling commission	**28,857**	40,878
	Other selling expenses	**3,080**	3,820
		31,937	44,698
17	**Finance charges**		
	Interest		
	- others	**1,053**	326
	Bank charges	**2,753**	2,255
		3,806	2,581

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

18 NOTES TO ACCOUNTS

18.1 Background

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on August 24, 1998 as a limited company under the Companies Act, 1956 and is listed on the National Stock Exchange of India Limited ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Company is engaged in the business of providing IT enabled services. 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 commenced domestic call centre operations in the current year and has also acquired the domestic call centre business of a company in the current year.

As at year end, the Company has two subsidiaries, Allsectech Inc., USA, Allsectech Manila Inc., Philippines. During the current year, the Company's wholly owned subsidiary B2K Corp Inc., USA has undergone a voluntary dissolution process and the nominal share capital invested of US $ 100 along with loans outstanding to the Company was recovered by the Company.

Acquisition of call centre business from i2i Telesource Private Limited (i2i)

During the year, the Company has entered into a Business Transfer Agreement ('BTA') dated July 31, 2008 with the shareholders of i2i Telesource Private Limited ('i2i'), an Indian company registered in New Delhi, engaged in the business of inbound and outbound call centre services and mobile value added services. Under the terms of the BTA, the Company shall acquire the domestic call centre business from i2i for a consideration to be determined as per the terms of the BTA. On October 24, 2008, the Company has paid an aggregate consideration of Rs. 47,528 and acquired such business from i2i with effect from July 31, 2008.

18.2 Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of estimates

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

(c) Fixed assets

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

(d) Depreciation

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

ASSET DESCRIPTION	PERCENTAGE
Plant and machinery	4.75 - 16.21
Furniture and fixtures	6.33
Vehicles	9.50

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period, whichever is less. Assets individually costing Rs. 5 or less are fully depreciated in the year of purchase.

Pursuant to the acquisition of the call centre division of i2i, the estimated useful lives of assets of i2i were revised with effect from August 1, 2008 to synchronize with the effective useful lives of similar assets of the Company.

(e) Intangible assets

Computer software

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

Goodwill

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

(f) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

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

(g) Investments

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

(h) Leases

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

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

(i) Provisions

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

(j) Revenue recognition

Income from services

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

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

Dividend income

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

Interest

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

(k) Retirement benefits

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

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

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

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

(l) Taxation

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

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

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

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

Minimum Alternative Tax (‘MAT’) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(m) Cash and cash equivalents

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

(n) Foreign currency transactions

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

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

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

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

(o) Earnings Per Share ("EPS")

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. 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) Deferred employee stock compensation expenses

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

18.3 Receivables from Academic Funding Foundation and K2 Financials

The net sundry debtors as at March 31, 2009, of Rs 381.96 million, include receivables from Academic Funding Foundation and K2 Financials of Rs. 159.38 million, which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no provision is required in this regard.

18.4 Goodwill on acquisition of domestic call centre business from i2i

The excess of the purchase consideration paid over the net assets of i2i as at the date of acquisition has been recognised as 'Goodwill' in the financial statements. The goodwill has been determined as below :

PARTICULARS	Amount
Purchase consideration paid (A)	**47,528**
Costs incurred in connection with the acquisition (B)	**1,200**
Net assets taken over	
Net block of fixed assets	22,434
Loans and Advances	7,370
Debtors (including unbilled revenue)	26,359
Cash and Bank (including overdraft)	(2,303)
Liabilities	(28,892)
Provisions	(1,591)
Total of net assets (C)	**23,377**
Goodwill (A + B – C)	**25,351**

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

18.5 Stock option plans

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

Employee Stock Option Plan (ESOP) 2004

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

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

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

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

PARTICULARS	**As at March 31, 2009**	As at March 31, 2008
Options outstanding, beginning of year	**19,800**	19,800
Options granted during the year	**–**	–
Options exercised during the year	**–**	–
Options lapsed during the year	**–**	–
Options outstanding, end of year	**19,800**	19,800
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	**19,800**	19,800
- Options not eligible for exercise at year end	**–**	–
Weighted average share price at the date of exercise (Rs.)	**–**	–
Weighted average remaining contract life of options	**4 months**	1 year and 4 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Employee Stock Option Scheme (ESOS) 2006

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

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

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

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Options outstanding, beginning of year	**243,500**	350,000
Options granted during the year	**–**	–
Options exercised during the year	**–**	–
Options lapsed during the year	**18,000**	106,500
Options outstanding, end of year	**225,500**	243,500
Options outstanding at the year end comprise :		
- Options eligible for exercise at year end	**225,500**	121,750
- Options not eligible for exercise at year end	**–**	121,750
Weighted average remaining contract life of options	**2 years and 10 months**	3 years and 10 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Pro-forma Disclosures for ESOS 2006

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

PARTICULARS	PROFIT / (LOSS) AFTER TAX	BASIC EPS (Rs.)	DILUTED EPS (Rs.)
Year Ended March 31, 2009			
- Amounts as reported	(72,282)	(4.74)	(4.74)
- Amounts as per pro-forma	(77,696)	(5.10)	(5.10)
Year Ended March 31, 2008			
- Amounts as reported	(135,504)	(8.89)	(8.89)
- Amounts as per pro-forma	(148,550)	(9.75)	(9.75)

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

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

18.6 Secured loans

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

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

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

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

18.9 Details of current investments

Current investments in mutual funds at the year end comprise:

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

Name of Mutual fund	March 31, 2008	
	No. of units	Amount
DWS Money Plus Fund - Institutional Plan	12,246,540	122,549
HDFC Cash Management Fund	2,815,850	28,247
ICICI Prudential - Flexible Income Plan	9,544,111	100,915
Tata Floater Fund	2,162,527	21,702
UTI - Liquid Plus Fund Institutional Plan	37,538	37,546
Total		310,959

The following investments were purchased and sold during the year:

Name of Mutual fund	Purchased		Sold	
	No. of units	Amount	No. of units	Amount
ICICI Prudential - Flexible Income Plan	3,547,058	37,505	3,547,058	37,505
HDFC CMF - Treasury Advantage Plan wholesale	2,907,111	29,163	2,907,111	29,163
DWS Money Plus Fund - Institutional Plan	1,648,954	16,503	1,648,954	16,503
DWS Instant Cash Plus Fund - Institutional Plan	6,138,031	61,500	6,138,031	61,500
HSBC Liquid Plus	2,449,878	24,500	2,449,878	24,500
Edelweiss Liquid Plus Fund - Retail	490,000	4,900	490,000	4,900
Reliance Liquid Fund – Treasury Plan	1,635,355	25,000	1,635,355	25,000
HDFC CMF - Savings Plus Plan	705,265	7,501	705,265	7,501
HSBC Floating Rate Liquid Fund	2,995,327	30,000	2,995,327	30,000
Total		**236,572**		**236,572**

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

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

18.10 Segment reporting

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

Information about secondary segments	March 31, 2009	March 31, 2008
Revenue from services		
United States of America	718,383	878,940
Others	246,539	111,221
Total	**964,922**	990,161

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

18.11 Related party transactions

1. Names of related parties

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

2. Transactions with related parties:

PARTICULARS	Subsidiaries		Key Management Personnel	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Selling commission - expenses				
-- Allsectech Inc.	27,342	37,541	-	-
Service income - billed to				
-- Allsectech Inc.	125,303	51,548	-	-
-- B2K Corp Inc	-	1,639		
Advances made / (collected)				
-- B2K Corp Inc	(7,512)	(652)	-	-
-- Allsectech Manila Inc.	62,213	-	-	-
Investment / (Reduction) in Subsidiary				
-- Allsectech Inc	(345,658)	345,658	-	-
-- B2K Corp Inc	(5)	-	-	-
-- Allsectech Manila Inc.	1,819	100,145	-	-
Remuneration - Wholetime Directors'				
-- Salaries	-	-	25,344	23,040
Dividend paid to Wholetime Directors - (cash basis)			-	20,450

The Company has extended guarantees aggregating to USD 325,000 (previous year - USD 325,000) on behalf of its subsidiary Allsectech Inc., USA.

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

3. **Balances with related parties :**

PARTICULARS	Subsidiaries		Key Management Personnel	
	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
Trade Receivable				
– Allsectech Inc.	**61,417**	37,172	**–**	–
– B2K Corp Inc.	**–**	1,666	**–**	–
Commission Payable				
– Allsectech Inc.	**22,819**	25,727	**–**	–
Loans and Advances				
– B2K Corp Inc.	**–**	6,411	**–**	–
– Allsectech Manila Inc.	**71,571**	–	**–**	–
Investment in subsidiary				
– Allsectech Inc.	**36,931**	382,131	**–**	–
– Allsectech Manila Inc.	**101,964**	100,145	**–**	–
– B2K Corp Inc.	**–**	5	**–**	–
Remuneration payable			**–**	11,520
Maximum amounts outstanding during the year				
Loans and Advances				
– B2K Corp Inc.	**7,512**	7,619		
– Allsectech Manila Inc.	**71,571**	–		

18.12 Lease commitments

Finance leases

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Not later than one year		
Minimum lease payments	**2,322**	1,209
Less: Finance Charges	**578**	383
Present value	**1,754**	826
Later than one year but not later than five years		
Minimum lease payments	**4,849**	3,400
Less: Finance Charges	**686**	557
Present value	**4,163**	2,843
Later than five years		
Minimum lease payments	**Nil**	Nil
Less: Finance Charges	**Nil**	Nil
Present value	**Nil**	Nil

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

Operating leases

Office premises in India are obtained under operating lease. Lease rentals incurred during the year of Rs. 72,431(previous year Rs. 59,533) have been charged as an expense in the profit and loss account. The future lease rentals payable are as follows:

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Upto 1 year	**53,304**	66,996
1 to 5 years	**143,090**	177,470
Beyond 5 years	**7,151**	41,217
TOTAL	**203,545**	285,683

18.13 Gratuity benefit plans

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

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

Profit and Loss account

PARTICULARS	Year ended March 31, 2009	Year ended March 31, 2008
Current service cost	**4,439**	3,252
Interest cost on benefit obligation	**1,114**	496
Expected return on plan assets	**(380)**	(383)
Net actuarial loss recognized in the year	**3,096**	631
Net employee benefit expense (Gratuity)	**8,269**	3,996

Balance sheet

Details of provision for gratuity

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	**(16,974)**	(10,801)
Fair value of plan assets	**3,964**	5,645
Plan asset / (liability)	**(13,010)**	(5,156)

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

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Opening defined benefit obligation	**10,801**	6,971
Interest cost	**1,114**	496
Current service cost	**4,439**	3,252
Benefits paid	**(2,623)**	(1,086)
Actuarial (gains) / losses on obligation	**3,243**	1,168
Closing defined benefit obligation	**16,974**	10,801

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

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

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Opening fair value of plan assets	5,645	4,653
Expected return	380	383
Contributions by employer	415	1,158
Benefits paid	(2,623)	(1,086)
Actuarial gains / (losses)	147	537
Closing fair value of plan assets	3,964	5,645

Assumptions

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Discount rate	5.50%	8.00%
Expected return on plan assets	8.00%	8.00%

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

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

18.14 Payment to directors

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
Salaries	25,344	23,040

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

18.15 Auditors' remuneration

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
Audit fees #	1,750	1,750
Other matters #	350	300
Out of pocket expenses	85	76

Amounts exclude service tax and cess.

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

18.16 Contingencies and commitments

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
Commitments		
Capital contracts yet to be executed	**3,662**	772
Contingent liabilities		
(a) Claims against the company not acknowledged as debts*	**10,887**	10,887
(b) Service tax matters	**–**	1,770

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

18.17 Expenditure in foreign currency (on accrual basis)

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
Connectivity Cost	**59,771**	67,995
Selling commission	**28,857**	40,878
Foreign travel	**2,495**	2,619
Maintenance charges	**7,169**	9,068
Legal and professional charges	**36,607**	2,451
Membership fee	**81**	302

18.18 CIF value of imports

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
Capital goods	**770**	6,474

18.19 Earnings in foreign exchange (on accrual basis)

PARTICULARS	Year Ended March 31, 2009	Year Ended March 31, 2008
Service income	**718,383**	878,940
Interest income	**–**	12,034

18.20 Dividend remitted in foreign exchange

PARTICULARS	Year Ended March 31, 2008
Period to which it relates	2006-07
Number of non-resident shareholders	3
Number of equity shares held on which dividend was due	5,569,537
Amount remitted	USD 685,904

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

18.21 Foreign currency exposures

The Company had used derivative financial instruments in the form of forward exchange contracts to hedge its risks associated with foreign currency fluctuations during the year. Accounting policy for forward exchange contracts is given in note 18.2 (n) above. There are no open forward contracts at year end.

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

		As at March 31, 2009		As at March 31, 2008	
PARTICULARS	Foreign Currency	**Amount in Foreign Currency**	**Amount in Indian Rupees**	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	7,964	404,988	8,269	330,910
Payables	USD	1,144	58,159	1,057	42,309
Bank balances	USD	179	9,088	1,027	41,112
	GBP	17	1,342	35	2,802
Investments	USD	3,384	138,895	11,339	482,281

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

18.23 Previous year comparatives

As discussed in note 18.1 in view of the acquisition of business from i2i, the figures for the year ended March 31, 2009 are not strictly comparable with that of the previous year. Further, previous year figures have been reclassified / regrouped wherever necessary to conform to current year's classification.

For S.R.Batliboi & Associates
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date: June 15, 2009

For and on behalf of the Board of Directors

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

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

I Registration Details

Registration No.	41033	State Code	18
Balance Sheet Date	31 03 2009		

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

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

III Positing to Moilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	1441494	Total Assets	1441494
Source of Funds			
Paid up Capital	152383	Reserves & Surplus	1283194
Secured Loan	5917	Unsecured Loan	-
Application of Funds			
Net Fixed Assets	266669	Investments	453811
Net Current Assets	721014	Deferred Tax Assets/ (Liabilities)	-
Accumulated Losses	-	Miscellaneous Expenditure	-

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

Turnover (Sales and Other Income)	1098466	Total Expenditure	1168691
Profit/(Loss) Before Tax	(-) 70225	Profit/(Loss) After Tax	(-) 72282
Earning per share-basic Rs.	(-) 4.74	Dividend Rate %	-
Earning per share-Diluted Rs.	(-) 4.74		

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

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

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place : Chennai
Date : June 15, 2009

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

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

1. Name of the Subsidiary Company	Allsectech Inc.,	B2K Corp Inc., **	Allsectech Manila Inc.,
2. Financial Year of the Subsidiary ended on	31st March 2009	31st March 2009 **	31st March 2009
3. Extent of interest in Subsidiary Company	100 %	100 %	100%
4. Net aggregate amount of the Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of the Company			
a) Dealt with in the Company's Accounts			
I) For the Financial Year of the Subsidiary.	Nil	Nil	Nil
II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	Nil	Nil	Nil
b) Not Dealt with in the Company's Accounts			
I) For the Financial Year of the Subsidiary.	15,843	6355	(45864)
II) For the previous financial years of the Subsidiary since it became the Subsidiary of the Company.	(61,016)	(6355)	(666)
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 2009.	N.A.	N.A.	N.A.
6. Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial year ended 31st March 2009 a. Fixed Assets b. Investments c. Money lent d. Money borrowed other than those for meeting Current Liabilities	N.A.	N.A.	N.A.

** Note: B2K Corp Inc ,USA has been voluntarily dissolved during the year and results of operations till closure date are shown above

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Place : Chennai
Date : June 15, 2009

Information of Subsidiary Companies for the year ended March 31, 2009 disclosed as per the terms of exemption under Section 212(8) of the Companies Act, 1956 granted by the Central Government

Sl. No.	Particulars	Allsectech Inc.		*B2K Corp Inc.		Allsectech Manila Inc.	
	Currency	USD	Rs.	USD	Rs.	Php	Rs.
	Period	01-Apr-2008 to 31-Mar-2009		01-Apr-2008 to 31-Mar-2009		01-Apr-2008 to 31-Mar-2009	
(a)	Capital	810,000	41,269,500	-	-	81,250,000	87,758,125
(b)	Reserves	(971,082)	(49,476,628)	-	-	(48,464,042)	(52,346,012)
(c)	Total Assets	1,079,485	54,999,761	-	-	114,798,239	123,993,578
(d)	Total Liabilities	1,079,485	54,999,761	-	-	114,798,239	123,993,578
(e)	Investment (Except in case of investment in Subsidiaries)	-	-	-	-	-	-
(f)	Turnover	3,311,399	168,715,779	166,595	8,488,015	68,796,744	74,307,363
(g)	Profit/(Loss) Before Taxation	(171,208)	(8,723,048)	158,895	8,095,700	(43,848,532)	(47,360,799)
(h)	Provision for Taxation	(9,951)	(507,003)	(100)	(5,095)	-	-
(i)	Profit After Taxation	(181,159)	(9,230,051)	158,795	8,090,605	(43,848,532)	(47,360,799)
(j)	Proposed Dividend	-	-	-	-	-	

* B2K Corp Inc., US has been dissolved voluntarily during the year and its results till closure date are included above.The subsidiary does not have any balance at year end under capital / reserves / total assets, total liabilities as the company is dissolved during the year.

Exchange Rate (INR) for USD 50.95 and Php 1.0801

Consolidated Financial Statements for the year ended March 31, 2009

To

The Board of Directors

Allsec Technologies Limited

1. We have audited the attached Consolidated Balance Sheet of Allsec Technologies Limited ('the Company'), as at March 31, 2009, and its subsidiaries Allsectech Inc., Allsectech Manila Inc., and B2K Corp Inc., (the Subsidiaries) and also the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of the Subsidiaries, whose financial statements reflect total assets of Rs. 178 million as at March 31, 2009, total revenues of Rs. 226 million and net cash flows amounting to Rs. 332 million for the year then ended. The financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report / certification of other auditors.

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

5. *As more fully discussed in Note 3 of Schedule 18 to the Financial Statements, the net sundry debtors as at March 31, 2009, of Rs 362.94 million, include receivables from two foreign customers aggregating Rs. 159.38 million, which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no provision is required in this regard. In view of the above, and having regard to the significant uncertainty involved, we are unable to comment on the provisions required, if any, for such balances.*

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to our comments in paragraph 5 above, the effect whereof on the financial statements is not ascertainable,* we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Company and its Subsidiaries, as at March 31, 2009**;**

   (b) in the case of the consolidated profit and loss account, of the consolidated loss of the Company and its Subsidiaries, for the year ended on that date; and

   (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Company and its Subsidiaries, for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place : Chennai
Date : June 15, 2009

Consolidated Balance Sheet

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

PARTICULARS	Schedule	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	152,383	152,383
Stock options outstanding	2	12,406	10,777
Reserves and surplus	3	1,182,778	1,272,994
		1,347,567	1,436,154
Loan Funds			
Secured loans	4	5,917	3,669
		1,353,484	1,439,823
APPLICATION OF FUNDS			
Fixed assets	5A		
Gross block		787,217	659.543
Less : Accumulated depreciation		454,749	354,818
Net block		332,468	304,725
Add: Capital work-in-progress [including capital advances]		-	23,181
		332,468	327,906
Intangible assets	5B		
Gross block		114,550	87,551
Less: Accumulated amortisation		64,992	48,608
Net block		49,558	38,943
Investments	6	315,374	310,959
Current assets, loans and advances			
Sundry debtors	7	362,941	303,171
Cash and bank balances	8	288,516	436,641
Other current assets	9	15,469	10,245
Loans and advances	10	159,831	129,013
		826,757	879,070
Less : Current liabilities and provisions			
Current liabilities	11	140,784	95,927
Provisions	12	29,889	21,128
		170,673	117,055
Net current assets		656,084	762,015
		1,353,484	1,439,823
Notes to Accounts	18		

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

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date: June 15, 2009

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 thousands of Indian Rupees, unless otherwise stated)

PARTICULARS	Schedule	Year ended March 31, 2009	Year ended March 31, 2008
Income			
Income from services		**1,038,291**	979,411
Other income	13	**174,434**	32,060
		1,212,725	1,011,471
Expenditure			
Connectivity costs		**102,695**	106,883
Employee costs and benefits	14	**767,520**	746,610
General and administration expenses	15	**312,262**	232,147
Selling expenses	16	**5,242**	7,497
Finance charges	17	**3,993**	2,651
Deferred revenue expenses written off		**-**	21
Depreciation and amortisation	5A & 5B	**115,844**	86,862
		1,307,556	1,182,671
Profit / (Loss) before tax		**(94,831)**	(171,200)
Provision for taxation			
- Current tax		**462**	190
- Deferred tax		**-**	22,821
- Fringe benefit tax		**2,057**	2,119
Profit / (Loss) after tax		**(97,350)**	(196,330)
Balance brought forward from previous year		**(81,527)**	159,285
Amounts adjusted on amalgamation of B2K Corp Private Limited Loss after tax for the financial year 2005 - 06 and 2006 - 07		-	(44,482)
Profit / (loss) carried to Balance Sheet		**(178,877)**	(81,527)
Earnings per share			
Net profit / (loss) available to equity shareholders		**(97,350)**	(196,330)
Weighted average number of equity shares used in computing basic earnings per share		**15,238,326**	15,238,326
Basic earnings per share (equity shares, par value Rs.10/- each) (Rs.)		**(6.39)**	(12.88)
Weighted average number of equity shares used in computing diluted earnings per share		**15,238,326**	15,238,326
Diluted earnings per share (equity shares, par value Rs.10/- each) (Rs.)		**(6.39)**	(12.88)
Notes to Accounts	18		

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

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place : Chennai
Date : June 15, 2009

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

Consolidated Cash Flow Statement

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

	PARTICULARS	Year ended March 31, 2009	Year ended March 31, 2008
A.	**Cash flow from operating activities:**		
	Net profit / (loss) before tax	**(94,831)**	(171,200)
	Adjustments for:		
	Depreciation and amortisation	**115,844**	86, 853
	Interest expense	**1,053**	326
	Interest income	**(15,738)**	(2,901)
	Dividend income	**(18,680)**	(35,776)
	(Profit) / Loss on sale of assets	**(296)**	510
	Provision for doubtful debts	**10,187**	8,004
	(Profit) on sale of investments	**–**	(232)
	Liabilities no longer required written back	**(1,117)**	(1,601)
	Unrealised foreign exchange (gain) / loss, *net*	**(44,069)**	(6,947)
	Amortisation of employee stock compensation cost	**2,486**	7,752
	Operating profit / (loss) before working capital changes	**(45,161)**	(115,212)
	Adjustments for changes in working capital :		
	- (Increase) in sundry debtors	**(120,914)**	(22,966)
	- (Increase) in loans and advances and other current assets	**(87,106)**	(37,126)
	- Increase / (Decrease) in current liabilities and provisions	**211,249**	5,610
	Cash generated from / (used in) operations	**(41,752)**	(169,694)
	- Taxes (paid), net	**(1,539)**	(5,646)
	Net cash from / (used in) Operating Activities	**(43,291)**	(175,340)
B.	**Cash flow from investing activities:**		
	Capital expenditure (Refer note 1)	**(78,178)**	(72,356)
	Proceeds from sale of fixed assets	**3,303**	1,682
	Purchase of investments - mutual funds	**(433,894)**	(1,933,016)
	Consideration paid for purchase of business of i2i	**(47,528)**	–
	Expenses incurred relating to purchase of business of i2i	**(1,200)**	–
	Proceeds from sale of investments - mutual funds	**429,479**	2,345,383
	Investment in subsidiary	**–**	(29,711)
	Deposits (made) / received during the year	**–**	100,000
	Interest received	**5,840**	2,657
	Dividend Received	**18,680**	35,776
	Net cash from / (used in) investing activities	**(103,498)**	450,415

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

PARTICULARS	Year ended March 31, 2009	Year ended March 31, 2008
C. Cash flow from financing activities:		
Proceeds from issue of equity share capital / share warrants	-	(426)
Share issue expenses	-	(200)
Proceeds from long term borrowings	3,577	(50,289)
Repayment of long term borrowings	(1,329)	(1,552)
Interest paid	(1,053)	(326)
Dividend paid	-	(76,192)
Dividend tax paid	-	(12,949)
Net cash from / (used in) financing activities	1,195	(141,934)
Net Increase in cash and cash equivalents:	(145,594)	133,141
Opening cash and cash equivalents	436,187	291,621
Add: Adjustments on Business purchase of callcentre division of i2i Teleservices Pvt Ltd in the current year / on amalgamation of B2K Corp Pvt Ltd in the previous year	(2,303)	11,425
Closing cash and cash equivalents*	288,290	436,187
*Includes restricted cash balances	70	80
Reconciliation of cash and cash equivalents with cash and bank balance as per Schedule 8:		

	As at March 31, 2009	As at March 31, 2008
Cash and Bank balances, per Schedule 8	288,516	436,641
Loss / (Gain) on restatement of balances in foreign currency accounts.	(226)	(454)
Cash and cash equivalents as per cash flow statement	288,290	436,187

Notes :

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

As per our report of even date

For S.R.Batliboi & Associates
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No: 053315

Place : Chennai
Date : June 15, 2009

For and on behalf of the Board of Directors

A Saravanan
Director

R Jagadish
Director

A Mohan Kumar
Company Secretary

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

	PARTICULARS	As at March 31, 2009	As at March 31, 2008
1	**Share capital**		
	Authorised		
	20,000,000 [Previous year - 20,000,000] Equity shares of Rs.10/- each	**200,000**	200,000
	1,350,000 [Previous year - 1,350,000] Convertible Preference Shares of Rs.100/- each	**135,000**	135,000
	Issued, subscribed and paid-up*		
	15,238,326 [Previous year - 15,238,326] Equity Shares of Rs.10/- each fully paid up	**152,383**	152,383
		152,383	152,383
	* Refer Note 18.5 for stock options outstanding details		
2	**Stock options outstanding**		
	Balance, beginning of year	**13,327**	16,984
	Add: Additions during the year	**-**	-
	Less: Deletions / adjusted during the year	**921**	3,657
	Balance, end of year	**12,406**	13,327
	Less: Deferred employee stock compensation		
	Balance, beginning of year	**2,551**	13,960
	Add: Additions during the year	**-**	-
	Less: Amortized / adjusted during the year	**2,551**	11,410
	Balance, end of year	**-**	2,550
		12,406	**10,777**
3	**Reserves and Surplus**		
	Capital Reserve		
	Balance, beginning of year	**25,074**	-
	Add: Lapsed Share warrants transferred	**-**	25,074
	Balance, end of year	**25,074**	25,074
	Securities Premium		
	Balance, beginning of year	**1,201,881**	1,202,081
	Add: Received during the year	**-**	-
	Less: Adjusted against share issue expenses	**-**	200
	Balance, end of year	**1,201,881**	1,201,881
	General Reserve		
	Balance, beginning of year	**128,059**	110,000
	Amounts adjusted on amalgamation of B2K Corp Private Limited	**-**	19,863
	Less: Adjustment for employee benefits provision (net of tax Rs. Nil)	**-**	(1,804)
	Add: Transferred from employee stock options outstanding	**857**	-
	Balance, end of year	**128,916**	128,059
	Profit and Loss Account	**(178,877)**	(81,527)
	Foreign currency translation reserve (Refer Note 18.2(o))		
	Balance, beginning of year	**(493)**	-
	Add: Exchange difference during the year on net investment in non-integral operations	**6.277**	(493)
		5,784	(493)
		1,182,778	1,272,994

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

	PARTICULARS	As at March 31, 2009	As at March 31, 2008
4	**Secured loans**		
	Hire purchase loans from banks (Refer Note 18.6)	**5,917**	3,669
		5,917	3,669
	Schedule 5 on Fixed Asset is set out on the following page.		
6	**Investments**		
	Current investments (at lower of cost or market value)*		
	Mutual Fund Units		
	Quoted, fully paid up at cost	**315,374**	310,959
		315,374	310,959
7	**Sundry debtors (unsecured)**		
	Debts outstanding for a period exceeding six months		
	– Considered good	**195,702**	165,676
	– Considered doubtful	**18,191**	8,004
	Others, considered good	**167,239**	137,495
		381,132	311,175
	Less: Provision for doubtful debts	**(18,191)**	(8,004)
		362,941	303,171
8	**Cash and bank balances**		
	Cash on hand	**86**	93
	Balance with scheduled banks*		
	- in current accounts	**34,432**	52,028
	- in deposit accounts	**245,758**	41,940
	- in unpaid dividend accounts	**70**	80
	Balance with other banks		
	- in current accounts	**8,170**	19,106
	- in deposit accounts	**-**	323,394
		288,516	436,641
	* Includes unutilised proceeds received from preferential issue Rs. 476,327 (previous year Rs. 307,088)		
9	**Other current assets**		
	Unbilled revenues	**3,415**	8,089
	Interest accrued but not due	**12,054**	2,156
		15,469	10,245
10	**Loans and advances (unsecured, considered good)**		
	Advances recoverable in cash or in kind or for value to be received	**1,977**	1,151
	Balance with excise authorities	**31,423**	33,356
	Prepaid expenses	**8,613**	9,852
	Deposits	**71,931**	63,486
	MAT Credit entitlement	**-**	4,379
	Advance income tax and tax deducted at source, net	**45,887**	16,789
		159,831	129,013

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

5A Fixed Assets

Description of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2008	Additions for the year#	Deletions for the year	As at March 31, 2009	As at April 1, 2008	For the year	Deletions for the year	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Tangible Assets										
Plant and machinery										
- Computers and servers	138,270	**51,972**	**-**	**190,242**	82,611	**27,264**	**-**	**109,875**	**80,367**	55,659
- Call centre equipment	282,774	**7,795**	**2,579**	**287,990**	171,663	**34,830**	**1,229**	**205,264**	**82,726**	111,111
- Office equipment	57,699	**8,595**	**608**	**65,686**	13,509	**2,786**	**175**	**16,120**	**49,566**	44,190
Furniture and fixtures	59,382	**6,877**	**-**	**66,259**	24,804	**5,077**	**-**	**29,881**	**36,378**	34,578
Leasehold improvements	111,136	**51,758**	**-**	**162,894**	60,345	**30,588**	**-**	**90,933**	**71,961**	50,791
Vehicles*	10,282	**5,766**	**1,902**	**14,146**	1,886	**1,467**	**677**	**2,676**	**11,470**	8,396
Total	**659,543**	**132,763**	**5,089**	**787,217**	**354,818**	**102,012**	**2,081**	**454,749**	**332,468**	**304,725**
Previous Year@	570,232	92,112	2,801	659,543	271,764	83,663	609	354,818	304,725	

\# Includes assets of Rs. 22,434 taken over pursuant to the acquisition of callcentre division from i2i Telesource Private Limited. Also refer note 18.1

* Vehicles include assets acquired under finance lease - Gross block - Rs. 7,587 (previous year - Rs. 4,371); Deprecication - Rs. 714 (previous year - Rs. 271) and Net block - Rs. 6,586 (previous year Rs. 4,084)

Additions and depreciation charge for the year include foreign currency translation adjustment arising on consolidation of a foreign subsidiary aggregating Rs.9,976 (previous year - Rs. 627) and Rs. 2,552 (previous year - Rs.126) respectively.

@ Previous year numbers includes, additions to gross block of Rs. 24,978 and depreciation of Rs. 5,482 pursuant to amalgamation of B2K Corp Private Limited.

5B Intangible Assets

Description of Assets	Gross Block				Amortisation				Net Block	
	As at April 1, 2008	Additions for the year#	Deletions for the year	As at March 31, 2009	As at April 1, 2008	For the year	Deletions for the year	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Software	60,138	**1,648**	**-**	**61,786**	47,923	**7,809**	**-**	**55,732**	**6,054**	12,215
Goodwill on consolidation	27,413		**-**	**27,413**	685	**5,483**	**-**	**6,168**	**21,245**	26,728
Goodwill on acquistion (also refer note 18.4)	-	25,351	**-**	**25,351**	-	**3,092**	**-**	**3,092**	**22,259**	-
Total	**87,551**	**26,999**	**-**	**114,550**	**48,608**	**16,384**	**-**	**64,992**	**49,558**	**38,943**
Previous Year	56,662	3,476	-	60,138	40,053	7,870		47,923	12,215	

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

PARTICULARS	As at March 31, 2009	As at March 31, 2008
11 Current liabilities		
Current liabilities		
Sundry creditors		
– Dues to micro and small enterprises	-	-
– Others	93,426	49,527
Foreign currency payable	-	11
Other liabilities	47,288	45,947
Book overdraft	-	362
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
Unpaid dividend	70	80
	140,784	95,927
12 Provisions		
Employee bonus	6,077	7,996
Leave encashment	10,802	7,976
Gratuity	13,010	5,156
	29,889	21,128
	Year ended March 31, 2009	Year ended March 31, 2008
13 Other income		
Interest		
– Bank deposits	22,591	12,230
– Others	517	12,034
Dividend income from mutual funds	18,680	35,776
Profit on sale of fixed assets	296	-
Profit on sale of non trade investments	-	232
Liabilities no longer required written back	1,117	1,601
Foreign exchange gains / (loss), net	128,356	(35,787)
Miscellaneous income	2,877	5,974
	174,434	32,060

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

	PARTICULARS	**Year ended March 31, 2009**	Year ended March 31, 2008
14	**Employee costs and benefits**		
	Salaries, wages and allowances	**655,938**	610,902
	Contributions to provident and other funds	**35,093**	25,207
	Gratuity	**8,269**	3,996
	Employee stock compensation cost*	**2,486**	7,752
	Staff welfare	**57,312**	81,753
	Recruitment and training	**8,422**	17,000
		767,520	746,610
	* Includes Rs. 64 (previous year Rs. 1,980) of reversal of cost earlier accounted on lapsed options.		
15	**General and administration expenses**		
	Electricity	**45,107**	39,888
	Rent and amenities	**86,418**	62,767
	Rates and taxes	**2,139**	1,981
	Repairs and maintenance		
	– Plant and machinery	**24,467**	24,768
	– Others	**31,895**	23,703
	Insurance	**3,675**	3,209
	Professional and consultancy charges	**70,816**	31,299
	Travel and conveyance	**17,114**	20,669
	Telephone	**3,861**	4,244
	Provision for doubtful debts	**10,187**	8,004
	Loss on sale of fixed assets	**-**	510
	Miscellaneous expenses	**16,583**	11,105
		312,262	232,147
16	**Selling expenses**		
	Selling commission	**1,466**	3,386
	Other selling expenses	**3,776**	4,111
		5,242	7,497
17	**Finance charges**		
	Interest		
	– others	**1,075**	353
	Bank charges	**2,918**	2,298
		3,993	2,651

18 Notes to accounts

18.1 Background

Allsec Technologies Limited ('Allsec' or the 'Company') was incorporated on August 24, 1998 as a limited company under the Companies Act, 1956 and is listed on the National Stock Exchange of India Limited ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Company is engaged in the business of providing IT enabled services. 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 commenced domestic call centre operations in the current year and has also acquired the domestic call centre business of a company in the current year.

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

- Allsectech Inc., USA ('Allsectech') – A wholly owned subsidiary of the Company incorporated on September 14, 2000 in the state of Delaware, USA. This subsidiary is engaged primarily in the business of providing marketing support services to the Company.
- Allsectech Manila Inc ('ATM') (formerly Kingdom Builders Inc, Philippines) – A wholly owned subsidiary of the Company engaged in the business of IT enabled services including web development, web design, search engine optimization, strategic teleservices and customer care quality management. The Company had acquired controlling interest in this Company on February 14, 2008.

During the current year, the company's wholly owned subsidiary B2K Corp Inc., USA ("B2K") has undergone a voluntary dissolution process and the nominal share capital invested of US $ 100 along with loans outstanding to the Company was recovered by the Company. The profit and loss account for the year includes revenue of Rs. 7,651 (previous year Rs. 4,193) and profit / (loss) of Rs. 6,356 (previous year Rs. (646)) of B2K.

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

Acquisition of call centre business from i2i Telesource Private Limited (i2i)

During the year, the Company has entered into a Business Transfer Agreement ('BTA') dated July 31, 2008 with the shareholders of i2i Telesource Private Limited ('i2i'), an Indian company registered in New Delhi, engaged in the business of inbound and outbound call centre services and mobile value added services. Under the terms of the BTA, the Company shall acquire the domestic call centre business from I2I for a consideration to be determined as per the terms of the BTA. On October 24, 2008, the Company has paid an aggregate consideration of Rs. 47,528 and acquired such business from i2i with effect from July 31, 2008.

18.2 Statement of significant accounting policies :

(a) Principles of Consolidation

i. The Consolidated Financial Statements ('CFS') of the Group have been prepared based on a line-by-line consolidation of the balance sheet as at March 31, 2009 and statement of profit and loss and cash flows of the Group for the year ended March 31, 2009.

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, 2009.

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

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

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

(b) Basis of preparation

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

(c) Use of estimates

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

(d) Fixed assets

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

(e) Depreciation

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

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

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period, whichever is less. Assets individually costing Rs. 5 or less are fully depreciated in the year of purchase.

Pursuant to the acquisition of the call centre division of i2i, the estimated useful lives of assets of i2i were revised with effect from August 1, 2008 to synchronize with the effective useful lives of similar assets of the Company.

The assets of Allsectech aggregating to Rs. 11 million (1.30% of the total group assets) are depreciated using straight line method over its estimated useful life of three years for computers and accessories and five years for other equipment.

The assets of ATM aggregating to Rs. 127 million (25.60% of the total group assets) are depreciated using the straight line method over its estimated useful life as follows:

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

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

(f) Intangible assets

Computer software

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

Goodwill

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

(g) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

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

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

(h) Investments

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

(i) Leases

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

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

(j) Provisions

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

(k) Revenue recognition

<u>Income from services</u>

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.

<u>Dividend income</u>

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

<u>Interest</u>

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

(l) Retirement benefits

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

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

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

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

(m) Taxation

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

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

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

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

Minimum Alternative Tax (‘MAT’) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(n) Cash and cash equivalents

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

(o) Foreign currency transactions

Transactions

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

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

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

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

Translations

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

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

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

(p) Earnings per share ("EPS")

The earnings considered in ascertaining the Group's earnings per share comprise the net profit after tax. 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.

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

(q) Deferred employee stock compensation expenses

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

18.3 Receivables from Academic Funding Foundation and K2 Financials

The net sundry debtors as at March 31, 2009, of Rs 362.94 million, include receivables from Academic Funding Foundation and K2 Financials of Rs. 159.38 million, which are substantially overdue. These customers have, in a communication to the Company, confirmed the dues to the Company and have stated that they are currently evaluating options to generate liquidity to settle their obligations. Based on the foregoing, management believes that these balances are fully recoverable and is of the opinion that no provision is required in this regard.

18.4 Goodwill on acquisition of domestic call centre business from i2i

The excess of the purchase consideration paid over the net assets of i2i as at the date of acquisition has been recognised as 'Goodwill' in the financial statements. The goodwill has been determined as below:

PARTICULARS	Amount
Purchase consideration paid–(A)	**47,528**
Costs incurred in connection with the acquisition (B)	**1,200**
Net assets taken over	
Net block of fixed assets	22,434
Loans and Advances	7,370
Debtors (including unbilled revenue)	26,359
Cash and Bank (including overdraft)	(2,303)
Liabilities	(28,892)
Provisions	(1,591)
Total of net assets (C)	**23,377**
Goodwill (A + B – C)	**25,351**

18.5 Stock option plans

The Group has two stock option plans that provide for the granting of stock options to employees including Directors of the 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:

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

Employee Stock Option Plan (ESOP), 2004

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

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

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

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

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Options outstanding, beginning of year	**19,800**	19,800
Options granted during the year	**-**	-
Options exercised during the year	**-**	-
Options lapsed during the year	**-**	-
Options outstanding, end of year	**19,800**	19,800
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	**19,800**	19,800
- Options not eligible for exercise at year end	**-**	-
Weighted average share price at the date of exercise (Rs.)	**-**	-
Weighted average remaining contract life of options (in years)	**4 months**	1 year and 4 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

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

Employee Stock Option Plan (ESOP), 2006

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

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

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Options outstanding, beginning of year	**243,500**	350,000
Options granted during the year	**-**	-
Options exercised during the year	**-**	-
Options lapsed during the year	**18,000**	106,500
Options outstanding, end of year	**225,500**	243,500
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	**225,500**	121,750
- Options not eligible for exercise at year end	**-**	121,750
Weighted average remaining contract life of options	**2 years and 10 months**	3 years and 10 months
Vesting period of options		
- 50% of the options – one year from the date of grant		
- 50% of the options – two years from the date of grant		

Pro-forma Disclosures for ESOS 2006

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

Particulars	Profit / (Loss) after tax	Basic EPS (Rs.)	Diluted EPS (Rs.)
Year ended March 31, 2009			
- Amounts as reported	**(97,350)**	**(6.39)**	**(6.39)**
- Amounts as per pro-forma	**(102,764)**	**(6.75)**	**(6.75)**
Year ended March 31, 2008			
- Amounts as reported	**(196,330)**	**(12.88)**	**(12.88)**
- Amounts as per pro-forma	**(209,376)**	**(13.74)**	**(13.74)**

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

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

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

18.6 Secured Loans

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

18.7 Details of current investments

Current investments in mutual funds at the year end comprise:

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

	March 31, 2008	
Name of Mutual fund	**No of units**	**Amount**
DWS Money Plus Fund - Institutional Plan	12,246,540	122,549
HDFC Cash Management Fund	2,815,850	28,247
ICICI Prudential - Flexible Income Plan	9,544,111	100,915
Tata Floater Fund	2,162,527	21,702
UTI - Liquid Plus Fund Institutional Plan	37,538	37,546
Total		310,959

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

18.8 Segment reporting

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

Information about secondary segments	March 31, 2009	March 31, 2008
Revenue from services		
United states of America	**791,752**	868,190
Others	**246,539**	111,221
Total	**1,038,291**	979,411

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 assets and capital expenditure since a meaningful segregation of the available data is onerous.

18.9 Related party transactions

1. Names of related parties

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

2. Transactions with related parties

Particulars	March 31, 2009	March 31, 2008
Directors' remuneration		
- Salaries	**25,344**	23,040
Dividend paid (cash basis)	**-**	20,450

3. Balances with related parties:

Particulars	March 31, 2009	March 31, 2008
Salary payable	-	11,520

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

18.10 Lease commitments

Finance leases:

Particulars	As at March 31, 2009	As at March 31, 2008
Not later than one year		
Minimum lease payments	**2,322**	1,209
Less: Finance Charges	**578**	383
Present value	**1,754**	826
Later than one year but not later than five years		
Minimum lease payments	**4,849**	3,400
Less: Finance Charges	**686**	557
Present value	**4,163**	2,843
Later than five years		
Minimum lease payments	**Nil**	Nil
Less: Finance Charges	**Nil**	Nil
Present value	**Nil**	Nil

Operating leases

Office premises are obtained under operating lease. Lease rentals incurred during the year Rs. 86,418 (previous year Rs. 62,767) have been charged as an expense in the profit and loss account. The future lease rentals payable are as follows:

Particulars	As at March 31, 2009	As at March 31, 2008
Upto 1 year	**68,408**	78,997
1 to 5 years	**192,601**	254,048
Beyond 5 years	**7,151**	41,217
Total	**268,160**	374,262

18.11 Gratuity benefit plans

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

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

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

Profit and Loss account

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Current service cost	**4,439**	3,252
Interest cost on benefit obligation	**1,114**	496
Expected return on plan assets	**(380)**	(383)
Net actuarial loss recognized in the year	**3,096**	631
Net employee benefit expense (Gratuity)	**8,269**	3,996

Balance sheet

Details of provision for gratuity

Particulars	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	**(16,974)**	(10,801)
Fair value of plan assets	**3,964**	5,645
Plan asset / (liability)	**(13,010)**	(5,156)

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

Particulars	As at March 31, 2009	As at March 31, 2008
Opening defined benefit obligation	**10,801**	6,971
Interest cost	**1,114**	496
Current service cost	**4,439**	3,252
Benefits paid	**(2,623)**	(1,086)
Actuarial (gains) / losses on obligation	**3,243**	1,168
Closing defined benefit obligation	**16,974**	10,801

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

Particulars	As at March 31, 2009	As at March 31, 2008
Opening fair value of plan assets	**5,645**	4,653
Expected return	**380**	383
Contributions by employer	**415**	1,158
Benefits paid	**(2,623)**	(1,086)
Actuarial gains / (losses)	**147**	537
Closing fair value of plan assets	**3,964**	5,645

Assumptions

Particulars	As at March 31, 2009	As at March 31, 2008
Discount rate	**5.50%**	8.00%
Expected return on plan assets	**8.00%**	8.00%

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

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

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

18.12 Contingencies and commitments

PARTICULARS	As at March 31, 2009	As at March 31, 2008
Commitments		
Capital contracts yet to be executed	**3,662**	772
Contingent liabilities		
(a) Claims against the Group not acknowledged as debts *	**10,887**	10,887
(b) Service tax matters	-	1,770

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

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

18.14 As discussed in Note 18.1 in view of the acquisition of business from i2i, the figures for the year ended March 31, 2009 are not strictly comparable with that of the previous year. Further, previous year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification.

For S.R.Batliboi & Associates
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: June 15, 2009

ALLSEC TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

Date & Time	Friday 31st July 2009 10.00 AM
Venue	Narada Gana Sabha, Mini Hall, 314, TTK Salai, Alwarpet, Chennai 600018

Folio No.	No. of Shares

DEMAT PARTICULARS

DP ID No.

I	N	

Client ID No.

Mr./Ms. ______________________

MEMBER ☐ **PROXY** ☐

(Please tick as applicable)

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

I hereby record my presence at the 10th Annual General Meeting of the Company

....

Signature of Member / Proxy

Tear Here

ALLSEC TECHNOLOGIES LIMITED

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

FORM OF PROXY

Folio No.	No. of Shares held

DEMAT PARTICULARS

DP ID No.	I	N	
Client ID No.			

I / We .... of

....
(Address)

being Member(s) of ALLSEC TECHNOLOGIES LIMITED hereby appoint

.... of
(Name of proxy)

.... or failing him
(Address of proxy)

.... of
(Name of alternate proxy)

.... as my / our
(Address of alternate proxy)

proxy to vote for me / us on my / our behalf at the 10TH ANNUAL GENERAL MEETING of the Company to be held at 10.00 AM on Friday, the 31st July 2009 and at any adjournment thereof.

Date .... Signature ....

Re. 1
Revenue
Stamp


ALLSEC TECHNOLOGIES LTD


ALLSEC TECHNOLOGIES LTD.


ALLSEC TECHNOLOGIES LTD.
ALLSEC TECHNOLOGIES LTD.


ALLSECTECH