



Directors' Report

The Directors take pleasure in presenting to you the 22nd Annual Report of the Company covering the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

Pursuant to the notification dated 16 February 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 with effect from 1 April 2017. The performance of the Company for the financial year 2020-21 is summarized below:

(₹ In Lakhs)

	STANDALONE			CONSOLIDATED		
	YEAR ENDED			YEAR ENDED		
	31-Mar-21	31-Mar-20	F/(A)*	31-Mar-21	31-Mar-20	F/(A)*
INCOME FROM SERVICES	18,865	20,133	(6%)	27,669	29,444	(6%)
TOTAL COSTS	15,189	16,017	5%	21,079	21,917	4%
OPERATING MARGIN	3,676	4,116	(11%)	6,590	7,527	(12%)
OTHER INCOME	381	545	(30%)	364	409	(11%)
EBIDTA	4,057	4,661	(13%)	6,954	7,936	(12%)
EBIDTA (%)	22%	23%		25%	27%	
DEPRECIATION	1,719	1,455	(18%)	2,339	1,990	(18%)
FINANCE COST	210	174	(21%)	244	226	(8%)
PROFIT/(LOSS) BEFORE TAX & EXCEPTIONAL ITEMS	2,128	3,032	(30%)	4,371	5,720	(24%)
EXCEPTIONAL ITEMS	-	1,214		-	-	
PROFIT/(LOSS) BEFORE TAX	2,128	1,818	17%	4,371	5,720	(24%)
PROFIT/(LOSS) AFTER TAX	1,597	945	69%	3,512	4,493	(22%)

*F / (A) stands for Favourable / Adverse

Business Outlook

The Company in India primarily operates two business segments namely the Human Resources Operations (HRO) business that caters to the payroll and other HR services we provide to our clients and the Digital Business Services (DBS) business which provides voice and non-voice services to domestic and international clients. Globally, the company has a DBS and HRO business in Manila and DBS business in the US.

The year gone by has been a challenging year with large parts of H1 being impacted by COVID-19 pandemic in India and Manila. The DBS domestic business was impacted with volume drops in Q1 FY21. HRO did not see major drop in existing revenue but new business additions in Q1 were slower than normal, with deals closure getting pushed to Q2 FY21 and beyond.

The DBS business has made inroads into augmenting its service lines in the Shared Services, Insurance BPaaS Services and Healthcare Denial Management. HRO shared services now includes providing end-to-end of HR, ER, Payroll and Statutory Support Services in a shared

services model. Insurance BPaaS Services designed for the US market include Policy Administration, Customer Service, Agency Management, Claims Management and Premium Reporting & Analytics.

We continue to work on our technology initiatives to provide superior service to the customers. Few of the initiatives include API based access for Sale closure within client environment, rollout of Chat-bots Services, Cloud Based Legal Transcription Process. We have also beefed up our digital Marketing Initiatives to include Social Media Campaigns, PR Site Partnership, Paid Ads and Content based Marketing.

Domestic DBS witnessed drop in business during the first quarter of the year on account of the pandemic. However the business volumes were above pre-COVID-19 levels by end of Q4. The second wave of the pandemic has impacted the business in this segment in Q1 FY22 and this is an area the Company will monitor closely.

The DBS - International business had a muted year with volumes from our collection businesses largely flat year



on year due to Collections moratorium in North America. Contracting decisions were delayed in North America due to the pandemic and volumes from collections were lower because of government cash schemes implemented in those countries during large part of the previous year. Towards the end of Q4 FY21, the Company had robust new logo wins and given that the North American market is back to normalcy, we believe this segment will grow during the current year.

Profit before Tax and Exceptional Items (PBTE) stood at INR 2,128 Lakhs as compared to INR 3,032 Lakhs in the previous year. Your Company has reported Net profit after tax for the current year at INR 1,597 Lakhs as compared to Net profit after tax of INR 945 lakhs for the previous year. Detailed analysis of the Standalone results forms part of the Management Discussion and Analysis (MD&A) report provided separately as part of the Annual Report.

Consolidated Revenue for the year stands at INR 27,669 lakhs as compared to INR 29,444 in the previous year. Consolidated Profit before Tax and Exceptional Items reduced to INR 4,371 lakhs from INR 5,720 lakhs in the previous year. Net profit after tax stood at INR 3,512 lakhs down from INR 4,493 lakhs in previous year.

The Company has delivery centers in India at Chennai, Bengaluru & NCR locations. In the international front Allsec has centers in Manila (Philippines) and Dallas (United States of America). There is no change in the nature of Company's business.

Dividend

The Board of Directors of your Company have paid an interim dividend of ₹ 15 per share for the financial year 2020-21. The Board does not recommend any final dividend for the year.

Deposits

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

Directors

The Board of Directors of your Company consists of three (3) Non-Executive Non-Independent Directors and three (3) Non-Executive Independent Directors. All the Directors of your Company have rich background of highly productive leadership and management. The details of the members of the Board is given in the Corporate Governance section of the Annual Report.

Key Managerial Personnel

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

1. Mr. Ashish Johri - Chief Executive Director
2. Mr. Raghunath P – Chief Financial Officer
3. Mr. Gagan Preet Singh – Company Secretary

Employees

The information relating to employees to be given under Section 197(12) of the Companies Act, 2013 is given in **Annexure-F**.

Corporate Governance

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

Certificate from Practicing Company Secretaries confirming the compliance of conditions of Corporate Governance is included in **Annexure-B**. CEO / CFO certification is attached in **Annexure-H**.

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

Subsidiary Companies

The Company has two subsidiaries as at year end namely Allsectech Inc., USA, and Allsectech Manila Inc., Philippines.

During the year the Company wound down its wholly owned subsidiary Retreat Capital Management.

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

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

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

- a) The Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary.
- b) The Audit Committee reviews the financial statements, in particular, the investments made by the subsidiary companies on a quarterly basis.
- c) Your Company has formulated a Policy on Material Subsidiary as required under SEBI (LODR) Regulations, 2015 and the policy is hosted on the website of the Company under the web link <http://www.allsectech.com/Allsec/investor-information>



Compliance under Companies Act, 2013

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

Extract of Annual Return

An Extract of the Annual Return in form MGT-9 as of March 31, 2021, pursuant to the sub section (3) of Section 92 of the Companies Act 2013 and forming part of the report is placed in the Company's website under the web link <http://www.allsectech.com/Allsec/investor-information>

Board Meetings held during the year

During the year, 5 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached as **Annexure-A** to this Report.

Committees of the Board

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

Directors' Responsibility Statement

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

Your Directors confirm the following that:

- In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

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

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

Independent Directors and Board Evaluation

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

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

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

Familiarisation Programme

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

Remuneration Policy

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



Related Party Transactions

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

All the Related Party Transactions that were entered into by the Company during the financial year 2020-21 were on an arm's length basis and were in the ordinary course of business. Thus, the provisions of Section 188 of the Companies Act, 2013 and the Rules framed thereunder are not attached. All repetitive Related Party Transactions are placed before the Audit Committee are within the Omnibus Approval limits obtained in accordance with the requirements of the SEBI (LODR) Regulation 2015. The transactions entered into pursuant to such approval are placed periodically before the Audit Committee.

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

Vigil Mechanism / Whistle Blower Policy

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

Corporate Social Responsibility

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

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

As per computations made under Section 198 of the Companies Act, 2013, the Company must contribute approximately INR 51.72 lakhs as CSR Contribution. During the financial year 2020-21, the CSR Committee of the Company had a meeting on March 16, 2021 which approved the contributions made and proposed to the tune of INR 51.72 Lakhs to promote various educational

institutions identified and which falls under the categories prescribed in Schedule VII of the Companies Act 2013 under (ii) promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and the differently abled and livelihood enhancement project.

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

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

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

Internal Financial Control and Adequacy

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

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of the Company were appointed on the 20th Annual General Meeting held on September 30, 2019 for a period of 5 years. The Company has received necessary certificates under Sections 139 and 141 of the 2013 Act, to the effect that they satisfy the conditions under the 2013 Act and the rules made thereunder for the above appointment. As required under the SEBI (LODR) Regulations 2015, the Statutory Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Comments on Auditors' report

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



Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2021 and May 26, 2021 (date of the Report)

There are no material changes and commitments affecting the financial position of the company which has happened between March 31, 2021 and May 26, 2021.

Reclassification of erstwhile Promoters from 'Promoter and Promoter Group' category to 'Public' category

During the financial year under review, Mr. Ramamoorthy Jagadish and Mr. Adishesan Saravanan were reclassified from 'Promoter and Promoter Group' category to 'Public' category. The approval from the Stock Exchanges for the reclassification was received on August 25, 2020.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. A. Mohan Kumar & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is given as an **Annexure-D** and forms part of this Report.

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

During the year, Retreat Capital Management Inc., USA ceased to be the wholly owned subsidiary of the company.

Quality & Information Security

The Company has a robust Quality Management and Information Security Management system in place to identify potential risks, areas for improvement and further to have smooth business operations. Periodic Management Review meetings are conducted to review these.

Latest version of QMS certification i.e. ISO 9001:2015 was renewed in Q4 of this year i.e. 2020-21. ISO 27001:2013 certification too was renewed in Q4. All annual renewals and scope expansion were completed successfully in Q4 of the year 2020-21.

Last year, we accomplished PCI DSS Compliance Certification for Bengaluru and Noida facilities for the first time in view of banking business that we have in these centers. Renewal for the long-existing PCI DSS compliance certifications for Chennai and Manila facilities is completed in Q4. In Q3, additionally, we got our Chennai facility certified for HIPAA in view of new healthcare business and future business focus on healthcare vertical. HIPAA is -Health Insurance Portability and Accountability Act, a certification needed in line with

this US act for US health care business. Existing SSAE 18 / ISAE 3402 which is a graduated version of SAS 70 Type II certification for HRO business has been renewed.

General Data Protection Regulation (GDPR) is a regulation in EU law on data protection & privacy for all individuals within the European Union (EU). It also addresses the requirements to be fulfilled for export of personal data from EU to outside the EU. This act is applicable to all entities which can be located anywhere in the world and have to mandatorily deploy the GDPR framework and controls if they collect or process personally identifiable information (PII) of EU citizens or those residing in EU. We have an established GDPR framework last year. In this year, we continued strengthening the controls and our system in line with this regulation for the business lines it is applicable.

Disclosure as per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

The options granted under the scheme have lapsed.

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

Since your Company is in the Information Technology Enabled Services (ITES) business, the provisions relating to conservation of energy and technology absorptions are not applicable.

The details of the earnings and expenditure in foreign currency are given below:

Particulars	INR in Lakhs
Earnings in Foreign Currency	5,177
Expenditure in Foreign Currency	270

Environment, Health & Safety

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

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees either permanent, temporary or contractual are covered under the above policy. The said policy has been uploaded on the internal portal of the Company for information of all employees. An Internal Complaint Committee (ICC) has



been set up in compliance with the said Act. During the year the committee has not received any complaints.

Investor Services

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

The investor information section of the Website of the Company (www.allsectech.com), furnishes important financial details and other data of frequent reference by the investors as per the Regulation 46 of SEBI (LODR) Regulations, 2015. The Company also has a Stakeholders' Relationship Committee to address shareholders' grievances if any and resolve them as & when they are reported. The Company has provided an exclusive email id: investorcontact@allsectech.com for the investors to facilitate the redressal of the queries and complaints of the investors.

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

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

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

Acknowledgement

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

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

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

Place : Bengaluru
Date: May 26, 2021

Sd/-
Ajit Isaac
Director

Sd/-
Krishna Suraj Moraje
Director