

ACCEL TRANSMATIC LIMITED



***EIGHTEENTH ANNUAL REPORT
2003 - 2004***

BOARD OF DIRECTORS

Mr. N.R. Panicker
Chairman

Mr. T. Ravindran
Mr. Philip John
Wholetime Directors

Mr. M.R. Narayanan
Mr. A. Mohan Rao
Directors

Mr. S.T. Prabhu
Director & Company Secretary

BANKERS

STATE BANK OF INDIA
Commercial Branch,
Trivandrum

STATE BANK OF TRAVANCORE
Kowdiar Branch,
Trivandrum

UNION BANK OF INDIA
Kazhakkuttom Branch,
Trivandrum

THE FEDERAL BANK LIMITED
Rajaram Mehta Nagar Branch,
Chennai – 600 029.

CANARA BANK
Guindy Branch,
Chennai – 600 032.

REGISTERED OFFICE

T.C. 17 / 27, JERA 20,
Jagathy, Trivandrum – 695 014.
Tel.: 0471 – 234 2215 / 234 2265
Fax : 0471 – 234 2208
Email: tsled@transmaticindia.net

ANNUAL GENERAL MEETING

On Monday, March 14, 2005
at 11.30 am at II Floor, Lakshmi
Chambers, Vazhuthacaud,
Trivandrum – 695 014.

AUDITORS

M/s. VIJAYAKUMAR & EASWARAN
Chartered Accountants
Sasthamangalam,
Trivandrum – 695 010.

LEGAL ADVISERS

**M/s. S. Ramasubramaniam &
Associates**, Advocates,
6/1, Bishop Wallers Avenue (West)
Mylapore, Chennai – 600 004.

SHARES LISTED WITH

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 025.

BRANCHES

NORTH

- B-149, Greater Kailash – I, **New Delhi** – 110 048.
- II Floor, Anand Motors Building, 21, Vidan Sabha Marg, **Lucknow** – 226 001.
- SCO 409 – 410, 2nd Floor, Sector-35C, **Chandigarh** – 160 022.
- B-7, Govind Marg, Adarsh Nagar, **Jaipur** – 302 004.
- Golden Towers, 131/10, Zone 2, MP Nagar, **Bhopal** – 462 011.

EAST

- ELGIN CHAMBERS, III Floor, 1A, Ashutosh Mukherjee Road, **Calcutta** – 700 020.
- A.K. Azad Road, Near CCP Office, Rehabari, **Guwahati** – 781 008.

WEST

- Barodawala Mansion, I Floor, A Wing, 81, Dr. A.B. Road, Worli, **Mumbai** – 400 018.
- 163, Navdeep Building, Opp. Akashvani, Near Income Tax Circle, Ashram Road, **Ahmedabad** – 380 014.
- Ground Floor, 43/A, Nutan Bharat Society, Alkapuri, **Baroda** – 390 005.
- Flat No. 1, Neelkanth Apartments, Gokhale Raod, Shivaji Nagar, **Pune** – 411 016.
- I Floor, Shivteerth Building, 1201-C/A, Opp. Fergusson College, **Pune** – 411 004.
- II Floor, Gomantak Bhavan, St. INEZ, Panajim, **Goa**.

SOUTH

- 37, Nelson Manickam Road, Aminjikarai, **Chennai** – 600 029.
- 102, L.B. Road, Adyar, **Chennai** – 600 020.
- II Floor, TAAS Mahal, 10, Montieth Road, Egmore, **Chennai** – 600 008.
- 5, II Floor, Rajaji Road, STS Chambers, Tambaram (West), Chennai – 600 045.
- 159, I Floor, K.P. Towers, Arcot Road, Vadapalani, **Chennai** – 600 026.
- 164/14, Singapore Plaza, Linghi Chetty Street, Parrys, **Chennai** – 600 001.
- Hare Krishna, 31, Thilagar Street, R.S. Puram, **Coimbatore** – 641 002.
- 41C, Bashyakarulu Road, R.S. Puram, **Coimbatore** – 641 002.
- 41, Subbiah Colony, K.K. Nagar, **Madurai** – 625 020.
- 113B, II Floor, West Perumal Maistry Street, **Madurai** – 625 001.
- A-15, I Cross Street, Thillai Nagar, **Trichy** – 620 018.
- 201, Mission Street, **Pondicherry** – 605 001.
- Sheriff House, II Floor, 85, Richmond Road, **Bangalore** – 560 025.
- Plot No. 10, I Floor, Sarvasukhi Colony, West Marredpally, **Secunderabad** – 500 026.
- 40 – 15 / 1a, First Floor, Jayadurga building, M.G. Road, **Vijayawada** – 520 010.
- 40-16-8/2, Sidhartha Womens College Road, Opp. Hotel Khandari Labbipet, **Vijayawada** – 520 010.
- SAMA Towers, 3-6-365 / A & B, II Floor, Near Liberty “X” Roads, Himayat Nagar, **Hyderabad** – 500 029.
- Ground Floor, “The Stars”, Veekshanam Road, **Cochin** – 682 018.
- Noorjahan Building, Opp. Kaloor Bus-stand, Kaloor, **Cochin** – 682 017.
- Sakthan Thampuram Bus Stand Shopping Complex, S.T.N. Nagar, **Thrissur** – 680 001.
- 17 / 27, JERA 20, Jagathy, **Trivandrum** – 695 014.
- III Floor, Lakshmi Chambers, Vazhuthacaud, **Trivandrum** – 695 014.
- 19 / 1902, II floor, Bajana Koil Road, **Calicut** – 673 002.
- I Floor, Mangachalil Building, 13 / 357, T.B. Road, **Kottayam** – 686 001.
- I Floor, Anil Bhavan, YMCA Jetty Road, Mullakkal, **Alappuzha** – 688 011.
- III Floor, Majestic Centre, Near By-pass Road, **Kozhikode** – 673 004.

FACTORIES

- Gandhipuram, Sreekariyam, **Trivandrum** – 695 017.
- No. 34 & 35, SIDCO Electronics Complex, Block – I, III Floor, Guindy, **Chennai** – 600 032.

SOFTWARE DEVELOPMENT CENTRES

- 311, NILA, Technopark, **Trivandrum** – 695 581.
- Ground Floor, 37, Nelson Manickam Road, Aminjikarai, **Chennai** – 600 029.

OVERSEAS SUBSIDIARY

Azuma Bldg., 2F, 1-7 Honcho, Naka-ku,
Yokohama 231-0005, Japan.

ACCEL TRANSMATIC LTD.

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ACCEL TRANSMATIC LIMITED WILL BE HELD AT II FLOOR, LAKSHMI CHAMBERS, VAZHUTHACAUD, TRIVANDRUM – 695 014 ON Monday, 14TH MARCH, 2005 AT 11.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March 2004 and the Balance Sheet as at that date together with the report of the Auditors thereon.
2. To appoint a Director in place of Mr. N.R. Panicker, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. M.R. Narayanan, who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS

4. To appoint a Director in the place of Mr. Philip John, who was appointed as an Additional Director by the Board of Directors with effect from 25.02.2004 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company, being eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Companies Act, 1956 from a shareholder proposing his candidature for the office of Director.
5. To appoint a Director in the place of Mr. S.T. Prabhu, who was appointed as an Additional Director by the Board of Directors with effect from 10.03.2004 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company, being eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Companies Act, 1956 from a shareholder proposing his candidature for the office of Director.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Pursuant to the provisions of sections 198, 309(4), 310 and other applicable provisions, if any, of the Companies Act, 1956, Mr. T. Ravindran, Executive Director of the Company be reappointed as Director for a further period of 3 years with effect from 21.07.2004 on revised Terms as agreed to by and between him and the Company.
FURTHER RESOLVED THAT Mr. T. Ravindran, be paid the minimum remuneration as above even in case of inadequacy of Profits in any year.
FURTHER RESOLVED THAT the company take steps to file necessary application to the statutory authorities, if necessary, for approval for the re-appointment and remuneration to be paid to him.
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Pursuant to the provisions of sections 198, 309(4), 310 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Philip John, be appointed as Wholetime Director for a period of 3 years with effect from 01.04.2004 on Terms as agreed to by and between him and the Company.
FURTHER RESOLVED THAT Mr. Philip John, be paid the minimum remuneration as above even in case of inadequacy of Profits in any year.
FURTHER RESOLVED THAT the company take steps to file necessary application to the statutory authorities, if necessary, for approval.
8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :
"RESOLVED THAT Messrs. Vijayakumar & Easwaran, Chartered Accountants, Sasthamangalam, Trivandrum and Messrs. Varma & Varma, Chartered Accountants, Chennai, be and are hereby appointed as Joint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, to audit the accounts of the Company for the financial year 2004 – 2005, including audit of Cash Flow Statements, at a remuneration to be fixed by the Board of Directors of the Company."

NOTES

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under item nos. 4 to 8 above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY MAY NOT VOTE EXCEPT ON A POLL.
3. Members are requested to inform the Company 's Registrars and Share Transfer Agents viz., Integrated Enterprises (India) Limited, regarding changes, if any, in their registered addresses along with the PIN Code Number.
4. The Registrar of Companies, Kerala has granted extension of time for holding the Annual General Meeting for the year ended 31st March 2004 upto 15th March 2005.
5. The Register of Members and the Transfer Books of the Company will be closed from Thursday, 10th March 2005 to Monday, 14th March 2005 (both days inclusive).
6. As per the provisions of the amended Companies Act, 1956, the facility for making nominations is now available to the shareholders in respect of the equity shares held by them. Nomination forms can be obtained from the Company 's Registrars and Share Transfer Agents, viz., Integrated Enterprises (India) Limited.
7. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the company during office hours on all working days, except Public Holidays, between 11 am and 1 pm upto the date of Annual General Meeting.
8. The equity shares of the Company are listed at The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
9. The Company has paid the annual listing fees to the Stock Exchange for the financial year 2004 – 2005.
10. Members are requested to intimate to the Company, queries if any, regarding the accounts / notices at least 10 days before the Annual General Meeting to enable the management to keep the information ready at the meeting. The queries may be addressed to : The Company Secretary, Accel Transmatic Limited, T.C. 17 / 27, JERA 20, Jagathy, Trivandrum – 695 014.
11. Members are requested to bring their copies of Annual Reports to the Annual General Meeting.

By Order of the Board of Directors

Sd/-

N.R. PANICKER
CHAIRMAN

Trivandrum
11th February, 2005
Registered Office: 17 / 27, Jagathy, Trivandrum – 695 014.

ANNEXURE TO THE NOTICE

As required by Section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the business mentioned under item nos. 4 to 8 of the accompanying Notice dated 11th February, 2005.

Item 4

Mr. Philip John is the Managing Director of M/s. Ushus Technologies Private Limited, which has been merged with the Company under the Scheme of Arrangement of Amalgamation.

Mr. Philip John is a Bachelor of Engineering and Post Graduate from Indian Institute of Technology, Chennai.

He has more than 25 years of technical and managerial experience with various organizations.

The Board considers it desirable that the Company continues to avail of the services of Mr. Philip John and accordingly the Directors recommend that he be appointed as Director of the Company.

Other than Mr. Philip John, none of the other Directors, are in any way, concerned or interested in this resolution.

Item 5

Mr. S.T. Prabhu is a Director in Accel Limited, Accel Software and Technologies Limited and Zener Electronics Private Limited, the three transferor companies which have merged / demerged with the Company.

A Chartered Accountant and Company Secretary having more than 20 years of experience in corporate finance, accounts, legal matters and worked in various capacities, audit firms and corporate entities.

He is also being designated as Company Secretary of the Company.

The Board considers it desirable that the Company continues to avail of the services of Mr. S.T. Prabhu and accordingly the Directors recommend that he be appointed as Director of the Company.

Other than Mr. S.T. Prabhu, none of the other Directors, are in any way, concerned or interested in this resolution.

Item 6

The Shareholders at the Annual General Meeting of the Company held on 31.07.1999, had appointed Mr. T. Ravindran as Executive Director for a period of Five years effective from 21.07.1999 and also approved the terms of his appointment and remuneration payable to him.

His term of five years has expired and the company wishes to extend his appointment for another period of 3 years at a revised remuneration and is being redesignated as Wholetime Director. His re-appointment and revised remuneration has been recommended by the Remuneration Committee.

Keeping in mind the increase in House Rent and House Maintenance Expenses, the Board of Directors at their meeting held on 29th September 2004 have approved the revision on House Rent Allowance and other allowances payable to the Wholetime Director as a part of the remuneration and this is subject to the approval of the Members.

The principal terms and conditions of service of Mr. T. Ravindran as Whole time Director as contained in the draft agreement with the company are as follows :

- (a) **Period of Appointment** – from 20.07.2004, for a period of Three Years.
- (b) **Salary** – such amount for Mr. T. Ravindran in the scale of Rs. 25,000 to Rs. 100,000 per month as may be decided by the Board based on the recommendations of the Remuneration Committee with liberty to the Board to decide about the quantum of annual increment which will be effective from 01st April of every year.
- (c) **Perquisites & Allowances** – within the overall ceiling of one time of the annual salary, Mr. T. Ravindran would be entitled to the following by way of perquisites and allowances in such form and manner as the Board of Directors of the company may decide :-
 - Furnished accommodation or House Rent Allowance in lieu thereof.
 - Leave Travel Allowance for self and family.
 - Medical expenses and medical insurance for self and family.
 - Personal accident insurance, and Such other perquisites and allowances in accordance with the Rules of the company or as may be agreed by the Board of Directors and Mr. T. Ravindran.
 - For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable and in the absence of any such Rules, perquisites shall be evaluated at actual cost.
 - Provision for use of company car and a telephone at residence and a mobile telephone (including payment for local calls and long-distance calls) which shall not be included in the computation of perquisites for the purpose of calculating such ceiling. Personal long distance calls will be billed by the company to Mr. T. Ravindran.
 - Note** – Family for this purpose shall mean the spouse, the dependent children and the dependant parents of Mr. T. Ravindran.
- (d) **Incentive / Commission**
 - Mr. T. Ravindran will also be eligible for an amount calculated at the rate of 5% of the Net Profit of the Product Division, as Bonus / Incentive, subject to a maximum of one year Basic Salary and subject to all statutory compliances.
- (e) **Minimum Remuneration** – notwithstanding anything herein, where in any financial year, during the currency of the tenure of Mr. T. Ravindran, the company has no profits or its profits are inadequate, the company will pay remuneration to Mr. T. Ravindran as specified above by way of salary, perquisites and allowances and incentive remuneration.
 - Mr. T. Ravindran will be entitled to leave according to company 's leave rules applicable to its Directors.

The Agreement between Mr. T. Ravindran and the company may be terminated by either party by giving six months' notice from either side.

The appointment of Mr. T. Ravindran is by virtue of his employment in the company and it is subject to the provisions of Section 283 of the Companies Act, 1956.

If at any time Mr. T. Ravindran ceases to be a Director of the company for any cause whatsoever, he shall also cease to be the Wholetime Director of the company.

Mr. T. Ravindran shall not be entitled to supplement his earnings with any buying or selling commission. Mr. T. Ravindran also shall not become interested or otherwise concerned directly or through his relatives in any selling agency of the company without requisite approvals as may be necessary.

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A copy of the draft Agreement to be entered into is available for inspection at the Registered Office of the company on all working days of the company between 11 am and 1 pm upto the date of the Annual General Meeting.

Your Directors therefore commend for approval the resolution contained in Item No. 6 of the Notice.

Mr. T. Ravindran is concerned or interested in the Resolution contained in Item No. 6 of the Notice as it relates to the revision of Salary, perquisites and allowances payable to him. None of the other Directors are concerned or interested in the Resolution contained in Item No. 6.

Item 7

Mr. Philip John was co-opted a Director of the company with effect from 25.02.2004.

On completion of merger as approved by the High Court of Kerala and Chennai, Ushus Technologies operations have become part of company operations.

The company wishes to designate Mr. Philip John as Wholetime Director of the company with effect from 01.04.2004 and also approve the terms of his appointment and remuneration payable to him.

Mr. Philip John was the Managing Director of erstwhile Ushus Technologies Private Limited.

He is being re-appointed as a Director vide Item No.4 of the Notice. The company at its Board Meeting held on 22.12.2004 has approved terms of his appointment, as recommended by the Remuneration Committee.

The principal terms and conditions of service of Mr. Philip John as Wholetime Director as contained in the draft agreement with the company are as follows :

- (a) **Period of Appointment** – from 01.04.2004, for a period of Three Years.
- (b) **Salary** – such amount for Mr. Philip John in the scale of Rs. 25,000 to Rs. 100,000 per month as may be decided by the Board based on the recommendations of the Remuneration Committee with liberty to the Board to decide about the quantum of annual increment which will be effective from 01st April of every year.
- (c) **Perquisites & Allowances** – within the overall ceiling of one time of the annual salary, Mr. Philip John would be entitled to the following by way of perquisites and allowances in such form and manner as the Board of Directors of the company may decide :-

Furnished accommodation or House Rent Allowance in lieu thereof.

Leave Travel Allowance for self and family.

Medical expenses and medical insurance for self and family.

Personal accident insurance, and Such other perquisites and allowances in accordance with the Rules of the company or as may be agreed by the Board of Directors and Mr. Philip John.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable and in the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of company car and a telephone at residence and a mobile telephone (including payment for local calls and long-distance calls) which shall not be included in the computation of perquisites for the purpose of calculating such ceiling. Personal long distance calls will be billed by the company to Mr. Philip John.

Note – Family for this purpose shall mean the spouse, the dependent children and the dependant parents of Mr. Philip John.

(d) Incentive / Commission

Mr. Philip John will also be eligible for an amount calculated at the rate of 5% of the Net Profit of the Technologies Division, as Bonus / Incentive, subject to a maximum of one year Basic Salary and subject to all statutory compliances.

(e) Minimum Remuneration – notwithstanding anything herein, where in any financial year, during the currency of the tenure of Mr. Philip John, the company has no profits or its profits are inadequate, the company will pay remuneration to Mr. Philip John as specified above by way of salary, perquisites and allowances and incentive remuneration.

Mr. Philip John will be entitled to leave according to company 's leave rules applicable to its Directors.

The Agreement between Mr. Philip John and the company may be terminated by either party by giving six months' notice from either side.

The appointment of Mr. Philip John is by virtue of his employment in the company and it is subject to the provisions of Section 283 of the Companies Act, 1956.

If at any time Mr. Philip John ceases to be a Director of the company for any cause whatsoever, he shall also cease to be the Wholetime Director of the company.

Mr. Philip John shall not be entitled to supplement his earnings with any buying or selling commission. Mr. Philip John also shall not become interested or otherwise concerned directly or through his relatives in any selling agency of the company without requisite approvals as may be necessary.

A copy of the draft Agreement to be entered into is available for inspection at the Registered Office of the company on all working days of the company between 11 am and 1 pm upto the date of the Annual General Meeting.

Your Directors therefore commend for approval the resolution contained in Item No. 7 of the Notice.

Mr. Philip John is concerned or interested in the Resolution contained in Item No. 7 of the Notice as it relates to the appointment and remuneration payable to him. None of the other Directors are concerned or interested in the Resolution contained in Item No. 7.

Item 8

Considering the merger of various companies into the company and also enlarged operations, it has been decided to appoint two audit firms, namely, Messrs. Vijayakumar & Easwaran, Chartered Accountants, Trivandrum and Messrs. Varma & Varma, Chartered Accountants, Chennai, as Joint Auditors.

By Order of the Board of Directors

Sd/-

N.R. PANICKER
CHAIRMAN

Trivandrum
11th February, 2005
Registered Office: 17 / 27, Jagathy, Trivandrum – 695 014.

DIRECTORS' REPORT

To
The Members.

FINANCIAL RESULTS

(Figures in Rs. Millions)

Particulars	Current Year 2003 - 2004	Previous Year 2002 - 2003
Total Income	115.74	32.74
Gross Profit/ (Loss) before interest depreciation and tax.	12.62	(8.67)
Less: Interest	10.05	7.44
Profit/(Loss) before Depreciation and Tax	2.57	(16.10)
Less: Depreciation	5.43	2.43
Less: Bad Debts Written off	22.36	0.14
Deferred Tax adjustments	(7.53)	8.86
Profit/(loss) before tax	(32.74)	(9.83)

Your directors don't recommend any dividend due to the need to deploy funds for restructuring activities .

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March 2004.

The financial year 2003 – 2004 was a significant year in the company's history. The initiatives taken in the previous year culminated in the merged operation of your company with 4 other businesses in the last quarter of the year resulting in the turnaround of your company. The net turnover grew to Rs 115.74 million from previous year's 32.74 million and the operational profit grew to Rs.12.5 million from a loss of Rs.8.6 million in the previous year.

ACCEL LTD joined as the key promoter of the company pursuant to their acquiring a block of shares held by one of the promoters and the subsequent open offer by them to comply with SEBI guidelines. To reflect the change in the ownership, your company name has been changed to ACCEL Transmatic Limited. In order to bring synergy between various businesses under ACCEL LTD's umbrella and to reduce operational costs it was decided to merge some of group entities of ACCEL LTD with your company. The management in its effort to strengthen the export focus, decided further to acquire Ushus Technologies Private Limited an upcoming and leading Embedded Software Development Company based in Technopark, Thiruvananthapuram, Kerala through a strategic merger with the company. The merger is effective from 1st January 2004, and necessary approvals have been obtained from High Courts of Kerala and Tamilnadu for the same.

The following companies got amalgamated with the company.

Transferor Companies :

ACCEL SOFTWARE AND TECHNOLOGIES LIMITED
USHUS TECHNOLOGIES PRIVATE LIMITED
ZENER ELECTRONICS PRIVATE LIMITED.

Transfer of Business Division :

ACCEL LIMITED

The company has re-structured its operations into 4 business divisions – Products Division, Services Division, Technologies division and Training Division. Each division is operated as Strategic Business Unit under a business unit head.

CURRENT OPERATIONS

Your company continues its thrust on developing and manufacturing Electronics and Embedded System products targeting India and overseas markets. The Payment Collection Terminals and other Customer interface products launched by the company has been well received in the market. Several orders have been executed and more are under process.

The Services Division apart from providing Annual maintenance contracts for various products manufactured by Transmatic Systems also provide Multi Vendor Services for UPS systems and range of automation products.

Ushus Technologies (The Technologies division) focuses on value added software services with several active clients in Japan and USA. It is also working with few clients in the middle east regions in commercial applications area.

The Training division, which is in niche areas of Embedded systems and VLSI technologies, Computer Hardware and Networking Domains has presence in all major cities in South India. It is an acknowledged leader in providing training in IT infrastructure management and engineering services and operations are leveraged to develop required manpower for our own expanding operations.

OUTLOOK FOR 2004 - 2005

Products Division:

The company's main business so far has been providing hardware and systems solutions for customer interface and point of sale mainly for bills payment applications in retail, banking and utility industries. We have successfully demonstrated our capabilities in this area by participating in some of the prestigious projects. We have tied up with M/s. Can Bank Computer Services Limited to offer payment collection solutions to various utility companies. With more and more automation being implemented in retail and utility industries, the management is hopeful that your company's products will find wider acceptance and demands in the future. The company has charted out an aggressive growth plan for this division with innovative products and better marketing strategies. The Division has ISO 9002 Certification since 1995 and obtained ISO 9001 : 2000 Certification in the current year.

Services Division :

The Services Division, apart from providing warranty and post warranty services for the company's products, also provide multi vendor services for UPS systems and a range of office automation products. This division also undertake manufacturing and sale of UPS systems under the brand name of Zener and ACCEL to address the fast expanding power systems market.

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Technologies Division :

The Technologies division consists of the operations of erstwhile Ushus Technologies Private Limited and Software Division of Accel Software and Technologies Limited. This division now has two development centers, one in Chennai and the other in Technopark Thiruvananthapuram and expertise in Engineering and Commercial Software applications. It has a marketing office in Japan, which is a subsidiary company. The company has initiated active steps to strengthen its existing operations in Japan and find new markets in the United States and Europe for its services.

Presently, the Technologies Division operates in the following domains.

- Embedded and Real time Systems
- Multimedia Technologies
- Process and Factory automation and Business Applications.
- Software for commercial applications.

This division possess several IPs (Intellectual Properties) in Engineering and Commercial Applications area and the management is hopeful of leveraging them for better monetary gains for the company in the future. The Technologies Division has obtained various quality certifications including ISO 9001:2000 and CMM Level 3. The plans are on to go for CMMI and PCMM certifications in the future.

Training Division :

The Training Division of the company is known under the brand name "Accel IT Academy" (AITA) and is ISO 9001 : 2000 certified for all its major centers.

AITA trains 7,000 students per year in Computer Hardware, System Administration, Advanced Networking, Network security, Data base Administration, CAD, VLSI Design and Embedded Systems. Being in niche areas, this division's training offerings have found wider acceptance in the market. It has plans to expand its network to become an all India operation with in two years.

FINANCE

During the year under review, the Company received necessary sanction from its Bankers, State Bank of India, State Bank of Travancore and KSIDC for restructuring its working capital limits and loans.

The Company was in a position to meet all its obligations towards interest to the lenders for the current year.

The average cost of borrowings for the year was 12.60% as against 14.47% for the previous year.

The company held Fixed Deposits of Rs. 19.82 lacs. There were no overdue deposits.

SUBSIDIARIES

On account of the merger of Ushus Technologies Private Limited with the company, its subsidiary in Tokyo, Japan namely Ushus Technologies Japan, L.L.C became a subsidiary of the Company . Presently the Company holds 67% of the equity of this subsidiary.

As per section 212 (1) of the Companies Act, 1956, the Company is required to attach to its Accounts, the Directors' Report, Balance Sheet and Profit and Loss Account of the Subsidiary.

As per the Rules of the host country of the subsidiary Company, its accounts are not statutorily required to be audited and hence these accounts are not audited.

The Consolidated Accounts present a complete picture of the Financial results of the company and its subsidiary. The consolidated Financial statements of the Company are prepared as per accounting standards AS-21 and have also been included as a part of this Annual Report.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance forms part of the Annual Report along with the Auditors Certificate on compliance.

DIRECTORS

Mr. A. Balasubramanian, Mr. P.M.K. Moorthy and Mr. M.S. Kunchitham resigned from the directorship of the Company. The board has accepted their resignations. The Board places on record its sincere appreciation of the valuable contribution made by these Directors during the tenure of their directorship.

Mr. N.R. Panicker and Mr. A. Mohan Rao were appointed in the Casual Vacancy created by the resignation of two of the above directors. Mr. N.R.Panicker and Mr. M.R. Narayanan retire by rotation and are eligible for re-appointment.

Mr. Philip John and Mr. S.T. Prabhu, who are appointed as Additional Directors with effect from 25.02.2004 and 10.03.2004 respectively, holds office upto the end of the Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company and are eligible for re-appointment. A Notice in writing under section 257 of the Companies Act has been received for their appointment as Directors in the forthcoming Annual General Meeting. The attention of the Members is drawn to Item Nos. 4 & 5 of the Notice.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, and based on the representations received from the operating management, your Directors hereby confirm that:

- that in the preparation of the annual accounts for the year ended March 31, 2004 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- that such accounting policies as mentioned in Note 23 of the Notes to the Accounts have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit of the Company for the year ended on that date.
- that proper and sufficient care has been taken 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.
- the annual accounts have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis report highlighting the industry structure and developments, opportunities and treats, future outlook, risks and concerns, etc is furnished separately and forms part of the Directors' Report.

AUDITORS

The Members will be requested at the Annual General Meeting to appoint Auditors for the current year and attention of Members is drawn to Item No. 8 of Notice.

As regards the Auditors' Report, the respective notes to the accounts are self explanatory and therefore do not call for any comments.

As regards Auditors' Qualifications, the Directors state as follows :

The company is in advanced stage of development of two softwares in the field of Education and HealthCare to which the expenses mentioned in the Auditors report relate to. The company has already received certain enquiries for the above software from prospective customers. Your Directors are confident that the development of the above softwares, could be completed and commercialised by mid-2005. Hence, in the opinion of your Directors, the amount incurred for development of the software and carried over under Inventories is fully recoverable and no provision is required to be made in the accounts at this stage.

The company has taken steps to reconcile the accounts and also to obtain confirmation from various Debtors, persons to whom Loans and Advances given, Deposits made and Sundry Creditors. The company was able to obtain confirmation from some of the Debtors and Creditors.

Considering some of the initiatives taken by the company, the management feels that it is in a better position to recover / realize the Debtors, Loans and Advances and Deposits in the coming years.

REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given as an annexure to this report.

PARTICULARS OF EMPLOYEES

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975.

CONSOLIDATED ACCOUNTS

As per the requirements under the Listing Agreement, audited consolidated financial statements confirming to the applicable accounting standards are attached to the Annual Report.

The Income and Profit / (Loss) figures include those relating to Accel Transmatic Limited for the full year, Transferor companies and the subsidiary company, Ushus Technologies Japan, L.L.C for the three months ended 31.03.2004.

ACKNOWLEDGEMENT

Your Directors thank the clients, vendors, financial institutions, bankers, business associates and various governmental as well as regulatory agencies for their valuable support for Company's growth. Your Directors also wish to place on record their appreciation of the contribution by the employees, who through their hard work, dedication and commitment have enabled the Company to achieve the growth and turnaround the corner and overcome the difficult situation it had in the earlier Years

For and on behalf of the Board of Directors

Sd/-

Trivandrum.
Date : 11th February, 2005

N.R. PANICKER
CHAIRMAN

ANNEXURE "A" TO THE DIRECTORS' REPORT

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

Our manufacturing process in Product Division is not power intensive, being an electronic equipment manufacturing unit. Even then, we have submitted an application to the State Electricity Board to reduce approved load and lower fixed charges considering the non-use of "Burn-in equipment" on account of phasing out of manufacture of products like dot matrix printers and DPGS.

Continuous efforts to improve energy efficiency, resulted in general improvement in energy consumption, across businesses.

Technology Absorption

Specific areas in which R & D is being carried out in the company:

The product Division of the company manufactures and markets products developed by its in house R & D group. The group consists of Engineers and Technicians who work on Hardware design, Embedded system development and software. Specific areas are:

- Automation of payment collection
- Automation of front office of Banks and Financial Institutions.
- Kiosks for multiple functions
- Queue Management automation

Benefits derived as a result of R & D

The company has been able to cater to the emerging needs of its clients who are implementing IT in their operation by providing solutions at the customer interface. Specific products introduced based on in-house R&D are

- Fully on-line counter collection equipment for utilities
- Automated cheque collection Kiosks for Banks & Utilities

- High security Automated payment collection machines for accepting cheques and cash
- Energy efficient solutions

Future Plan of Action

The Company will continue to improve upon the present range of products and bring in variations based on the requirement of clients.

Some of the products under development are :

- Embedded system design based Queue management systems
- Queue management systems using LAN of clients
- Cheque acceptance machines with scanning of cheques (compatible with the latest cheque transaction initiative of RBI)
- Ticketing Machines
- Point of Sale Terminals

The Company plans to keep abreast of the latest developments in Micro controllers, FPGAs etc and new product development is based on embedded systems designs.

Technology Absorption

The Company continues its efforts in technology absorption at all levels.

Foreign Exchange Earnings and Outgo

Figures for Foreign Exchange Earnings and Outgo are furnished in Note Nos. 23 18 (f) and 23 18 (e) of Notes on Accounts.

For and on behalf of the Board of Directors

Sd/-

Trivandrum.
Date : 11th February, 2005

N.R. PANICKER
CHAIRMAN

MANAGEMENT DISCUSSION & ANALYSIS

PROFILE

Accel Transmatic Limited (Formerly known as Transmatic Systems Limited and hereinafter referred to as 'The Company') specializes in developing and manufacturing Products and solutions used for customer interface applications for banking and utility industries. The company pioneered the development of many innovative IT products successfully in the past many years, that included computerized telex machines, swift terminals, high speed printers, PCO monitors etc. The company witnessed turbulent times in the past few years due to the sudden obsolescence of some of the existing products and the delayed completion of the development of new technology based products for emerging customer needs. Having completed the beta testing of the new products the company introduced the same in the past year and same has been accepted by the market. The company also decided to de-risk the business by aligning strategically with other businesses. One of the major initiatives the company undertook was to find a new strategic investor in ACCEL Limited who could kick start the growth engine to drive the company to full potential through organic and inorganic growth strategies.

ACCEL group is a well established IT conglomerate head quartered in Chennai, with companies such as ACCEL ICIM FRONTLINE Limited, ACCEL Software and Technologies Limited, Accel Office Automation etc in its fold and operating in India ,USA, Singapore and UAE. The Chairman of the group, Mr N R Panicker is a veteran in the Indian IT industry, has grown ACCEL from a small start up company in 1991 to a 2000 people organization by 2003.

ACCEL LTD after having taken over the management of the company, initiated a slew of measures to convert the company to a world class technology services company that will bring profitability and positive cash flows consistently in the future. The first step in this direction was to merge some of the companies in the Accel group and the Technopark, Thiruvananthapuram based, Ushus Technologies Private Limited, a leading embedded software services company together to create a diversified information Technology company with interest in Hardware, Software, Technologies and Training services under the umbrella of ACCEL TRANSMATIC LIMITED. The company has obtained necessary approvals from the statutory and legal authorities already. The merged operations are effective from 1st January 2004. The three months of combined operation has resulted in net profit and the company has turned around with a positive EBIDTA for the full year against a cash loss the company suffered in the previous financial year/s.

At Accel Transmatic, we believe that future is through continuous innovation in products and technologies and being in sync with the challenges that are peculiar to our country. This has brought us face to face with a whole New World of opportunities. We are dedicated to building long term relationships with customers through world class quality and customer service. The long-term associations that we have maintained with our clients stand as good testimony to the level of customer satisfaction the company has achieved over the years.

MARKETS AND PRODUCTS

Products Division :

As said earlier, the products division is presently engaged in manufacturing and marketing Products and solutions for customer interface applications for various types of organizations including Banking, Telecom, Utility companies etc., who are adopting IT to provide enhanced customer service. We develop products and solutions that

are tailor made to suit the needs of individual organizations and are combinations of Hardware , embedded systems and application software. Major opportunities are identified for our products and we have started receiving many orders. Some of our major customers include MTNL, BSNL, CESC, MSEB,SBI, IOB, Citibank, Canara Bank, e-seva project of AP, IKM of Kerala ,Delhi Traffic Police etc,. The products being developed and marketed by us are payment collection terminals, cheque depository machines, cash collection machines, Information Kiosks ,Queue Management Systems. Some of the prestigious orders we executed recently are:

- Fully on-line Counter Collection Equipment for MTNL, Delhi & Mumbai.
- High Security Automated Collection Machines for cheque and cash for BESCOM
- Computer based Queue Management Systems for E- Seva, Andhra Pradesh.

The company is currently working on enhancing the existing product portfolio to include the following products.

- Embedded System based Queue Management System.
- Automated Cheque Acceptance Terminals
- Automated Ticketing Machines
- Point of Sale Terminals for retail outlets.

With the proliferation of self service terminals for various applications in India and with our abilities to develop products based on latest technologies, the management is confident that the product division will be able to increase its turnover and profits substantially in the future.

Services Division :

The division takes care of the warranty and post warranty service requirements of the Products Divisions through an all India network of service centers. Being a strategic business unit with profit center responsibility, this division also undertake multi vendor services for various office automation equipments and UPS (Uninterrupted Power Supply) systems. Realising the vast potential exist for uninterrupted power supply systems, this division has undertaken manufacture and marketing of on line UPS systems used for mission critical applications. The market size for UPS system in India is estimated to be Rs 3000 Crores per annum and there is a huge demand for energy efficient UPS system with high input power factor. We have strategic alliance with some of the international manufactures for marketing and supporting high end UPS systems.

Technologies Division :

Ushus Technologies Private Limited was founded by a group of very experienced techno entrepreneurs, in Technopark, Thiruvananthapuram in 2000. The company had a rapid growth with equity investment from Kerala Venture Capital Fund. It has to its credit a commendable list of Fortune 500 companies in Japan, which include names like Tokyo Electron Limited, Toshiba Medical Systems and Hamamatsu Photonics. The approach to this market has been through local partners and a subsidiary company, Ushus Technologies, Japan, LLC. The division created two groups. One focusing on value added engineering applications such as imaging and process automation and the other group focusing on business applications. In order to find new markets in USA and create synergy with a larger company , Ushustech decided to merge with ACCEL Transmatic Ltd. After the merger, Ushus Technologies has become the

technologies division of the company. The erstwhile software division of ACCEL Software and Technologies also has been amalgamated in to this division with the objective of creating a single larger software entity. Now we can handle larger projects and effectively market our services in more geographies. The division also possess IP rights for two software products, namely "Prodigy"- a School Management System and "Health Space"-a Hospital management system. We have a commercial understanding with ACCELICIM to market these products in Asia Pacific markets.

The major focus of the division is Engineering Applications. This include Embedded Systems, Multimedia Communication Systems, Image Processing Systems, Process Automation Systems and Wireless. The business applications group focuses on custom applications development using web technologies from Microsoft , Sun ,Oracle and open platforms.

The company's vision is to make the technologies division , a top notch player in the software services industry. With expected growth rate of over 40% for the Indian software Industry, opportunities are unlimited for this division. A major thrust has been given to strengthen the business development activities in the US market. A dedicated team has been created to spear head these efforts. A beginning has been made by winning prestigious order for a pilot project from a US Fortune 100 company for developing embedded software. Once the pilot project is approved, this division will have many more such customers in the US which will give the required boost for the company's software services business in the future.

Training Division :

India 's IT services sector is all set to achieve annual revenue of USD 70 billion in 2008.If this has to happen, then it will have to educate at least 2 million additional knowledge workers with specific skills over the next 3-4 years.

Accel IT Academy is the Training Division of the Company focusing on niche areas of IT training segment. It imparts training in computer hardware engineering, system administration, network engineering, Data base administration, embedded systems , VLSI design and CAD. Accel IT Academy has 12 years of creditable standing in the IT training market in South India. The division is currently training over 7500 candidates annually .It is expected to register more than 10,000 candidates for training during the next year with 80% of them placed on pass outs. ACCEL group itself being a large user of manpower from AITA, the future potential appears to be very promising for this division.

Opportunities, Threats and Risks

As explained earlier, all the products and services offered by the company have major scope for growth because of the vast expanding IT industry in India and the software outsource boom in the USA and Japan. Indian IT industry is expected to reach 80 Billion USD turn over in the next 5 years from the present 15 Billion. So the opportunities are unlimited. The company's endeavor is to utilize this opportunity to the fullest extent to maximize revenue and profit in the years to come.

The threats to our business in the domestic market are increasing due to the entry of fly by night operators and competition from low cost players. We are planning to overcome this threat by improving the brand identity and also bring cost efficiency in our operations. Another threats to our growth is the high attrition of trained manpower and non availability of high caliber manpower who can take up challenging assignments from Japan. The management is taking adequate steps to improve the retention of manpower by innovative methods and implementing training strategies to improve the knowledge base of the organization.

The Software export and other international businesses face the risk of value erosion due to cost and time over runs and foreign exchange rate fluctuations .We have adequate processes in place to do project costing and estimation with minimum deviation, and project monitoring skills. The management review on periodical basis ensures proper follow up on project execution without cost and time over run.

Outlook

Considering the diversified activities of the company under various divisions like, Products, Services, Technologies and Training, and each focusing on niche areas of their respective domains, the outlook for the coming years look quite bright. The company has deliberately chosen this path so as to de-risk the highs and lows in any one segment of business.

Human Resources

Qualified and dedicated manpower had been the strength of the company. Even in the difficult years in the past, a large percentage of the critical manpower had remained with the company. The company is now adding to its human resources by recruiting more qualified and experienced persons for the expanding level of activities.

Technology

The company had over the years kept abreast of the new developments in Technology to enable it to come out with products and solutions based on these Technologies and suited for the Indian Market. This had enabled the company in the earlier years to introduce products like the PC Telex link, Telephone Call Monitor, Cash Registers, etc .In the present range of products also, most are the result of in-house R & D, based on the current developments in Technology. This focus of adoption of the latest Technology has given the Company 's products specifically designed for the Indian market an edge over those from competitors.

Financials

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management of Accel Transmatic accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that financial statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the company 's state of affairs and profits for the year.

Internal Control Systems

Your company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the Internal Control Environment. The Internal Audit function is adequately resourced to commensurate with the operations of the company and reports to the Audit Committee of the Board.

Cautionary Statement

Certain statements in this Report describing the company objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those that are expressed or implied in the event of changes in the assumptions / market conditions.

ACCEL TRANSMATIC LTD.

REPORT ON CORPORATE GOVERNANCE

1. Company 's Philosophy on Code of Corporate Governance

Your Company believes in practicing the principles of good corporate governance as means of effective protection and enhancement of shareholders' value.

2. Board of Directors

The composition and category of Directors as on 31st March 2004 is as follows :

Category	Name of the Director
Chairman (Non Executive)	Mr. N.R. PANICKER
Executive Director	Mr. T. RAVINDRAN
Directors	Mr. M.R. NARAYANAN
	Mr. A. MOHAN RAO
Wholetime Director	Mr. PHILIP JOHN
Director & Company Secretary	Mr. S.T. PRABHU

Attendance of each Director at the Board Meetings, last Annual General Meeting and the Number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies as on 31st March 2004.

Name of Director	No. of Board Meetings attended out of 8 meetings of the Board of Directors	Whether attended last Annual General Meeting	No. of Directorships in domestic public companies (including this Company)		No. of Committee memberships in domestic public companies (including this Company)	
			As Chairman	As Director	As Chairman	As Member
N.R. Panicker	02	NO	03	02	01	02
T. Ravindran	07	YES	-	02	-	01
M.R. Narayanan	05	NO	-	02	01	03
A. Mohan Rao	03	NO	-	02	01	01
Philip John	02	NO	-	01	-	-
S.T. Prabhu	01	NO	-	02	-	-
A. Balasubramanian	NIL	NO	Resigned wef 07.01.2004.			
P.M.K. Moorthy	06	NO	Resigned wef 25.02.2004.			
M.S. Kunchitham	02	NO	Resigned wef 21.06.2004.			

Number of Board Meetings held and the dates thereof :

The Board of Directors met 8 times during the year as against the statutory requirement of 4 meetings in a year. The dates of meetings being 30th June, 2003, 31st July, 2003, 25th September 2003, 30th September, 2003, 31st October, 2003, 7th January, 2004, 25th February, 2004 and 10th March, 2004.

3. Audit Committee**Composition:**

During the year 2003 – 2004, the Audit Committee met three times on 31.07.2003, 31.10.2003 and 07.01.2004.

The committee meetings are attended by invitation by the Managing Director upto 07.01.2004, Executive Director and other operational heads.

Since the resignation of Mr. P.M.K. Moorthy, Mr. M.S. Kunchitham and Mr. A. Balasubramanian from the Board of Directors of the company, the audit committee was re-constituted on 25th February, 2004 and Mr. A. Mohan Rao, Mr. N.R. Panicker and Mr. M.R.Narayanan were appointed as the Committee Members.

Mr. A. Mohan Rao was designated as the Chairman of the Committee.

All these Directors possess knowledge of Corporate Finance, Accounts, Costing and Company Law. The Statutory Auditors and the Internal Auditors attend the meetings by invitation. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee met on 18th January 2005 and reviewed the Accounts, Notes on Accounts, Auditors' Report, Subsidiary Accounts and Consolidated Accounts and the Internal Audit Report.

Broad Terms of Reference

The Audit Committee of the company, inter-alia, provides assurance to the board on the adequacy of the internal control systems and financial disclosure.

The functioning of the committee included the following :

- (i) to oversee the Company 's financial reporting process and to ensure correct disclosure of financial information in the financial statement;
- (ii) to recommend the appointment and removal of external auditor, fixation of audit fees and approval for payment of any other services;
- (iii) to review the quarterly, half yearly and annual financial statements with the management before submission to the Board.
- (iv) to review with the management, external and internal auditors, the adequacy of internal control measures;
- (v) to review the adequacy of internal audit function;
- (vi) to discuss with the internal auditors any significant finding and follow up thereon;
- (vii) to review the financial risk management policies of the Company;
- (viii) to look into the reasons for substantial defaults in the payments to the shareholders and creditors.

4. Remuneration and Compensation Committee

The Remuneration committee was re constituted on 25th February 2004 with the following independent Non Executive Directors as its members.

Composition of Members:

Mr. N.R. Panicker (Chairman of the Committee)
Mr. A. Mohan Rao
Mr. M.R. Narayanan

During the year 2003 – 2004, the committee met once, which was attended by all the Members.

This committee is responsible for recommending to the Board, the Remuneration package of Executive and Wholetime Directors including annual increment and commission after reviewing their performance.

ACCEL TRANSMATIC LTD.

The Remuneration Policy followed by the company takes into consideration, the performance of the Executive and Wholetime Directors and Senior Executives, on certain parameters.

With effect from 29.09.2004, the company pays Sitting fees at the rate of Rs. 5,000/- per meeting to the Non Executive Directors for attending the meetings of the Board and of the Audit Committee.

The Sitting fees for attending Investors Grievance, Remuneration and any other committee is at the rate of Rs. 2,500/- per meeting.

The details of remuneration paid to Managing and Executive Director during 2003 – 2004 is given below:

	Mr. M.R. Narayanan Rs. Lacs	Mr. T. Ravindran Rs. Lacs
Salary	0.45	4.80
Allowances & Perquisites	NIL	NIL
Contribution to Retiral Funds	NIL	NIL
Commission (relating to previous financial year)	NIL	NIL
Stock Option	NIL	NIL

Notes : (i) The resolutions appointing these Directors do not provide for payment of severance fees.

(ii) No remuneration was paid to the Non Executive Directors.

5. Shareholders / Investors' Grievance Committee

The Shareholders / Grievance Committee was re-constituted on 25th February 2004 as follows:

Composition, Name of Members : Mr. M.R.Narayanan (Chairman of the Committee)
Mr. T. Ravindran
Mr. N.R. Panicker

During the year 2003 – 2004, the committee met two times.

The committee oversees the performance of the Registrars and Share Transfer Agent and recommends measures for overall improvement of the quality of Investors' services.

Investor complaints received and replied during the year 2003 – 2004 :

Nature of Queries	Received	Replied
Dematerialisation of Shares	27	27
Letters received from SEBI and other statutory bodies	04	04
Change of address requests updated	17	17
Split / Consolidation / Renewal / Duplicate issue of Shares	39	23
Other (Miscellaneous)		
- Transposition	19	19
- Remat	01	01
TOTAL	107	91

6. General Body Meetings

The date, time and venue for the last 3 Annual General Meetings is mentioned hereunder :

Year	Date	Time	Location
2000 – 01	15.09.01	3.30 pm	Jubilee Memorial Animation Centre, Near Raj Bhavan, Kowdiar, Trivandrum 695 003
2001 – 02	28.09.02	3.30 pm	Lakshmi Chambers, III Floor, Vazhuthacaud, Trivandrum 695 014
2002 – 03	30.09.03	12.30 pm	Lakshmi Chambers, III Floor, Vzhuthacaud, Trivandrum 695 014

In addition, during the year, an Extra ordinary General Meeting was held on 9th July, 2004 at Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum - 695 003 at 11.00 am.

The company has also held four Court convened General Meetings on 09th July 2004 at The Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum – 695 003 between 2pm to 4 pm of the Members as convened by the Court to consider the arrangement of Amalgamation with four transferor companies.

7. Disclosures

None of the transactions with any of the directors or the management or their subsidiaries or relatives during the year were in conflict with the interests of the company.

The company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties etc. have been imposed against the company during the last three years.

8. Means of Communication

Quarterly Results	Are published in one national daily viz. Financial Express and in one vernacular language (Malayalam) Venad Patrika
Whether MD & A forms part of Annual Report or not	Yes

Auditor's Certificate on Compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement

To the Members of Accel Transmatic Limited

We have examined the compliance of conditions of Corporate Governance by Accel Transmatic Limited for the year ended 31st March, 2004 as stipulated in clause 49 of the Listing Agreement with Mumbai, Cochin and Madras Stock Exchanges.

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 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, and the representation made by the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that the management of the company has certified that as at 31st March, 2004 there were no investor grievances remaining unattended/pending for more than 30 days other than 16 cases for which the Company has not received indemnity bonds from the respective shareholders for issue of duplicate share certificates.

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

For M/s Vijayakumar & Easwaran
Chartered Accountants
Sd/-

S.Vijayakumar, FCA
Membership No.19256
Partner

Place: Trivandrum
Date: 11th February, 2005

ACCEL TRANSMATIC LTD.

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

- Date and Time** : 14th March 2005 at 11.30 am
Venue : II Floor, Lakshmi Chambers,
Vazhuthacaud, Trivandrum – 695 014.

2. Financial Calendar

- Financial Year** : 01st April 2003 to 31st March 2004
Annual General Meeting : September (Company has received permission from R.O.C, Kerala to hold the AGM on or before 15/03/2005 considering the Scheme of Amalgamation)
Results for the Quarter : 30th June End of July
30th September End of October
31st December End of January
31st March End of April or end June / July
(Audited figures) as per Stock Exchange guidelines

- 3. Book – Closure Date** : 10th March 2005 to 14th March 2005
(Both days inclusive)

4. Listing

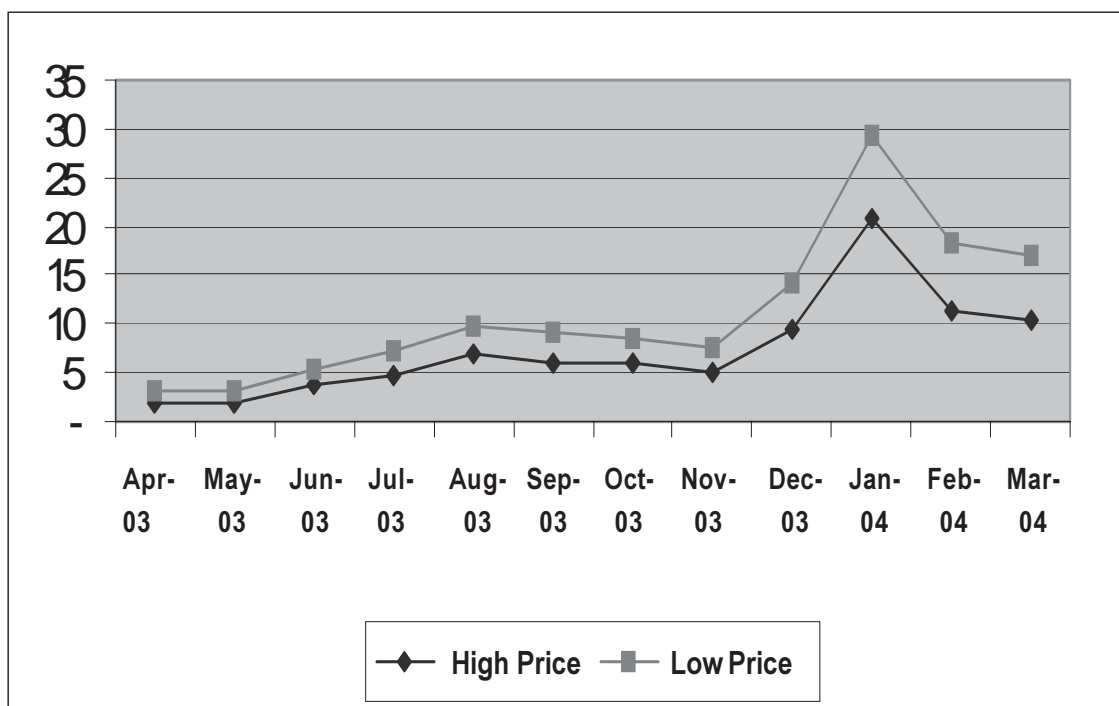
The Shares of the Company are presently listed on Stock Exchange at Mumbai. The Annual Listing Fees have been paid to the Stock Exchange for Financial Year 2004 – 2005.

5. Stock Market Codes

- (i) **Scrip Code** : **517494**
(ii) **Abbreviated Name** : **TRANSMATIC S**
(iii) **Depository for Equity Shares** : **M/s. Integrated Enterprises India Limited, Chennai-17**
(iv) **Demat ISIN Number** : **INE258CO1012**

6. Stock Market Data

Month & Year	High Price	Low Price	Volume Nos
Apr-03	1.90	1.10	3,700
May-03	1.85	1.20	3,800
Jun-03	3.84	1.45	28,670
Jul-03	4.78	2.38	47,785
Aug-03	7.00	2.81	107,319
Sep-03	5.99	3.00	42,648
Oct-03	5.97	2.41	61,338
Nov-03	4.90	2.80	40,840
Dec-03	9.57	4.75	223,883
Jan-04	20.70	8.60	308,313
Feb-04	11.40	7.00	40,752
Mar-04	10.45	6.50	84,597



7. Registrars & Transfer Agents

Integrated Enterprises (India) Limited,
 2nd Floor, Kences Towers, No. 1, Ramakrishna Street,
 T. Nagar, Chennai – 600 017
 Tel.:044 – 2814 40801 – 803
 Email: www.iepindia.com

8. Distribution of Shareholding & Shareholding pattern as on 31st March 2004

Shareholding Range	Shareholders		Shares held	
	Number	% to total	Number	% to total
1 – 500	7760	91.93	1165488	30.01
501 – 1000	390	4.62	327231	8.43
1001 – 2000	147	1.74	224869	5.79
2001 – 3000	52	0.62	131832	3.39
3001 – 4000	21	0.25	73776	1.90
4001 – 5000	20	0.24	92458	2.38
5001 – 10000	31	0.37	228398	5.88
10001 & above	20	0.24	1639968	42.22
TOTAL	8441	100.00	3884020	100.00

ACCEL TRANSMATIC LTD.

Shareholding pattern (Pre Merger) as on 31st December 2003

Category			No. of shares held	% of share holding
A <u>Promoter's Holding</u>				
1 <u>Promoter</u>				
Indian Promoter				
Accel Limited	545590	14.05		
T.Ravindran	376193	9.69		
N.R.Panicker	194429	5.01	1116212	28.74
<u>Foreign Promoters:</u>	0	0.00	0	0.00
2 Persons acting in concert	2690	0.07	2690	0.07
Sub Total	1118902	28.81	1118902	28.81
B <u>Non-Promoters Holding</u>				
3 Institutional Investor				
a. Mutual Funds	7360	0.19	7360	0.19
b. Financial Institutions/Banks	160060	4.13	160060	4.13
c. FIIS	0	0.00	0	0.00
Foreign Companies	13000	0.33	13000	0.33
Sub Total	180420	4.65	180420	4.65
4 Others				
a. <u>Private Corporate Bodies</u>				
Private Limited Companies	96112	2.47		
Limited Companies	22440	0.58	118552	3.05
b Indian Public	2335588	60.13	2335588	60.13
c. NRI/OCBs	120900	3.11	120900	3.11
d. Any Other (Please Specify)				
Shares in Transit/Clearing Member				
Directors/Relatives/Associates(Independent and are not in control of the company)	9658	0.25	9658	0.25
Foreign Nationals	0	0.00	0	0.00
Sub Total	2584698	66.54	2584698	66.54
Grand Total	3884020	100	3884020	100

Notes:

1. The Company has not issued any GDR / ADR.

9. Changes to Equity Share Capital during Financial Year 2003-04

Pursuant to a Scheme of Arrangement of Amalgamation (the Scheme) approved by the members in the Court convened General Meeting held on 9th July 2004 and sanctioned by the Hon'ble High Courts of Kerala and Madras, the entire business and all assets and liabilities of the following Companies/operations stand transferred and vested with the Company w.e.f 1st January 2004 (the Transfer date), as detailed below:

High Courts of	Name of the Company	Nature of its Business	Date of Order of High Court
Madras / Kerala	Accel Software and Technologies Limited (ASTL)	Hardware training and software development.	07.12.2004 06.01.2005
Madras / Kerala	Zener Electronics Private Limited (ZEPL)	Trading, Manufacturing & Servicing of power conditioning products.	12.07.2004 06.01.2005
Madras / Kerala	Business operations and its related Assets and Liabilities of Accel Limited- (ACCEL)	Trading and servicing of power conditioning products, imaging products and office automation products.	07.12.2004 06.01.2005
Kerala	Ushus Technologies Private Limited(UTPL)	Software development.	06.01.2005

- (i) Further, as per the Scheme, the face value of a share of the company has been reduced to Rs. 4/- from Rs.10/- and further consolidated into 1553608 Equity shares of Rs. 10/- each and the Share Exchange ratio has been given effect to taking into consideration the reduction/consolidation as above. The details of shares to be issued to the shareholders of various transferor companies as per the scheme are given below:

Name of the Amalgamating Company/Business	Description of the shares to be issued	Number of Shares to be Issued (Rs. 10 each)
Accel Software and Technologies (ASTL)	Equity	66,00,000
Ushus Technologies Private Limited (UTPL)	Equity	12,93,433
	Preference	2,10,000
Zener Electronics Private Limited (ZEPL)	Equity	6,20,000
Business operations and its related Assets and Liabilities of Accel Limited (ACCEL)	Equity	9,70,360

10. Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all relevant particulars as required under the Companies act, 1956 and allied Acts and Rules, the Securities and Exchange Board of India (SEBI) Regulations and the Listing Agreements with Stock Exchanges.

11. Share Transfer System

Transfer of shares in physical form has been delegated by the Board to certain officials of the Registrars, to facilitate speedy service to the shareholders. Shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agents within 30 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialisation of shares are processed, if found in order and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

ACCEL TRANSMATIC LTD.

12. Dematerialisation of shares

The shares of the Company are compulsorily traded in dematerialized (electronic) form and available for trading under both the Depositories viz., NSDL & CDSL. As on 31st March 2004, a total of 2165358 equity shares of the Company, forming 55.75% of the Share Capital, stood dematerialized. As on 30th September 2004, 2387787 equity shares forming 61.48% stand dematerialized.

13. Investor Services

Investor complaints received and replied during the year 2003 – 2004 :

Nature of Queries	Received	Replied
Non – receipt of Interest / Dividend Warrants	Nil	Nil
Non – receipt of shares sent for transfer	Nil	Nil
Dematerialisation of Shares	27	27
Name correction	Nil	Nil
Letters received from SEBI and other statutory bodies	04	04
Change of address requests updated	17	17
ECS / Mandate Registration Noted	Nil	Nil
Split / Consolidation / Renewal / Duplicate issue of Shares	39	23
Request for Nomination forms	Nil	Nil
Tax exemption forms received / updated	Nil	Nil
Transmission of securities	Nil	Nil
Exchange / Sub-division of old shares	Nil	Nil
Dividend / Interest including request for changes on live warrants	Nil	Nil
Document registration	Nil	Nil
Redemption	Nil	Nil
Other (Miscellaneous)		
-Transposition	19	19
-Remat	01	01
TOTAL	107	91

As at 31st March 2004, 14 investor complaints were pending, however, these were addressed to the satisfaction of the investors subsequently. As at 31st March 2004, Nil share transfers and 13 demat requests were pending, however none of these were pending beyond 30 days.

14. Stock Code

Equity Shares - physical form - Bombay Stock Exchange: 517494
Equity Shares - demat form - NSDL / CDSL : INE258CO1012

The Aggregate Non – promoter shareholding of the Company as at 31st March 2004 is as shown below:

	Pre – Merger	Post Merger
Number of Shares	: 2765118 Shares	3863252 Shares
Percentage of total holding	: 71.19%	35.00%

15. Directors seeking Appointment / Re-appointment

As required under Clause 49 [VI(a)], Particulars of Directors seeking Appointment / Re-appointment are given in the explanatory statement annexed to the Notice of Annual General Meeting to be held on 14th March 2005.

16. Investor Correspondence

All routine correspondence regarding transfer and transmission of shares, split, consolidation and issue of duplicate / renewed share certificates should be addressed to the Company 's Registrars and Share Transfer Agents.

Complaints / grievances, if any, should be addressed to :

The Company Secretary,
Accel Transmatic Limited,
17 / 27, Jagathy,
Trivandrum – 695 014

Tel.:0471 – 234 2215 / 234 2265

Fax:0471 – 234 2208

Email: stprabhu@accel-india.com

18. Company 's Website

For any further information on the Company, please visit Company's website www.acceltransmatic.com

ACCEL TRANSMATIC LTD.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Ushus Technologies Japan, L.L.C
1 The financial year of the subsidiary Company ended on	March 31, 2004
2. A Number of shares held by Accel Transmatic Limited with its nominees in the subsidiary at the end of the Financial year of the subsidiary company	40
2. B Extent of interest of holding company at the end of the financial year of the subsidiary company	66.67 % Paid up capital - JPY 30 lacs.
2. C Face Value	JPY 50,000
3 The net aggregate amount of the subsidiary company Profit / (Loss) so far as it concerns the members of the holding company	
A. Not dealt with in the holding company 's accounts	
(i) For the Financial year ended 31st March 2004	JPY (11,55,119) INR (487,718)
(ii) For the previous financial years of the subsidiary company's subsidiaries.	JPY 1,550,971 INR 654,861
B. Dealt with in holding company's accounts	
(i) For the financial year ended 31st March 2004.	NIL
(ii) For the previous financial years of the subsidiary companies since they became the holding company 's subsidiaries	NIL

For and on behalf of the Board of Directors

Sd/-

Trivandrum.

Date : 11th February, 2005

N.R. PANICKER

CHAIRMAN

AUDITORS' REPORT

To,
The Members,
Accel Transmatic Limited,

We have audited the attached Balance Sheet of Accel Transmatic Limited (hereinafter referred to as "the Company") as at 31st March 2004, 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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.

- I. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) 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;
- II. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit; *except to the extent stated in Para (f) below.*
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) 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;

- (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) (i) *As stated in note No.23.2 (a), Sundry Debtors, Loans and Advances, Deposits and Sundry Creditors, are subject to confirmation/reconciliation;*
- (ii) *As stated in note No. 23.2 (b), Sundry Debtors, Loans and Advances and Deposits include certain old outstanding balances, the recoverability / realisability of which cannot be ascertained at this stage;*
- (iii) *As stated in note No. 23.2 (c), inventories include certain non-moving / slow moving items for which no provision is made in the accounts. Further, in respect of software development charges carried forward as "work in progress" under inventories concrete evidence as to the future revenue potential of the software has not been furnished to us, hence we are unable to comment as to the realisability of the same.*

The effect of the above on the accounts of the year is not ascertainable.

- (g) Subject to the above, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on the accounts attached thereto, 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 31st March 2004;
 - 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 the cash flow statement, of the cash flows for the year ended on that date.

For M/s Vijayakumar & Easwaran
Chartered Accountants
Sd/-

Place: Trivandrum
Date: 11th February, 2005

S.Vijayakumar, FCA
Membership No.19256
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR AUDIT REPORT OF EVEN DATE

- 1 (a) The company is maintaining records showing full particulars, including quantitative details of fixed assets, *which, however, requires to be updated.*
- (b) All the fixed assets of the Company *have not been physically verified by the management during the year*, but we are informed that there is a regular programme of phased verification which, in our opinion is reasonable having regard to the size of the Company and the nature of assets and that no material discrepancies have been noticed on such verification.
- (c) There has not been any substantial disposal of fixed assets during the year, which would affect the status of the Company as a going concern.
- 2 (a) We are informed that the inventory have been physically verified by the management during the year, the frequency of which, in our opinion is reasonable, having regard to the size of the Company and the nature of its business;
- (b) In our opinion and according to the explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;

- (c) The Company is maintaining proper records of inventory and as informed to us, the discrepancies noticed on verification, between the physical stocks and book records are not material.
- 3 (a) As explained to us the Company, during the previous years, granted advances to certain Companies listed in Schedule 23 Notes on Accounts Para 23.16 (A) and covered in the Register maintained under section 301 of the Companies Act, 1956, as follows:

Number of Companies	Maximum Amount Outstanding	Balance Outstanding
8	Rs. 8,341,901	Rs. 8,341,901

- (b) *The rate of interest and terms and conditions on which the above advances have been given have not been furnished to us and hence we are unable to comment as to whether the said advances are prejudicial to the interest of the Company.*
- (c) *Since the terms and conditions on which the above advances are given have not been furnished to us we are unable to comment whether the receipt of the principal and interest is*

ACCEL TRANSMATIC LTD.

regular. However, in some of the accounts there were no transactions during the period.

- (d) We are informed that the transactions in the nature of Advances with the above parties are essentially in the nature of Current Accounts and the Company is in advanced stage of discussion with the parties concerned for reconciliation and early settlement / adjustment of the above dues.
- (e) The Company has taken unsecured loans from Companies in which Directors are interested covered in the register maintained under Section 301 of the Companies Act, 1956. The name of parties and the amount involved are given below: -

Name of Parties	Amount Involved (In Rupees) (Maximum amount outstanding)	Balance as on 31.3.2004 (In Rupees)
Accel Limited	10,368,715	10,368,715
Accel ICIM Frontline Limited	4,250,232	4,250,232
Total	14,618,947	14,618,947

- (f) In respect of loans taken as above, in our opinion and according to the information and explanation furnished to us, the rate of interest, where applicable, and other terms and conditions of loans taken as above are not prima facie prejudicial to the interest of the company.
- (g) As explained to us, the terms of repayment of principal amounts in respect of interest free unsecured loan taken from a Company in which Directors are interested has not been stipulated. In respect of unsecured loan (lease liability) taken from another company in which Directors are interested, the *principal amounts / interest thereon have not been repaid regularly*. We are informed that the Company has now taken steps to regularize the dues.
4. In our opinion and according to the information and explanations given to us, there are fairly adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in the internal control.
5. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts

or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 with the aforesaid parties exceeding value of Rupees Five Lakhs in respect of each such party which have been entered into during the financial year are at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In respect of deposits accepted from Public, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 have been complied with. As to unsecured loans taken from shareholders, the contention of the erstwhile Ushus Technologies Private Limited, is that the same were taken by it before the transfer date, 01st January 2004 as stated in Note no. 23(8) attached to Accounts. Hence the provisions of Section 58A is not applicable, since these were exempted deposits within the meaning of Companies Acceptance of Deposit Rules, 1975.
7. The Internal audit of Transmatic Systems Ltd. was conducted during the year, by a firm of Chartered Accountants. *There was no Internal audit system during the relevant part of the year, in the other Transferred companies/businesses merged with the Company from 01st January 2004 (the transfer date) as stated in the Note no. 23.0 attached to the Accounts.*
8. We have broadly reviewed the cost records maintained by the Company as prescribed under section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that, prima facie the prescribed records have been made and maintained. We have however, not made any detailed examination of such records with the view to determine whether they are accurate or complete.
9. (a) *There has been delays in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax & Sales Tax with the appropriate authorities during the year. According to the information and explanations given to us, except for the cases stated below there are no other undisputed amounts payable in respect of Income Tax, Wealth tax, Service Tax, Sales tax, Customs duty and Excise duty which were outstanding at the year end for a period of more than six months from the date they became payable.*

Name of the Statute	Nature of Dues	Amount (Rs.in Lakhs)
Provident Fund	Contributions	3.83
ESI	NIL	NIL
Income Tax	NIL	NIL
Sales Tax	NIL	NIL

(b) According to the records of the Company, the amounts involved in respect of Sales-tax, Income-tax, Custom duty, Wealth-tax, Service Tax, Excise duty and Cess on account of any dispute, are as follows:

Name of the statute	Nature of amount	Amount (Rs.In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Demand	7.65	-	CIT Appeals
Kerala General Sales Tax Act 1963	Demand	3.50	1997-98, 98-99, & 1999-00	Deputy Commissioner, Sales Tax
Kerala General Sales Tax Act 1963	Demand Entry Tax	1.70*	-	Sales Tax Appellate Tribunal
Employees Provident Fund and Miscellaneous Provisions Act	Damages on account of late payment	0.96	-	Appellate Tribunal, EPF

* Against this Entry tax demand, Company has paid an amount of Rs.85,210/- under protest

10. The Company's accumulated loss at the end of the financial year is more than fifty per cent of net worth of the Company. The company has incurred cash losses during the year under audit, and has also incurred cash losses during the immediately preceding financial year.
11. *In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of principal amounts dues to financial institutions and banks in respect of Secured Term Loans availed from them, which have since been restructured by the said Financial Institution and Banks and hence, there are no arrears of principal amount due as at the year end. The Interest accrued and due on the said loans as on 31st March 2004 is Rs.15.62 lakhs. There is also a default in repayment of unsecured loan taken from a Financial Institution and the arrears of principal amount as on 31st March 2004 and outstanding since 1998 is Rs. 8 lakhs. The interest accrued and due on this said loan is Rs. 7.20 lacs.*
12. In our opinion and according to the information and explanations given to us, and based on the documents and records produced to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures or other investments, and accordingly, the relative reporting requirements of the order are not applicable to the Company.
15. 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.
16. According to the information and explanations given to us, the erstwhile Ushus Technologies Private Limited, one of the transferor Companies merged with the Company as stated in Note no.23.0 attached to Accounts, has availed fresh Term Loans from a Bank and a Venture Capital Fund after the transfer date, 01st January 2004. The said loans have been utilized by that (transferor) company for the purpose for which the loan has been sanctioned. Except for the above loan, the Company has not availed any fresh Term loans during the year
17. According to the information and explanations given to us and on an overall verification of the attached Balance Sheet of the Company, we report that the funds raised by the Company on short-term basis have not been used to finance long term assets.
18. Except for shares to be issued to certain persons / a corporate body in terms of the Scheme of Arrangement / Amalgamation approved by the High Court of Madras and Kerala, as stated in note no. 23.0 attached to the Accounts, the Company has not committed to make any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
19. The Company does not have any outstanding debentures as at the year-end.
20. The Company has not raised any money by way of public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/s Vijayakumar & Easwaran
Chartered Accountants

Sd/-

S.Vijayakumar, FCA
Membership No.19256
Partner

Place: Trivandrum
Date: 11th February, 2005

ACCEL TRANSMATIC LTD.

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

Balance Sheet as at

	Sch. No.	March 31,2004	March 31,2003
SOURCES OF FUNDS:			
Share Holders Funds :			
Share Capital	1	112,474,010	38,840,200
Reserves & Surplus	2	12,631,374	25,983,696
		125,105,384	64,823,896
Loan Funds :			
Secured	3	88,593,080	41,513,335
Unsecured	4	21,244,125	8,389,328
TOTAL LIABILITIES		234,942,589	114,726,559
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	139,631,616	41,655,614
Less: Accumulated Depreciation		599,86,207	22,756,983
		79,645,409	18,898,631
Investments	6	975,473	689,781
Deferred Tax Asset (Net)		1,321,996	8,847,892
Current Assets, Loans & Advances :			
- Inventories	7	39,943,157	18,599,802
- Sundry Debtors	8	91,540,954	43,034,187
- Cash and Bank Balances	9	8,313,171	1,812,722
- Other Current Assets	10	52,819	3,521,699
- Loans and Advances	11	25,285,761	15,768,168
		165,135,862	82,736,578
Less : Current Liabilities and Provisions			
- Current Liabilities	12	86,983,570	22,297,002
- Provisions	13	868,536	246,757
		87,852,106	22,543,759
Net Current Assets		77,283,756	60,192,819
Miscellaneous Expenditure	14	222,403	667,195
(to the extent not written off / Adjusted)			
Profit and Loss Account	15	75,493,552	25,430,241
TOTAL		234,942,589	114,726,559
Significant Accounting Policies and Notes on Accounts	23		

Sd/-

N R PANICKER
Chairman

Sd/-

PHILIP JOHN
Director

Place : Thiruvananthapuram
Date : 11th February, 2005

Sd/-

T.RAVINDRAN
Executive Director

Sd/-

S T PRABHU
Director & Company Secretary

Vide our report of even date

For M/s. VIJAYAKUMAR & EASWARAN
Chartered Accountants

Sd/-

S.VIJAYAKUMAR, F.C.A
Membership No. 19256

Partner



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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Sch. No.	March 31,2004	March 31,2003
Income			
Sales Income			
Gross Sales	16	78,442,543	22,496,352
Less: Excise Duty		(7,030,386)	(1,659,840)
Net Sales		71,412,157	20,836,512
Income from services	17	42,198,024	8,351,481
Other Income	18	7,233,231	211,618
(Decrease)/ Increase in Stock	19-A	(8,269,655)	669,318
		112,573,757	30,068,929
Expenditure			
Materials Consumed	19	29,837,951	14,918,790
Cost of Sales (Traded Goods) & Services	19-B	14,431,011	-
Employee costs and benefits	20	22,068,287	11,773,151
Manufacturing & Other Expenses	21	33,160,223	11,326,337
Miscellaneous Expenses Written Off.		453,660	720,582
		99,951,133	38,738,860
Profit/(loss) before tax, interest and Depreciation		12,622,624	(8,669,931)
Interest & Finance costs	22	10,047,361	7,442,876
Profit/(loss) before tax & Depreciation		2,575,263	(16,112,807)
Depreciation	5	5,437,171	2,434,561
(Loss) after depreciation and before write off		(2,861,908)	(18,547,368)
Irrecoverable Debts / Advances Written Off (Refer Note : 23.2)		22,355,954	141,619
(Loss) before tax		(25,217,862)	(18,688,987)
Provision for :			
Current year tax		-	-
Deferred Tax (Net)		7,525,896	(8,862,824)
Loss for the year carried to Balance Sheet		(32,743,758)	(9,826,163)
Basic and Diluted Earnings per share		(5.72)	(2.53)
Significant Accounting Policies and Notes on Accounts	23		

Sd/-	Sd/-	Vide our report of even date
N R PANICKER Chairman	T.RAVINDRAN Executive Director	For M/s. VIJAYAKUMAR & EASWARAN Chartered Accountants
Sd/-	Sd/-	Sd/-
PHILIP JOHN Director	S T PRABHU Director & Company Secretary	S.VIJAYAKUMAR, F.C.A Membership No. 19256 Partner
Place : Thiruvananthapuram Date : 11th February, 2005		

ACCEL TRANSMATIC LTD.

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

SCHEDULES TO AND FORMING PART OF BALANCE SHEET AS AT

	March 31,2004	March 31,2003
1. Share Capital		
Authorised (Refer Note: 23.0)		
11750000 Equity Shares of Rs. 10/- each & 250000	120,000,000	50,000,000
12% Redeemable Cumulative Preference Share of Rs. 10/- each - Redeemable at par on or before 30.06.2008 {Previous Year 5000000 Equity Shares of Rs. 10/- each each, Preference shares - Nil}		
Issued, Subscribed and Paid up: (Refer Note : 23.0)		
11037401 Equity Shares of Rs. 10/- each Fully Paid up {Previous year - 3884020 Equity Shares of Rs. 10/- each fully paid up}	110,374,010	38,840,200
210000 12% Redeemable Cumulative Preference Shares of Rs. 10/- each fully paidup {Prev. Year-Nil} - Redeemable at par on or before 30.06.2008	21,00,000	-
	112,474,010	38,840,200
2 Reserves and Surplus		
Capital Reserve		
Subsidy from Industries Department, Govt of Kerala	1,705,695	1,705,695
Investment Allowance Reserve	957,725	957,725
	2,663,420	2,663,420
Less: Transferred to General Reserve	2,663,420	-
	-	2,663,420
General Reserve	(2,663,420)	1,637,776
Add: Transferred from Capital Reserve	2,663,420	-
	(0)	1,637,776
Share Premium	30,264,270	21,682,500
Less: Adjustment of Consideration on Amalgamation (Refer Note: 23:0)	(30,264,270)	-
	(0)	25,983,696
Revaluation Reserve (Refer Note No:23.1)	12,689,840	-
Less: Additional Depreciation On Revaluation	(58,466)	-
	12,631,374	25,983,696
3. Secured Loan		
Cash Credit	48,989,492	34,882,003
Term Loans - from Financial Institutions	12,941,311	4,900,000
- from Banks	24,449,166	-
Interest accrued and due on above	1,562,454	1,731,332
Hire Purchase Loans	650,657	-
	88,593,080	41,513,335
4. Un Secured Loan		
Public Deposits	1,982,000	3,133,000
Term Loans - from Financial Institution	800,000	800,000
Interest accrued and due on above	720,656	600,328
Bill Discounting - NSIC Ltd	1,990,826	1,642,852
Lease liability - Accel ICIM Frontline Limited	4,250,232	-
Inter Corporate loan - Accel Limited	10,368,715	2,213,148
Others (Refer Note 23.8)	1,131,696	-
	21,244,125	8,389,328

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

5. SCHEDULE OF FIXED ASSETS

SL NO	PARTICULARS	GROSS BLOCK STATED AT COST				DEPRECIATION				NET BLOCK			
		COST AS ON 1.4.2003	ADDITIONS/ADJUSTMENTS	TAKEN OVER FROM OTHER COMPANIES (NOTE 3)	SALE/TRANSFER	TOTAL AS ON 31.03.2004	UP TO 1.4.20003	TAKEN OVER FROM OTHER COMPANIES (NOTE 3)	FOR THE YEAR	ADJUSTMENT	UPTO 31.03.2004	AS ON 31.03.2004	AS ON 31.03.2003
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	Goodwill (Note.2)	-	-	6,216,964	-	6,216,964	-	217,989	299,950	-	517,939	5,699,025	-
2.	Land	1,340,646	10,939,354	-	-	12,280,000	-	-	-	-	-	12,280,000	1,340,646
3.	Factory Building (Note.1)* Lease Hold Building (T.Park) Building Modification	1,249,514 227,083	1,750,486	1,472,675	-	4,472,675	567,796	315,116	94,317	-	977,229	3,495,446	681,718
4.	Plant and Machinery	19,890,840	-	4,624,444	-	22,083	50,889	546,321	7,585	-	58,474	168,609	176,194
5.	Data Processing Machines	10,438,903	44,500	5,469,047	-	25,359,887	11,190,908	1,448,277	1,152,116	-	13,791,301	11,568,586	8,699,932
6.	Computer Software	-	-	37,089,018	38,850	47,533,571	7,563,821	18,174,681	1,543,840	19,714	27,262,628	20,270,941	2,875,082
7.	Furnitures and Fixtures	3,140,449	1,980	2,996,423	-	2,996,423	1,293,383	5,098,886	730,712	-	1,995,756	1,000,669	-
8.	Testing Equipments	1,175,596	37,524	12,153,225	-	15,295,654	427,859	63,386	765,241	-	7,157,510	8,138,144	1,847,066
9.	Office Equipments	809,041	3,606	5,238,362	-	1,213,120	228,063	1,299,486	91,763	-	1,619,312	4,431,697	580,978
10.	Electrical Fittings	1,071,834	3,600	2,092,341	-	3,167,775	323,962	573,069	90,664	-	987,695	21,80,080	47,872
11.	Library Books	138,368	-	217,526	-	355,894	71,151	216,118	7,981	-	295,250	60,644	67,217
12.	Water Supply System	49,761	-	-	-	49,761	29,964	-	1,662	-	31,626	18,135	19,797
13.	Prototype Development	1,791,716	-	-	-	1,791,716	737,114	-	85,107	-	822,221	969,495	1,054,602
14.	Vehicle	252,043	-	1,492,457	-	1,744,500	252,042	387,829	32,141	-	672,012	1,072,488	1
15.	Time Share Property - Building	35,820	-	-	-	35,820	5,458	-	30,362	-	35,820	-	30,362
16.	Computers on Lease	-	-	5,175,178	-	5,175,178	-	1,406,122	258,759	-	1,664,881	3,510,297	-
17.	Boat	44,000	-	-	-	44,000	14,573	-	29,427	-	44,000	-	29,427
18.	Temporary Partitions	-	-	996,142	-	996,142	-	804,363	191,779	-	996,142	-	-
	TOTAL	41,655,614	12,781,050	85,233,802	38,850	139,631,616	22,756,983	31,753,301	5,495,637	19,714	59,986,207	79,645,409	18,898,631
	Previous Year	43,755,635	352,502	-	2,452,523	41,655,614	20,643,295	-	2,434,561	320,873	22,756,986	18,898,631	23,112,339

Note:

- * The Additional Depreciation on account of Revaluation Rs.58466/- has been transferred from Current year depreciation to Revaluation Reserve (Refer Notes 23.1).
- The Goodwill arising on amalgamation Rs.5,998,975/- is included in Goodwill a/c (Refer Notes 23.0).
- Assets taken over pursuant to Scheme of Amalgamation at book value as on 01/01/2005 & Accumulated depreciation thereon (Refer Notes 23.0).
- Rs.10939354 and Rs. 1750486 represents as additions and adjustments on account of revaluation of land and factory buildings.

ACCEL TRANSMATIC LTD.

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

SCHEDULES TO AND FORMING PART OF BALANCE SHEET AS AT

	March 31,2004	March 31,2003
6. Investments - Long Term		
<u>Unquoted [Trade] at cost</u>		
Transdot Electronics Ltd		
[Nil - Previous year 2045 Equity Shares of Rs.100/- each fully paid up]	-	204,500
Adtech Power Systems Ltd		
[Nil - Previous year 40325 equity shares of Rs.10/- each]	-	362,950
Ushus Technologies Japan LLC*	835,642	-
[40 Shares of JPY 50,000 Each - Previous year - Nil]		
Unit Trust of India - 6.75% Tax free Us-64 Bonds [Non-trade]	90,000	90,000
[900 Units of Rs.100/- each fully paid up]		
<u>Quoted [Non-Trade] at cost</u>		
Rajashree Sugars and Chemicals Ltd		
[65 Equity shares of Rs.10/- each fully paid up-Previous year 65 Equity shares of Rs.10/- each fully paid up]	1,575	1,575
State Bank of India		
[50 Equity of Rs.10/- each fully paid up-Previous year 50 Equity shares of Rs.10/- each fully paid up]	5,000	5,000
ICICI Bank Limited		
[125 Equity Shares of Rs.10/- each fully paid up - Previous year 125 Equity Shares of Rs.10/- each fully paid up]	25,756	25,756
Alsa Constructions Ltd *	12,500	-
[1250 Equity Shares of Rs.10/- each fully paid up]		
S & Y Mills Ltd *	5,000	-
[500 Equity Shares of Rs.10/- each fully paid up]		
[Aggregate market value of quoted shares as on the date of Balance Sheet is Rs. 86,268/-)Previous year Rs. 30,853/-]		
* Refer Note : 23.0		
	975,473	689,781
7. Inventories		
Raw Materials - Components	6,017,086	2,433,655
- Stores & Spares	5,186,127	5,027,075
Finished Goods	17,394,944	11,139,072
Course Materials	301,609	-
Work in Progress	11,043,391	-
	39,943,157	18,599,802

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

SCHEDULES TO AND FORMING PART OF BALANCE SHEET AS AT

	March 31,2004	March 31,2003
8. Sundry Debtors		
(Unsecured)		
Debts exceeding six months		
Considered good	30,138,490	37,742,868
Considered doubtful	114,576	-
Other debts, considered good	61,402,464	5,291,319
	<u>91,655,530</u>	<u>43,034,187</u>
Provision for doubtful debts	(114,576)	-
	<u>91,540,954</u>	<u>43,034,187</u>
9. Cash and bank balances		
Cash in hand and remittances in transit	1,704,306	61,152
Balance with scheduled banks:		
in Current Accounts	4,487,127	361,446
in Deposit Accounts	2,121,738	1,390,124
	<u>8,313,171</u>	<u>1,812,722</u>
10. Other Current Assets		
Interest Accrued on Deposits and Loans	52,819	3,521,699
	<u>52,819</u>	<u>3,521,699</u>
11. Loans and advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind for value to be received	14,246,776	5,931,121
Deposits	11,038,985	9,837,047
	<u>25,285,761</u>	<u>15,768,168</u>
12. Current Liabilities		
Sundry Creditors for Goods Supplied		
- Dues to Small Scale Industries	551,328	537,730
- Dues to Others	45,560,025	7,259,609
Creditors for Expenses	40,872,217	14,499,663
(There are no amounts due or outstanding to be credited to investor education & protection fund)		
	<u>86,983,570</u>	<u>22,297,002</u>
13. Provision		
For Gratuity	868,536	246,757
	<u>868,536</u>	<u>246,757</u>
14. Miscellaneous Expenditure		
[To the extent not written off or adjusted]		
Public Issue Expenses	222,403	667,195
	<u>222,403</u>	<u>667,195</u>
15. Profit & Loss Account (Debit Balance)		
Opening Balance	25,430,242	15,604,079
Add: Adjustment arising out of Amalgamation (Refer Note: 23:0)	17,319,552	-
	<u>42,749,794</u>	<u>15,604,079</u>
Add: Loss for the year carried from Profit & Loss Account	32,743,758	9,826,163
	<u>75,493,552</u>	<u>25,430,242</u>

ACCEL TRANSMATIC LTD.

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

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	March 31,2004	March 31,2003
16.Sales		
Export Sales	243,141	1,226,652
Manufacturing Sales	57,048,437	20,980,085
Trading Sales	21,150,965	289,615
	78,442,543	22,496,352
17.Income from Services		
Maintenance and repair services (Net)	6,574,251	5,095,104
Training Income	17,176,958	969,594
Software Services	17,322,800	-
Service Income	1,124,015	2,286,783
	42,198,024	8,351,481
18.Other Income		
Interest income	163,144	176,149
Creditors No Longer Payable Written back	5,169,734	-
Miscellaneous Income	717,803	35,469
Profit on Sales of Investments	1,182,550	-
	7,233,231	211,618
19.Raw Material Consumed		
Opening stock of Materials	9,560,522	9,909,472
Transfer from Amalgamated / Demerged Business	502,077	-
Purchases	31,366,159	13,787,065
Manufacturing Expenses	761,398	782,775
	42,190,156	24,479,312
Closing stock of Materials	(12,352,205)	(9,560,522)
	29,837,951	14,918,790
19-A: Increase/Decrease in stock [Finished Goods]		
Closing Stock	13,097,979	9,039,279
Less: Opening Stock	9,039,279	8,369,961
Transfer from Amalgamated / Demerged Business	12,328,355	-
Increase/(Decrease) in Stock	(8,269,655)	669,318
19-B : Cost of Sales (Trade goods) & Services (Refer Note: 23.0)		
Transfer from Amalgamated / Demerged Business	7,609,818	-
Purchases	15,758,167	-
	23,367,985	-
Closing stock of Materials	(8,936,974)	-
	14,431,011	2,669,636

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

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	March 31,2004	March 31,2003
20.Employee costs and benefits		
Sales Allowances and Bonus	18,912,277	10,312,298
Contribution to Welfare Funds	1,832,141	783,187
Staff Welfare Expenses	1,323,869	677,666
	22,068,287	11,773,151
21.Manufacturing & Others Expenses		
Rent	4,326,596	1,310,749
Electricity Charges	1,375,016	397,555
Repairs and Maintenance		
Plant & Machinery	131,780	-
Buildings	167,975	7,366
Others	2,017,023	302,436
Printing and Stationery	663,752	288,268
Rates & Taxes	2,924,531	221,678
Communication costs	2,383,753	858,884
Travelling and conveyance	5,108,069	2,067,585
Insurance	180,921	59,903
Loss on sale of assets	10,636	869,160
Research & Development	124,993	229,046
General Expenses	2,790,237	1,926,895
Loss on exchange rate fluctuations	772,379	91,481
Cost of Books / Course Material	1,593,655	-
Advertisement Charges	1,229,020	114,478
Sales Promotion Expenses	5,424,424	1,511,223
Warranty Support Charges	542,310	547,414
Packing and Forwarding Expenses	1,393,154	522,216
	33,160,224	11,326,337
22.Interest & Finance Costs		
On Fixed Loans	3,091,746	1,045,277
Other Loans	6,955,615	6,397,599
	10,047,361	7,442,876

ACCEL TRANSMATIC LTD.

CASH FLOW STATEMENT

[Figures for the previous period have been rearranged to conform with the revised presentation]

	2003-2004		2002-2003	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxes from operations		(2,861,907)		(18,547,368)
ADJUSTMENTS FOR:				
Depreciation	5,437,171		2,434,561	
Miscellaneous Exp. Written off	453,660		444,793	
Interest - Net	9,884,217		5,849,318	
Dividend Received	(861)		(445)	
Loss on sale of Fixed Assets	(10,636)		869,160	
Reduction in value of Investments	-		22,000	
Profit sale of Investments	(1,182,550)	14,581,002	-	9,619,387
OPERATING PROFIT/[LOSS] BEFORE WORKING CAPITAL ADJUSTMENT		11,719,095		(8,927,981)
ADJUSTMENTS FOR:				
Sundry Debtors	(48,506,767)		793,376	
Inventories	(21,343,355)		(320,368)	
Loans and Advances	(9,517,593)		2,924,676	
Other Current Assets	3,468,880		(59,302)	
Trade Payables	65,308,347	(10,590,488)	1,319,142	4,657,524
CASH GENERATED FROM OPERATIONS		1,128,607		(4,270,457)
Income Tax Paid		-		-
Exceptional Items (Write off of Debts & Advances)		22,355,954		141,619
NET CASH FLOW FROM OPERATING ACTIVITIES		(21,227,348)		(4,412,076)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(53,550,439)		(352,502)	
Sale of Fixed Assets	8,500		1,262,490	
Sale of Investments	1,750,000		-	
Purchase of Investments	(853,142)		-	
Interest Received	163,144		176,149	
Dividend Received	861		445	
NET CASH FLOW FROM INVESTING ACTIVITIES		(52,481,077)		1,086,582
C CASH FLOW FINANCING ACTIVITIES				
Increase in Share Capital*	73,633,810			
Adjustment on Account of Amalgamation*	(43,312,116)			
Proceeds from Long Term Borrowings	45,479,079		1,661,582	
Net Increase of Cash Credit and other short term borrowings	14,455,463		6,318,146	
Interest Paid	(10,047,362)		(6,025,468)	
NET CASH FLOW FROM FINANCING ACTIVITIES		80,208,874		1,954,260
NET INCREASE IN CASH / CASH EQUIVALENTS		6,500,449		(1,371,234)
D CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		1,812,722		3,183,956
CLOSING CASH AND CASH EQUIVALENTS		8,313,171		1,812,722

*Refer Note : 23.0

Notes:

- Cash and Cash Equivalents include Cash in Hand, Balance with Bank on current Accounts and Margin Money deposits.
- The Above Cashflow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard on Cash Flow Statement [As-3] issued by the Institute of Chartered Accountants of India.
- Previous year figures have been rearranged/regrouped wherever necessary.
- This is the Cashflow Statement referred to in our report of even date.

Sd/-	Sd/-	Vide our report of even date
N R PANICKER Chairman	T.RAVINDRAN Executive Director	For M/s. VIJAYAKUMAR & EASWARAN Chartered Accountants
Sd/-	Sd/-	Sd/-
PHILIP JOHN Director	S T PRABHU Director & Company Secretary	S.VIJAYAKUMAR, F.C.A Membership No. 19256 Partner

Place : Thiruvananthapuram
Date : 11th February, 2005

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration Number	09 - 4485
Balance Sheet Date	March 31, 2004

II Capital raised during the year (Amounts in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Merger	73,634

III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	234,943	Total Assets	234,943
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Sources of Funds

Paid -Up Capital	112,474	Reserves & Surplus	12,631
Secured Loans	88,593	Unsecured Loans	21,244

Application of Funds

Net Fixed Assets	79,645	Investments	975
Net Current Assets	77,284	Misc. Expenditure	222
Accumulated Losses	75,494	Deferred Tax Asset (Net)	1,322

IV Performance of Company (Amount in Rs. Thousands)

Turnover	112,574	Total Expenditure	137,792
Profit/(Loss) before Tax	(25,218)	Profit/(Loss) After Tax	(32,744)
Earnings/Share in Rs.	(5.72)	Dividend @ %	NIL

V Generic Names Of Three Principal Products/Services Of Company (as per Monetary Terms)

Item Code No.(ITC Code)	Product description
8471.00	Point of Sale Terminals
8471.00	Cheque Deposit Machines
8504.40	Power Conditioning Products
	Service of Equipments
	Training
	Software Development

ACCEL TRANSMATIC LTD.

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

23. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared on historical cost basis in accordance with Generally Accepted Accounting Principles (GAAP) in India and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act, 1956. All items of income and expenditure that have a material bearing on the financial statements are recognized on accrual basis.

(b) Fixed Assets and Depreciation

Fixed Assets

Fixed assets are stated at cost or at replacement cost in case of revaluation less accumulated depreciation. Cost includes all direct expenses incurred to bring an asset to working condition for its intended use. Fixed Assets acquired but not put to use as at the balance sheet date are classified as capital work-in-progress.

Depreciation

Depreciation on fixed assets is computed from the date the asset is ready to be put to use, under straight-line method in the manner and at the rates specified in Schedule XIV to the Act. Fixed assets costing Rs 5,000 or less are fully depreciated in the year of purchase. Goodwill, included under fixed assets, is amortized over a period of 5 years.

Leased Assets

Fixed Assets acquired on Finance lease have been capitalized and depreciated at the rates prescribed in Schedule XIV of the Companies Act, 1956 since the company will obtain ownership of these assets at the end of the lease term.

(c) Investments

Long term

Investments in India are stated at cost of acquisition. Provision is made where there is a permanent fall in value of such long term investments. Investments outside India are carried in the balance sheet at the rates prevailing at the Balance sheet date.

(d) Inventories

Inventories, comprising of finished goods, spares, components, traded items and education and training materials, are stated at cost or net realizable value. Cost includes all expenses incurred in bringing the inventory to its present location and condition and is determined on first-in-first-out (FIFO) basis. Demo Stocks are revalued at the end of the year. Software projects under development and carried forward under work-in-progress are stated at cost representing man-hour cost for each project.

(e) Revenue recognition

Sales

Sales (net of returns) are reported inclusive of sales tax and octroi, wherever applicable, but exclusive of all other taxes, duties, rebates and discounts. Sales are recognized when significant risks and rewards of ownership are passed on to the buyer, which generally coincides with delivery of goods.

Income from Service

Income from Services is recognized on accrual basis, as follows:

(i) Annual Maintenance Contracts

Income from Annual maintenance contracts is recognized proportionately over the period of the respective contracts.

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

(ii) Software Development Services

Revenue from software development on time and material basis is recognized based on the software developed and billed to clients as per the terms of specific contracts. In the case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on percentage of completion basis.

(iii) Educational services.

The revenue in respect of sale of course materials is recognized on delivery of the material to the customers, whereas revenue from educational activity is recognized over the period of course programme.

(f) Employee benefit plans

Employee benefit plans comprise both defined benefit and defined contribution plans.

Liability for Gratuity in respect of employees of Products Division and Service Division has been covered under the Group Gratuity cum Assurance Scheme by Life Insurance Corporation of India and the contribution paid / payable each year to the Funds is recognized in the Profit and Loss Account. In respect of UPS division, the Gratuity liability as actuarially ascertained at the year-end is provided in the Books of Account. In respect of Technology and Training Division, the employees have not yet completed the eligible number of years of service for Gratuity.

Provident fund is a defined contribution plan. Employees and the Company make monthly contributions based on a percentage of the employee's basic salary as specified under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The Company has no further obligations under the plan beyond its periodic contributions. The contribution made under the scheme is charged to Profit and Loss Account.

The Company does not have a policy of encashment of leave on retirement or on superannuation after their service with the company.

(g) Miscellaneous Expenditure

Miscellaneous expenditure represents Public Issue expenses amortized over a period of 10 years.

(h) Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on expected outcome of assessments / appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. In respect of an undertaking the income of which is exempt under section 10A the Income Tax Act, 1961, Deferred tax liability on account of timing differences arising but getting reversed during the tax holiday period has not been recognized.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(i) Foreign currency transactions

Revenue earned and expenditure incurred in currencies other than the Indian Rupee is recorded at the rates of exchange prevailing on the date of the transaction. Differences arising on collection or settlement of outstanding amounts are recognized in the profit and loss account.

ACCEL TRANSMATIC LTD.

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

Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and resultant gain or loss is recognized in the Profit and Loss account.

Fixed assets acquired in foreign currency are recorded at the rates of exchange prevailing on the date of the transaction and adjustments are made to the carrying cost of the respective fixed assets for changes arising on account of exchange rates fluctuations.

(j) Earnings Per Share

The earnings considered in ascertaining the company's basic and diluted earnings per share comprise of the Net Profit/Loss 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 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.

(k) Segment Accounting

(i) Segment Accounting Policies

Segment accounting policies are in line with the accounting policies of the Company. However, the following specific accounting policies have been followed for segment reporting:

- (a) Segment Revenue includes Sales, Service and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- (b) Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Result. The expenses, which relate to the company as a whole and not allocable to segments, are included under "Other Unallocable expenditure".
- (c) Income, which relates to the Company, as a whole and not allocable to segments is included in "Unallocable Corporate Income".
- (d) Segment Result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.
- (e) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment. Unallocable assets mainly comprise of investments in Subsidiaries and Others. Unallocable liabilities include mainly loan funds, provisions for employee retirement benefits.

(ii) Inter Segment Transfer Pricing

Segment Revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Notes to the Financial Statements

23.0 Composite Scheme of Arrangement / Amalgamation – "The Scheme"

- (i) Pursuant to the scheme approved by the Members in the Court Convened General meeting held on 09th July 2004 and sanctioned by the Honorable High Courts of Kerala and Madras, the entire business and all assets and liabilities of the following Companies/operations stand transferred and vested with the Company w.e.f 1st January 2004 (the Transfer date), as detailed below:

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

High Courts of	Name of the Company	Nature of its Business	Date of Order of High Court
Madras / Kerala	Accel Software and Technologies Limited (ASTL)	Hardware training and software development	07.12.2004 06.01.2005
Madras / Kerala	Zener Electronics Private Limited (ZEPL)	Trading, Manufacturing & Servicing power conditioning products.	12.07.2004 06.01.2005
Madras / Kerala	Business operations and its related Assets and Liabilities of Accel Limited- (ACCEL)	Trading and servicing of power conditioning products, imaging products and office automation products.	07.12.2004 06.01.2005
Kerala	Ushus Technologies Private Limited (UTPL)	Software development.	06.01.2005

- (ii) The scheme, accordingly have been given effect to in the accounts. In terms of the scheme, the business of transferor companies is deemed to have been carried on by the Company with effect from the transfer date, namely 1st January 2004. The current years accounts includes the Assets and Liabilities of the above Companies taken over at book value and Income and Expenditure of the said companies from the transfer date till 31st March 2004. In respect of ASTL, ZEPL & UTPL the assets are consolidated under the Pooling of Interest Method of Amalgamation as prescribed in AS-14 issued by the Institute of Chartered Accountants of India and in respect of Accel, under Purchase method of accounting being a demerger.
- (iii) As per the scheme of amalgamation, the Authorised Capital of the company has been Increased to Rs.12 crores, representing 11750000 Equity Shares and 250000 12% Redeemable Cumulative Preference Shares of Rs. 10/- each.
- (iv) Further, as per the Scheme, the face value of a share of the company has been reduced to Rs. 4/- from Rs.10/- and further consolidated into 1553608 Equity shares of Rs. 10/- each and the Share Exchange ratio has been given effect to taking into consideration the reduction as above. The details of shares to be issued to the shareholders of various transferee companies as per the scheme of amalgamation are given below:

Name of the Amalgamating Company	Description of the shares to be issued	Number of Shares of Rs. 10 /- Each to be issued
Accel Software and Technologies Ltd (ASTL)	<i>Equity</i>	66,00,000
Ushus Technologies Private Limited (UTPL)	<i>Equity</i>	12,93,433
	<i>Preference</i>	2,10,000
Zener Electronics Private Limited (ZEPL)	<i>Equity</i>	6,20,000
Business operations and its related Assets and Liabilities of Accel Limited (ACCEL)	<i>Equity</i>	9,70,360

- (v) The difference in value of shares allotted in the company to the shareholders of the transferee companies as above, representing the purchase consideration thereof, over and above the Share capital of those companies, have been adjusted against the Reserves and Surplus Account / Balance in Profit and Loss Account (Debit Balance) in the books of the Company. In respect of acquisition of business of Accel Limited, the excess amount of shares to be issued in the company over and above the fair value of assets of the business operations amounting to Rs. 5,998,975 is treated as "Goodwill" as per para 11 (vi) & (vii) respectively of the scheme of arrangement / amalgamation approved by the Honorable High Courts

ACCEL TRANSMATIC LTD.

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

Particulars	ACCEL	ZEPL	ASTL	UTPL
Value of shares to be issued to shareholders of transferee companies representing Purchase consideration.	9,703,600	6,200,000	33,000,000	15,034,330
Share Capital of transferee companies.	3,704,625	1,000,000	10,000,000	15,034,330
Excess Consideration	5,998,975	5,200,000	23,000,000	NIL
Treatment in Accounts	<i>Goodwill</i>	<i>Reserves & Surplus / P & L A/c</i>	<i>Reserves & Surplus / P & L A/c</i>	<i>Reserves & Surplus / P & L A/c</i>

Note: In respect of Accel, being a case of Demerger / transfer of business, the amount represents value of Net Assets Transferred.

- (vi) Fresh issue of shares to the shareholders of the company and the transferor companies as per the scheme as above is yet to be completed.
- (vii) As per the Scheme of Amalgamation, all the staff, workmen and employees of the transferor companies / demerged business has become the staff, workmen and employees of the Transferee company on a continuous basis, on the same terms and conditions of service as existed before the transfer. The relative Provident Fund, Gratuity and Superannuation funds in the transferor / demerged company shall stand transferred to the company.
- (viii) The current year figures are hence not comparable as such with those of the previous year.

23.1 Revaluation of Fixed Assets

The land and buildings owned by the company has been revalued during the year and the resultant increase in the value of those assets amounting to Rs.12,689,840 over the book value has been given effect to in fixed assets by corresponding credit to Revaluation Reserve account under Reserves & Surplus. Incremental depreciation of Rs. 58466/- on account of the revaluation of these assets has been adjusted out of Revaluation Reserve.

23.2 Current Assets

- (a) Sundry Debtors, Loans & Advances, Deposits and Sundry Creditors are subject to confirmation/reconciliation.
- (b) Sundry Debtors, Loans & Advances (Including Deposits) include certain old outstanding balances (for more than one year) as follows: -

Particulars	2003 - 2004	2002 -2003
Sundry Debtors	30,688,494	27,626,267
Loans & Advances	11,074,904	15,117,375

In the opinion of the management, a substantial portion of the above amounts (which includes certain disputed/suit filed accounts) are considered to be realizable/recoverable and efforts are being taken to reconcile/recover these amounts and hence no provision is considered necessary at this stage. Amounts considered irrecoverable aggregating to Rs.223.56 Lacs (Previous year Rs. 1.41 lacs) has been written off / provided for in the accounts of the year.

- (C) Inventories include certain non-moving/ slow moving items, aggregating to Rs.49,59,381. Items considered unusable by the management out of the above, have been valued at net realizable value

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

based on technical estimates. In respect of Software development charges incurred and carried forward as 'work-in-progress' under inventories aggregating to Rs. 1,10,43,391/-, the management is taking steps to complete the development process and to commercialize the software. Hence, no adjustments have been made in the Accounts for diminution, if any, in the value of the same.

23.3 Taxation

(A) Current Taxes

- (i) Income Tax Assessment has been completed up to the Assessment Year 2002-03. The appeal filed by the Company against the order of the Additional Commissioner of Income Tax for various Assessment years has been pending before the Commissioner of Income Tax (Appeals), Trivandrum. Hence no provision has been made in the accounts. The aggregate amount of demands outstanding is Rs.764, 823 (Previous year Rs. Nil)
- (ii) No provision has been made for Taxes in the current year, in view of the losses incurred by the Company.

(B) Deferred Taxes

The net deferred tax (Asset) Liability as on March 31, 2004 amounting to Rs.1, 321,996 [2003: (Rs.8, 847,892)] has been arrived as follows.

Particulars Deferred tax	Current Year (Asset) / Liability as on 01.04.2003	Deferred tax Charge / (Credit)	(Asset) / Liability as on
Liability			
Difference between book and tax depreciation	4,498,563	(549,413)	3,949,150
Others	-	-	-
Total	4,498,563	(549,413)	3,949,150
Assets			
Carried forward Depreciation & Business Losses	12,582,136	(8,310,258)	4,271,878
Others	764,319	234,949	999,268
Total	13,346,455	(8,075,309)	5,271,146

Deferred tax asset has been recognized in the books of account since in the opinion of the management and the available evidence provide sufficient certainty regarding the future utilization of the unabsorbed carried forward Depreciation in the computation of company's future taxable income.

23.4 Investments

No provision has been made for the diminution in the value of long-term investments as in the opinion of the management the diminution is considered to be of purely temporary in nature on account of the future business potential of the investee companies.

23.5 Prior Period Expenses

General expenses include Prior period expenses amounting to Rs. 85,172 (Previous year Nil).

23.6 Arrears Dividend on Preference Shares

Arrears of Dividend payable on cumulative preference shares (issued by erstwhile Ushus Technologies Private Limited) and not provided for in view of the Losses is Rs.1, 181,038 (Previous year – Rs. Nil)

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

23.7 A. Secured loans

- (i) Loan (Cash Credit and Term loan) from State Bank of Travancore / State Bank of India, Thiruvananthapuram is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (excluding equipments purchased out of loan from KSIDC as referred in Para (v) below) – ranking paripasu with each other, and guaranteed by the Executive Director & by corporate guarantee of Accel Limited.
- (ii) Cash Credit loan from The Federal Bank Ltd. Chennai is secured by hypothecation of receivables of erstwhile Accel Software & Technologies Ltd. and guaranteed by two Directors.
- (iii) Cash Credit from Canara Bank Chennai is secured by hypothecation of stocks and receivables of erstwhile Zener Electronics Private Ltd. and guaranteed by one Director and another Director of erstwhile Zener Electronics Private Limited.
- (iv) Cash Credit from ICICI Bank Ltd. is secured by hypothecation of stocks and receivables relating to the business operations of Accel Limited and equitable mortgage of immovable properties owned by Accel Limited and is guaranteed by a Director.
- (v) Equipment Financing Loan from Kerala State Industrial Development Corporation Limited (KSIDC Limited) is secured by sole and exclusive charge on the Machineries purchased under the scheme by the company and guaranteed by the Executive Director.
- (vi) Loan from Union Bank of India is secured by hypothecation of Software packages developed / under development and Export receivables, by way of Equitable Mortgage of leasehold right of Modules and Fixed assets thereon of erstwhile Ushus Technologies Private Limited in Techno park and is guaranteed by a Director of the company and three Directors of erstwhile Ushus Technologies Private Limited.
- (vii) Hire purchase loans from Accel ICIM Frontline Limited are secured by hypothecation of fixed assets purchased out of the loan as specified in the agreement and is guaranteed by a Director.

B. Effect on account of Amalgamation

As per the Scheme of Amalgamation, all the above liabilities of the Transferor Companies / Demerged business shall also be transferred to and / or deemed to be transferred without any further act, instrument or deed to the Transferee Company pursuant to the provisions of Section 394 and other applicable provisions of the Act so as to become as and from the Transfer Date, 1st January, 2004 the debts, liabilities, dues and obligations of the company. The transfer / vesting as aforesaid shall be subject to existing charges / hypothecation / mortgages (if any as may be subsisting) over or in respect of the Assets or any part thereof, provided however, any reference in any security documents or arrangements to which the respective Transferor Companies / Demerged business is a party, to the Assets of the respective Transferor Companies / Demerged Business offered or agreed to be offered as security for any financial assistance or obligations.

23.8 Unsecured Loans

Amount due to "Others" under unsecured loan represents loan taken from shareholders of erstwhile USHUS Technologies Private Limited by that company prior to the transfer date, 1st January 2004, the terms of repayment are yet to be fixed.

23.9 (A) Contingencies and commitments

Rupees in Lacs

	March 31, 2004	March 31, 2003
Outstanding bank guarantees	53.20	70.38
Corporate guarantee given to customers towards performance	-	-
Sales tax demand raised in the assessment orders of earlier years pending final decision by the appellate authorities	3.50	20.28
Income Tax demands raised, on appeal pending final decision	7.65	-
Others	0.96	-

- (B) Estimated amount of Contracts remaining to be executed on Capital account and not provided for (Net of Advances) is Rs.Nil (Previous year Rs.Nil)

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

23.10 Payment to Directors

(A) Details of Managerial Remuneration	March 31, 2004	March 31, 2003
Salaries & Allowances	616,000	540,000
Contribution to provident fund	910	Nil
Company Leased Accommodation	120,000	Nil
Other Payments	22,017	Nil

(B) The above includes remuneration paid to the Managing Director of erstwhile Ushus Technologies Private Limited, amounting to Rs. 91,000 for the period from 25th February (Date of Co option as Director) till 31st March 2004. The company has been legally advised that approval from Central Government is not required in the case of the remuneration paid to the said Director for such period.

23.11 Payment to Auditors

	March 31, 2004	March 31, 2003
Statutory audit	70,000	35,000
Tax audit (on payment basis)	5,000	5,000
Out of pocket expenses	Nil	Nil
Other Services	Nil	Nil

23.12 Dues to small-scale industrial undertakings

Small-scale undertakings to which amounts are outstanding for a period more than thirty days as at the year-end are:

Adarsh Corporation, Design Tech, Electromechanical Metal Industries, Excel Circuits limited, Indira Coil Winding works, MP Industries, Pomudi Pack arts limited, Precision Princifab, Trittech Architectural fabrication & Vijay Tools.

23.13 Details of investments bought and sold

Name of the Company	Transdot Electronics Limited	Adtech Power Systems Limited
FACE VALUE:	100	10
Opening on April 1, 2003 (In Nos.)	2045	40325
Add: Purchases / Bonus / Rights / Shares subdivided	-	-
Less: Sales	2045	40325
Closing on March 31, 2004	-	-
B) By value: (Rupees)		
Opening on April 1, 2003	204,500	403,250
Add: Purchases	-	-
Closing on March 31, 2004	-	-

23.14 Obligation on Long Term non-cancelable finance lease

The obligations on account of long term finance lease entered into by erstwhile ASTL & ZENER for hire purchase of Computers & Car respectively, and taken over by the company as stated in note no: 23.0 above are as follows:

Obligation on leases

Particulars	2003-2004	2002-2003
Minimum Lease Payment		
Not Later than 1 Year	1,978,167	Nil
Later Than one year but not later than five years	4,644,800	Nil
Later than five years	Nil	Nil
Present Value of Minimum Lease Payments		
Not Later than 1 Year	1,051,905	Nil
Later Than one year but not later than five years	3,538,753	Nil
Later than five years	Nil	Nil
Lease Rentals Charged	250,498	Nil

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23.15 Segmental reporting

Business Segment: The management has identified the following business segments as its primary reporting segments.

- A. Corporate
- B. Hardware Products / Services
- C. Software Services
- D. Education & Training

Particulars	Corporate	Hardware Products	Software Services	Education Training	Inter Segmental Adjustment	Total
Segment Revenue						
External Sales						
<i>Current year</i>	63.52	804.13	133.76	190.22	67.52	1,124.10
<i>Previous Year</i>		249.54	49.38	-	-	298.92
Total Revenue						
<i>Current year</i>	63.52	804.13	133.76	190.22	67.52	1,124.10
<i>Previous Year</i>		249.54	49.38	-	-	298.92
Segment Result						
<i>Current year</i>	63.19	(42.40)	7.19	42.28	-	70.22
<i>Previous Year</i>	(0.35)	(73.50)	(38.95)	-	-	(112.80)
Interest Expense (Net)						
<i>Current year</i>	48.73	21.40	25.61	3.10	-	98.84
<i>Previous Year</i>		48.09	24.58	-	-	72.67
Non Operational Expenses						
<i>Current year</i>	223.56	-	-	-	-	223.56
<i>Previous Year</i>	1.42	-	-	-	-	1.42
Net profit / (Loss)						
<i>Current year</i>	(209.10)	(63.80)	(18.46)	39.18	-	(252.18)
<i>Previous Year</i>	(1.77)	(121.59)	(63.53)	-	-	(186.89)
Other Information						
Segment Assets						
<i>Current year</i>	837.14	1,497.99	462.35	549.35	118.89	3,227.94
<i>Previous Year</i>		936.63	108.41	-	-	1,045.04
Segment Liabilities						
<i>Current year</i>	1,535.70	961.50	462.54	387.09	118.89	3,227.94
<i>Previous Year</i>		620.27	125.98	-	-	746.25
Capital Expenditure						
<i>Current year</i>	-	7.53	0.11	-	-	7.64
<i>Previous Year</i>		3.38	0.15	-	-	3.53
Depreciation						
<i>Current year</i>	3.00	18.77	13.51	19.09	-	54.37
<i>Previous Year</i>		16.68	7.66	-	-	24.34
Non Cash Expenses Other than Depreciation						
<i>Current year</i>	64.94	163.07	-	0.09	-	228.10
<i>Previous Year</i>		13.29	2.40	-	-	15.69

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

Geographical Segment: The management has identified the following geographical segments as its secondary reporting segments.

- A. In India.
- B. Outside India.

Particulars	In India	Out side India	Total
Segment Revenue			
<i>Current year</i>	959.39	164.71	1,124.10
<i>Previous Year</i>	298.92	-	298.92
Segment Asset			
<i>Current year</i>	3,032.67	195.28	3,227.94
<i>Previous Year</i>	1,045.04	-	1,045.04
Capital Expenditure			
<i>Current year</i>	7.64	-	7.64
<i>Previous Year</i>	3.53	-	3.53

23.16 Related party transactions

- A) Loans and advances/Sundry Debtors include amounts due from Associates/Subsidiary:

	March 31, 2004	March 31, 2003
Transdot Electronics Limited	707,468	1,029,443
Adtech Systems Limited	463,590	475,780
Floatels India Private Limited	53,848	9,288
Supercold Refrigeration Systems Pvt Limited	582,263	582,263
Transcold Refrigeration Industries	339,621	339,621
Transcom Systems Private Ltd	19,770	19,770
Transmed Systems Private Ltd	1,869,241	1,869,241
Ushus Technologies Japan LLC	4,306,100	-

- B) Current liabilities / Sundry Creditors include amounts due to Associates:

Accel ICIM Forntine Limited 6,513,267 -

- C) Loan Funds include amount due to investor companies / Accel Limited:

Accel Limited 10,368,715 22,13,148

Maximum amount outstanding at any time during the year:

Accel Limited 10,368,715 22,13,148

- D) Related parties with whom transactions have taken place during the year:

Subsidiaries & Associates:

1. Ushus Technologies Japan LLC - Subsidiary
2. Accel Limited - \$
3. Accel ICIM Frontline Limited - \$
4. Transdot Electronics Limited - \$
5. Supercold Refrigeration Systems Pvt Ltd - \$
6. Adtech Systems Limited - \$
7. Floatels India Pvt Limited - \$
8. MRN & Associates - \$

\$ Entities controlled by Directors or relatives of Directors.

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E) Key Management Personnel:

N R Panicker	–	Chairman.
T Ravindran	–	Executive Director.
Philip John	–	Director.
M R Narayanan	–	Director. (Managing Director till 07.01.04)
S T Prabhu	–	Director & Company Secretary.

F) Transactions with related parties

Particulars	Holding Company	Subsidiaries / Associates	KMP*	Relatives of KMP	Total
Sale of Investments	-	1,750,000	-	-	1,750,000
Rendering of Services	-	7,463,970	-	-	7,463,970
Receiving of Services	-	13,665,566	120,000	-	13,785,566
Remuneration	-	-	616,910	-	616,910
Finance (including loans & equity contributions in cash or in kind)	-	10,368,715	-	-	10368,715
Guarantees and Collaterals	-	2,750,000	-	-	2,750,000

*KMP = Key Managerial Personnel

23.17 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl.No	Particulars	31.03.2004	31.03.2003
01	Profit after taxation	(32,743,758)	(9,826,163)
02	Weighted average number of equity shares *	5,724,865	3,884,020
03	Basic & Diluted earnings per share	(5.72)	(2.53)
04	Total Nominal Value of Shares	110,374,010	38,840,200

* Weighted average number of shares is arrived at having regard to the shares to be issued to shareholders of transferor companies effective 01st January 2004 as per The Scheme (See Note: 23.0)

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

23.18 (a) Additional Information pursuant to Part II of Schedule VI of the Companies Act, 1956

i) Particulars of Capacity

Licensed Capacity	March 31, 2004	March 31, 2003
TSL Products	<i>Not Applicable</i>	<i>Not Applicable</i>
UPS	<i>Not Applicable</i>	<i>Not Applicable</i>

Installed Capacity	March 31, 2004	March 31, 2003
TSL Products		
<i>Point of Sale Terminal</i>	504 Nos.	504 Nos.
<i>Multi Function Kiosks</i>	192 Nos.	192 Nos.
<i>Intelligent message terminal</i>	300 Nos.	300 Nos.
<i>Cheque Deposit Machines</i>	192 Nos.	192 Nos.
<i>Queue Management System</i>	192 Nos.	192 Nos.
UPS Products		
<i>UPS</i>	360 Nos.	<i>Not Applicable</i>
<i>Inverters</i>	120 Nos.	<i>Not Applicable</i>

ii) Production Details:

Particulars	March 31, 2004	March 31, 2003
TSL Products	In Qty	In Qty
<i>Point of sale / collection terminals</i>	199	11
<i>Multi function kiosks</i>	2	17
<i>Intelligent message terminal</i>	<i>Nil</i>	4
<i>Cheque deposit machines</i>	7	18
<i>Queue management system</i>	56	<i>Nil</i>
UPS Products		
<i>UPS</i>	48	<i>NA</i>

iii) Particulars of Stock

Opening Stock

Particulars	March 31, 2004		March 31, 2003	
	In Qty	In Values	In Qty	In Values
TSL Products				
<i>Point of sale / collection terminals</i>	5	467,180	5	467,180
<i>Multi function kiosks</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Intelligent message terminal</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Cheque deposit machines</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Queue management system</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
UPS Products				
<i>UPS</i>	26	973,000	<i>NA</i>	<i>NA</i>
<i>Others</i>		18,634,698		17,812,254
Traded Goods				
<i>UPS</i>	71	1,306,064	<i>NA</i>	<i>NA</i>
<i>Others</i>		6,303,754	<i>NA</i>	<i>NA</i>
Total		27,684,696		18,279,434

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Closing Stock

Particulars	March 31, 2004		March 31, 2003	
	In Qty	In Values	In Qty	In Values
TSL Products				
<i>Point of sale / collection terminals</i>	5	467,180	5	467,180
<i>Multi function kiosks</i>	Nil	Nil	Nil	Nil
<i>Intelligent message terminal</i>	Nil	Nil	Nil	Nil
<i>Cheque deposit machines</i>	Nil	Nil	Nil	Nil
<i>Queue management system</i>	Nil	Nil	Nil	Nil
UPS Products				
<i>UPS</i>	26	1,038,637	NA	NA
<i>Inverters</i>	Nil	Nil	NA	NA
<i>Others</i>		18,155,367		18,132,622
Traded Goods				
<i>UPS</i>	69	2,012,600	NA	NA
<i>Others</i>		6,924,374	NA	NA
Total		28,598,158		18,599,802

Purchases

Particulars	March 31, 2004		March 31, 2003	
	In Qty	In Values	In Qty	In Values
TSL Products				
Traded Goods				
<i>UPS</i>	854	14,660,481	NA	NA
<i>Others</i>		1,097,686	NA	NA
Total		15,758,167		-

Turnover

Particulars	March 31, 2004		March 31, 2003	
	In Qty	In Values	In Qty	In Values
TSL Products				
<i>Point of sale / collection terminals</i>	199	20,909,528	11	1,485,000
<i>Multi function kiosks</i>	2	397,800	17	2,786,661
<i>Intelligent message terminal</i>	Nil	Nil	4	172,000
<i>Cheque deposit machines</i>	7	2,370,738	18	3,811,091
<i>Queue management system</i>	56	4,018,341	Nil	Nil
<i>Others</i>		26,481,947		14,241,600
UPS Products				
<i>UPS</i>	48	3,113,223	NA	NA
<i>Inverters</i>	Nil	Nil	NA	NA
Traded Goods				
<i>UPS</i>	856	18,677,796	NA	NA
<i>Others</i>		2,473,169	NA	NA
Total		78,442,542		22,496,352

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

Material Consumption

Particulars	March 31, 2004		March 31, 2003	
	In Qty	In Values	In Qty	In Values
Hardware Products				
Monitors	405	1,696,818	25	96,300
Keyboards	300	64,689	24	6,225
CPU & Assemblies	348	1,527,006	85	502,392
Display	167	114,995	48	24,364
Mechanisms	444	1,048,705	113	319,614
Slip Printers	90	1,174,942	65	602,538
Display Counters	40	171,442		Nil
Others		24,039,354		13,367,357
Total		29,837,951		14,918,790

(c) Consumption of Stores & Spare parts

Particulars	2003-2004	Percentage	2002-2003	Percentage
Imported	340,998	6.48%	409,085	15.87%
Indigenous	4,924,134	93.52%	2,168,948	84.13%

d) CIF Value of Imports

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Raw Material & Components	4,100,163	2,832,000
Capital goods	-	53,000

e) Expenditure in foreign currency

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
ISO Expenses	-	34,000
Towards Foreign Travel	1,141,325	10,000
Research & Development expenses	24,000	77,000

f) Earnings in foreign currency

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Towards income from services	756,241	-
Towards export of goods	8,696,765	1,227,000

g) Number of Non Resident shareholders and dividends paid to them.

Particulars	Number of Share Holder	Dividend Paid
Non Resident Indians	14	Nil

23.19 Comparative financial information

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

Sd/-	Sd/-	Vide our report of even date
N R PANICKER Chairman	T.RAVINDRAN Executive Director	For M/s. VIJAYAKUMAR & EASWARAN Chartered Accountants
Sd/-	Sd/-	Sd/-
PHILIP JOHN Director	S T PRABHU Director & Company Secretary	S.VIJAYAKUMAR, F.C.A Membership No. 19256 Partner
Place : Thiruvananthapuram Date : 11th February, 2005		

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BOARD OF DIRECTORS

Mr. Shinichiro Muto

Mr. E.T. Easwar

Mr. C.S. Anil Kumar

REGISTERED OFFICE

Azuma Bldg., 2F, 1-7 Honcho, Naka-Ku

Yokohama 231-0005, Japan.

Telephone :- 045-662-0301.

BANKERS

BANK OF YOKOHAMA, KANAZAWA BRANCH

2-4-1 Deiki, Kanazawa - ku Yokohama 236-0021

Japan.

USHUS TECHNOLOGIES LLC, JAPAN

DIRECTORS' REPORT

Your Directors are pleased to present before the shareholders the Annual Report of the Company for the three months operations ended 31st March 2004.

This subsidiary status has been achieved on account of Scheme of Arrangement of Amalgamation between erstwhile Ushus Technologies Private Limited and Accel Transmatic Limited as per the Scheme of Amalgamation sanctioned by Kerala High Court vide its order dated 06.01.2005.

Your company is the marketing arm of Ushus Technologies Private Limited (USHUS) and been involved in marketing of Ushus Technologies Services, implementation and Onsite support for various customers in Japan.

Ushus Technologies Japan, L.L.C is a 67% owned Subsidiary of USHUS and is represented by its Nominee Directors, Mr. E.T. Easwar and Mr. Anil Kumar C S. Since there is no requirement to get the balance sheet and profit and loss account for Ushus Technologies Japan, L.L.C to be audited and published under the laws of Japan, the balance sheet and profit and loss accounts are not audited.

Presently, the parent company Accel Transmatic Limited being a limited and listed company need to annexe the Subsidiary accounts to its Annual Accounts. The revenues have increased during the year under report and the Company has registered profit for the year.

The company has followed the GAAP standards and uniformly applied the concept of revenue recognition and expenses in preparing its statements.

FINANCIAL RESULTS

(3 months ended 31st March 2004)	JPY	INR
Total Income	8,385,180	35,40,444
Profit / (Loss)	(17,32,579)	(731,541)

REVIEW OF OPERATIONS

During the year under report the Company could consolidate its operations in Japan. More business is in the offing and it is expected that the Company could perform better in the current year.

18th January 2005

Sd/-

E.T.EASWAR
DIRECTOR



BALANCE SHEET AS AT

Particulars	March 31,2004 Currency : Jap Yen	March 31,2004 Currency : INR
Cash on Hand and in bank		
Cash	105,834	44,217
Yokohama Bank	3,610,962	1,508,660
Tokyo Mitsubishi Bank	1,188,280	496,463
Total Cash on Hand and in bank	4,905,076	2,049,341
Accounts Receivable	10,247,827	4,281,542
Advances Paid	-61,486	(25,689)
Total Current Assets	15,091,417	6,305,194
Intangible-fixed assets		
Telecom Authority	152,880	63,873
Total Intangible-fixed assets	152,880	63,873
Total Fixed assets	152,880	63,873
Assets Department	15,244,297	6,369,067
Current Liabilities		
Accounts Payable	6,814,536	2,847,113
Short Term Loans	4,485,685	1,874,119
Payment Due	249,124	104,084
Deposits Temporarily Received	101,190	42,277
Current Liabilities	11,650,535	4,867,593
Liabilities Department	11,650,535	4,867,593
Capital Stock	3,000,000	1,253,400
Retained Earnings		
Unappropriated Retained earnings	1,187,628	496,191
Unappropriated Retained earnings for this period	(593,866)	(248,117)
Fund /Capital Department	3,593,762	1,501,474
Liabilities and shareholders' Equity	15,244,297	6,369,067

USHUS TECHNOLOGIES LLC, JAPAN

PROFIT AND LOSS ACCOUNT FOR THE PERIOD

	January 01,2004 to March 31,2004 Currency : Jap Yen	January 01, 2004 to March 31,2004 Currency : INR
Net Sales		
Sales	8,385,180	3,540,444
Total Net Sales	8,385,180	3,540,444
Cost of Sales		
Purchases	7,837,674	3,309,273
Total Cost of Sales	7,837,674	3,309,273
(Gross profit)	547,506	231,171
General and administrative expenses		
Officer's Remuneration	1,500,000	633,340
Salaries-Allowances	264,000	111,468
Shipping Expenses	500	211
Entertainment Expenses	5,904	2,493
Traveling Expenses	73,330	30,962
Communications ecxpenses	89,675	37,863
Office Supplies	470	198
Stationary charges	5,160	2,179
Handling charges	173,312	73,177
Land Rent	105,000	44,334
Taxes and Dues	1,001	423
Transfer of Allowance for bad debt	61,486	25,961
Miscellaneous Expenses	260	110
Total General and administrative expenses	2,280,098	962,718
(Operating Profit)	(1,732,592)	(731,546)
Non-Operating Income		
Interest received	13	5
Total Non-Operating Income	13	5
(Ordinary Profit)	(1,732,579)	(731,541)
(Income before Taxes/Gross Income)	(1,732,579)	(731,541)
Profit for the current period	(1,732,579)	(731,541)
Profit/(Loss) brought forward from the previous term	2,326,341	982,243
Deduct / Add Exchange Difference	0	(2,628)
Unappropriated Earnings for the current period	593,762	248,074

**CONSOLIDATED ACCOUNTS
ACCEL TRANSMATIC LIMITED**



***ANNUAL REPORT
2003 - 2004***

ACCEL TRANSMATIC LTD.

AUDITORS' REPORT

To,
The Members,
Accel Transmatic Limited,
To the Members of Accel Transmatic Limited.

We have audited the attached Consolidated Balance Sheet of M/s. Accel Transmatic Limited, and its subsidiary Ushus Technologies Japan, L.L.C, as at March 31, 2004, the Consolidated Profit and Loss Account for the 12 months (3 months in respect of the subsidiary) and the Consolidated Cash Flow Statement 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.

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. We further report that in respect of subsidiary, Ushus Technologies Japan, L.L.C., we did not carry out the audit whose financial statements reflects total assets of Rs. 63,69,067/- as at 31st March 2004 and total turnover of Rs. 35,40,444/- for the period then ended. It's financial statements have been certified by the management and have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the said subsidiary is based solely on the certified financial statements. Since the financial statements of Ushus Technologies Japan, L.L.C, for the three months operations ended March 31, 2004 which were compiled and certified by the management have not been audited, any adjustment in those statements will have consequential effects on the attached consolidated financial statements.

We report that the Consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard – 21 (ICAI), and on the basis of separate audited financial statements of the Accel Transmatic Limited and un-audited financial statements of the subsidiary, Ushus Technologies Japan, L.L.C.

- (a) (i) *As stated in note No. 23.2(a), Sundry Debtors, Loans and advance, Deposits and Sundry Creditors, are subject to confirmation/reconciliation;*
- (ii) *As stated in note No. 23.2(b), Sundry Debtors, Loan and Advances and Deposits include certain old outstanding balances, the recoverability / realisability of which cannot be ascertained at this stage;*
- (iii) *As stated in note No. 23.2 (c), Inventories include certain non-moving / slow moving items for which no provision is made in the accounts. Further, in respect of software development charges carried forward as "work in progress" under inventories concrete evidence as to the future revenue potential of the software has not been furnished to us, hence we are unable to comment as to the realisability of the same.*

The effect of the above on the accounts of the year is not ascertainable.

- (b) Subject to the above, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on the accounts attached thereto, 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:
- in the case of the Consolidated Balance Sheet, of the state of affairs of the parent Company and its subsidiary as at 31st March 2004; and
 - in the case of the Consolidated Profit and Loss Account of the "Consolidated Loss" of the parent Company and its subsidiary for the year ended on that date; and
 - in the case of the Consolidated Cash Flow Statement of the cash flows of the parent Company and its subsidiary for the year ended on that date.

For M/s Vijayakumar & Easwaran
Chartered Accountants
Sd/-
S.Vijayakumar, FCA
Membership No.19256
Partner

Place: Trivandrum
Date: 11th February, 2005



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

Consolidated Balance Sheet as at

	Sch. No.	March 31,2004	March 31,2003
SOURCES OF FUNDS:			
Share Holders Funds :			
Share Capital	1	112,474,010	38,840,200
Reserves & Surplus	2	12,631,374	25,983,696
Minority Interest		498,689	-
		125,604,073	64,823,896
Loan Funds :			
Secured	3	88,593,080	41,513,335
Unsecured	4	23,222,329	8,389,328
TOTAL LIABILITIES		237,419,482	114,726,559
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	139,631,616	41,655,614
Less: Accumulated Depreciation		599,86,207	22,756,983
		79,645,409	18,898,631
Investments	6	139,831	689,781
Deferred Tax Asset (Net)		1,321,996	8,847,892
Current Assets, Loans & Advances :			
- Inventories	7	39,943,157	18,599,802
- Sundry Debtors	8	91,955,732	43,034,187
- Cash and Bank Balances	9	10,362,511	1,812,722
- Other Current Assets	10	52,819	3,521,699
- Loans and Advances	11	25,349,635	15,768,168
		167,663,854	82,736,578
Less : Current Liabilities and Provisions			
- Current Liabilities	12	86,031,883	22,297,002
- Provisions	13	868,536	246,757
		86,900,419	22,543,759
Net Current Assets		80,763,435	60,192,819
Miscellaneous Expenditure	14	222,403	667,195
(to the extent not written off / Adjusted)			
Profit and Loss Account	15	75,326,408	25,430,241
TOTAL		237,419,482	114,726,559
Significant Accounting Policies and Notes on Accounts	23		

Sd/-

N R PANICKER
Chairman

Sd/-

PHILIP JOHN
Director

Place : Thiruvananthapuram
Date : 11th February, 2005

Sd/-

T.RAVINDRAN
Executive Director

Sd/-

S T PRABHU
Director & Company Secretary

Vide our report of even date

For M/s. **VIJAYAKUMAR & EASWARAN**
Chartered Accountants

Sd/-

S.VIJAYAKUMAR, F.C.A
Membership No. 19256
Partner

ACCEL TRANSMATIC LTD.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Sch. No.	March 31,2004	March 31,2003
Income			
Sales Income			
Gross Sales	16	78,442,543	22,496,352
Less: Excise Duty		(7,030,386)	(1,659,840)
Net Sales		71,412,157	20,836,512
Income from services	17	41,430,188	8,351,481
Other Income	18	7,233,234	211,618
(Decrease)/ Increase in Stock	19-A	(8,269,655)	669,318
		111,805,924	30,068,929
Expenditure			
Materials Consumed	19	29,837,951	14,918,790
Cost of Sales (Traded Goods) & Services	19-B	13,509,053	-
Employee costs and benefits	20	22,564,850	11,773,151
Manufacturing & Other Expenses	21	33,288,194	11,326,337
Miscellaneous Expenses Written Off.		453,660	720,582
		99,653,708	38,738,860
Profit/(loss) before tax, interest and Depreciation		12,152,216	(8,669,931)
Interest & Finance costs	22	10,047,361	7,442,876
Profit/(loss) before tax & Depreciation		2,104,855	(16,112,807)
Depreciation	5	5,437,171	2,434,561
(Loss) after depreciation and before write off		(3,332,316)	(18,547,368)
Irrecoverable Debts / Advances Written Off (Refer Note : 23.2)		22,373,263	141,619
(Loss) before tax		(25,705,579)	(18,688,987)
Provision for :			
Current year tax		-	-
Deferred Tax (Net)		7,525,896	(8,862,824)
Loss for the year carried to Balance Sheet		(33,231,475)	(9,826,163)
Basic and Diluted Earnings per share		(5.80)	(2.53)
Significant Accounting Policies and Notes on Accounts	23		

Sd/-

N R PANICKER
Chairman

Sd/-

PHILIP JOHN
Director

Place : Thiruvananthapuram
Date : 11th February, 2005

Sd/-

T.RAVINDRAN
Executive Director

Sd/-

S T PRABHU
Director & Company Secretary

Vide our report of even date

For M/s. VIJAYAKUMAR & EASWARAN
Chartered Accountants

Sd/-

S.VIJAYAKUMAR, F.C.A
Membership No. 19256

Partner

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

SCHEDULES TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT

	March 31,2004	March 31,2003
1. Share Capital		
Authorised (Refer Note: 23.0)		
11750000 Equity Shares of Rs. 10/- each & 250000 12% Redeemable Cumulative Preference Share of Rs. 10/- each - Redeemable at par on or before 30.06.2008 {Previous Year 5000000 Equity Shares of Rs. 10/- each each, Preference shares - Nil}	120,000,000	50,000,000
Issued, Subscribed and Paid up: (Refer Note : 23.0)		
11037401 Equity Shares of Rs. 10/- each Fully Paid up {Previous year - 3884020 Equity Shares of Rs. 10/- each fully paid up}	110,374,010	38,840,200
210000 12% Redeemable Cumulative Preference Shares of Rs. 10/- each fully paidup {Prev. Year-Nil} - Redeemable at par on or before 30.06.2008	21,00,000	-
	112,474,010	38,840,200
2 Reserves and Surplus		
Capital Reserve		
Subsidy from Industries Department, Govt of Kerala	1,705,695	1,705,695
Investment Allowance Reserve	957,725	957,725
	2,663,420	2,663,420
Less: Transferred to General Reserve	2,663,420	-
	-	2,663,420
General Reserve	(2,663,420)	1,637,776
Add: Transferred from Capital Reserve	2,663,420	-
	(0)	1,637,776
Share Premium	30,264,270	21,682,500
Less: Adjustment of Consideration on Amalgamation (Refer Note: 23:0)	(30,264,270)	-
	(0)	25,983,696
Revaluation Reserve (Refer Note No:23.1)	12,689,840	-
Less: Additional Depreciation On Revaluation	(58,466)	-
	12,631,374	25,983,696
3. Secured Loan		
Cash Credit	48,989,492	34,882,003
Term Loans - from Financial Institutions	12,941,311	4,900,000
- from Banks	24,449,166	-
Interest accrued and due on above	1,562,454	1,731,332
Hire Purchase Loans	650,657	-
	88,593,080	41,513,335
4. Un Secured Loan		
Public Deposits	1,982,000	3,133,000
Term Loans - from Financial Institution	2,674,120	800,000
Interest accrued and due on above	824,740	600,328
Bill Discounting - NSIC Ltd	1,990,826	1,642,852
Lease liability - Accel ICIM Frontline Limited	4,250,232	-
Inter Corporate loan - Accel Limited	10,368,715	2,213,148
Others (Refer Note 23.8)	1,131,696	-
	23,222,329	8,389,328

ACCEL TRANSMATIC LTD.

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

5. SCHEDULE OF FIXED ASSETS

SL NO	PARTICULARS	GROSS BLOCK STATED AT COST				DEPRECIATION				NET BLOCK			
		COST AS ON 1.4.2003	ADDITIONS/ADJUSTMENTS	TAKEN OVER FROM OTHER COMPANIES (NOTE 3)	SALE/TRANSFER	TOTAL AS ON 31.03.2004	UP TO 1.4.20003	TAKEN OVER FROM OTHER COMPANIES (NOTE 3)	FOR THE YEAR	ADJUSTMENT	UPTO 31.03.2004	AS ON 31.03.2004	AS ON 31.03.2003
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	Goodwill (Note.2)	-	-	6,216,964	-	6,216,964	-	217,989	299,950	-	517,939	5,699,025	-
2.	Land	1,340,646	10,939,354	-	-	12,280,000	-	-	-	-	-	12,280,000	1,340,646
3.	Factory Building (Note.1)* Lease Hold Building (T.Park) Building Modification	1,249,514 227,083	1,750,486	1,472,675	-	4,472,675	567,796	315,116	94,317	-	977,229	3,495,446	681,718
4.	Plant and Machinery	19,890,840	-	4,624,444	-	227,083	50,889	-	7,585	-	58,474	168,609	176,194
5.	Data Processing Machines	10,438,903	44,500	5,469,047	-	25,359,887	11,190,908	1,448,277	18,845	-	13,791,301	11,568,586	8,699,932
6.	Computer Software	-	44,500	37,089,018	38,850	47,533,571	7,563,821	18,174,681	1,543,840	19,714	27,262,628	20,270,941	2,875,082
7.	Furnitures and Fixtures	3,140,449	1,980	2,996,423	-	2,996,423	-	1,265,044	730,712	-	1,995,756	1,000,669	-
8.	Testing Equipments	1,175,596	37,524	12,153,225	-	15,295,654	1,293,383	5,098,886	765,241	-	7,157,510	8,138,144	1,847,066
9.	Office Equipments	809,041	3,606	5,238,362	-	1,213,120	427,859	-	63,386	-	491,245	721,875	747,737
10.	Electrical Fittings	1,071,834	3,600	2,092,341	-	6,051,009	228,063	1,299,486	91,763	-	1,619,312	4,431,697	580,978
11.	Library Books	138,368	-	217,526	-	3,167,775	323,962	573,069	90,664	-	987,695	21,80,080	47,872
12.	Water Supply System	49,761	-	-	-	355,894	71,151	216,118	7,981	-	295,250	60,644	67,217
13.	Prototype Development	1,791,716	-	-	-	49761	29,964	-	1,662	-	31,626	18,135	19,797
14.	Vehicle	252,043	-	1,492,457	-	1,791,716	737,114	-	85,107	-	822,221	969,495	1,054,602
15.	Time Share Property - Building	35,820	-	-	-	1,744,500	252,042	387,829	32,141	-	672,012	1,072,488	1
16.	Computers on Lease	-	-	5,175,178	-	35,820	5,458	-	30,362	-	35,820	-	30,362
17.	Boat	44,000	-	-	-	5,175,178	-	1,406,122	258,759	-	1,664,881	3,510,297	-
18.	Temporary Partitions	-	-	996,142	-	44,000	14,573	-	29,427	-	44,000	-	29,427
	TOTAL	41,655,614	12,781,050	85,233,802	38,850	139,631,616	22,756,983	31,753,301	5,495,637	19,714	59,986,207	79,645,409	18,898,631
	Previous Year	43,755,635	352,502	-	2,452,523	41,655,614	20,643,295	-	2,434,561	320,873	22,756,986	18,898,631	23,112,339

Note:

- * The Additional Depreciation on account of Revaluation Rs.58466/- has been transferred from Current year depreciation to Revaluation Reserve (Refer Notes 23.1).
- The Goodwill arising on amalgamation Rs.5,998,975/- is included in Goodwill a/c (Refer Notes 23.0).
- Assets taken over pursuant to Scheme of Amalgamation at book value as on 01/01/2005 & Accumulated depreciation thereon (Refer Notes 23.0).
- Rs.10939354 and Rs. 1750486 represents as additions and adjustments on account of revaluation of land and factory buildings.

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

SCHEDULES TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT

	March 31,2004	March 31,2003
6. Investments - Long Term		
<u>Unquoted [Trade] at cost</u>		
Transdot Electronics Ltd		
[Nil - Previous year 2045 Equity Shares of Rs.100/- each fully paid up]	-	204,500
Adtech Power Systems Ltd		
[Nil - Previous year 40325 equity shares of Rs.10/- each]	-	362,950
Unit Trust of India - 6.75% Tax free Us-64 Bonds [Non-trade]	90,000	90,000
[900 Units of Rs.100/- each fully paid up]		
<u>Quoted [Non-Trade] at cost</u>		
Rajashree Sugars and Chemicals Ltd		
[65 Equity shares of Rs.10/- each fully paid up-Previous year 65 Equity shares of Rs.10/- each fully paid up]	1,575	1,575
State Bank of India		
[50 Equity of Rs.10/- each fully paid up-Previous year 50 Equity shares of Rs.10/- each fully paid up]	5,000	5,000
ICICI Bank Limited		
[125 Equity Shares of Rs.10/- each fully paid up - Previous year 125 Equity Shares of Rs.10/- each fully paid up]	25,756	25,756
Alsa Constructions Ltd *	12,500	-
[1250 Equity Shares of Rs.10/- each fully paid up]		
S & Y Mills Ltd *	5,000	-
[500 Equity Shares of Rs.10/- each fully paid up]		
[Aggregate market value of quoted shares as on the date of Balance Sheet is Rs. 86,268/-)Previous year Rs. 30,853/-]		
* Refer Note : 23.0		
	139,831	689,781
7. Inventories		
Raw Materials - Components	6,017,086	2,433,655
- Stores & Spares	5,186,127	5,027,075
Finished Goods	17,394,944	11,139,072
Course Materials	301,609	-
Work in Progress	11,043,391	-
	39,943,157	18,599,802

ACCEL TRANSMATIC LTD.

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

SCHEDULES TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT

	March 31,2004	March 31,2003
8. Sundry Debtors		
(Unsecured)		
Debts exceeding six months		
Considered good	29,864,783	37,742,868
Considered doubtful	114,576	-
Other debts, considered good	62,090,949	5,291,319
	<u>92,070,308</u>	<u>43,034,187</u>
Provision for doubtful debts	(114,576)	-
	<u>91,955,732</u>	<u>43,034,187</u>
9. Cash and bank balances		
Cash in hand and remittances in transit	1,748,523	61,152
Balance with scheduled banks:		
in Current Accounts	6,492,250	361,446
in Deposit Accounts	2,121,738	1,390,124
	<u>10,362,511</u>	<u>1,812,722</u>
10. Other Current Assets		
Interest Accrued on Deposits and Loans	52,819	3,521,699
	<u>52,819</u>	<u>3,521,699</u>
11. Loans and advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind for value to be received	14,246,776	5,931,121
Deposits	11,102,859	9,837,047
	<u>25,349,635</u>	<u>15,768,168</u>
12. Current Liabilities		
Sundry Creditors for Goods Supplied		
- Dues to Small Scale Industries	551,328	537,730
- Dues to Others	44,566,063	7,259,609
Creditors for Expenses	40,914,492	14,499,663
(There are no amounts due or outstanding to be credited to investor education & protection fund)		
	<u>86,031,883</u>	<u>22,297,002</u>
13. Provision		
For Gratuity	868,536	246,757
	<u>868,536</u>	<u>246,757</u>
14. Miscellaneous Expenditure		
[To the extent not written off or adjusted]		
Public Issue Expenses	222,403	667,195
	<u>222,403</u>	<u>667,195</u>
15. Profit & Loss Account (Debit Balance)		
Opening Balance	25,430,242	15,604,079
Add: Adjustment arising out of Amalgamation (Refer Note: 23:0)	16,664,691	-
	<u>42,094,933</u>	<u>15,604,079</u>
Add: Loss for the year carried from Profit & Loss Account	33,231,475	9,826,163
	<u>75,326,408</u>	<u>25,430,242</u>



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

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	March 31,2004	March 31,2003
16.Sales		
Export Sales	243,141	1,226,652
Manufacturing Sales	57,048,437	20,980,085
Trading Sales	21,150,965	289,615
	78,442,543	22,496,352
17.Income from Services		
Maintenance and repair services (Net)	6,574,251	5,095,104
Training Income	17,176,958	969,594
Software Services	16,554,964	-
Service Income	1,124,015	2,286,783
	41,430,188	8,351,481
18.Other Income		
Interest income	163,148	176,149
Creditors No Longer Payable Written back	5,169,734	-
Miscellaneous Income	717,802	35,469
Profit on Sales of Investments	1,182,550	-
	7,233,234	211,618
19.Raw Material Consumed		
Opening stock of Materials	9,560,522	9,909,472
Transfer from Amalgamated / Demerged Business	502,077	-
Purchases	31,366,159	13,787,065
Manufacturing Expenses	761,398	782,775
	42,190,156	24,479,312
Closing stock of Materials	(12,352,205)	(9,560,522)
	29,837,951	14,918,790
19-A: Increase/Decrease in stock [Finished Goods]		
Closing Stock	13,097,979	9,039,279
Less: Opening Stock	9,039,279	8,369,961
Transfer from Amalgamated / Demerged Business	12,328,355	-
Increase/(Decrease) in Stock	(8,269,655)	669,318
19-B : Cost of Sales (Trade goods) & Services (Refer Note: 23.0)		
Transfer from Amalgamated / Demerged Business	7,609,818	-
Purchases	14,836,209	-
	22,446,027	-
Closing stock of Materials	(8,936,974)	-
	13,509,053	2,669,636

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

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	March 31,2004	March 31,2003
20.Employee costs and benefits		
Sales Allowances and Bonus	19,408,840	10,312,298
Contribution to Welfare Funds	1,832,141	783,187
Staff Welfare Expenses	1,323,869	677,666
	22,564,850	11,773,151
21.Manufacturing & Others Expenses		
Rent	4,356,153	1,310,749
Electricity Charges	1,375,016	397,555
Repairs and Maintenance		
Plant & Machinery	131,780	-
Buildings	167,975	7,366
Others	2,017,023	302,436
Printing and Stationery	665,205	288,268
Rates & Taxes	2,924,813	221,678
Communication costs	2,408,996	858,884
Travelling and conveyance	5,128,711	2,067,585
Insurance	180,921	59,903
Loss on sale of assets	10,636	869,160
Research & Development	124,993	229,046
General Expenses	2,839,228	1,926,895
Loss on exchange rate fluctuations	772,379	91,481
Cost of Books / Course Material	1,593,655	-
Advertisement Charges	1,229,020	114,478
Sales Promotion Expenses	5,426,086	1,511,223
Warranty Support Charges	542,310	547,414
Packing and Forwarding Expenses	1,393,154	522,216
	33,288,194	11,326,337
22.Interest & Finance Costs		
On Fixed Loans	3,091,746	1,045,277
Other Loans	6,955,615	6,397,599
	10,047,361	7,442,876

CASH FLOW STATEMENT

[Figures for the previous period have been rearranged to conform with the revised presentation]

	2003-2004		2002-2003	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxes from operations		(3,332,318)		(18,547,368)
ADJUSTMENTS FOR:				
Depreciation	5,437,171		2,434,561	
Miscellaneous Exp. Written off	453,660		444,793	
Interest - Net	9,884,217		5,849,318	
Dividend Received	(861)		(445)	
Loss on sale of Fixed Assets	(10,636)		869,160	
Reduction in value of Investments	-		22,000	
Profit sale of Investments	(1,182,550)	14,580,999	-	9,619,387
OPERATING PROFIT/[LOSS] BEFORE WORKING CAPITAL ADJUSTMENT		11,248,681		(8,927,981)
ADJUSTMENTS FOR:				
Sundry Debtors	(47,484,408)		793,376	
Inventories	(21,343,355)		(320,368)	
Loans and Advances	(9,581,466)		2,924,676	
Other Current Assets	3,468,880		(59,302)	
Trade Payables	62,734,291	(12,206,059)	1,319,142	4,657,524
CASH GENERATED FROM OPERATIONS		(957,378)		(4,270,457)
Income Tax Paid		-		-
Exceptional Items (Write off of Debts & Advances)		22,373,263		141,619
NET CASH FLOW FROM OPERATING ACTIVITIES		(23,330,640)		(4,412,076)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(53,550,439)		(352,502)	
Sale of Fixed Assets	8,500		1,262,490	
Sale of Investments	1,750,000		-	
Purchase of Investments	(17,500)		-	
Interest Received	163,144		176,149	
Dividend Received	861		445	
NET CASH FLOW FROM INVESTING ACTIVITIES		(51,645,431)		1,086,582
C CASH FLOW FINANCING ACTIVITIES				
Increase in Share Capital*	73,633,810			
Adjustment on Account of Amalgamation*	(42,657,255)			
Proceeds from Long Term Borrowings	47,457,283		1,661,582	
Net Increase of Cash Credit and other short term borrowings	14,455,463		6,318,146	
Interest Paid	(10,047,361)		(6,025,468)	
NET CASH FLOW FROM FINANCING ACTIVITIES		82,841,940		1,954,260
NET INCREASE IN CASH / CASH EQUIVALENTS		7,865,868		(1,371,234)
D CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		1,812,722		3,183,956
CLOSING CASH AND CASH EQUIVALENTS		9,678,589		1,812,722

*Refer Note : 23.0

Notes:

- 1 Cash and Cash Equivalents include Cash in Hand, Balance with Bank on current Accounts and Margin Money deposits.
- 2 The Above Cashflow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard on Cash Flow Statement [As-3] issued by the Institute of Chartered Accountants of India.
- 3 Previous year figures have been rearranged/regrouped wherever necessary.
- 4 This is the Cashflow Statement referred to in our report of even date.

Sd/-	Sd/-	Vide our report of even date
N R PANICKER Chairman	T.RAVINDRAN Executive Director	For M/s. VIJAYAKUMAR & EASWARAN Chartered Accountants
Sd/-	Sd/-	Sd/-
PHILIP JOHN Director	S T PRABHU Director & Company Secretary	S.VIJAYAKUMAR, F.C.A Membership No. 19256 Partner
Place : Thiruvananthapuram		
Date : 11th February, 2005		

ACCEL TRANSMATIC LTD.

CONSOLIDATED FINANCIAL STATEMENTS

23. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements comprises of the financial statements of Accel Transmatic Limited (the holding company) and its subsidiary in the nature of Joint Venture, Ushus Technologies LLC Japan, (A subsidiary of erstwhile Ushus Technologies Private Limited which has been merged pursuant to the Scheme of amalgamation / arrangement as mentioned in Note: 23.0 below).

The consolidated financial statements are prepared in accordance with accounting standard 21 on "consolidated financial statements", accounting standard 27 on "financial reporting of interests in joint ventures".

The consolidated financial statements are prepared on the following basis:

- (i) Investment in subsidiaries, the financial statements of the holding company and its subsidiary company have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- (ii) The intra group balances, intra group transactions, thereon have been fully eliminated.
- (iii) Each of the assets, liabilities, income and expenses of the subsidiary being a joint venture have been accounted in the consolidated financial statements using the proportionate consolidation method and on a pro-rata basis.
- (iv) The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as of the holding company.
- (v) The financial statements of the subsidiary only reflect three months transactions, for the period, January, February and March 2004, consequent to Merger of Ushus Technologies Private Limited with the Holding company, with effect from 01st January 2004.

(b) Basis of preparation of financial statements

The financial statements have been prepared on historical cost basis in accordance with Generally Accepted Accounting Principles (GAAP) in India and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act, 1956. All items of income and expenditure that have a material bearing on the financial statements are recognized on accrual basis.

(c) Fixed Assets and Depreciation

Fixed Assets

Fixed assets are stated at cost or at replacement cost in case of revaluation less accumulated depreciation. Cost includes all direct expenses incurred to bring an asset to working condition for its intended use. Fixed Assets acquired but not put to use as at the balance sheet date are classified as capital work-in-progress.

Depreciation

Depreciation on fixed assets is computed from the date the asset is ready to be put to use, under straight-line method in the manner and at the rates specified in Schedule XIV to the Act. Fixed assets costing Rs 5,000 or less are fully depreciated in the year of purchase. Goodwill, included under fixed assets, is amortized over a period of 5 years.

Leased Assets

Fixed Assets acquired on Finance lease have been capitalized and depreciated at the rates prescribed in Schedule XIV of the Companies Act, 1956 since the company will obtain ownership of these assets at the end of the lease term.

(d) Investments

Long term

Investments in India are stated at cost of acquisition. Provision is made where there is a permanent fall in value of such long term investments. Investments outside India are carried in the balance sheet at the rates prevailing on the Balance Sheet date.

(e) Inventories

Inventories, comprising of finished goods, spares, components, traded items and education and training materials, are stated at cost or net realizable value. Cost includes all expenses incurred in bringing the inventory to its present location and condition and is determined on first-in-first-out (FIFO) basis. Demo Stocks are revalued at the end of the year. Software projects under development and carried forward under work-in-progress are stated at cost representing man-hour cost for each project.

(f) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the Exchange Rate applicable on the transaction date and Exchange difference resulting from settled transactions are adjusted in the Profit and Loss Account.

Foreign Currency current assets and liabilities are re-stated at the year end rates and the resultant net gain or loss adjusted in the Profit and Loss Account.

The income and expenditure of the overseas subsidiary is translated at the month end exchange rate, year end balance of all assets and liabilities are re-stated at the year end exchange rate. Exchange differences arising on re-translation at the year end exchange rate of the net investment in foreign undertakings are taken to Reserves.

(g) Revenue recognition

Sales

Sales (net of returns) are reported inclusive of sales tax and octroi, wherever applicable, but exclusive of all other taxes, duties, rebates and discounts. Sales are recognized when significant risks and rewards of ownership are passed on to the buyer, which generally coincides with delivery of goods.

Income from Service

Income from Services is recognized on accrual basis, as follows:

(i) Annual Maintenance Contracts

Income from Annual maintenance contracts is recognized proportionately over the period of the respective contracts.

(ii) Software Development Services

Revenue from software development on time and material basis is recognized based on the software developed and billed to clients as per the terms of specific contracts. In the case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on percentage of completion basis.

(iii) Educational services.

The revenue in respect of sale of course materials is recognized on delivery of the material to the customers, whereas revenue from educational activity is recognized over the period of course programme.

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(h) Employee benefit plans

Employee benefit plans comprise both defined benefit and defined contribution plans.

Liability for Gratuity in respect of employees of Products Division and Service Division has been covered under the Group Gratuity cum Assurance Scheme by Life Insurance Corporation of India and the contribution paid / payable each year to the Funds is recognized in the Profit and Loss Account. In respect of UPS division, the Gratuity liability as actuarially ascertained at the year-end is provided in the Books of Account. In respect of Technology and Training Division, the employees have not yet completed the eligible number of years of service for Gratuity.

Provident fund is a defined contribution plan. Employees and the Company make monthly contributions based on a percentage of the employee's basic salary as specified under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The Company has no further obligations under the plan beyond its periodic contributions. The contribution made under the scheme is charged to Profit and Loss Account.

The Company does not have a policy of encashment of leave on retirement or on superannuation after their service with the company.

(i) Miscellaneous Expenditure

Miscellaneous expenditure represents Public Issue expenses amortized over a period of 10 years.

(j) Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on expected outcome of assessments / appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. In respect of an undertaking the income of which is exempt under section 10A the Income Tax Act, 1961, Deferred tax liability on account of timing differences arising but getting reversed during the tax holiday period has not been recognized.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(k) Earnings Per Share

The earnings considered in ascertaining the company's basic and diluted earnings per share comprise of the Net Profit/Loss 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 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.

(l) Segment Accounting

(i) Segment Accounting Policies

Segment accounting policies are in line with the accounting policies of the Company. However, the following specific accounting policies have been followed for segment reporting:

- (a) Segment Revenue includes Sales, Service and other income directly identifiable with / allocable to the segment including inter-segment revenue.

- (b) Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Result. The expenses, which relate to the company as a whole and not allocable to segments, are included under “Other Unallocable expenditure”.
- (c) Income, which relates to the Company, as a whole and not allocable to segments is included in “Unallocable Corporate Income”.
- (d) Segment Result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.
- (e) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment. Unallocable assets mainly comprise of investments in Subsidiaries and Others. Unallocable liabilities include mainly loan funds, provisions for employee retirement benefits.
- (ii) **Inter Segment Transfer Pricing**

Segment Revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Notes to the Financial Statements

23.0 Composite Scheme of Arrangement / Amalgamation – “ The Scheme”

- (i) Pursuant to the scheme approved by the Members in the Court Convened General meeting held on 09th July 2004 and sanctioned by the Honorable High Courts of Kerala and Madras, the entire business and all assets and liabilities of the following Companies/operations stand transferred and vested with the Company w.e.f 1st January 2004 (the Transfer date), as detailed below:

High Courts of	Name of the Company	Nature of its Business	Date of Order of High Court
Madras / Kerala	Accel Software and Technologies (ASTL)	Hardware training and software development.	07.12.2004 / 06.01.2005
Madras / Kerala	Zener Electronics Private Limited(ZEPL)	Trading, Manufacturing & Servicing of power conditioning products.	12.07.2004 / 06.01.2005
Madras / Kerala	Business operations and its related Assets and Liabilities of Accel Limited- (ACCEL)	Trading and servicing of power conditioning products, imaging products and office automation products.	07.12.2004 / 06.01.2005
Kerala	Ushus Technologies Private Limited(UTPL)	Software development.	06.01.2005

- (ii) The scheme, accordingly have been given effect to in the accounts. In terms of the scheme, the business of transferor companies is deemed to have been carried on by the Company with effect from the transfer date, namely 1st January 2004. The current years accounts includes the Assets and Liabilities of the above Companies taken over at book value and Income and Expenditure of the said companies from the transfer date till 31st March 2004. In respect of ASTL, ZEPL & UTPL the assets are consolidated under the Pooling of Interest Method of Amalgamation as prescribed in AS-14 issued by the Institute of Chartered Accountants of India and in respect of Accel , consolidated Purchase method of accounting being a demerger.

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- (iii) As per the scheme of amalgamation, the Authorised Capital of the company has been Increased to Rs.12 crores, representing 11750000 Equity Shares and 250000 12% Cumulative Redeemable Preference Shares of Rs. 10/- each.
- (iv) Further, as per the Scheme, the face value of a share of the company has been reduced to Rs. 4/- from Rs.10/- and further consolidated into 1553608 Equity shares of Rs. 10/- each and the Share Exchange ratio has been given effect to taking into consideration the reduction as above. The details of shares to be issued to the shareholders of various transferee companies as per the scheme of amalgamation are given below:

Name of the Amalgamating Company	Description of the shares to be issued	Number of Shares of Rs. 10 /- Each to be Issued
Accel Software and Technologies Ltd (ASTL)	Equity	66,00,000
Ushus Technologies Private Limited (UTPL)	Equity	12,93,433
	Preference shares	2,10,000
Zener Electronics Private Limited (ZEPL)	Equity	6,20,000
Business operations and its related Assets and Liabilities of Accel Limited (ACCEL)	Equity	9,70,360

- (v) The difference in value of shares allotted in the company to the shareholders of the transferee companies as above, representing the purchase consideration thereof, over and above the Share capital of those companies, have been adjusted against the Reserves and Surplus Account / Balance in Profit and Loss Account (Debit Balance) in the books of the Company. In respect of acquisition of business of Accel Limited, the excess amount of shares to be issued in the company over and above the fair value of assets of the business operations amounting to Rs. 5,998,975 is treated as "Goodwill" as per para 11 (vi) & (vii) respectively of the scheme of arrangement / amalgamation approved by the Honorable High Courts

Particulars	ACCEL	ZEPL	ASTL	UTPL
Value of shares issued to shareholders of transferee companies representing Purchase consideration.	9,703,600	6,200,000	33,000,000	15,034,330
Share Capital of transferee	3,704,625	1,000,000	10,000,000	15,034,330
Excess Consideration	5,998,975	5,200,000	23,000,000	NIL
Treatment in Accounts	Goodwill	Reserves & Surplus /P & L A/c	Reserves & Surplus /P & L A/c	Reserves & Surplus /P & L A/c

Note: In respect of Accel, being a case of Demerger / transfer of business, the amount represents value of Net Assets Transferred.

- (v) As per the scheme of amalgamation, the Authorised Capital of the company has been Increased to Rs.12 crores, representing 11750000 Equity Shares and 250000 12% Redeemable Preference Shares of Rs. 10/- each.
- (vi) Fresh issue of shares to the shareholders of the company and the transferor companies as per the scheme as above is yet to be completed.
- (vii) As per the Scheme of Amalgamation, all the staff, workmen and employees of the transferor companies / demerged business has become the staff, workmen and employees of the Transferee company on a continuous basis, on the same terms and conditions of service as existed before the

transfer. The relative Provident Fund, Gratuity and Superannuation funds in the transferor / demerged company shall stand transferred to the company.

(viii) The current year figures are hence not comparable as such with those of the previous year.

23.1 Revaluation of Fixed Assets

The land and buildings owned by the company has been revalued during the year and the resultant increase in the value of those assets amounting to Rs.12,689,840 over the book value has been given effect to in fixed assets by corresponding credit to Revaluation Reserve account under Reserves & Surplus. Incremental depreciation of Rs. 58466/- on account of the revaluation of these assets has been adjusted out of Revaluation Reserve.

23.2 Current Assets

- (a) Sundry Debtors, Loans & Advances, Deposits and Sundry Creditors are subject to confirmation/reconciliation.
- (b) Sundry Debtors, Loans & Advances (Including Deposits) include certain old outstanding balances (for more than one year) as follows: -

Particulars	2003 - 2004	2002 -2003
Sundry Debtors	30,688,494	27,626,267
Loans & Advances	11,074,904	15,117,375

In the opinion of the management, a substantial portion of the above amounts (which includes certain disputed/suit filed accounts) are considered to be realizable/recoverable and efforts are being taken to reconcile/recover these amounts and hence no provision is considered necessary at this stage. Amounts considered irrecoverable aggregating to Rs.223.56 Lacs (Previous year Rs. 1.41 lacs) has been written off / provided for in the accounts of the year.

- (C) Inventories include certain non-moving/ slow moving items, aggregating to Rs.49,59,381. Items considered unusable by the management out of the above, have been valued at net realizable value based on technical estimates. In respect of Software development charges incurred and carried forward as 'work-in-progress' under inventories aggregating to Rs. 1,10,43,391/-, the management is taking steps to complete the development process and to commercialize the software. Hence, no adjustments have been made in the Accounts for diminution, if any, in the value of the same.

23.3 Taxation

(A) Current Taxes

- (i) Income Tax Assessment has been completed up to the Assessment Year 2002-03. The appeal filed by the Company against the order of the Additional Commissioner of Income Tax for various Assessment years has been pending before the Commissioner of Income Tax (Appeals), Trivandrum. Hence no provision has been made in the accounts. The aggregate amount of demands outstanding is Rs.764, 823 (Previous year Rs. Nil)
- (ii) No provision has been made for Taxes in the current year, in view of the losses incurred by the Company.

(B) Deferred Taxes

The net deferred tax (Asset) Liability as on March 31, 2004 amounting to Rs.1, 321,996 [2003: (Rs.8, 847,892)] has been arrived as follows.

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Particulars	Deferred tax (Asset) / Liability as on 01.04.2003	Current Year Charge / (Credit)	Deferred tax (Asset) / Liability as on 31.03.2004
<u>Liability</u>			
Difference between book and tax depreciation	4,498,563	(549,413)	3,949,150
Others	-	-	-
Total	4,498,563	(549,413)	3,949,150
<u>Assets</u>			
Carried forward	12,582,136	(8,310,258)	4,271,878
Depreciation & Business Losses			
Others	764,319	234,949	999,268
Total	13,346,455	(8,075,309)	5,271,146

Deferred tax asset has been recognized in the books of account since in the opinion of the management and the available evidence provide sufficient certainty regarding the future utilization of the unabsorbed carried forward Depreciation in the computation of company's future taxable income.

23.4 Investments

No provision has been made for the diminution in the value of long-term investments as in the opinion of the management the diminution is considered to be of purely temporary in nature on account of the future business potential of the investee companies.

23.5 Prior Period Expenses

General expenses include Prior period expenses amounting to Rs. 85,172 (Previous year Nil).

23.6 Arrears Dividend on Preference Shares

Arrears of Dividend payable on cumulative preference shares (issued by erstwhile Ushus Technologies Private Limited) and not provided for in view of the Losses is Rs.1, 181,038 (Previous year – Rs. Nil)

23.7 A. Secured loans

- (i) Loan (Cash Credit and Term loan) from State Bank of Travancore / State Bank of India, Thiruvananthapuram is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (excluding equipments purchased out of loan from KSIDC as referred in Para (v) below) – ranking parripasu with each other, and guaranteed by the Executive Director & by corporate guarantee of Accel Limited.
- (ii) Cash Credit loan from The Federal Bank Ltd. Chennai Is secured by hypothecation of receivables of erstwhile Accel Software & Technologies Ltd. and guaranteed by two Directors.
- (iii) Cash Credit from Canara Bank Chennai is secured by hypothecation of stocks and receivables of erstwhile Zener Electronics Private Ltd. and guaranteed by one Director and another Director of erstwhile Zener Electronics Private Limited.
- (iv) Cash Credit from ICICI Bank Ltd. Is secured by hypothecation of stocks and receivables relating to the business operations of Accel Limited and equitable mortgage of immovable properties owned by Accel Limited and is guaranteed by a Director.

- (v) Equipment Financing Loan from Kerala State Industrial Development Corporation Limited (KSIDC Limited) is secured by sole and exclusive charge on the Machineries purchased under the scheme by the company and guaranteed by the Executive Director.
- (vi) Loan from Union Bank of India is secured by hypothecation of Software packages developed / under development and Export receivables, by way of Equitable Mortgage of leasehold right of Modules and Fixed assets thereon of erstwhile Ushus Technologies Private Limited in Techno park and is guaranteed by a Director of the company and three Directors of erstwhile Ushus Technologies Private Limited.
- (vii) Hire purchase loans from Accel ICIM Frontline Limited are secured by hypothecation of fixed assets purchased out of the loan as specified in the agreement and is guaranteed by a Director.

B. Effect on account of Amalgamation

As per the Scheme of Amalgamation, all the above liabilities of the Transferor Companies / Demerged business shall also be transferred to and / or deemed to be transferred without any further act, instrument or deed to the Transferee Company pursuant to the provisions of Section 394 and other applicable provisions of the Act so as to become as and from the Transfer Date, 1st January 2004, the debts, liabilities, dues and obligations of the company. The transfer / vesting as aforesaid shall be subject to existing charges / hypothecation / mortgages (if any as may be subsisting) over or in respect of the Assets or any part thereof, provided however, any reference in any security documents or arrangements to which the respective Transferor Companies / Demerged business is a party, to the Assets of the respective Transferor Companies / Demerged Business offered or agreed to be offered as security for any financial assistance or obligations.

23.8 Unsecured Loans

Amount due to "Others" under unsecured loan represents loan taken from shareholders of erstwhile USHUS Technologies Private Limited by that company prior to the transfer date, 1st January 2004, the terms of repayment is yet to be fixed.

23.9 (A) Contingencies and commitments

Rupees in Lacs

	March 31, 2004	March 31, 2003
Outstanding bank guarantees	53.20	70.38
Corporate guarantee given to customers towards performance	-	-
Sales tax demand raised in the assessment orders of earlier years pending final decision by the appellate authorities	3.50	20.28
Income Tax demands raised, on appeal pending final decision	7.65	-
Others	0.96	-

(B) Estimated amount of Contracts remaining to be executed on Capital account and not provided for (Net of Advances) is Rs.Nil (Previous year Rs.Nil)

23.10 Payment to Directors

(A)	Details of Managerial Remuneration	March 31, 2004	March 31, 2003
	Salaries & Allowances	616,000	540,000
	Contribution to provident fund	910	Nil
	Company Leased Accommodation	120,000	Nil
	Other Payments	22,017	Nil

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- (B) The above includes remuneration paid to the Managing Director of erstwhile Ushus Technologies Private Limited, amounting to Rs. 91,000 for the period from 25th February (Date of Co option as Director) till 31st March 2004. The company has been legally advised that approval from Central Government is not required in the case of the remuneration paid to the said Director for such period.

23.11 Payment to Auditors

	March 31, 2004	March 31, 2003
Statutory audit	70,000	35,000
Tax audit (on payment basis)	5,000	5,000
Out of pocket expenses	Nil	Nil
Other Services	Nil	Nil

23.12 Dues to small-scale industrial undertakings

Small-scale undertakings to which amounts are outstanding for a period more than thirty days as at the year-end are:

Adarsh Corporation, Design Tech, Electromechanical Metal Industries, Excel Circuits limited, Indira Coil Winding works, MP Industries, Ponmudi Pack arts limited, Precision Princifab, Trittech Architectural fabrication & Vijay Tools.

23.13 Details of investments bought and sold

Name of the Company	Transdot Electronics Limited	Adtech Power Systems Limited
FACE VALUE:	100	10
Opening on April 1, 2003 (In Nos.)	2045	40325
Add: Purchases / Bonus / Rights / Shares subdivided	-	-
Less: Sales	2045	40325
Closing on March 31, 2004	-	-
B) By value: (Rupees)		
Opening on April 1, 2003	204,500	403,250
Add: Purchases	-	-
Closing on March 31, 2004	-	-

23.14 Obligation on Long Term non-cancelable finance lease

The obligations on account of long term finance lease entered into by erstwhile ASTL & ZENER for hire purchase of Computers & Car respectively, and taken over by the company as stated in note no: 23.0 above are as follows:

Obligation on leases

Particulars	2003 - 2004	2002 -2003
Minimum Lease Payment		
<i>Not Later than 1 Year</i>	1,978,167	Nil
<i>Later Than one year but not later than five years</i>	4,644,800	Nil
<i>Later than five years</i>	Nil	Nil
Present Value of Minimum Lease Payments		
<i>Not Later than 1 Year</i>	1,051,905	Nil
<i>Later Than one year but not later than five years</i>	3,538,753	Nil
<i>Later than five years</i>	Nil	Nil
<i>Lease Rentals Charged</i>	250,498	Nil

23.15 Segmental reporting

Business Segment: The management has identified the following business segments as its primary reporting segments.

- A. Corporate
- B. Hardware Products / Services
- C. Software Services
- D. Education & Training

Particulars	Corporate	Hardware Products/ Services	Software Services	Education & Training	Inter Segmental Adjustment	Total
Segment Revenue						
External Sales						
<i>Current year</i>	63.52	804.13	157.36	190.22	98.80	1,116.42
<i>Previous Year</i>		249.54	49.38	-	-	298.92
Total Revenue						
<i>Current year</i>	63.52	804.13	157.36	190.22	98.80	1,116.42
<i>Previous Year</i>		249.54	49.38	-	-	298.92
Segment Result						
<i>Current year</i>	63.19	(42.40)	2.45	42.28	-	65.52
<i>Previous Year</i>	(0.35)	(73.50)	(38.95)	-	-	(112.80)
Interest Expense (Net)						
<i>Current year</i>	48.73	21.40	25.61	3.10		98.84
<i>Previous Year</i>		48.09	24.58	-	-	72.67
Non Operational Expenses						
<i>Current year</i>	223.56	-	0.17	-	-	223.73
<i>Previous Year</i>	1.42	-	-	-	-	1.42
Net profit / (Loss)						
<i>Current year</i>	(209.10)	(63.80)	(23.16)	39.18		(257.05)
<i>Previous Year</i>	(1.77)	(121.59)	(63.53)	-	-	(186.89)
Other Information						
Segment Assets						
<i>Current year</i>	837.14	1,497.99	524.37	549.35	165.66	3,243.19
<i>Previous Year</i>		936.63	108.41	-	-	1,045.04
Segment Liabilities						
<i>Current year</i>	1,535.70	961.50	524.56	387.09	165.66	3,243.19
<i>Previous Year</i>		620.27	125.98	-	-	746.25
Capital Expenditure						
<i>Current year</i>	-	7.53	0.11	-		7.64
<i>Previous Year</i>		3.38	0.15	-	-	3.53
Depreciation						
<i>Current year</i>	3.00	18.77	13.51	19.09		54.37
<i>Previous Year</i>		16.68	7.66	-	-	24.34
Non Cash Expenses						
Other than Depreciation						
<i>Current year</i>	64.94	163.07	-	0.09		228.10
<i>Previous Year</i>		13.29	2.40	-	-	15.69

ACCEL TRANSMATIC LTD.

Geographical Segment: The management has identified the following geographical segments as its secondary reporting segments.

- A. In India
- B. Outside India.

Particulars	In India	Out side India	Total
Segment Revenue			
<i>Current year</i>	959.39	157.03	1,116.42
<i>Previous Year</i>	298.92	-	298.92
Segment Asset			
<i>Current year</i>	3,032.67	210.52	3,243.19
<i>Previous Year</i>	1,045.04	-	1,045.04
Capital Expenditure			
<i>Current year</i>	7.64	-	7.64
<i>Previous Year</i>	3.53	-	3.53

23.16 Related party transactions

A) Loans and advances/Sundry Debtors include amounts due from Associates/Subsidiary:

	March 31, 2004	March 31, 2003
Transdot Electronics Limited	707,468	1,029,443
Adtech Systems Limited	463,590	475,780
Floatels India Private Limited	53,848	9,288
Supercold Refrigeration Systems Pvt Limited	582,263	582,263
Transcold Refrigeration Industries	339,621	339,621
Transcom Systems Private Ltd	19,770	19,770
Transmed Systems Private Ltd	1,869,241	1,869,241

B) Current liabilities / Sundry Creditors include amounts due to Associates:

Accel ICIM Forntine Limited	6,513,267	-
C) Loan Funds include amount due to investor companies / Accel Limited:		
Accel Limited	10,368,715	22,13,148

Maximum amount outstanding at any time during the year:

Accel Limited	10,368,715	22,13,148
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D) Related parties with whom transactions have taken place during the year:

Associates:

1. Accel Limited
2. Accel ICIM Frontline Limited
3. Transdot Electronics Limited
4. Supercold Refrigeration Systems Pvt Ltd
5. Adtech Systems Limited
6. Floatels India Pvt Limited
7. MRN & Associates

E) Key Management Personnel:

N R Panicker	–	Chairman.
T Ravindran	–	Executive Director.
Philip John	–	Director.
M R Narayanan	–	Director. (Managing Director till 07.01.04)
S T Prabhu	–	Director & Company Secretary.

F) Transactions with related parties

Particulars	Holding Company	Subsidiaries / Associates	KMP*	Relatives of KMP	Total
Sale of Investments	-	1,750,000	-	-	1,750,000
Rendering of Services	-	7,463,970	-	-	7,463,970
Receiving of Services	-	13,665,566	120,000	-	13,785,566
Remuneration	-	-	616,910	-	616,910
Finance (including loans & equity contributions in cash or in kind)	-	10,368,715	-	-	10368,715
Guarantees and Collaterals	-	2,750,000	-	-	2,750,000

*KMP = Key Managerial Personnel

23.17 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl.No	Particulars	31.03.2004	31.03.2003
01	Profit after taxation	(33,231,475)	(9,826,163)
02	Weighted average number of equity shares *	5,724,865	3,884,020
03	Basic & Diluted earnings per share	(5.80)	(2.53)
04	Total Nominal Value of Shares	110,374,010	38,840,200

* Weighted average number of shares is arrived at having regard to the shares to be issued to shareholders of transferor companies effective 01st January 2004 as per The Scheme (See Note: 23.0)

23.18 Comparative financial information

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

Sd/-	Sd/-	Vide our report of even date
N R PANICKER Chairman	T.RAVINDRAN Executive Director	For M/s. VIJAYAKUMAR & EASWARAN Chartered Accountants
Sd/-	Sd/-	Sd/-
PHILIP JOHN Director	S T PRABHU Director & Company Secretary	S.VIJAYAKUMAR, F.C.A Membership No. 19256 Partner
Place : Thiruvananthapuram		
Date : 11th February, 2005		

ACCEL TRANSMATIC LTD.



Date : 11th February, 2005

To

Dear Shareholder,

Please refer to our letter dated 10th March, 2004.

We are pleased to inform you that both the High Courts of Madras and Kerala have now sanctioned the Merger as detailed below :

Name of the Company	Order Date	High Court
Zener Electronics Private Limited	12.07.2004	Madras
Accel Limited	07.12.2004	Madras
Accel Software and Technologies Limited	07.12.2004	Madras
Ushus Technologies Private Limited	06.01.2005	Kerala

The company has fixed a Record Date on 1st March 2005 for the Capital Reduction and Re-structuring, as per the Scheme of Arrangement of Amalgamation.

In this connection, we would like you to advise us whether you would like to receive these shares in demat form or in physical form. Please advise us the details of your Demat Account on or before 28th February 2005 at the following address :

The Company Secretary
Accel Transmatic Limited
17/27, Jagathy, Jera 20,
Trivandrum – 695 014.

Kindly advise us your Demat details in the enclosed form, for us to do the needful.

For your Information :

The ISIN of Accel Transmatic Limited is INE258 C01012.

Thanking you,

Yours truly,

For Accel Transmatic Limited,

Sd/-

Authorised Signatory

Accel Transmatic Limited

To be detached and sent back to the Company.

Name of the Shareholder :

DPID	DP Name	Client ID

Signature of the Shareholder



ATTENDANCE SLIP

Please complete this Attendance Slip before you come to the Meeting and hand it over at the entrance of the Meeting Hall.

1. Name of the Attending Member :
(in Block Letters)
2. Register Folio No. :
3. Name of Proxy (in Block Letters) :
(To be filled if the Proxy attends instead of the Member)

No. of Shares held

I hereby record my presence at the Eighteenth Annual General Meeting at II Floor, Lakshmi Chambers, Vazhuthacaud, Trivandrum - 695 014 on Monday, 14th March 2005 at 11.30 am.

Member's / Proxy's Signature

Folio No / Client ID No.

Shares :



PROXY FORM

I/We _____ of _____
 in the district of _____ being a Member/Members of Accel Transmatic Limited, hereby
 appoint _____
 of _____ in the district of _____ or failing him _____
 of _____ in the district of _____ as my/our Proxy in my/our absence to attend and
 vote for me/us and on my/our behalf, at the Eighteenth Annual General Meeting of the Company, to be held on **Monday,**
14th March 2005 at 11.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2005.

Signed by the said

Affix Re.1/- Revenue Stamp

- NOTE: 1. The Proxy must be deposited at the Registered Office of the Company at TC 17/27, Jera 20, Jagathy, Trivandrum - 695 014 not less than 48 hours before the time of holding the meeting.
 2. The Proxy need not be a member of the Company.
 3. Proxy cannot speak at Meeting or vote on a show of hands.

BOOK - POST

If undelivered, please return to:



Accel Transmatic Limited
TC 17/27 Jera 20, Jagathy,
Trivandrum - 695 014.