
COMPANY INFORMATION

Board of Directors

N R Panicker	Chairman	M R Narayanan	Independent Director
T Ravindran	Whole Time Director	A Mohan Rao	Independent Director
Philip John	Whole Time Director		
S T Prabhu	Director & Company Secretary		

Auditors

Statutory Auditors	Internal Auditors
M/s. VARMA & VARMA	M/s. VIJAYAKUMAR & ESWARAN
Chartered Accountants	Chartered Accountants
Adyar, Chennai 600 020	Sasthamangalam, Trivandrum 695 010

Legal Advisors

M/s S.RAMASUBRAMANIAM & ASSOCIATES
6/1, Bishop Wallers Avenue (West) Mylapore, Chenna 600 004

Share Transfer Agents

M/s Integrated Enterprises (India) Limited,
2nd Floor Kence Towers, No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600017

Bankers

STATE BANK OF INDIA
Commercial Branch, Trivandrum 695 014
THE FEDERAL BANK LIMITED
Nelson Manickam Road Branch, Aminjikai, Chennai

Registered Office

T.C 17 / 27, Jagathy, Trivandrum 695 014. Phone:+91 471 2342215 / 2237

Corporate Office

Accel House, 75 Nelson Manickam Road, Aminjikai, Chennai 600029
Phone: + 91 44 42252200 e Mail: info@acceltransmatic.com

Website

www.acceltransmatic.com

ACCEL TRANSMATIC LTD.

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of Accel Transmatic Limited will be held at Malabar Hall, Park Centre, Technopark, Trivandrum – 695 581 on Monday, 24th September 2007 at 3 pm to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the audited Profit and Loss account for the financial year ended 31st March 2007 and the audited Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
2. To declare dividends.
3. To appoint a Director in place of Mr. N.R. Panicker who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. N.R. Panicker has been given in the Corporate Governance section of the Directors' Report.

Accordingly, to consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

“RESOLVED THAT Mr. N.R. Panicker, be and is hereby re-appointed a Director of the company.”

4. To appoint a Director in place of Mr. M.R. Narayanan who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. M.R. Narayanan has been given in the Corporate Governance section of the Directors' Report.

Accordingly, to consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

“RESOLVED THAT Mr. M.R. Narayanan, be and is hereby re-appointed a Director of the company.”

5. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution; provided that in the event of the provisions of Section 224A of the Companies Act, 1956, becoming applicable to the Company on the date of holding this meeting, the same will be proposed as a special resolution.

“RESOLVED THAT the Auditors, M/s. Varma & Varma, Chartered Accountants, who retire at the conclusion of this meeting, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company, at a remuneration to be fixed by the Board, in consultation with the Auditors.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and subject to such approvals / consents, if any, approval of the company be and is hereby accorded to the appointment of Mr. T. Ravindran as Wholetime Director for a period of 2 (two) years with effect from 20.07.2007 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

FURTHER RESOLVED THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

7. To consider and, if thought fit, to pass the following resolution with or without modifications as a special resolution.

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re enactment thereof and subject to such approvals / consents, if any, approval of the company be and is hereby accorded to the appointment of Mr. Philip John as Wholetime Director for a period of 2 (two) years with effect from 01.04.2007 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board

of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

FURTHER RESOLVED THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956.

Item 6

The Shareholders at the Annual General Meeting of the Company held on 14.03.2005, had appointed Mr. T. Ravindran as Wholetime Director for a period of Three years effective from 20.07.2004 and also approved the terms of his appointment and remuneration payable to him.

His term of three years shall be expiring on 20.07.2007. The Board at its meeting held on 29th May 2007 has extended his appointment for a further period of two years with effect from 20.07.2007, subject to the approval of the members at the next Annual General Meeting of the company.

The remuneration and other terms relating to Mr. T. Ravindran ‘s appointment as a Wholetime Director of the company are contained in an agreement dated 30.05.2007 between Mr. T. Ravindran and the Company (‘the Agreement’), which was approved by the Board at its meeting held on 29.05.2007.

An abstract of the terms of Mr. T. Ravindran ‘s appointment are set out below. This notice and explanatory statement may be treated as the Abstract of the terms of appointment and remuneration payable, if approved, to Mr. T. Ravindran required to be circulated to the members in terms of section 302 of the Act.

Salient terms and conditions of the Agreement between Mr. T. Ravindran and the Company :

1. Period

Two years with effect from 20.07.2007.

2. Emoluments

Subject to the overall limits approved by the members and as laid down in Sections 198 and 309 of the Act.

(a) Salary and Allowances

Such amount for Mr. T. Ravindran in the scale of Rs.50,000 to Rs.200,000 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 of April every year.

The Board may review and determine from time to time and make necessary changes in the salary and / or allowances during the tenure of his appointment.

(b) Commission

As may be approved by the Board for each financial year based on the net profit of Transmatic Systems division for that year, computed in the manner laid down in Section 309(5) of the Act and after taking into account the relevant factors and circumstances.

(c) Perquisites and Allowances

The following perquisites would be provided to Mr. T. Ravindran by the Company, subject to tax as applicable.

(i) Medical Benefits – Reimbursement of expenses actually incurred for self and family not exceeding one month basic salary.

(ii) Leave and Leave travel – Leave on full pay and allowances, as per rules of the Company, not exceeding thirty days for every twelve months’ service.

Leave travel allowance, equivalent to one month basic salary.

(iii) Accommodation – Furnished residential accommodation or House Rent allowance in lieu thereof.

ACCEL TRANSMATIC LTD.

- (iv) Car and Telephone – Provision of car for use on Company 's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone shall be billed by the Company.
- (v) Personal Accident / Medical Insurance – As per Company policy.
- (vi) Encashment of Leave – At the end of tenure of office in accordance with the Company 's rules.
- (vii) Contribution to Retiral Benefit Funds
Mr. T. Ravindran will be entitled to Gratuity in accordance with the Gratuity Fund Rules applicable to the Company 's Management Staff at a rate not exceeding half a month 's salary for each completed year of service with the Company.
- (viii) The Board may review and determine from time to time any revision and / or modification in the above perquisites during the tenure of his appointment.

3. Limit of Commission and Perquisites

- (a) The aggregate monetary value of the Commission shall not exceed one year Basic salary.
- (b) The aggregate monetary value of the Perquisites shall not exceed 100% of the Salary (i.e. Basic salary + Allowances) referred to in 2(a) above. For calculating the monetary value of the perquisites, they shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

For the purpose of calculating the ceiling as above, expenses on account of car and telephone for official duties and Company 's contribution to Retiral Benefits Funds to the extent not taxable under the Income Tax Act, shall not be taken into account.

The Board, while approving any change in the remuneration of Mr. T. Ravindran 's salary, allowances, commission and perquisites, may take into account the recommendations of the Remuneration and Nomination Committee.

4. Minimum remuneration

In the event of absence or inadequacy of profit of the Company in any financial year, Mr. T Ravindran will be entitled to receive such minimum remuneration as is permissible under Sections 198 and 309 of the Act.

5. Termination

The Agreement provides that either party by giving to the other six months' previous notice in writing, may terminate the appointment.

6. Duties and Obligations

- (a) The Agreement also sets out the duties and various obligations of Mr. T. Ravindran. The appointment of Mr. T. Ravindran as a Wholetime Director and the remuneration payable to him as aforesaid, are required to be approved by the members at this Annual General Meeting in terms of section 269 of the Act. The Resolution at item 6 of Special Business is intended for this purpose. The terms of Mr. T. Ravindran 's appointment are more fully set out in the said Agreement dated 30.05.2007 which will be available for inspection by any member at the registered office of the company between 10 am to 12 noon on any working day (excluding Saturdays) prior to the date of the Annual General Meeting as well as at the Meeting.
- (b) The appointment of Mr. T. Ravindran is by virtue of his employment in the company and is subject to the provisions of Section 283 (1) (i) of the Companies Act, 1956.
- (c) 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.
- (d) 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.

The Board recommends the resolution. Except Mr. T. Ravindran, no other Director has any interest or concern in the resolution.

Item 7

The Shareholders at the Annual General Meeting of the Company held on 14.03.2005, had appointed Mr. Philip John as Wholetime Director for a period of Three years effective from 01.04.2004 and also approved the terms of his appointment and remuneration payable to him.

His term of three years shall be expiring on 31.03.2007. The Board at its meeting held on 29th May 2007 has extended his appointment for a further period of two years with effect from 01.04.2007, subject to the approval of the members at the next Annual General Meeting of the company.

The remuneration and other terms relating to Mr. Philip John 's appointment as a Wholetime Director of the company are contained in an agreement dated 30.05.2007 between Mr. Philip John and the Company ('the Agreement'), which was approved by the Board at its meeting held on 29.05.2007.

An abstract of the terms of Mr. Philip John 's appointment are set out below. This notice and explanatory statement may be treated as the Abstract of the terms of appointment and remuneration payable, if approved, to Mr. Philip John required to be circulated to the members in terms of section 302 of the Act.

Salient terms and conditions of the Agreement between Mr. Philip John and the Company :

1. Period

Two years with effect from 01.04.2007.

2. Emoluments

Subject to the overall limits approved by the members and as laid down in Sections 198 and 309 of the Act.

(a) Salary and Allowances

Such amount for Mr. Philip John in the scale of Rs.50,000 to Rs.200,000 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 of April every year.

The Board may review and determine from time to time and make necessary changes in the salary and / or allowances during the tenure of his appointment.

(b) Commission

As may be approved by the Board for each financial year based on the net profit of Technologies division for that year, computed in the manner laid down in Section 309(5) of the Act and after taking into account the relevant factors and circumstances.

(c) Perquisites and Allowances

The following perquisites would be provided to Mr. Philip John by the Company, subject to tax as applicable.

(i) Medical Benefits – Reimbursement of expenses actually incurred for self and family not exceeding one month basic salary.

(ii) Leave and Leave travel – Leave on full pay and allowances, as per rules of the Company, not exceeding thirty days for every twelve months' service.

Leave travel allowance, equivalent to one month basic salary.

(ix) Accommodation – Furnished residential accommodation or House Rent allowance in lieu thereof.

(x) Car and Telephone – Provision of car for use on Company 's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone shall be billed by the Company.

(xi) Personal Accident / Medical Insurance – As per Company policy.

(xii) Encashment of Leave – At the end of tenure of office in accordance with the Company 's rules.

(xiii) Contribution to Retiral Benefit Funds

(a) Mr. Philip John will be a member of the Provident Fund with the Regional Provident Fund Commissioner, Trivandrum and the company will contribute upto Rs.780/- per month towards PF contribution.

(b) Mr. Philip John will be entitled to Gratuity in accordance with the Gratuity Fund Rules applicable to the Company 's Management Staff at a rate not exceeding half a month 's salary for each completed year of service with the Company.

(xiv) The Board may review and determine from time to time any revision and / or modification in the above perquisites during the tenure of his appointment.

ACCEL TRANSMATIC LTD.

3. Limit of Commission and Perquisites

- (a) The aggregate monetary value of the Commission shall not exceed one year Basic salary.
- (b) The aggregate monetary value of the Perquisites shall not exceed 100% of the Salary (i.e. Basic salary + Allowances) referred to in 2(a) above. For calculating the monetary value of the perquisites, they shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

For the purpose of calculating the ceiling as above, expenses on account of car and telephone for official duties and Company 's contribution to Retiral Benefits Funds to the extent not taxable under the Income Tax Act, shall not be taken into account.

The Board, while approving any change in the remuneration of Mr. Philip John 's salary, allowances, commission and perquisites, may take into account the recommendations of the Remuneration and Nomination Committee.

4. Minimum remuneration

In the event of absence or inadequacy of profit of the Company in any financial year, Mr. Philip John will be entitled to receive such minimum remunerations as is permissible under Sections 198 and 309 of the Act.

5. Termination

The Agreement provides that either party by giving to the other six months' previous notice in writing, may terminate the appointment.

6. Duties and Obligations

(a) The Agreement also sets out the duties and various obligations of Mr. Philip John. The appointment of Mr. Philip John as a Wholetime Director and the remuneration payable to him as aforesaid, are required to be approved by the members at this Annual General Meeting in terms of section 269 of the Act. The Resolution at item 7 of Special Business is intended for this purpose. The terms of Mr. Philip John 's appointment are more fully set out in the said Agreement dated 30.05.2007 which will be available for inspection by any member at the registered office of the company between 10 am to 12 noon on any working day (excluding Saturdays) prior to the date of the Annual General Meeting as well as at the Meeting.

(b) The appointment of Mr. Philip John is by virtue of his employment in the company and is subject to the provisions of Section 283 (1) (i) of the Companies Act, 1956.

(e) 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.

The Board recommends the resolution. Except Mr. Philip John, no other Director has any interest or concern in the resolution.

By Order of the Board of Directors

Chennai
29th May 2007

N.R. PANICKER
CHAIRMAN

Registered Office:
17/27, Jagathy,
Trivandrum – 695 014.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER, A PROXY MAY NOT VOTE EXCEPT ON A POLL. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, SHOULD BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of Members and Share Transfer Books of the Company shall remain closed from 07th September 2007 to 21st September 2007) both days inclusive).
3. If the dividend on shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made on and after 24th September 2007 to those members whose names are on the Company 's Register of Members on 21st September 2007.
4. Members who wish to obtain any information on the Company or the accounts may visit Company 's website www.acceltransmatic.com or may send their queries at least 10 days before the date of the Meeting to the Company at the Corporate office at III Floor, 75, Nelson Manickam Road, Chennai – 600 029 or at the Company 's Registered office at T.C 17/27, Jagathy, Trivandrum – 695 014.
5. As per current SEBI Regulations, dividend is required to be credited to shareholders through Electronic Clearing Service (ECS) wherever the facility is available and the requisite details / mandates have been provided by the Members. Members desirous of availing of this facility may send the details of their bank account with the address and the MICR Code of their bank to their Depository Participants (in case of shares held in dematerialized form) or to the Registrar and Transfer Agents, M/s. Integrated Enterprises (India) Limited, 2nd floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017 (in case of shares held in physical form) at the earliest.
5. Members having shares registered in the same name or in the same order of names but in several folios, may please write to the RTA so that the folios can be consolidated.
6. Members holding shares in physical form, who are desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the shares held by them in the Company, may write to the RTA for the prescribed form.
7. Members / Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance, duly signed. A blank format is appended to the Annual Report.
8. 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.

By Order of the Board of Directors

Chennai
29th May 2007

N.R. PANICKER
CHAIRMAN

Registered Office:
17/27, Jagathy,
Trivandrum – 695 014.

ACCEL TRANSMATIC LTD.

A. Business Divisions



Design, development and manufacturing of
Multifunction Kiosks
Queue Management Systems
Ticket Vending Systems



Offshore development centres for
Embedded Software
Network Systems
Imaging Technologies
Outsourced Product Development



Software services for
2D / 3D Animation
Special Effects Creation
Game Asset Development

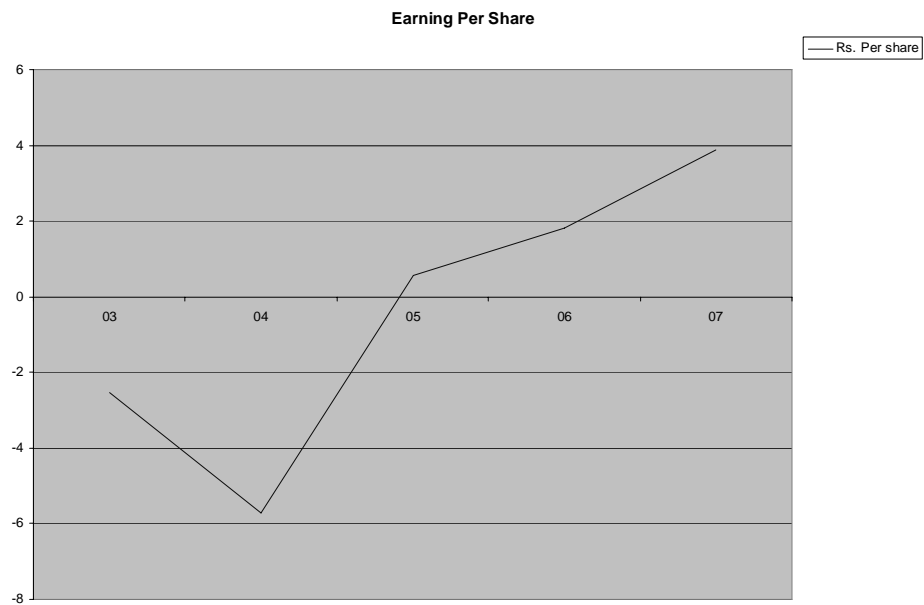
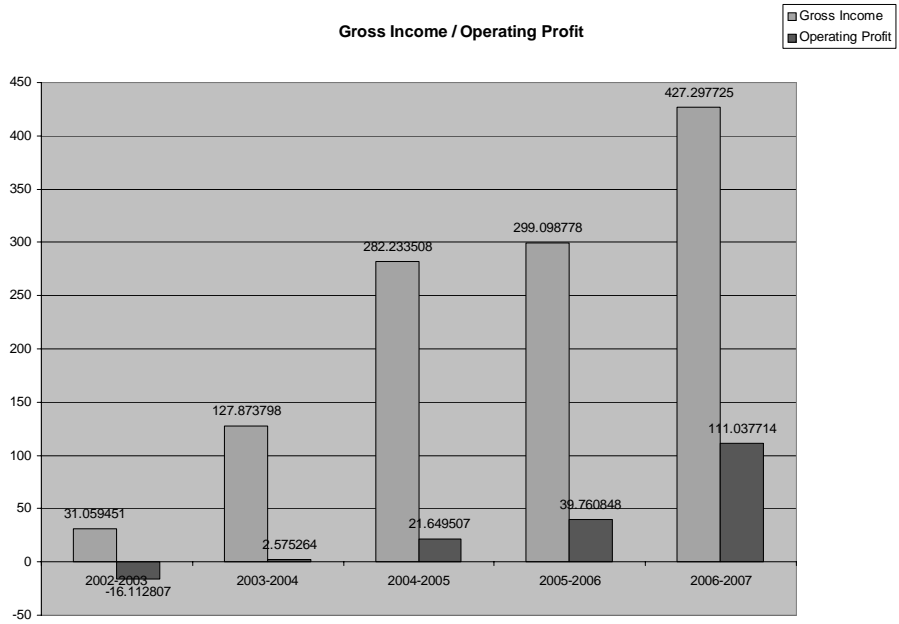
B. Wholly owned subsidiary

Accel Academy Limited



Training services in
Hardware and networking
Enterprise Systems Management
Embedded Systems
VLSI Designs
CAD / CAM / BPO

Performance Highlights



DIRECTORS' REPORT

To The Members

Your Directors have pleasure in presenting the Twenty First Annual Report of your Company together with the Audited Statements of Accounts for the year ended 31st March 2007.

1. PERFORMANCE OF THE COMPANY

1.1 Results

The Company 's performance during 2006 – 2007 is summarized below :

(Figures in Rs. Millions)

Particulars	2006 - 2007	2005 - 2006
Net income from operations	352.043	293.564
Profit before tax	31.310	26.225
Tax on profits	8.558	1.493
Exceptional Items	20.431	(3.971)
Net profit	43.183	20.761
Dividend (inc. tax on distributed profits)	8.043	8.258

1.2 Key Ratios

The underlying performance can be ascertained from the following key ratios :

	2006 - 2007	2005 - 2006
Earnings per share (Rs.)	3.89	1.82
Dividend per share (Rs.)	0.60	0.60
Return on Net worth (%)	49.08	36.58

1.3

Turnover

Turnover, net of excise increased by 19.92% over previous year. This increase arose from higher sales volume across the Divisions. The details of sales, net of excise, and Other Revenue by segments is given below:

(Figures in Rs. Millions)

Particulars	2006 - 2007	2005 - 2006
Systems & Services	158.537	135.810
Software Services	96.767	80.960
Animation Services	15.041	—
Training	80.795	76.703
Exceptional items	66.330	—
TOTAL	417.470	293.473

2. 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, the applicable accounting standards have been followed and that no material departures have been made from the same.
- that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that they have prepared the annual accounts on a going concern basis.

3. CORPORATE GOVERNANCE

Your Company has been practicing the principles of good corporate governance over the years. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Your Company has been in compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges, and a certificate from the auditors to this effect is enclosed as a part of the Corporate Governance Report.

In terms of sub-clause (v) of Clause 49 of Listing Agreement, certificate of the CEO/CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as a part of the said Report.

4. CHANGE IN BUSINESS

The Company has set up a subsidiary company, by name Accel Academy Limited and has hived off its training division, Accel IT Academy to this subsidiary. Henceforth all the training activities will be carried out from this subsidiary company.

The company has started in July 2006 an Animation Division to develop animation content for the media industry.

5. MANAGEMENT DISCUSSION AND ANALYSIS

As in the previous year, this Report includes Management Discussion and Analysis and various initiatives and future prospects of the company.

6. MAJOR DEVELOPMENTS DURING THE YEAR

The company is in the process of forming a new subsidiary in United States of America, Accel North America Inc.

The company has tied up with M/s. LongTale International to market animation content and animation resources across the globe.

The company won a prestigious order through its associate company, namely, Accel Frontline Limited to manufacture Automatic Ticket Vending Machines based on smart card technology for Indian Railways.

7. OUTLOOK FOR 2007 - 2008

Transmatic Division:

The prospects look very promising with a comfortable order book position.

Technologies Division :

This division has won several new clients contracts during the previous year and revenues from many of these contracts will accrue during the coming year.

Animation Division :

This division has created a name for itself and has started delivering quality output. This division is expected to contribute substantially to the company 's turnover and profits.

8. FINANCE & ACCOUNTS

The company consolidated its Term Loans and other dues to Institutions to just two banks and settled all others. This has resulted in lesser outflow towards Finance Charges. The Fixed Deposit accepted as on 31st March 2007 was Rs.162.05 lacs.

There were no over due deposits.

9. Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the company 's 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 either expressed or implied.

10. DIVIDEND

The Board of Directors at the meeting held on 29.05.2007, recommended a dividend of Rs.0.60 per share of Re.10/- each for the year 2007, subject to approval of the shareholders. Distribution Tax on dividend is being borne by the Company.

11. DEPOSITORY SYSTEM

As the members are aware, your Company 's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company 's shares on either of the Depositories as aforesaid.

12. SUBSIDIARIES

Ushus Technologies Japan, LLC continues to support the efforts of the company to penetrate the Japanese market and increase its billing. 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 statement as required under Section 212(1) of the Companies Act, 1956 is attached as Annexure G to this Report.

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 the accounting standards AS-21 and have also been included as a part of this Annual Report.

13. DIRECTORS

Mr. N.R. Panicker and Mr. M.R. Narayanan, who retire by rotation and are eligible for re-appointment.

14. 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. 5 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' remarks in Para 3(b) of the Annexure to their report, the Directors state as follows :

"The dues from companies in which Directors are interested are amounts pertaining to earlier periods and pending before the present Management took over the affairs and relates to transactions with the Companies in which the earlier Promoters were interested. Considering the non-recoverability of such amounts due which have been pending settlement for more than 5 years due to various reasons, the Directors have taken a decision to write off the same during the current year."

15. APPRECIATION

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

16. 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 Out go is given as an annexure to this report.

17. 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.

18. CONSOLIDATED ACCOUNTS

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

19. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all investors, clients, vendors, financial institution, bankers, business associates, regulatory and government authorities and stock exchanges, for their continued support for Company 's growth. Your Directors also wish to place on record their appreciation of the contribution made by our business partners / associates at all levels.

Chennai
29th May 2007

On behalf of the Board of Directors
N.R. PANICKER
CHAIRMAN

ACCEL TRANSMATIC LTD.

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.
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.

Benefits derived as a result of R & D

The company has been able to cater to the emerging needs of its clients, especially who are implementing IT in their operation by providing solutions based on in-house R&D.

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.

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. 20.20 (e) and 20.20 (f) of Notes on Accounts.

Chennai
29th May 2007

On behalf of the Board of Directors
N.R. PANICKER
CHAIRMAN

Annexure B to Directors Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

India has emerged on the global center-stage as an economic power to reckon with. The transformation of Indian economy has been commendable in terms of overall economic growth, upsurge of entrepreneurship, inward and outward flow of foreign direct investment and external sector growth. India today is among the fastest growing economies in the world and has secured a niche for itself. Our company with a service portfolio that addresses the global opportunity is well placed to take advantage of the upsurge in economic activity.

The company's operations are carried out under three divisions, namely, Systems and Services Division, Technologies Division and Animation Division.

A. *Systems and Services Division*

The activities of this Division includes Research & Development (R&D), Marketing, Manufacturing and Services of automated payment collection terminals, uninterrupted power supply systems, queue management systems, Railway Platform Vending Machines, Smart Card Based Automated Ticket Vending Machines and other specified IT equipments.

The focus of this Division continues to be on Products & Solutions at the Customer Interface for Utilities, Banking & Financial and e-Governance. These fall into the following categories:

- Manned & Unmanned Payment Collection Terminals.
- Multifunction Kiosks.
- Queue Management Systems.
- Ticket Issuing Machines.
- Uninterrupted Power Supply systems.

The Company has entered into strategic alliances with two Companies that are providing fully out-sourced services for Utility bill collection. Orders have been obtained and are being executed for 4 major Utilities in the Power sector. Such fully out-sourced projects are expected to become operational in several more States and in Utilities other than Power, like water, etc.

The functionalities of our Automated Bill Payment Systems have been widened, including GPRS connectivity, credit card acceptance, remote monitoring etc. Custom built models with branding for specific Customers are continuing.

The Company has a comprehensive range of Queue Management Products, which can satisfy most of the requirements of clients. Customised designs are also possible. This range is finding wider acceptance and orders from major Banks & Utilities continue to be received and executed. The major breakthro' was in State Bank of India, with installations being made all over India.

The Company had developed a range of Automated Ticket Issuing Machines, including Platform Ticket Issuing Machine for Railways and Fixed Value Ticketing Machines for Railways and Road Transport Corporations. Last year, the design of Automated Ticket Vending Machine, with acceptance of payment by smart cards, developed by the Company was approved by the Center for Railway Information Systems. These units are undergoing field trials and 300 machines will be installed in the Mumbai Suburban Railway Stations (Western & Central Railways) in the first half of the current year.

The company consolidated its operations of uninterrupted power solutions by improving on its own products and also customizing imported products for the varied needs of its customers.

The company also could obtain good orders for higher capacity products from its various customers.

Products under development are:

- Customised Queue Management Systems for specific customers.
- Automated Payment Collection Terminals for Telecom Utilities for services other than post & pre-paid bills.
- Automated Payment Collection Terminals with payment option of credit/ debit cards.
- Automated Payment Collection/ Ticket Issuing machines for various applications/ customers, including retail segment.
- Touch Screen based Ticketing Machines for Railway Tickets with cash & coin acceptance.
- The Company continues with its policy of keeping abreast of the latest development platforms in embedded systems and software.

ACCEL TRANSMATIC LTD.

B. Technologies Division

The division almost doubled the revenue from software services to Japan and USA. The team size grew by 50%. We have added more office space to accommodate the manpower growth. The division has aggressive growth plans for the coming years.

The Company is investing in infrastructure and productivity tools.

The Company is looking for acquiring additional office space in 2007-2008.

The Company have also initiated the process of ISO 27001 certification to ensure that it follows the highest standards in Data & IP rights protection to their clients. The Company hope to achieve ISO 27001 certification by December 2007.

The Company has augmented its marketing resources and is confident of bagging one more 1 million dollar account in the year 2007-2008.

Japan Market

- The Company has strengthened the Japanese market presence and is in the process of investing in restructuring and streamlining the Japanese operations.
- The Company strengthened their JLPT certification efforts and conducted trainings (internal and external) to ensure that the company has enough resources who can be used for direct client interactions in the Japanese markets. The total number of JLPT certified professional grew from 19 to 28 in the current year.
- Cross cultural awareness is key to successful execution of projects. To bring in the cross cultural awareness, the Company has initiated a process of employing people from other countries. As a first step, the Company has recruited a Japanese national to work closely with our engineers at the Development center. This would also help improve the Japanese language proficiency in the team.

USA Market

- The Company 's relationship with the biggest client has improved and the team size has doubled in the last financial year and the account has grown to a million dollar plus account.
- The Company has identified USA as the potential growth market for the company and to support the growth plans, the company has started a subsidiary in California which will focus on marketing the services of this division.
- The Company has appointed a Senior industry professional to assist in the market expansion in the region.
- The Company is in active discussion with some of the leading companies to provide them with product development services.
- The Company plans to double the revenues from the US market in the next financial year.

Other Markets

- 2006 saw the division expand its services offerings to other regions mainly EMEA.
- The Company today has 3 active clients, currently in this region and hope to double the revenue from EMEA in the next financial year.
- The Company is evaluating marketing partners in Europe to grow the business and get more representation in European Market.

C. Animation Division

Established with a global vision.

Studio and R & D centre in Chennai, India.

Customers in US, Europe and Japan

Outsourced Animation and Game Assets Development services.

Co-produce animated feature for DVD Home Video and Broadcast.

To provide animation talent for Accel animation studios.

To develop courses for clients out of Animation studio to collaborate with lead animation universities abroad to meet international requirements.

To develop managerial skills for animation projects.

To develop association with local universities for research on animation technology for DVD Home Video and Broadcast.

The division has tied up with LongTale International, a Los Angeles, California based movie distribution house to develop, co-produce and distribute animation movies for the global market.

As a part of its growth strategy, it is planning to set up a Motion Capture Studio and a post production studio, including DI (Lustre) Film Recording and Film Scanning.

In this regard, it is planning to create infrastructure at Chennai as well as in Trivandrum.

In Trivandrum, it is taking up office space as well as land area in Animation SEZ (first ever in India) promoted by KINFRA Film and Video Park, Kazhakuttom, Trivandrum to make one of the largest Animation Content Development complex in Kerala.

D. Accel IT Academy

Accel IT Academy now part of Accel Academy Limited continues to focus on niche areas of IT training in hardware and networking, enterprise systems management, embedded systems, VLSI designs and BPO. The division could not scale up its operations during the year due to increased competition and our inability to open new centres. Efforts are on to overcome the limitations and current year is expected to be a growth year for Accel IT Academy.

Opportunities, Threats and Risks

While the IT industry is in robust growth environment our operations could have scaled new heights barring insufficient working capital and marketing strength to explore new avenues. Our existing business also suffer from high man power attrition faced by the industry in general. Various actions are being initiated to keep employ motivation and morale high, so that we can expand our existing businesses without much difficulty.

Outlook

The outlook for the coming year is bright considering that all the divisions have sufficient pipeline for enhanced business during the current year.

Human Resources

Industrial relations remained normal at all locations. The staff on rolls in the company as on 31st March 2007 were 642 as compared to 595 as on 31st March 2006. The development of human capital is a key strategic challenge for the knowledge industry. The company is investing in recruitment and training of manpower as a priority activity. Various steps are initiated to keep the motivation level high in the organization.

Technology

We are using contemporary technologies for all our software and systems development activities. We do have sufficient manpower resources to absorb latest technologies.

Financing Strategy

The key objectives of the future financing strategy of the Company are as follows:

- (i) To raise cost efficient funds for the growth plans
- (ii) To comply with expectations of various lenders in terms of financial covenants
- (iii) To Develop funding strategy to focus on EPS accretion
- (iv) To provide financial flexibility in the Balance sheet for contingencies.

The company's funding philosophy for its expansion is largely focused on internal generation and debt.

Performance of Subsidiary Company

Ushus Technologies Japan, continue to generate business from some of the reputed organizations such as Toshiba and Hamamatsu. There was an improvement in the business from the subsidiary company compared to previous year. The coming year is expected to be better as we are pursuing larger opportunities with our clients.

Maintenance of accounting records and Internal Controls

The Company has taken proper and sufficient care for the maintenance of adequate accounting records as required by various statutes.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

Risk Management

Details of contingent liabilities are given in note 20.9(A) and Capital Commitments are given in note 20.9(B) of the Notes on Balance Sheet and Profit and Loss Account.

Going Concern

In the opinion of the Directors, the Company will be in apposition to carry on its existing activities and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

ACCEL TRANSMATIC LTD.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objective, projections estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Companies operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates changes in Government regulations, tax laws, Interest Costs, other statutes and other incidental factors.

Thus the Company should and need not be held responsible, if, which is not unlikely, the future turns to be something quite different. Subject to this management disclaimer, this discussion and analysis should be perused.

Summary of key Financial Ratios for the FY 2006-07 as compared to FY 2005-06 & 2004-05 are given below:

		2006-07	2005-06	2004-05
1	EBITA/TURNOVER	29.56%	18.10%	12.09%
2	PBT/TURNOVER	12.38%	8.76%	2.46%
3	RETURN ON AVERAGE CAPITAL EMPLOYED	73.06%	61.79%	37.73%
4	RETURN ON AVERAGE NETWORTH	49.14%	32.38%	12.19%
5	ASSET / TURNOVER	135.84%	124.03%	117.09%
6	AVERAGE INVENTORY / TURNOVER	9.86%	14.29%	15.81%
7	AVERAGE DEBTOR / TURNOVER	27.16%	29.38%	30.34%
8	GROSS BLOCK TO NET BLOCK	2.04	2.35	2.02
9	DEBT TO TOTAL EQUITY	52.05%	54.02%	58.36%
10	DEBT TO EQUITY	1.08	1.18	1.40
11	CURRENT RATIO	2.82	2.23	1.86
12	INTEREST COVER RATIO	5.15	2.85	1.50
13	NETWORTH PER SHARE	9.55	6.37	5.24
14	EARNINGS PER SHARE	3.89	1.82	0.59
15	DIVIDEND PAYOUT	18.15%	37.92%	0.00%
16	P/E RATIO	6.72	12.34	23.56

- 1 EBITA/Turnover : Earning before Interest, Depreciation, Tax and Amortisation/Turnover
- 2 PBT/Turnover : Profit Before Tax/Turnover
- 3 Return on Average Capital Employed : EBIT/Average Capital Employed
(Capital Employed: Total Funds Employed-miscellaneous Expenses to the extent not written off or adjusted)
Average Capital Employed : Opening Capital Employed + Closing Capital Employed / 2
- 4 Return on Average Network Profit After Tax/Average Network
(Net Worth : Share Capital+Reserves & Surplus-Misc Exp to the extent not written off-PNL (Loss)
Average Network : Opening Network + Closing Net Worth / 2
- 5 Asset Turnover : (Net Sales + Other Income - Investment Income) / (Net Fixed Assets + Current Assets + Loans & Advances)
- 6 Average Inventory to Turnover Average Inventory / Gross Sales
Average Inventory: (Opening inventory + closing Inventory) / 2
- 7 Average Debtors to Turnover : Average Debtors / Gross Sales
Average Debtors:(Opening debtors + closing debtors)/2
- 8 Gross Block to Net Block : Gross Block / Net Block
- 9 Debt to Total Equity : Debt / (Debt+ Equity)
(Debt: Total Loans+Lognterms Gurantees-Currentinvestment-Cash&Bank Bal-Deferred Tax Asset)
(Equity = Network)
Network: Share capital+reserve & Surplus -Misc Exp writ off - PNL (loss)
- 10 Debt to Equity : Debt / Equity
(Debt : Total Loans+Lognterms Gurantees-Currentinvestment-Cash&Bank Bal-Defrred Tax Asset)
(Equity = Network)
Network : Share capital+reserve & Surplus -Misc Exp writ off - PNL (loss)
- 11 Current Ratio : Current Asset / Current Liabilities
- 12 Interest Cover Ratio : Earning Before Interest & Tax / Interest
- 13 Network per share : Net worth / Number of Shares
Network : Share capital+reserve & Surplus -Misc Exp writ off - PNL (loss)
- 14 Earnings Per Share : Profit attributal to ordinary shareholders/weighted average no. of ordinary shares
- 15 Divident Pay Out : Dividend / Profit after Tax
- 16 P/E Ratio : Market Price / Earnings per share

Annexure C to Directors Report

Report on Corporate Governance

Corporate Governance

Your Company has been practicing the principle of good Corporate Governance, which comprises all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of Corporate Governance compliance by the Company as per Clause 49 of the Listing Agreement with Stock Exchange are as under:

Company's philosophy on Corporate Governance

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increasing long term Shareholder value, keeping in view the needs and interests of all its Stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

Board of Directors

The Board of the Company is well structured with adequate blend of professional, executive and independent directors.

The Board of Directors comprises of 7 Directors out of which 4 Directors are Non Executive Directors. The Company has a Non Executive Chairman and more than 1/3rd of total strength of Board of Directors are Independent Directors. The day to-day operations of the company are carried out by the Divisional Heads designated as President and CEO of the respective Divisions and supervised by the Board of Directors.

None of the Directors on the company's Board is a member of more than 10 committees and Chairman of more than 5 Committees across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding committee positions occupied by them in other companies.

Remuneration of Directors

The details of remuneration paid to Wholtime Directors during 2006 – 2007 is given below:

	Mr. T. Ravindran Rs. Lacs	Mr. Philip John Rs. Lacs
Salary	660,000	1,860,000
Allowances & Perquisites	240,000	46,800
Contribution to Retiral Funds	Nil	9,360

Details of Remuneration / Sitting Fees paid to Directors

The Company does not pay any remuneration to any non-executive directors. NO stock options have been granted to any of the non-executive directors. The sitting fees paid to non-executive directors during the year as under.

Name of Director	Sitting Fees	
	Board Meetings.	Committee Meetings
Mr. M.R.Narayanan	25,000	7,500
Mr. Mohan Rao	25,000	7,500
Mr.K.A.Joseph	25,000	-
Mr.V.N.P.Nair	10,000	-
Total	85,000	15,000

Board Meeting

During the year under review, 6 board meetings were held on 29th May 2006, 28th July 2006, 15th September 2006, 25th October 2006, 9th January 2007 and 29th January 2007 and maximum interval between any two meeting was not more than 120 days.

The composition of the Board, attendance at Board Meetings (BM) held during the financial year under review and at the last Annual General Meeting (AGM) and number of Directorships and memberships/Chairmanships in public companies (including the company) are given below.

ACCEL TRANSMATIC LTD.

Name of Director	Category	FY 2006-2007		As on 31.03.2007		
		Attendance at		No. of Directorship in Domestic Public Companies(including this company)	Committee Position	
		BM	Last AGM		Member	Chairman
N.R. Panicker	Non Executive Chairman, Promoter	6	YES	05	02	01
M.R. Narayanan	Non Executive, Independent	5	YES	02	02	01
A.Mohan Rao	Non Executive, Independent	5	YES	02	01	-
*K.A. Joseph***	Non Executive, Independent	5	YES	02	-	-
*VNP Nair**	Non Executive, Independent	2	YES	02	-	-
T. Ravindran	Executive, Promoter	6	YES	01	-	01
Philip John	Executive	6	YES	01	-	-
S.T. Prabhu	Company Secretary	6	YES	03	-	-

* representing financial institution/(s) of Kerala Venutre Capital Fund Private Limited and Kerala State Industrial Development Corporation Limited, respectively as investors / lenders.

** Resigned with effect from 25/10/2006

*** Resigned with effect from 11/06/2007

Board Procedure

The Board is presented with extensive information on vital matters affecting the working of the company and risk assessment and mitigation procedures. Among others, this includes:

- ◆ Operating plans, capital budgets and updates and reviews thereof.
- ◆ Quarterly results of the company and its business segments
- ◆ Financial statements such as cash flow, inventories, sundry debtors and / or other liabilities of claims of substantial nature.
- ◆ Performance against operating plans
- ◆ Risks faced and steps taken to mitigate/minimize the risks
- ◆ Minutes of meeting of audit committee and other committees
- ◆ Details of any joint venture or collaboration agreement.
- ◆ Development in the industrial and human relations front.
- ◆ Important show cause, demand and penalty notices
- ◆ Materially relevant defaults in financial obligations to and by the company or substantial non payment of goods sold by the company
- ◆ Significant effluent or pollution problems
- ◆ Any issue which involves possible public or product liability claims of a substantial nature
- ◆ Foreign exchange exposure and steps taken by management to limit the risks of adverse exchange rate movement.
- ◆ Proposal for diversification, investment, disinvestments and restructuring and
- ◆ Compliance of all laws applicable to the company including requirements of listing agreement with stock exchange

Attendance of Last Annual General Meeting

All Directors of the Company attended the last Annual General Meeting held on 15th September 2006.

COMPOSITION OF COMMITTEES OF DIRECTOR AND THEIR ATTENDANCE AT THE MEETINGS.

The Board has constituted committees of Directors to take informed decisions in the best interest of the Company. These committees monitor the activities falling within their scope of reference. The Board's committees are as follows.

Audit Committee

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreement with Stock Exchange and covers all the aspects stipulated by the SEBI Guidelines. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

Composition

The Audit Committee of Directors comprises 2 independent directors and one non- executive Chairman of whom all have relevant finance and audit exposure. During the period under review, 4 Audit Committee Meetings were held on 29th May 2006, 28th July 2006, 25th October 2006 and 29th January 2007.

The composition of the Audit Committee and their attendance at its meetings is given below.

Composition	A. Mohan Rao	N.R.Panicker	M.R.Narayanan
Number of meetings attended	3	4	3

The scope of the Committee includes:-

- a. Overseeing the company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible;
- b. Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;
- c. Approving fees for non-audit consulting/ services provided by the firms of statutory auditors;
- d. Reviewing with the management the periodic financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices;
 - Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - Compliance with accounting standards;
 - Compliance with Stock Exchange and legal requirements concerning financial statements;
 - Any related party transactions i.e. transactions of the company of material nature, with the promoters or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the company at large;
- e. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- f. Discussing with internal auditor any significant findings and follow-up thereon.
- g. Discussing with statutory auditors before the audit commences, the nature and scope of audit, as well as conduct pos-audit discussions to ascertain any areas of concern;

All the audit committee meetings were usually attended by the Chairman and members of the Committee, internal auditors and statutory auditors and the Divisional Heads.

Remuneration Committee

The remuneration committee of the company is empowered to review the remuneration of whole-time directors including annual increment and commission after reviewing their performance.

The Remuneration Policy followed by the company takes into consideration, the performance of the Wholetime Directors and Senior Executives, on certain parameters. The Remuneration Committee comprises 3 Independent (including the Chairman of the Committee) Non-Executive Directors.

During the year under review, Nil Remuneration Committee meeting was held. The composition of the Remuneration Committee is given below.

Composition	N.R. Panicker Chairman	A. Mohan Rao Member	M.R.Narayanan Member
-------------	---------------------------	------------------------	-------------------------

The chairman of the Remuneration Committee was present at the last Annual General Meeting. The company has complied with all the non-mandatory requirements under Clause 49 regarding the Remuneration Committee.

Shareholders / Investor's Grievance Committee

The Shareholders / Investor Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to Share Transfers, Non-receipt of annual reports, issue of duplicate certificates, transmission (with and without legal representation) of shares and other miscellaneous complaints. During the year under review, 3 investors grievance committee meeting was held. The composition of Shareholders / Investors' Grievance Committee and attendance at its meeting is given hereunder.

Composition	M.R.Narayanan	T.Ravindran	N.R. Panicker
	3	3	3

With effect from 29th September, 2004 the Company pays Sitting fees @ Rs.5000/- per meeting to the Non Executive Directors (excluding wholetime Directors) for attending the meetings of the Board. No sitting fees is being paid to Mr. N.R. Panicker, Chairman.

The Sitting Fees for attending Audit and Remuneration Committee is @ Rs.2500/- per meeting.

ACCEL TRANSMATIC LTD.

Information pursuant to Clause 49 IV (G) of the Listing Agreement:

A brief resume and name of the companies in which Directors, who are being re-appointed, hold Directorships / Committee Memberships are given below:

1. N.R. Panicker - Chairman

An IT professional with 27 years of experience, he is the Founder and Chairman of Accel Limited, the main promoter of Accel Transmatic Ltd and also the Chairman & Managing Director of Accel Frontline Limited a Joint venture company of the group with Frontline Technologies Corporation of Singapore.

Mr. N.R. Panicker holds the following Directorships / Committee Memberships. Mr. N.R. Panicker holds 11,35,098 equity shares of the company.

- | | |
|---|--------------------------------|
| 1. Accel Limited | Promoter & Director |
| 2. Accel Frontline Limited | Chairman and Managing Director |
| 3. Accel Technologies Private Limited | Director |
| 4. Accel Tele.net Limited | Director |
| 5. Accel Academy Limited | Director |
| 6. Accel Systems Group Inc., USA | Director |
| 7. Accel North America Inc., USA | Director |
| 8. ACL Systems & Technologies Pte Ltd.
Singapore | Director |
| 9. Accel Infotech FZE, Dubai | Director |
| 10. Kerala Venture Capital Fund (P) Limited | Director |

Committee position : Accel Transmatic Ltd

Audit Committee - Member
Remuneration Committee - Chairman
Shareholders / Investors' Grievance Committee – Member.

2. M.R. Narayanan – Director

A serial entrepreneur and founder of Transmatic Systems Limited. An engineer with 30 years of entrepreneurial and managerial experience. He serves as Chairman of Adtech Power Systems Limited, Transdot Electronics Pvt Limited and Floatels Pvt Limited

Mr. M.R. Narayanan holds the following Directorships / Committee Memberships. Mr. M.R. Narayanan holds NIL equity shares of the company.

- | | |
|--|-------------------|
| 1. Adtech Systems Limited | Chairman |
| 2. Floatels India Private Limited | Managing Director |
| 3. Transdot Electronics Private Limited | Managing Director |
| 4. Transmed Systems Private Limited | Director |
| 5. Transtec Systems Private Limited | Director |
| 6. Supercold Refrigeration Systems P Ltd | Director |
| 7. Transcom Systems Private Limited | Director |
| 8. Robinson Crusoe Tours & Travels P Ltd | Director |
| 9. Maveli Finance Private Limited | Director |

Committee position : Accel Transmatic Ltd

Audit Committee - Member
Remuneration Committee - Member
Shareholders / Investors' Grievance Committee – Chairman.

Mr. S.T. Prabhu, Company Secretary & Director who is the Compliance Officer can be contacted at:

(a) For routine matters :

Trivandrum

T.C. 17 / 27	Tel. No. :	(0471) 234 2215 / 234 2265
Jagathy	Fax No. :	(0471) 234 2208
Trivandrum 695014	E-Mail :	secretary@transmaticsystems.com

(b) For Redressal of Complaints and Grievances :

Chennai

Third Floor,.	Tel. No. :	(044) 4225 2200
Accel House	Telefax. No. :	(044) 2374 1271
75, Nelson Manickam Road	E-Mail :	stprabhu@accel-india.com
Aminjikarai, Chennai 600029		

The status of the total number of Investor complaints redressed during the year is as follows:

Received	123
Replied	123

General Body Meeting

Location and time of General Meetings

Year	Type	Date	Venue	Time
2002 - 2003	AGM	30.09.2003	Lakshmi Chambers, III Floor, Vazhuthacaud, Trivandrum	12.30 pm
2003 - 2004	EGM	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	11.00 am
2003 - 2004	Court Convened General meeting	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	02 pm to 4 pm.
2003 - 2004	AGM	14.03.2005	Lakshmi Chambers, II Floor, Vazhuthacaud, Trivandrum	11.30 am
2004 - 2005	AGM	19.08.2005	USHESTECH,311, Technopark, Trivandrum	02.00 pm
2005 - 2006	AGM	15.09.2006	Conference Room, Comfort Inn Grand, Statue, Thiruvananthpuram	02.00 pm

Other Disclosures

- 1) The company has not entered into any materially significant transactions during the year, which could have a potential conflict of interest between the company and its promoters, Directors, management and / or their relatives, etc other than the transactions entered into in the normal course of business. Details of related party transactions entered into in the normal course of business are given in Notes on Accounts.
- 2) During the year under review, no penalties or strictures were imposed on the company by the stock exchange where the company's shares are listed, SEBI or any statutory authority, on any matter relating to capital markets during the last three years.

COMPLIANCE WITH MANDATORY REQUIREMENTS:

The company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange. The company has also complied with the requirements of amended Clause 49 after it came into force.

Means of Communication

(i) Financial Results and Annual Reports etc :

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board of Directors of the Company are published during the year under review in leading national newspaper in English and are also sent immediately to the Stock Exchange with which the Shares of the Company are listed. These results are also placed on Company 's website. The Company is not in practice of sending half-yearly Report to each household of Shareholders.

The company has its own website www.acceltransmatic.com wherein official news release and other related information are available.

Notices relating to Annual General Meetings and Extraordinary General Meetings, if any, are sent to the Members at their registered address.

(ii) Management Discussion and Analysis Report :

The Management Discussion and Analysis Report set out in Annexure B forms part of the Annual Report.

NON MANDATORY REQUIREMENTS

REVISED SEBI GUIDELINES ON CORPORATE GOVERNANCE

SBI had notified on October 29, 2004, a revised /updated set of Guidelines relating to Corporate Governance which have been incorporated in the Company's Listing Agreement with the Stock Exchanges.

The Company is fully compliant with the revised SEBI Guidelines.

CODE OF CONDUCT

The Board of Directors has adopted the code of business conduct and ethics for Directors and Senior Management.

The said code has been communicated to the Directors and Members of the Senior Management. The code has also been posted on the Company Web site www.acceltransmatic.com

COMPLIANCE CERTIFICATE OF THE AUDITORS

The statutory auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the stock exchange and the same is annexed to the Annual Report. The certificate from the statutory auditors will be sent to the stock exchanges along with the annual report of the company.

ACCEL TRANSMATIC LTD.

GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting**
 - Date and Time** : 24th September 2007, 3 pm
 - Venue** : Malabar Hall, park Centre, Technopark, Trivandrum - 695 581.
2. **Financial Calendar**
 - Financial Year** : 01st April 2006 to 31st March 2007
 - Annual General Meeting** :
 - 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
3. **Book – Closure Date** : 07th September 2007 to 21st September 2007
(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 2007 – 2008.
5. **Stock Market Codes**
 - (i) **Scrip Code** : **517494**
 - (ii) **Abbreviated Name** : **ACCEL TRANS**
 - (iii) **Demat ISIN Number** : **INE258CO1020**

6. Stock Market Data

Month & Year	High Price	Low Price	Volume Nos
Apr-06	32.05	21.30	454325
May-06	32.55	23.00	422434
Jun-06	25.90	18.00	223437
Jul-06	21.90	16.25	143541
Aug-06	25.45	17.10	518046
Sep-06	32.45	20.90	1162680
Oct-06	33.75	22.55	260795
Nov-06	26.00	21.00	272715
Dec-06	27.40	19.40	308802
Jan-07	37.00	25.00	669504
Feb-07	32.60	24.80	251222
Mar-07	26.50	19.35	245006

7. Registrars & Transfer Agents

Integrated Enterprises (India) Limited,
Kences Towers, 2nd Floor, No. 1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai – 600 017
Tel.:044 – 2814 0801 – 803
Email: www.sureshbabu@iepindia.com

8. Distribution of Shareholding and categories of Shareholders

Category	March 31, 2007				March 31, 2006			
	No. of Share holders	% to Share Holders	No of Shares	% of total equity	No. Of Share holders	% to Share Holders	No of Shares	% of total equity
1 – 500	6839	89.27	706,588	6.40	7299	88.77	727,729	6.59
501 – 1000	340	4.44	297,017	2.69	388	4.72	332,648	3.01
1001 – 2000	218	2.85	343,047	3.11	235	2.86	371,262	3.36
2001 – 3000	61	0.79	162,626	1.47	81	0.99	213,020	1.93
3001 – 4000	31	0.41	112,488	1.02	35	0.43	126,941	1.15
4001 – 5000	43	0.56	204,177	1.85	37	0.45	178,042	1.61
5001 – 10000	57	0.74	444,838	4.03	69	0.84	555,729	5.03
10000 & above	72	0.94	8,766,620	79.43	77	0.94	8,532,030	77.32
TOTAL	7661	100.00	11,037,401	100.00	8221	100.00	11,037,401	100.00

9. Shareholding pattern as on 31st March 2007

Category	31st March 2007				31st March 2006			
	No. of Shares held	% of share holding	No. of Shares held	% of share holding	No. of Shares held	% of share holding	No. of Shares held	% of share holding
A. Promoter s Holding								
1. Indian Promoters:								
Accel Limited	4,611,805	41.783			4,225,863	38.287		
N.R.Panicker	1,135,098	10.284			1,115,098	0.956		
T.Ravindran	99,815	0.904			105,515	10.103		
Sub Total	5,846,718	52.972	5,846,718	52.972	5,446,476	49.346	5,446,476	49.346
2. Foreign Promoters	-	-	-	-	-	-	-	-
3. Person acting in concert	624,220	5.655	624,220	5.655	474,194	4.296	474,194	4.296
Sun Total (1+2+3)	6,470,938	58.627	6,470,938	58.627	5,920,670	53.642	5,920,670	53.642
B. Non-Promoters Holding								
4. Mutual Funds and UTI	2,144	0.019	2,144	0.019	2,144	0.019	2,144	0.019
5. Banking / Financia Institutions/Insurance Companies (Central & State Govt. Institutions Non Goernment Institutions)	520	0.005	520	0.005	6,344	0.057	6,344	0.057
6. Foreign Companies	-	-	-	-	560	0.005	560	0.005
7. Others								
Body Corporate:								
Kerala Venture Capital Trustee P Ltd	293,230	2.657			293,230	2.657		
Others	488,037	4.422			661,635	5.994		
Sub Total	781,267	7.078	781,895	7.078	954,885	8.651	954,865	34.315
8. Indian Public	3,690,809	33.439	3,690,809	33.439	4,022,250	36.44	4,022,250	36.44
9. NRI / OBCs	71,895	0.651	71,895	0.651	80,063	0.725	80,063	0.725
any others (please specify)								
10. Shares in Transit / Clearing Member	19,828	0.180	19,828	0.180	50,505	0.458	50,505	0.458
Sub Total (4+5+6+7+8+9+10)	4,566,463	41.373	4,566,463	41.373	5,116,731	46.357	5,116,731	46.357
Grand Total	11,037,401	100	11,037,401	100	11,037,401	100	11,037,401	100
Total Foreign Shareholding	71,895	0.651			80,063	0.725		

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 dematerialization 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. Investor Services

Investor complaints received and replied during the year 2006 – 2007 :

Nature of Queries	Received	Replied
Non receipt of Certificate after transfer/Capital reduction	31	31
Non receipt of Annual Report	3	3
Correction in Certificate	15	15
Non receipt of Inter/Dividend Warrant/Cheque/DD	8	8
General queries	8	8
Change of address	56	56
Procedure for loss of share certificate	2	2
TOTAL	123	123

As at 31st March 2007, NIL investor compliants were pending. As at 31st March 2007, Nil share transfers and NIL demat requests were pending.

The Aggregate Promoters and Non - promoter shareholding of the Company as at 31st March 2007 is as shown below :

Category	No of Shares	% to total paid up capital
Promoters	6,470,938	58.63
Non Promoters	4,566,463	41.37
	11,037,401	100.00

13. Dematerialisation of Shares and Liquidity

As on 31st March 2007, 95.67% of the company's Equity Capital are held in dematerialized form with NSDL and CDSL. Trading in equity shares of the Company is permitted only in dematerialized form, as per the notification issued by the Securities and Exchange Board of India (SEBI)

14.. Investor Correspondence

(a) For 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 at their following address.

M/s Integrated Enterprises (India) Limited,
Kences Towers, 2nd Floor, No. 1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai – 600 017
Tel.:044 – 2814 0801 – 803
Contact Person : Mr. Suresh Babu / Mr. Ramesh

(b) For 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

15. Company 's Website

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

**ANNEXURE - D Auditors Report on Corporate Governance
CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE
LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA**

To,

**The Members,
Accel Transmatic Limited.**

1. We have examined the compliance conditions of Corporate Governance by Accel Transmatic Limited, Chennai for the period ended 31st March 2007 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to procedures and implementation there of, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that such compliances is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Varma & Varma
Chartered Accountants
K.M.Sukumaran.F.C.A.
Membership No:15707
Partner**

**Place: Chennai
Date: 29.05.2007**

ANNEXURE - E to Directors Report

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 :

- a) that in the preparation of the annual accounts for the year ended March 31, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) that such accounting policies as mentioned in Note 20.0 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, 2007 and of the profit of the company for the year ended on that date.
- c) 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:
- d) the annual accounts have been prepared on a going concern basis.

ANNEXURE - F to Directors Report

CERTIFICATION BY CHAIRMAN AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, N.R. Panicker, Chairman and S T Prabhu, Chief Financial Officer of Accel Transmatic Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

ACCEL TRANSMATIC LTD.

3. We accept overall responsibility for the company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the auditors and to the audit committee:
- Significant changes in internal control over financial reporting during the year.
 - Significant changes in accounting policies during the year;
 - Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

However during the year there were no such changes or instances.

N.R. Panicker
Chairman

S T Prabhu
Chief Financial Officer

29.05.2007
Chennai

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

	Name of the Subsidiary Company Chennai	Accel Academy Ltd	Ushus Technologies L.L.C, Japan
1	The financial year of the subsidiary Companies ended on	March 31, 2007	March 31, 2007
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	500000	60
2.B	Extent of interest of holding company at the end of the financial year of the subsidiary company	100%	75 % Paid up capital - JPY 40 lacs.
2.C	Face Value	Rs.10	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 2007	NIL	JPY(4522090) INR(1749107)
(ii)	For the previous financial years of the subsidiary	NIL	JPY (402,406) INR (157,069)
B.	Dealt with in holding company s accounts		
(i)	For the financial year ended 31st March 2007	NIL	NIL
(ii)	For the previous financial years of the subsidiary companies since they became the holding company s subsidiaries	NIL	NIL

Place : Chennai
Dated : 29.05.2007

For and on behalf of the Board
N.R. PANICKER
CHAIRMAN

Auditor's Report

To,

**The Members,
Accel Transmatic Limited**

1. **We have audited the attached Balance Sheet of Accel Transmatic Limited as at 31st March 2007, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.**
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order;
4. 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;
 - (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 2007, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) 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 2007;
 - ii. in the case of the Profit and Loss Account, of the Profit 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.

**Place: Chennai
Date: 29.05.2007**

**For Varma & Varma
Chartered Accountants
K.M.Sukumaran.F.C.A
Membership No:15707
Partner**

ACCEL TRANSMATIC LTD.

ACCEL TRANSMATIC LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 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 disposal of any substantial portion of fixed assets of the company 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 had, during the previous years, advanced amounts to certain Companies in which a director is interested, which are covered in the Register maintained under Section 301 of the Companies Act, 1956, which has been written off in the accounts during the year, since in the opinion of the management the same is not recoverable.

Number of Parties	Amount Involved (Max. Amount o/s.)	Balance o/s as on 31.03.2007
5	37,57,176	NIL

- (b) The terms and conditions on which the above advances have been given including interest chargeable thereon, if any, have not been furnished to us. However, *in view of the fact that these amounts have been written off during the year, we are of the opinion that the above advances given in the earlier years have been prima facie prejudicial to the interest of the company.*
- (c) Since the above advances have been written off in the accounts during the year as mentioned in Para 3(b) above, we do not offer any comments as to the receipt of principal and interest and also regarding the steps taken by the management for recovery of these dues.
- (d) The Company has taken unsecured loans from parties / companies in which Directors are interested covered in the register maintained under Section 301 of the Companies Act, 1956. The number of parties and the amount involved are given below:

Number of Parties	Amount Involved (In Rupees) (Maximum amount outstanding)	Balance o/s as on 31.03.2007 (In Rupees)
7	2,34,16,013	2,27,86,089

- (e) In respect of unsecured 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 are not prima facie prejudicial to the interest of the company.
 - (f) As explained to us, the terms of repayment of principal amounts in respect of an interest bearing unsecured loan taken from a company in which directors are interested has not been stipulated.
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 are no major weaknesses of a continuing nature 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 our opinion and according to the information and explanation furnished to us, the company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 with regard to the deposits accepted from the public.
 7. The Internal audit of the company was conducted during the year, by a firm of Chartered Accountants, the scope and coverage of which is commensurate with the size of the Company and nature of its business.
 8. We have broadly reviewed the cost records maintained by the company as prescribed under Section 209(1)(d) of the Companies Act, 1956, in respect of its Systems and Services division 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 a view to determine whether they are accurate or complete. As explained to us, the Central Government has not prescribed maintenance of cost records for the other products / services of the Company.
 9. (a) *There has been delays in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Service Tax & Sales Tax with the appropriate authorities during the year.* According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth tax, Service tax, Sales tax, Customs duty, Excise duty, Cess and other statutory dues which were outstanding at the year end for a period of more than six months from the date they became payable, other than a sum of Rs 3,29,877/- payable as income tax, Rs. 1,53,210/- towards service tax, and Rs. 67,485/- towards Sales Tax dues.

(b) At the end of financial year there were no dues of sales-tax, income-tax, customs duty, wealth-tax, service tax, excise duty and cess which have not been deposited on account of any dispute except as set out below:

Name of the statute	Nature of amount	Amount (In Rupees Lacs)	Period to which the amount relates	Forum where dispute is pending
Kerala General Sales Tax Act 1963	Demand Entry Tax	1.70*	2003 – 2004	Sales Tax Appellate Tribunal

*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 not more than fifty per cent of net worth of the company. The company has not incurred cash losses during the year under audit and during the immediately preceding financial year.
11. As per the information and explanations furnished to us, the company has not defaulted in repayment of dues to financial institutions or banks, except for dues to two banks outstanding as at the balance sheet date aggregating to Rs.8,68,176/- (Principal Rs.6,44,000/- and interest Rs.2,24,176/-) out of which an amount of RS 1,48,850/- representing interest has since been remitted on 3rd April 2007.
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.

ACCEL TRANSMATIC LTD.

16. In our opinion and according to the information and explanations given to us, Term Loan availed during the year has been utilised for the purpose for which they have been availed.
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. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
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.

Place: Chennai
Date: 29.05.2007

K.M.Sukumaran.F.C.A
Membership No:15707
Partner
For Varma & Varma
Chartered Accountants

Balance Sheet as at

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

	Sch. No.	March 31,2007	March 31,2006
SOURCES OF FUNDS:			
Share holders funds :			
Share Capital	1	112,474,010	112,474,010
Reserves & Surplus	2	14,238,476	14,296,942
		126,712,486	126,770,952
Loan Funds :			
Secured	3	83,882,803	48,738,349
Unsecured	4	33,391,089	43,697,557
		117,273,892	92,435,906
TOTAL LIABILITIES		243,986,378	219,206,858
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	130,040,180	147,944,634
Less: Accumulated Depreciation		66,191,554	84,901,347
Net block		63,848,626	63,043,287
Investments	6	1,283,418	1,298,753
Deferred Tax Asset (Net)		359,558	2,598,183
Current assets, loans & advances :			
Inventories	7	33,791,178	37,158,968
Sundry debtors	8	97,677,169	97,810,160
Cash and bank balances	9	2,603,592	7,195,023
Loans and advances	10	109,655,693	31,488,004
		243,727,632	173,652,155
Less : Current liabilities and provisions			
Current liabilities	11	67,835,368	64,095,195
Provisions	12	18,698,827	13,732,016
		86,534,195	77,827,211
Net current assets		157,193,437	95,824,944
Profit and loss Account (loss)	13	21,301,339	56,441,691
Total assets		243,986,378	219,206,858
Significant Accounting Policies and			
Notes Attached to Accounts	20		

Vide our report of Even Date

Varma & Varma

Chartered Accountants
K.M Sukumaran F.C.A
Membership No:15707
Partner

N.R. Panicker
Chairman

A. Mohan Rao
Director

Place : Chennai
Date : 29.05.2007

T.Ravindran
Director

S.T. Prabhu
Director & Company Secretary

ACCEL TRANSMATIC LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

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

	Sch. No.	March 31,2007	March 31,2006
Income			
Income from operations	14	359,882,360	296,752,000
Less: Excise Duty		9,486,817	5,534,281
Net Income from Operations		350,395,543	291,217,719
Other Income	15	1,647,632	2,346,778
Profit on Sale of Undertaking (See Note No : 20.9)		65,767,733	--
		417,810,908	293,564,497
Expenditure			
Materials Consumed	16	34,341,378	14,430,492
(Increase) / Decrease in Stock	16-A	539,028	15,753,313
Cost of Sales (Traded Goods) & Services	16-B	58,808,611	49,678,209
		93,689,017	79,862,014
Employee costs and benefits costs	17	94,516,485	74,399,371
Manufacturing & Operating Expenses	18	106,110,482	85,655,584
		294,315,984	239,916,969
Profit before Depreciation, Interest and Tax			
		123,494,924	53,647,528
Interest & Finance costs	19	12,455,086	13,886,680
Profit before Depreciation and Tax		111,039,838	39,760,848
Depreciation	5	13,961,684	13,536,374
Profit before tax and Write off of Obsolete inventory / irrecoverable debts / Advances		97,078,154	26,224,474
Obsolete Inventory / Irrecoverable Debts / Advances Written Off		45,337,035	499,697
Profit before tax		51,741,119	25,724,777
Less: Taxation for the year			
- Current tax		4,974,718	1,502,135
- Fringe Benefit Tax		1,344,328	1,202,200
- Deferred Tax		2,238,625	(1,211,372)
- Income Tax of Prior Years Written off		--	3,471,666
Profit for the year after tax available for Appropriation		43,183,448	20,760,148
Less: Appropriations			
Proposed Dividends - Final			
- On Preference Shares		252,000	619,500
- On Equity Shares		6,622,441	6,622,441
Tax on Dividend		1,168,655	1,015,682
Balance of profit carried to balance sheet	13	35,140,352	12,502,525
Basic and diluted earnings per share		3.89	1.82
Basic and diluted earnings per share excluding Extra ordinary item		(2.07)	1.82
Significant Accounting Policies and Notes Attached to Accounts			
	20		
Vide our report of Even Date			
Varma & Varma			
Chartered Accountants K.M Sukumaran F.C.A Membership No:15707 Partner	N.R. Panicker Chairman		A. Mohan Rao Director
Place : Chennai Date : 29.05.2007	T.Ravindran Director		S.T. Prabhu Director & Company Secretary

CASH FLOW STATEMENT

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

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

	2006-2007		2005-2006	
	Amount	Amount	Amount	Amount
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation from operations		51,741,119		22,253,112
ADJUSTMENTS FOR:				
Depreciation	13,961,684		13,536,374	
Irrecoverable Debts/Advances written off	45,337,035		3,971,363	
Miscellaneous Exp. Written off	-		-	
Interest - Net	12,116,834		13,755,947	
Exchange Fluctuation in Value of Investments	-		36,632	
Dividends Received	(5,300)	71,410,253	(8,258)	31,292,058
OPERATING PROFIT/[LOSS] BEFORE WORKING CAPITAL ADJUSTMENT		123,151,372		53,545,170
ADJUSTMENTS FOR:				
Sundry Debtors	132,991		(21,274,387)	
Inventories	3,367,790		10,470,821	
Loans and Advances	(26,627,689)		(2,140,882)	
Trade Payables	663,913	(22,462,995)	(17,477,627)	(30,422,075)
CASH GENERATED FROM OPERATIONS		100,688,377		23,123,095
Income Tax Paid		6,319,033		2,704,335
Exceptional Items (Write off of Debts & Advances)		45,337,035		3,971,363
NET CASH FLOW FROM OPERATING ACTIVITIES		49,032,309		16,447,396
B CASH FLOW FROM INVESTING ACTIVITIES				
Sale / (Purchase) of Fixed Assets Net	(14,825,527)		(5,029,204)	
Advance for Investments	(51,540,000)		-	
Purchase of Investments	15,334		(389,555)	
Interest Received	340,377		130,733	
Dividend Received	5,300		8,258	
NET CASH FLOW FROM INVESTING ACTIVITIES		(66,004,516)		(5,279,769)
C CASH FLOW FINANCING ACTIVITIES				
Increase in Share Capital	-		-	
Proceeds from Long Term Borrowings	(13,735,873)		(18,222,715)	
Net Increase of Cash Credit and other short term borrowings	38,573,859	24,837,986	(16,533,426)	1,689,289
Interest Paid		(12,457,210)		(13,886,680)
NET CASH FLOW FROM FINANCING ACTIVITIES		12,380,776		(12,197,391)
NET INCREASE IN CASH / CASH EQUIVALENTS		(4,591,431)		(1,029,764)
D CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		7,195,023		8,224,787
CLOSING CASH AND CASH EQUIVALENTS		2,603,592		7,195,023
Cash As per Financial Statements		2,603,592		7,195,023

Notes:

- Cash and Cash Equivalents include Cash in Hand and remittances in transit, Balance with Banks on current Accounts and Deposit Accounts.
- 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.

Vide our report of Even Date

Varma & Varma

Chartered Accountants
K.M Sukumaran F.C.A
Membership No:15707
Partner

Place : Chennai
Date : 29.05.2007

N.R. Panicker
Chairman

T.Ravindran
Director

A. Mohan Rao
Director

S.T. Prabhu
Director & Company Secretary

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements as at

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

	March 31,2007	March 31,2006
1 Share capital		
Authorised		
11750000 Equity Shares of Rs.10/- each	117,500,000	117,500,000
250000 12 % Cumulative Redeemable Preference Shares of Rs. 10/- each	2,500,000	2,500,000
	120,000,000	120,000,000
Issued, subscribed and paid-up :		
11037401 Equity Shares of Rs.10/- each Fully Paid	110,374,010	110,374,010
210000 12% Cumulative Redeemable Preference shares of Rs. 10/- each Fully paid up - Reedamable at par on or before 30.06.2008	2,100,000	2,100,000
	112,474,010	112,474,010
2 Reserves and surplus		
Capital Reserve		
Investment Subsidy from Department of Information Technology, Govt of Kerala (See Note No. 20.6)	1,782,500	1,782,500
	1,782,500	1,782,500
Revaluation Reserve (See Note No. 20.1)	12,514,442	12,572,908
Less : Additional Depreciation On Revaluation	58,466	58,466
	12,455,976	12,514,442
	14,238,476	14,296,942
3 Secured loans		
Cash Credit	64,670,627	24,126,033
Term Loan - from a Financial Institution	--	4,061,818
- from Banks	19,212,176	20,438,374
Hire Purchase Loans	--	112,124
	83,882,803	48,738,349
4 Un Secured Loans		
Public Deposits	16,205,000	16,992,000
Term Loan - from a Financial Institution	--	4,444,445
Interest accrued and due on above	--	314,802
Bill Discounting - NSIC Ltd.	--	1,970,736
Lease liability - Accel Frontline Limited	--	2,159,561
Inter Corporate loan - Accel Limited	17,186,089	17,816,013
	33,391,089	43,697,557

Schedules forming part of the financial statements as at

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

5. FIXED ASSETS

SL NO	PARTICULARS	GROSS BLOCK STATED AT COST			DEPRECIATION			NET BLOCK			
		COST AS ON 1.4.2006 Rs.	ADDITIONS/ADJUSTMENTS Rs.	SALE/ TRANSFER Rs.	TOTAL AS ON 31.03.2007 Rs.	UP TO 1.4.2006 Rs.	FOR THE YEAR Rs.	Disposals / Adjustments Rs.	UPTO 31.03.2007 Rs.	AS ON 31.03.2007 Rs.	AS ON 31.03.2006 Rs.
1.	Land	12,280,000	-	-	12,280,000	-	-	-	-	12,280,000	12,280,000
2.	Factory Building	4,472,675	58,715	-	4,531,390	1,276,002	158,783	-	1,434,785	3,096,605	3,196,673
	Lease Hold Building (T.Park)	227,083	-	-	227,083	73,644	-	-	73,644	153,439	153,439
	Building Modification	4,715,544	1,015,034	-	5,730,578	795,075	368,930	-	1,164,005	4,566,573	3,920,469
3.	Plant and Machinery	25,993,011	-	-	25,993,011	16,263,343	1,061,546	-	17,324,889	8,668,122	9,729,668
4.	Data Processing Machines	53,948,965	16,287,312	27,839,768	42,396,509	42,033,859	8,040,549	23,413,689	26,660,719	15,735,790	11,915,106
5.	Computer Software	18,450	59,654	-	78,104	18,450	32,360	-	50,810	27,294	-
6.	Furnitures and Fixtures	16,465,005	689,922	4,978,446	12,176,481	9,517,914	914,723	3,274,577	7,158,060	5,018,421	6,947,091
7.	Testing Equipments	1,657,095	-	-	1,657,095	743,220	57,867	-	801,087	856,008	913,875
8.	Office Equipments	7,016,330	3,654,748	2,794,565	7,876,513	2,487,179	366,950	876,599	1,977,530	5,898,983	4,529,151
9.	Electrical Fittings	3,273,765	540,579	836,334	2,978,010	1,356,383	248,072	434,343	1,170,112	1,807,898	1,917,382
10.	Library Books	371,042	-	-	371,042	334,280	5,207	-	339,487	31,555	36,762
11.	Water Supply System	49,761	-	-	49,761	35,947	1,577	-	37,524	12,237	13,814
12.	Prototype Development	1,972,888	233,316	-	2,206,204	1,012,989	83,936	-	1,096,925	1,109,279	959,899
13.	Vehicle	1,744,500	-	-	1,744,500	955,282	141,635	-	1,096,917	647,583	789,218
14	Time Share Property	-	-	-	-	-	-	-	-	-	-
	- Building	35,820	-	-	35,820	35,820	-	-	35,820	-	-
15.	Computers on Lease	5,175,178	-	5,175,178	-	3,734,953	995,782	4,730,735	-	-	1,440,225
16.	Boat	44,000	-	-	44,000	44,000	-	-	44,000	-	-
17.	Goodwill	6,216,964	-	-	6,216,964	2,917,531	1,199,800	-	4,117,331	2,099,633	3,299,433
18.	Softwares	1,122,656	1,178,027	-	2,300,683	121,574	339,903	-	461,477	1,839,206	1,001,082
19.	Temporary Partitions	1,143,902	2,530	-	1,146,432	1,143,902	2,530	-	1,146,432	-	-
	TOTAL	147,944,634	23,719,837	41,624,291	130,040,180	84,901,347	14,020,150	32,729,943	66,191,554	63,848,626	63,043,287
	Previous Year	144,420,316	7,596,618	4,072,300	147,944,634	72,811,393	13,594,840	1,504,886	84,901,347	63,043,287	71,608,923

Note:

- The Depreciation on account of Revaluation Rs. 58466/- has been transferred from Current year depreciation to Revaluation Reserve. (Ref Note : 20.1)
- Sale / Transfer represents the value of assets transferred to Accel Academy limited, A wholly owned subsidiary of the company on 30.03.2007.

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT

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

	March 31,2007	March 31,2006
6 Investments - Long term		
Unquoted at cost		
Ushus Technologies Japan Inc (Trade)	1,158,923	1,158,923
[60 Shares of Y 50,000 Each]		
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]		
Quoted [Non-Trade] at cost		
Rajashree Sugars and Chemicals Ltd.	1,575	1,575
[65 Equity shares of Rs. 10/- each fully paid up]		
State Bank of India	5,000	5,000
[50 equity Shares of Rs. 10/- each fully paid up]		
ICICI Bank Ltd.	25,755	25,755
[125 Equity Shares of Rs.10/- each fully paid up]		
Alsa Constructions Limited		12,500
[1250 Equity Shares of Rs. 10/- each fully paid up]		
S & Y Mills Limited	2,165	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. 252,210/- (Previous year Rs. 136,414/-)]		
	1,283,418	1,298,753
7 Inventories		
Raw materials and components	12,549,362	6,005,220
- Stores & spares	9,225,593	5,100,154
Finished goods	7,141,463	20,052,383
Course Materials	--	725,212
Work in Progress	4,874,760	5,275,999
	33,791,178	37,158,968
8 Sundry debtors		
<i>(Unsecured)</i>		
Debts exceeding six months		
Considered good	21,863,152	33,247,998
Considered doubtful	114,576	114,576
Other debts, Considered good	75,814,017	64,562,162
	97,791,745	97,924,736
Provision for doubtful debts	(114,576)	(114,576)
	97,677,169	97,810,160

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT

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

	March 31,2007	March 31,2006
9 Cash and bank balances		
Cash on hand and remittances in transit	42,860	1,393,702
Balances with Scheduled banks:		
- in Current accounts	433,025	2,948,935
- in Deposit accounts	2,043,991	2,852,386
Unclaimed Dividend Accounts	83,716	--
	2,603,592	7,195,023
10 Loans and advances		
<i>(Unsecured & considered good)</i>		
Advances recoverable in cash or in kind for value to be received	96,130,570	20,958,940
Deposits	7,292,721	6,717,328
Unbilled revenue	6,232,402	3,811,736
	109,655,693	31,488,004
11 Current Liabilities		
Sundry Creditors for Goods Supplied		
Due to Small Scale Industries	143,628	352,975
Due to Others	45,141,974	35,426,069
Creditors for Expenses	22,444,400	28,316,151
Investor Education Protection Fund shall be credited by		
Unclaimed Dividends	83,716	--
Unclaimed Public Deposits	20,000	--
Unclaimed Interest on Public Deposits	1,650	--
{ to be transferred to Investor Education & Protection Fund in the year 2012 - 2013 if remaining Unpaid }		
	67,835,368	64,095,195
12 Provisions for :		
Current Tax	6,246,134	1,752,135
Fringe Benefit Tax (net of Advance Tax)	1,034,388	721,030
Gratuity	3,187,057	2,893,370
Warranty	188,152	107,858
Dividends	6,874,441	7,241,941
Tax on dividends	1,168,655	1,015,682
	18,698,827	13,732,016
13. Profit & Loss Account (Debit Balance)		
Opening Balance	56,441,691	68,944,216
Less : Profit for the year carried from Profit & Loss account	35,140,352	12,502,525
Balance in Profit & Loss account carried to Balance Sheet	21,301,339	56,441,691

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED

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

	March 31,2007	March 31,2006
14 Income from Operations		
Sales Income		
Manufacturing Sales	70,640,651	43,143,255
Trading Sales	69,061,848	71,758,548
	139,702,499	114,901,803
Service Income		
Maintenance and repair services (Net)	28,988,884	25,341,955
Training & Educational Services	79,382,602	76,302,823
Software Services		
Domestic	19,231	24,705,319
Exports	111,789,144	55,500,100
	220,179,861	181,850,196
	359,882,360	296,752,009
15 Other Income		
Interest income	340,377	130,733
Creditors No longer payable written back	1,062,594	747,156
Miscellaneous Income	244,661	1,468,889
	1,647,632	2,346,778
16 Materials Consumed		
Opening Stock of Materials	11,105,374	11,467,445
Purchases	39,597,277	14,068,421
	50,702,651	25,535,866
Closing stock of materials	(16,361,273)	(11,105,374)
	34,341,378	14,430,492
16-A (Increase) / Decrease in stock [Finished Goods]		
Closing Stock	4,019,824	4,558,852
Less : Opening Stock	4,558,852	20,312,165
	539,028	15,753,313
16-B Cost of Sales (Traded goods) & Services		
Opening Stock	21,485,314	13,665,887
Purchases	66,761,513	57,497,636
	88,246,827	71,163,523
Closing stock of Materials	(29,438,216)	(21,485,314)
	58,808,611	49,678,209
17. Employee costs and benefits		
Salaries Allowances and Bonus	82,799,550	62,879,863
Contribution to Welfare Funds	6,130,324	6,877,192
Staff Welfare Expenses	5,586,611	4,642,316
	94,516,485	74,399,371

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED

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

	March 31,2007	March 31,2006
18 Manufacturing & Operating Expenses		
Rent	15,511,951	15,148,620
Electricity charges	4,453,324	4,213,196
Repairs and maintenance		
- Plant & Machinery	211,677	418,012
- Buildings	581,568	451,687
- Others	6,852,739	4,826,025
Printing and stationery	2,476,927	2,135,188
Rates & Taxes	8,667,592	6,809,383
Excise Duty Differentials	(23,064)	2,174,865
Communication costs	8,424,970	7,171,749
Travelling and conveyance	23,696,450	13,502,237
Insurance	1,759,021	1,323,553
Research & development	--	424,938
General Expenses	6,772,863	5,782,267
Loss on exchange rate fluctuations	117,987	24,783
Services Tax Paid	11,679,307	9,670,660
Advertisement Charges	6,635,139	5,139,984
Sales Promotion Expenses	5,408,490	5,024,833
Warranty Provision	176,602	107,858
Packing and Forwarding Expenses	2,706,939	1,305,746
	<u>106,110,482</u>	<u>85,655,584</u>
19. Interest & Finance costs		
On Fixed Loans	3,491,747	4,433,579
On Other Loans	8,963,339	9,453,101
	<u>12,455,086</u>	<u>13,886,680</u>

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

20. 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) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

(c) Fixed Assets and Depreciation

(i) Fixed Assets

Fixed assets are stated at cost or at replacement cost in case of revaluation less accumulated depreciation and impairment, if any, in the value of the assets. Cost includes all 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.

(ii) Leased Assets

Fixed Assets acquired on Finance lease have been capitalized at lower of present value of minimum lease payments or fair value in accordance with the provisions of AS19, since as per the terms of the agreement ownership of these assets will stand transferred to the company at the end of the lease term. These assets have been depreciated over a period of 5 years being the economic life of the asset as technically ascertained.

(iii) Impairment of Assets

The carrying amounts of Fixed Assets of each cash generating units of the company are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

(iv) Depreciation

Depreciation on fixed assets is provided 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 Companies Act, 1956. Fixed assets costing Rs 5,000 or less are fully depreciated in the year of purchase.

(d) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

(e) Intangible Assets

Intangible assets in the nature of software licenses are stated at cost and are amortised over the estimated useful life of three years, using straight line method. Goodwill, included under fixed assets, is amortized over a period of 5 years.

(f) 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 balancesheet at the exchange rates existing at the time of investment.

(g) Inventories

Inventories, comprising of finished goods, spares, components, traded items and education and training materials, are stated at cost or net realizable value whichever is lower. Cost includes all expenses incurred in bringing the

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

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 such project. Cost of production representing overheads incurred for production of own Animation films is carried over as work in progress in the Balance Sheet as at the year end under inventories.

(h) Revenue recognition

Sales

Net 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 / Animation Development Services

Software and Animation services are either provided on a time & material basis or on a fixed price basis. IT services provided on a time & material basis are recognized in the period in which the services are performed. IT Services provided on a fixed price basis are recognized based on the milestones as specified in the contracts, on percentage of completion basis. Income from own production of DVD and Television Animated contents is recognized on sale of such products.

(iii) Educational services.

The revenue in respect of sale of course materials as estimated by management is recognized at the time of enrollment since the course materials are not returnable, whereas revenue from educational activity is recognized over the period of course programme.

(i) Employee benefit plans

Employee benefit plans comprises both defined benefit and defined contribution plans. Liability for Gratuity, a defined benefit plan, has been covered under Group Gratuity cum Assurance Scheme of Life Insurance

Corporation of India. The contribution paid / payable under the scheme as intimated by Life Insurance Corporation of India is charged to Profit & Loss Account. Accruing Liability for gratuity at the Balance Sheet date ascertained on actuarial basis by LIC is duly provided for.

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 amount paid / payable 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.

(j) Warranty Provisions

Provision for Warranty is made on accrual basis.

(k) Taxes on Income

Provision for current tax and fringe benefit tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.

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 10B of 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 virtual certainty as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

(l) 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.

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.

(m) Earnings Per Share

The earnings considered in ascertaining the company's basic and diluted earnings per share including extraordinary item comprise of the Net Profit after tax available to Equity share holders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average 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.

(n) 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 provisions for employee retirement benefits & Taxation.

(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.

(o) Accounting for Provisions, Contingent Liabilities & Contingent Assets

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

Contingent Liabilities are disclosed by way of notes to the Balance Sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialize after the yearend, till the finalization of accounts and have material effect on the position stated in the Balance sheet.

Contingent Assets are not recognized in the financial statements as a matter of prudence.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

Notes to the Financial Statements

20.1 Revaluation of Fixed Assets

The land and buildings owned by the company has been revalued during the year 2003-04 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 on account of the revaluation of these assets has been adjusted out of Revaluation Reserve.

20.2 Impairment of Assets

In the opinion of the Management based on estimates of the value in use of the various cash generating units of the company, there is no impairment in the value of the carrying cost of fixed assets of the company within the meaning of Accounting Standard – 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.

20.3 Current Assets, loans and advances

(a) The Company has sought for confirmation of balances from concerned parties in respect of major accounts of sundry debtors, loans and advances and sundry creditors outstanding as at the year end, which, however is yet to be received in some of the cases.

(b) In the opinion of the Directors, the current assets , loans and advances have the value in which they are stated in the balance sheet, if realized in the ongoing course of business.

20.4 Taxation

(A) Current Taxes

- (i) Income Tax Assessment has been completed up to and including the Assessment Year 2002 - 2003. The appeals filed by the Company against the concerned orders have been decided in favour of the Company by the first Appellate Authorities. However, the assessing authority is yet to give effect with respect of one assessment year. (The Amount involved is Rs. 8.13 Lacs)
- (ii) Provision has been made for Current taxes as per the normal provisions of the Income Tax Act, 1961, after considering MAT credit available to the company.
- (iii) Provision for Fringe Benefit Tax is made as per the company's computation.

(B) Deferred Taxes

The net deferred tax Asset as on March 31, 2007 amounting to Rs. 359,558 Previous year Rs.2,598,183 is as follows:

Particulars	Deferred tax Asset / Liability as on 01.04.2006	Current Year Charge / (Credit)	Deferred tax Asset / Liability as on 31.03.2007
Liability			
Difference between book and tax Depreciation	6,792,744	1,430,635	5,362,109
Others	-	-	-
Total	6,792,744	1,430,635	5,362,109
Assets			
Carried forward Depreciation	8,052,535	5,210,522	2,842,013
Others	1,338,392	(1,541,262)	2,879,654
Total	9,390,927	(3,669,260)	5,721,667
Net deferred Tax Asset	2,598,183	(2,238,625)	359,558

20.5 Investments

Provision has been made for the diminution in the value of long-term investments to the extent considered doubtful by the management. In the opinion of the management the diminution in net worth in Japanese subsidiary is considered to be of temporary in nature on account of the future business potential of the company and hence no provision is made thereon.

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

20.6 Investment Subsidy

The company has been granted investment Subsidy amounting to Rs. 1,782,500 during the year 2004-05 by Department of Information Technology, Government of Kerala. As per the terms of sanction of the subsidy, the company has to refund the subsidy if it does not carry on its operations at least for a minimum period of three years from the date of sanction. The management does not contemplate any such eventuality at this stage.

20.7 Secured loans

A. The Federal Bank Limited:

1. Cash Credit loan of Rs. 125 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given below in 20.7(2)) – ranking pari-pasu with The State Bank of India, and guaranteed by corporate guarantee of Accel Limited
2. Cash Credit loan of Rs. 75 Lacs is secured by hypothecation of receivables, fixed assets comprising of furniture and fixtures, plant and machinery, office equipment of Training division, Animation division and by corporate guarantee of Accel Limited.
3. Term loan of Rs. 145 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2) – ranking pari-pasu with State Bank of India, and guaranteed by corporate guarantee of Accel Limited.
4. Company has availed adhoc limits of Rs. 40 Lacs which is secured by way of corporate guarantee of Accel Limited and pledge of certain investments held by Accel Limited

B. The State Bank of India

1. Cash Credit loan of Rs. 235 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2)) –ranking pari-pasu with The Federal Bank Limited and is also personally guaranteed by a whole time director and corporate Guarantee of Accel Limited.
2. Term Loan of Rs. 118 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2) – ranking pari-pasu with The Federal Bank Limited and is also personally guaranteed by a whole time director and a corporate Guarantee of Accel Limited.
3. Company has availed adhoc limits of Rs. 150 Lacs which is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2)) –ranking pari-pasu with The Federal Bank Limited

20.8 (A) Contingencies and commitments

	Rupees in Lacs	
	March 31, 2007	March 31, 2006
Outstanding bank guarantees	63.04	80.37
Income Tax demands raised, on appeal pending final decision	8.13	29.28
Others	5.80	16.53

(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)

20.9 Exceptional Items

(A) The company pursuant to the approval of the members by way of a special resolution by postal ballot has transferred its Training Division, Accel IT Academy to its Wholly Owned Subsidiary, Accel Academy Limited as at the end of close of business hours on 30th March 2007 on a slump sale basis at Net Asset Value including estimated Goodwill aggregating to Rs.826 Lacs. The profit on sale of the training division representing the sale consideration over and above the net asset value in the books of accounts as on 30th March 2007 is credited to profit and loss account as 'profit on sale of undertaking'.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

(B) As per the terms of the sale agreement, the Subsidiary will pay Rs. 50 Lacs in cash, 5 lakh shares will be issued at a premium of Rs.110 each and the balance amount of Rs. 226 lacs is to be treated as Advance bearing an interest at the rate of 10% to be repaid in over a maximum period of 36 monthly installments. Pending allotment of shares as at the year end, the sale consideration of Rs.826 Lacs is shown under Loans & Advances as at the Balance Sheet date.

20.10 The company during the year has advanced a sum of Rs. 15.20 lacs towards subscription in share capital of Accel North America Inc., USA. Pending allotment of shares as at the year end, the said amount of Rs. 15.20 lacs has been shown under Loans and Advances.

20.11 Payment to Directors

(A) Details of Managerial Remuneration

	March 31, 2007	March 31, 2006
Salaries & Allowances	2,760,000	15,96,000
Contribution to provident fund	9,360	9,360
Reimbursement of Rent	Nil	3,00,000
Other Payments	258,482	Nil

20.12 Payment to Auditors (Including Service Tax)

	March 31, 2007	March 31, 2006
Statutory audit	336,720	336,720
Tax audit (on payment basis)	22,448	11,020
Other Services (On Payment Basis)	143,106	33,060

20.13 Movement of Provisions

The entire provision on account of Warranty created last year has been utilized this year and a fresh provision of Rs. 176,602 has been created based on management estimation.

20.14 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:

Ponmudi Pack arts limited, Precision Princifab, Tritech Architectural fabrication & Zodiac Engineering Works

The company has not received any memorandum (as required to be filed by suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to those parties during the year is treated as NIL

20.15 Obligation on Long Term non-cancelable finance lease

The obligation on account of long term finance leases entered into for computers are as follows:

Obligation on leases

Particulars	2006-2007	2005-2006
Minimum Lease Payment		
<i>Not Later than 1 Year</i>	Nil	1,830,084
<i>Later Than one year but not later than five years</i>	Nil	579,262
<i>Later than five years</i>	Nil	Nil
Present Value of Minimum Lease Payments		
<i>Not Later than 1 Year</i>	Nil	1,663,713
<i>Later Than one year but not later than five years</i>	Nil	495,848
<i>Later than five years</i>	Nil	Nil
<i>Finance Charges Recognised in the P & L A/c</i>	337,058	656,713

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

20.16 Segmental reporting

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

1. Hardware Products / Services
2. Software Services
3. Education & Training
4. Animation

Particulars	Corporate Unallocated	Hardware Products / Services	Software Services	Education & Training	Animation	Total
Segment Revenue						
External Sales						
<i>Current year</i>	663.30	1585.37	967.67	807.95	150.41	4174.71
<i>Previous Year</i>	Nil	1357.70	809.60	767.03	-	2934.34
Total Revenue						
<i>Current year</i>	663.30	1585.37	967.67	807.95	150.41	4174.71
<i>Previous Year</i>	Nil	1357.70	809.60	767.03	-	2934.34
Segment Result						
<i>Current year</i>	569.84	195.92	167.34	102.07	59.22	1094.40
<i>Previous Year</i>	(26.19)	95.72	234.39	95.30	-	399.22
Interest Expense (Net)						
<i>Current year</i>	16.64	80.24	10.93	6.86	6.48	121.15
<i>Previous Year</i>	15.13	84.95	13.79	23.69	-	137.56
Non Operational Expenses						
<i>Current year</i>	452.46	0.91	-	-	-	453.37
<i>Previous Year</i>	39.71	-	-	-	-	39.71
Net profit / (Loss)						
<i>Current year</i>	98.27	114.77	156.41	95.21	52.75	517.41
<i>Previous Year</i>	(80.46)	10.77	220.61	71.61	-	222.53
Other Information						
Segment Assets						
<i>Current year</i>	1728.30	975.85	361.46	-	231.14	3296.75
<i>Previous Year</i>	603.37	1,445.38	454.28	467.31	-	2970.34
Segment Liabilities						
<i>Current year</i>	1999.88	888.17	217.01	-	191.70	3296.75
<i>Previous Year</i>	1,267.71	1,387.36	196.33	118.94	-	2,970.34
Capital Expenditure						
<i>Current year</i>	-	7.39	115.79	-	96.71	219.89
<i>Previous Year</i>	3.53	9.50	43.66	22.81	-	79.50
Depreciation						
<i>Current year</i>	13.60	26.07	39.71	50.82	9.41	139.62
<i>Previous Year</i>	11.41	29.05	38.36	57.13	-	135.95
Non Cash Expenses Other than Depreciation						
<i>Current year</i>	452.46	0.91	-	-	-	453.37
<i>Previous Year</i>	39.71	-	-	-	-	39.71

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(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>	3,080.33	1,093.68	4,174.71
<i>Previous Year</i>	2,379.34	555.00	2,934.34
Segment Asset			
<i>Current year</i>	2,943.31	281.46	3,224.77
<i>Previous Year</i>	2,721.15	249.19	2,970.34
Capital Expenditure			
<i>Current year</i>	219.89	-	219.89
<i>Previous Year</i>	75.97	3.53	79.50

20.17 Related party transactions

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

	March 31, 2007	March 31, 2006
Ushus Technologies LLC, Japan	3,863,532	8,140,900
Accel Frontline Limited	2,907,001	6,032,191
Accel Systems Group Inc.	678,816	3,440,233
Accel Academy Limited	82,819,692	-
Accel North America Inc.	1,520,400	-

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

Accel Frontline Limited	13,297,745	3,671,494
-------------------------	------------	-----------

C) Loan Funds include amount due to Accel Limited:

Accel Limited	17,186,089	17,816,013
---------------	------------	------------

Maximum amount outstanding at any time during the year:

Accel Limited	17,816,013	17,816,013
---------------	------------	------------

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

Subsidiaries & Associates:

1. Ushus Technologies LLC, Japan
2. Accel Limited - \$
3. Accel Frontline Limited - \$
4. Accel Systems Group Inc. - \$
5. Accel Academy Limited - #

\$ Entities controlled by Directors or relatives of Directors.

100% Subsidiaries of Accel Transmatic Limited.

E) Key Management Personnel:

N R Panicker	Chairman.
T Ravindran	Whole Time Director
Philip John	Whole Time Director
S T Prabhu	Director & Company Secretary

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

F) Transactions with related parties

Particulars	Subsidiaries / Associates	KMP*	Relatives of KMP	Total
Rendering of Services	38,745,274	Nil	Nil	38,745,274
Receiving of Services	28,843,697	Nil	Nil	28,843,697
Remuneration	Nil	2,760,000	Nil	2,760,000
Finance (including loans & equity contributions in cash or in kind)	17,186,089	3,150,000	2,450,000	22,786,089
Sale of Fixed Assets @ Book Value	8,894,348	Nil	Nil	8,894,348
Interest Paid	1,762,337	252,002	195,997	2,210,336
Lease Payments	1,677,577	Nil	Nil	1,677,577

*KMP = Key Managerial Personnel

20.18 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl.No	Particulars	31.03.2007	31.03.2006
01	Profit after taxation	42,886,494	20,053,764
	Profit available to Equity Shareholders		
02	Less : Extra Ordinary Item	65,767,733	Nil
03	Profit Without Extra Ordinary Item	(22,881,239)	20,053,764
04	Weighted average number of equity shares	11,037,401	11,037,401
05	Basic Diluted earnings pershare with Extraordinary item	3.89	1.82
06	Basic & diluted Earning per share without Extraordinary	(2.07)	1.82
07	Total Nominal value of Shares	110,374,010	110,374,010

20.19 Derivatives

Sl.No	Particulars	31.03.2007	31.03.2006
01	Category wise Quantitative data about Derivative Instruments outstanding at the Balance Sheet date	Nil	Nil
02	Purpose of Hedging	Not Applicable	Not Applicable
03.	Foreign Currency Exposure that are not hedged by a Derivative Instrument or otherwise:		
	Due to creditors	US\$ 7629	Nil
	Due from Debtors	US\$ 567,667.39 JPY 1,589,550 CA\$ 85130	US\$ 512,453,25 JPY 3731,633

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

i) Particulars of Capacity

Installed Capacity	March 31, 2007	March 31, 2006
TSL Products		
Point of sale terminals	504 Nos.	504 Nos.
Multi Function Kiosks	192 Nos.	192 Nos.
Intelligent message terminal	300 Nos.	300 Nos.
Cheque Deposit Machines	192 Nos.	192 Nos.
Queue Management System	192 Nos.	192 Nos.
UPS Products		
UPS	360 Nos.	360 Nos.
Inverters	120 Nos.	120 Nos.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

ii) Production Details:

Particulars	March 31, 2007	March 31, 2006
TSL Products	In Qty	In Qty
Point of sale / collection terminals	146	23
Multi Function kiosks	63	27
Intelligent message terminal	186	Nil
L C R	11	Nil
Cheque deposit machines	55	23
Queue management system	274	215
UPS Products		
UPS	115	52

iii) Particulars of Stock
Opening Stock

Particulars	April 01, 2006		April 01, 2005	
	In Qty	In Values	In Qty	In Values
TSL Products				
Point of sale / collection terminals	11	709,864	5	467,180
Intelligent Message Terminal	Nil	Nil	750	7,413,183
UPS Products				
UPS	Nil	Nil	09	66,950
Others	Nil	Nil	Nil	18,985,670
Traded Goods				
UPS & Batteries	137	2,246,769	99	871,633
Others	Nil	27,859,124	Nil	6,320,885
Total		30,815,757		36,011,341

Closing Stock

Particulars	March 31, 2007		March 31, 2006	
	In Qty	In Values	In Qty	In Values
TSL Products				
Point of sale / collection terminals	02	262,653	11	709,864
Information kiosks	02	107,320	Nil	Nil
UPS Products				
UPS	05	299,206	Nil	Nil
Others				Nil
Traded Goods				
UPS & Batteries	238	3,527,290	137	2,246,769
Others		24,719,949		27,859,124
Total		28,916,418		30,815,757

Purchases

Particulars	March 31, 2007		March 31, 2006	
	In Qty	In Values	In Qty	In Values
Traded Goods				
UPS & Batteries	9929	44,081,717	1406	45,423,174
Others		22,679,796		12,074,462
Total		66,761,513		57,497,636

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

Turnover

Particulars	March 31, 2007		March 31, 2006	
	In Qty	In Values	In Qty	In Values
TSL Products				
<i>Point of sale / collection terminals</i>	146	7,819,256	23	2,326,223
<i>Multi function kiosks</i>	63	8,968,126	27	2,156,680
<i>Intelligent message terminal</i>	186	3,022,500	750	15,615,961
<i>Cheque deposit machines</i>	61	14,172,480	23	9,728,792
<i>Queue management system</i>	274	16,050,201	207	5,188,455
<i>Others</i>		13,336,374		18,193,975
UPS Products				
<i>UPS & Inverters</i>	110	7,271,715	61	4,407,010
Traded Goods				
<i>UPS & Batteries</i>	9828	53,409,616	1368	53,337,010
<i>Others</i>		15,652,231		3,947,697
Total		139,702,499		114,901,803

Material Consumption

Particulars	March 31, 2007		March 31, 2006	
	In Qty	In Values	In Qty	In Values
Hardware Products				
<i>Monitors</i>	249	1,284,919	87	522,125
<i>CPU & Assemblies</i>	201	2,613,000	104	590,100
<i>VFD Display</i>	50	187,540	65	38,190
<i>Mechanisms</i>	105	380,286	Nil	Nil
<i>LCD Display</i>	356	173,409	Nil	Nil
<i>Slip Printers</i>	129	1,354,991	52	598,670
<i>Display Counters</i>	8544	645,728	Nil	Nil
<i>Cash Acceptors</i>	121	972,519	40	368,452
<i>Barcode Scanner</i>	99	636,588	51	482,915
<i>Thermal Printers</i>	365	1,990,972	123	741,193
<i>Touch Screen</i>	122	592,825	61	308,213
<i>Card Reader</i>	55	185,775	Nil	Nil
<i>MICRS</i>	94	874,624	Nil	Nil
<i>Coin Validaros</i>	27	133,124	Nil	Nil
<i>PCB Assembly</i>	09	164,306		
<i>Transformers</i>	63	358,400		
<i>Others</i>		21,792,372		10,780,634
Total		34,341,378		14,430,492

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

c) Consumption of Stores & Spare parts

<i>Particulars</i>	2006-2007	Percentage	2005-2006	Percentage
<i>Imported</i>	11,545,118	44.87	667,489	5.95%
<i>Indigenous</i>	14,184,787	55.13	10,559,551	94.05%

d) CIF Value of Imports

	March 31, 2007	March 31, 2006
<i>Raw Material & Components</i>	11,843,396	4,074,552
<i>Capital goods</i>	4,279,726	Nil

e) Earning in foreign currency

	March 31, 2007	March 31, 2006
<i>Towards income from services</i>	99,101,454	43,322,844

(f) Expenditure in foreign currency

	March 31, 2007	March 31, 2006
<i>Services</i>	1,500,000	Nil
<i>Towards Foreign Travel</i>	9,209,200	3,321,728

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

Particulars	Number of Share Holders	Dividend Paid
Non Resident Indians	24	55167.60

20.21 Comparative financial information

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

Vide our report of Even Date

Varma & Varma

Chartered Accountants
K.M Sukumaran F.C.A
Membership No:15707
Partner

Place : Chennai
Date : 29.05.2007

N.R. Panicker
Chairman

T.Ravindran
Director

A. Mohan Rao
Director

S.T. Prabhu
Director & Company Secretary

ACCEL TRANSMATIC LTD.

Balance Sheet Abstract and Company's General Business Profile

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

Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956

I Registration Details

Registration Number	09-4485
Balance Sheet Date	March 31, 2007

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Merger	-

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

Total Liabilities	243,986	Total Assets	243,986
-------------------	---------	--------------	---------

Sources of funds

Paid -Up Capital	112,474	Reserves & Surplus	14,238
Secured Loans	83,883	Unsecured Loans	33,391

Application of funds

Net Fixed Assets	63,849	Investments	1,283
Net Current Assets	157,193	Misc. Expenditure	NIL
Accumulated Losses	21,301	Deferred Tax Asset (Net)	360

IV Performance of company (Amount in Rs. thousands)

Turnover & Other Income	417,811	Total Expenditure	366,070
Profit/(Loss) before Tax	51,741	Profit/(Loss) After Tax	43,183
Earnings/Share in Rs.	3.89	Dividend Rate %	6.00

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

USHUS TECHNOLOGIES LLC, JAPAN

USHUS TECHNOLOGIES LLC, JAPAN

DIRECTORS' REPORT

Your Directors are pleased to present before the shareholders the Annual Report of the Company for the year ended 31st March 2007.

Your company is the marketing arm of the Company and been involved in marketing of Ushus Technologies Products, project implementation and Onsite support for various customers in Japan.

Ushus Technologies Japan, L.L.C is a 67% owned Subsidiary of the company and is represented by its Nominee Directors, Mr. Philip John. 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.

FINANCIAL RESULTS

	JPY	INR
Total Sales	35,856,651	13,869,054
Gross Profit / (Loss)	(4,452,090)	(1,722,031)

REVIEW OF OPERATIONS

During the year under report the Company could consolidate its operations in Japan. The main Customers were Hamamatsu Photonics K.K. Toshiba Medical Systems Corporation, 3DI Incorporated, Yokohama. The Company has strengthened the Japanese market presence and in the process of investing in restructuring and streamlining the Japanese operations.

Date : 29-05-2007

PHILIP JOHN
DIRECTOR

BALANCE SHEET AS AT

Particulars	March 31,2007 Currency : INR	March 31,2007 Currency : Jap Yen
Sources of Funds		
Shareholders' funds		
Share Capital	1,473,600	4,000,000
Reserves & Surplus - Foreign Currency Transalation Reserve	92,270	
	<u>1,565,870</u>	<u>4,000,000</u>
Loan funds :		
Secured	2,393,971	6,498,293
Unsecured	--	--
	<u>2,393,971</u>	<u>6,498,293</u>
Total Liabilities	3,959,841	10,498,293
APPLICATION OF FUNDS		
Current assets, loans and advances:		
Sundry debtors	2,375,386	6,447,844
Cash and bank balances	2,016,454	5,473,544
Loans and advances	321,373	872,347
	<u>4,713,213</u>	<u>12,793,735</u>
Less : Current liabilities and provisions		
Current Liabilities	2,693,888	7,312,400
	<u>2,693,888</u>	<u>7,312,400</u>
Net current assets	2,019,325	5,481,335
Profit and loss Account (Loss)	1,940,516	5,016,958
Total assets	3,959,841	10,498,293

FOR AND ON BEHALF OF THE BOARD

Date : 29-05-2007

PHILIP JOHN
DIRECTOR

USHUS TECHNOLOGIES LLC, JAPAN

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	IN INR March 31, 2007	IN JPY March 31, 2006
Income		
Income from operations	13,806,698	35,695,438
Net Sales	13,806,698	35,695,438
Other Income	62,356	161,213
	<u>13,869,054</u>	<u>35,856,651</u>
Expenditure		
Cost of Sales (Traded Goods) & Services	7,907,374	20,443,496
Employee costs and benefits	4,397,822	11,370,002
Manufacturing & Operating Expenses	2,547,732	6,586,833
Irrecoverable Debts / Advances Written Off	--	--
	<u>14,852,928</u>	<u>38,400,331</u>
Profit before Depreciation, Interest and Tax	(983,874)	(2,543,680)
Interest & Finance costs	738,157	1,908,410
Profit / (Loss) before Taxation	<u>(1,722,031)</u>	<u>(4,452,090)</u>
Less : Provision for Taxation		
Current year tax	27,075	70,000
Profit for the year carried to Balance Sheet	<u>(1,749,106)</u>	<u>(4,522,090)</u>

FOR AND ON BEHALF OF THE BOARD

Date : 29-05-2007

PHILIP JOHN
DIRECTOR



**CONSOLIDATED ACCOUNTS
ACCEL TRANSMATIC LIMITED**

AUDITORS' REPORT

To,

The Board of Directors,

Accel Transmatic Limited.

1. We have audited the attached Consolidated Balance Sheet of Accel Transmatic Limited ("the Company") and its subsidiaries (M/s Accel Academy Limited and M/s Ushus Technologies LLC) as at 31st March 2007, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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.
3. *We did not audit the separate financial statement of the subsidiary companies, M/S Ushus Technologies LLC and M/S Accel Academy Limited whose unaudited financial statements reflect total assets of Rs. 47.13 Lacs and 264.84 Lacs respectively, total liability of Rs 32.40 lacs and Rs 264.84 Lacs respectively as at 31st March 2007, net loss of Rs. 16.66 Lacs and Rs Nil respectively and net Cash inflow amounting to Rs 6.32 Lacs and Rs 69.36 respectively for the year/period ended on that date. The said financial statements have been furnished to us duly certified by the said companies' directors, and our opinion in so far as it relates to amounts included in respect of the subsidiaries are based solely on this certificate.*
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of the Accounting Standard 21 of the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of Accel Transmatic Limited and unaudited financial statements of the subsidiaries, Ushus Technology LLC, and Accel Academy Limited.
5. Subject to our comments in para 3 above, we report that:

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 Consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as at 31st March 2007;
 - ii. in the case of the Consolidated Profit and Loss Account, of the Consolidated results of the company and its subsidiaries for the year ended on that date;
- and
- iii. in the case of the Consolidated Cash Flow statement, of the cash flows of the company and its subsidiaries for the year ended on that date.

For Varma & Varma
Chartered Accountants
K.M.Sukumaran.F.C.A.
Membership No: 15707
Partner

Place: Chennai
Date : 29-05-2007

Consolidated Balance Sheet as at

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

	Sch. No.	March 31,2007	March 31,2006
SOURCES OF FUNDS:			
Share Holders Funds :			
Share Capital	1	112,474,010	112,474,010
Reserves & Surplus	2	14,330,746	14,300,960
Minority Interest		(116,729)	332,549
		126,688,027	127,107,519
Loan Funds :			
Secured	3	89,329,569	52,497,586
Unsecured	4	34,222,049	43,795,388
		123,551,618	96,292,974
TOTAL LIABILITIES		250,239,645	223,400,493
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	206,632,067	147,965,057
Less: Accumulated Depreciation		66,191,554	84,901,347
		140,440,513	63,063,710
Investments	6	124,496	139,831
Deferred Tax Asset (Net)		359,558	2,598,183
Current Assets, Loans & Advances :			
Inventories	7	40,291,178	37,158,968
Sundry Debtors	8	98,174,339	100,954,541
Cash and Bank Balances	9	11,556,192	8,622,961
Loans and Advances	10	31,549,119	32,158,917
		181,570,828	178,895,387
Less : Current Liabilities and Provisions			
Current Liabilities	11	76,548,650	64,151,162
Provisions	12	18,698,827	13,732,016
		95,247,477	77,883,178
Net Current Assets		86,323,351	101,012,209
Miscellaneous Expenditure		235,000	--
(to the extent not written off / Adjusted)			
Profit and Loss Account	13	22,756,728	56,586,560
TOTAL		250,239,645	223,400,493
Significant Accounting Policies and Notes on Accounts	20		

Vide our report of Even Date

Varma & Varma

Chartered Accountants

K.M Sukumaran F.C.A

Membership No:15707

Partner

Place : Chennai

Date : 29.05.2007

N.R. Panicker
Chairman

A. Mohan Rao
Director

T.Ravindran
Director

S.T. Prabhu
Director & Company Secretary

ACCEL TRANSMATIC LTD.

Consolidated Profit and Loss Account for the year ended

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

	Sch. No.	March 31,2007	March 31,2006
Income			
Income from Operations	14	364,763,328	306,543,250
Less: Excise Duty		9,486,817	5,534,281
Net Sales		355,276,511	301,008,969
Other Income	15	1,709,987	2,368,480
Profti on sale of Undertaking		65,767,733	-
		422,754,231	303,377,449
Expenditure			
Materials Consumed	16	34,341,378	14,430,492
(Increase) / Decrease in Stock	16-A	539,028	15,753,313
Cost of Sales (Traded Goods) & Services	16-B	57,790,255	52,200,366
		92,670,661	82,384,171
Employee costs and benefits	17	98,914,307	79,242,506
Manufacturing & Operating Expenses	18	108,658,216	88,177,789
		300,243,184	249,804,466
Profit before Depreciation interest and Tax		122,511,047	53,572,983
Interest & Finance costs	19	13,193,244	13,886,680
Profit before Depreciation & tax		109,317,803	39,686,303
Depreciation	5	13,961,684	13,536,374
Profit / (Loss) before tax and write off of obsolete stock / irrecoverable debts / Advances		95,356,081	26,149,929
Less Minority Interest		(437,277)	39,267
Obsolete inventory / irrecoverable Debts / Advances Written Off		45,337,035	554,900
Profit before tax		50,456,357	25,555,762
Less : Taxation for the year			
Current tax		5,001,794	1,529,458
Fringe Benefit Tax		1,344,328	1,202,200
Defered Tax		2,238,625	(1,211,372)
Income Tax of Prior Years Written off		--	3,471,665
Current year Profit after tax available for Appropriation		41,871,612	20,563,812
Less : Appropriations			
Proposed Dividends - Final			
On Preferences Shares		252,000	619,500
On Equity Shares		6,622,441	6,622,441
Tax on Dividend		1,168,655	1,015,682
Balance of Profit carried to Balance Sheet	13	33,828,517	12,306,189
Basic and Diluted Earnings per share		3.77	1.77
Basic and Diluted Earnings per share excluding Extra ordinary item		(2.19)	1.77
Significant Accounting Policies and Notes on Accounts	20		
Vide our report of Even Date Varma & Varma Chartered Accountants K.M Sukumaran F.C.A Membership No:15707 Partner Place : Chennai Date : 29.05.2007			
		N.R. Panicker Chairman	A. Mohan Rao Director
		T.Ravindran Director	S.T. Prabhu Director & Company Secretary

Cash Flow Statement

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

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

	2006-2007		2005-2006	
	Amount	Amount	Amount	Amount
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxes from operations		50,456,357		25,555,763
ADJUSTMENTS FOR:				
Depreciation	13,961,684		13,536,374	
Irrecoverable Debts/Advances written off	45,337,035		-	
Creditors Written Back	(1,117,296)		(768,832)	
Miscellaneous Exp. Written off			-	
Interest - Net	12,852,443		13,755,920	
Dividend Received	(5,300)		(8,258)	
Loss on sale of Fixed Assets	15,335		-	
Exchange Fluctuation in Value of Investments	-		36,632	
Profit sale of Investments	-	71,043,901	-	26,551,836
OPERATING PROFIT/[LOSS] BEFORE WORKING CAPITAL ADJUSTMENT		121,500,258		52,107,599
ADJUSTMENTS FOR:				
Sundry Debtors	2,779,702		(19,709,576)	
Inventories	(3,132,210)		10,470,821	
Loans and Advances	609,739		(1,986,711)	
Trade Payables	9,321,194	9,578,525	(22,473,775)	(33,699,241)
CASH GENERATED FROM OPERATIONS		131,078,783		18,408,358
Income Tax Paid		6,346,108		2,731,658
Exceptional Items (Write off of Debts & Advances)		45,337,035		3,471,665
NET CASH FLOW FROM OPERATING ACTIVITIES		79,395,640		12,205,035
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(91,338,524)		(5,049,627)	
Sale of Fixed Assets			-	
Sale of Investments	15,335		-	
Purchase of Investments	-		-	
Interest Received	342,924		130,759	
Dividend Received	5,300		8,258	
NET CASH FLOW FROM INVESTING ACTIVITIES		(90,974,964)		(4,910,610)
C CASH FLOW FINANCING ACTIVITIES				
Increase in Share Capital	-		-	
Adjustment on Account of Amalgamation			-	
Proceeds from Long Term Borrowings	(16,338,745)		(17,135,936)	
Net Increase of Cash Credit and other short term borrowings	43,597,389		18,222,715	
Adjustment on Account of Consolidation (Minority Interest)	449,248		(66,281)	
Interest Paid	(13,195,367)		(13,886,680)	
NET CASH FLOW FROM FINANCING ACTIVITIES		14,512,555		(12,866,182)
NET INCREASE IN CASH / CASH EQUIVALENTS		2,933,231		(5,571,757)
D CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		8,622,961		14,194,718
CLOSING CASH AND CASH EQUIVALENTS		11,556,192		8,622,961
Cash As per Financial Statements		11,556,192		8,622,961

Notes:

- 1 Cash and Cash Equivalents include Cash in Hand and remittances in transit, 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.

Vide our report of Even Date

Varma & Varma
Chartered Accountants
K.M Sukumaran F.C.A
Membership No:15707
Partner
Place : Chennai
Date : 29.05.2007

N.R. Panicker
Chairman

A. Mohan Rao
Director

T.Ravindran
Director

S.T. Prabhu
Director & Company Secretary

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements as at

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

	March 31,2007	March 31,2006
1. Share Capital		
Authorised		
11750000 Equity Shares of Rs. 10/- each & 250000 12% Cumulative Redeemable Preference Share of Rs. 10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid up:		
11037401 Equity Shares of Rs. 10/- each Fully Paid up 210000 12% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paidup - Redeemable at par on or before 30.06.2008	110,374,010 <u>21,00,000</u>	110,374,010 <u>21,00,000</u>
	<u>112,474,010</u>	<u>112,474,010</u>
2 Reserves and Surplus		
Capital Reserve		
Investment Subsidy from Dept of Information Technology Govt. of Kerala (See Note No. 20.6)	<u>1,782,500</u>	<u>1,782,500</u>
	<u>1,782,500</u>	<u>1,782,500</u>
Revaluation Reserve (See Note No. 20.1)	12,514,442	12,572,908
Less: Additional Depreciation On Revaluation	<u>58,466</u>	<u>58,486</u>
	12,455,976	12,514,442
Foreign Currency Translation Reserve	<u>92,270</u>	<u>4,018</u>
	<u>14,330,746</u>	<u>14,300,960</u>
3. Secured Loan		
Cash Credit	67,723,422	24,126,033
Term Loans - from a Financial Institution	--	4,061,818
- from Banks	21,606,147	24,197,611
Hire Purchase Loans	--	112,124
	<u>89,329,569</u>	<u>52,497,586</u>
4. Un Secured Loan		
Public Deposits	16,205,000	17,089,831
Term Loans - from a Financial Institution	--	4,444,445
Interest accrued and due on above	--	314,802
Bill Discounting - NSIC Ltd	--	1,970,736
Lease liability - Accel Frontline Limited	830,960	2,159,561
Inter Corporate loan - Accel Limited	<u>17,186,089</u>	<u>17,816,013</u>
	<u>34,222,049</u>	<u>43,795,388</u>

**Schedules forming part of the financial statements as at
(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 01.04.2006 Rs.	ADDITIONS/ ADJUSTMENTS/ Rs.	SALE/ TRANSFER Rs.	TOTAL AS ON 31.03.2007 Rs.	UP TO 01.04.2006 Rs.	FOR THE YEAR Rs.	ADJUSTMENT Rs.	UPTO 31.03.2007 Rs.	AS ON 31.03.2007 Rs.	AS ON 31.03.2006 Rs.
1.	Land	12,280,000	-	-	12,280,000	-	-	-	-	12,280,000	12,280,000
2.	Factory Building (Note.1)*	4,472,675	58715	-	4,531,390	1,276,002	158,783	1,434,785	1,434,785	3,096,605	3,196,673
	Lease Hold Building (T.Park)	227,083	-	-	227,083	73,644	-	73,644	73,644	153,439	153,439
	Building Modification	4,715,544	1,015,034	-	5,730,578	795,075	368,930	1,164,005	1,164,005	4,566,573	3,920,469
3.	Plant and Machinery	25,993,011	-	-	25,993,011	16,263,343	1,061,546	17,324,889	17,324,889	8,668,122	9,729,668
4.	Data Processing Machines	53,948,965	21,072,912	27,839,768	47,182,109	42,033,859	8,040,549	23,413,689	26,660,719	20,521,390	11,915,106
5.	Computer Software	18,450	713,454	-	731,904	18,450	32,360	-	50,810	681,094	-
6.	Furnitures and Fixtures	16,465,005	3,479,022	4,978,446	14,965,581	9,517,914	914,723	3,274,577	7,158,080	7,807,521	6,947,091
7.	Testing Equipments	1,657,095	-	-	1,657,095	743,220	57,867	-	801,087	856,008	913,875
8.	Office Equipments	7,016,330	4,859,749	2,794,565	9,081,514	2,487,179	366,950	876,599	1,977,530	7,103,984	4,529,151
9.	Electrical Fittings	3,273,765	1,127,879	836,334	3,565,310	1,356,383	248,072	434,343	1,170,112	2,395,198	1,917,382
10.	Library Books	371,042	-	-	371,042	334,280	5,207	-	339,487	31,555	36,762
11.	Water Supply System	49,761	-	-	49,761	35,947	1,577	-	37,524	12,237	13,814
12.	Prototype Development	1,972,888	233,316	-	2,206,204	1,012,989	83,936	-	1,096,925	1,109,279	959,899
13.	Vehicle	1,744,500	-	-	1,744,500	955,282	141,635	-	1,096,917	647,583	789,218
14.	Time Share Property	-	-	-	-	-	-	-	-	-	-
	- Building	35,820	-	-	35,820	35,820	-	-	35,820	-	-
15.	Computers on Lease	5,175,178	2,479,200	5,175,178	2,479,200	3,734,953	995,782	4,730,735	0	2,479,200	1,440,225
16.	Boat	44,000	-	-	44,000	44,000	-	-	44,000	-	-
17.	Goodwill	6,237,387	64,071,463	-	70,308,850	2,917,531	1,199,800	-	4,117,331	66,191,519	3,319,856
18.	Softwares	1,122,656	1,178,027	-	2,300,683	121,574	339,903	-	461,477	1,839,206	1,001,082
19.	Temporary Partitions	1,143,902	2,530	-	1,146,432	1,143,902	2,530	-	1,146,432	-	-
	TOTAL	147,965,657	100,791,301	41,624,291	206,320,67	89,907,347	140,281,50	32,729,943	66,191,554	140,440,513	63,063,709
	Previous Year	144,420,316	7,617,041	4,072,300	147,965,057	72,811,393	13,594,640	1,504,886	84,501,347	63,063,710	71,609,923

Note:

- The Depreciation on account of Revaluation Rs.58466/- has been transferred from Current year depreciation to Revaluation Reserve. (Ref Note : 20.1)
- Assets of Accel Academy Limited have been revalued and goodwill arising out of the purchase consideration of AITA business by Accel Academy Limited Amounts to Rs.64,038,163
- Goodwill includes amount arising out of consolidation as per AS 21 amounting to Rs. 53723
- Sale / Transfer represents the value of assets transferred to Accel Academy limited, A wholly owned subsidiary of the company on 30.03.2007

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements as at
(All amounts are in Indian Rupees, unless otherwise stated)

	March 31,2007	March 31,2006
6. Investments - Long Term		
Unquoted [Trade] at cost		
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]		
Quoted [Non-Trade] at cost		
Rajashree Sugars and Chemicals Ltd		
[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]	5,000	5,000
ICICI Bank Limited		
[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	2,165	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. 252,210/-)Previous year Rs. 136,414/-]		
	124,496	139,831
7. Inventories		
Raw Materials - Components	12,549,362	6,005,220
- Stores & Spares	9,225,593	5,100,154
Finished Goods	7,141,463	20,052,383
Course Materials	6,500,000	725,212
Work in Progress	4,874,760	5,275,999
	40,291,178	37,158,968
8. Sundry Debtors		
(Unsecured)		
Debts exceeding six months		
Considered good	21,081,496	32,466,341
Considered doubtful	114,576	168,247
Other debts, considered good	77,092,843	68,488,200
	98,288,915	101,122,788
Provision for doubtful debts	(114,576)	(168,247)
	98,174,339	100,954,541
9. Cash and bank balances		
Cash in hand and remittances in transit	1,676,654	1,393,701
Balance with scheduled banks:		
in Current Accounts	6,080,515	4,376,874
in Deposit Accounts	3,715,307	2,852,386
Unclaimed Dividend Accounts	83,716	-
	11,556,192	8,622,961

Schedules forming part of the financial statements as at

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

	March 31, 2007	March 31, 2006
10. Loans and advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind for value to be received	13,685,102	21,435,215
Deposits	11,631,615	6,911,966
Unbilled Revenue	6,232,402	3,811,736
	<u>31,549,119</u>	<u>32,158,917</u>
11. Current Liabilities		
Sundry Creditors for Goods Supplied		
Dues to Small Scale Industries	143,628	352,976
Dues to Others	43,938,438	35,140,903
Creditors for Expenses	32,361,218	28,657,283
Investor Education Protection Fund - Unclaimed		
Dividends	83,716	--
Public Deposits	20,000	--
Interest on Public Deposits	1,650	--
(to be transferred to Investor Education & Protection Fund in the year 2012 - 2013 if remaining Unpaid)		
	<u>76,548,650</u>	<u>64,151,162</u>
12. Provision for		
Current Tax	6,246,134	1,752,135
Fringe Benefit Tax (net of Advance Tax)	1,034,388	721,030
Gratuity	3,187,057	2,893,370
Warranty	188,152	107,858
Dividends	6,874,441	7,241,941
Tax on Dividends	1,168,655	1,015,682
	<u>18,698,827</u>	<u>13,732,016</u>
13. Profit & Loss Account (Debit Balance)		
Opening Balance	56,585,245	68,971,284
Less : Profit for the year carried from Profit & loss account	33,828,517	12,384,724
Balance in Profit & Loss A/c	<u>22,756,728</u>	<u>56,586,560</u>

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements for the year ended

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

	March 31,2007	March 31,2006
14. Income from Operations		
Sales Income		
Manufacturing Sales	70,640,651	43,143,255
Trading Sales	69,061,848	71,758,548
Export Sales	--	--
	139,702,499	114,901,803
Service Income		
Maintenance and repair services (Net)	<u>28,988,885</u>	<u>25,341,955</u>
Training & Educational Services	<u>79,382,601</u>	<u>76,302,823</u>
Software Services		
Domestic	19,231	24,705,319
Exports	116,670,112	65,291,350
	225,060,829	191,641,447
	364,763,328	306,543,250
15. Other Income		
Interest income	342,924	130,759
Creditors No Longer Payable Written back	1,117,296	768,832
Miscellaneous Income	<u>249,767</u>	<u>1,468,889</u>
	1,709,987	2,368,480
16. Material Consumed		
Opening stock of Materials	11,105,374	11,467,445
Purchases	<u>39,597,277</u>	<u>14,068,421</u>
	50,702,651	25,535,866
Closing stock of Materials	<u>(16,361,273)</u>	<u>(11,105,374)</u>
	34,341,378	14,430,492
16-A: Increase/Decrease in stock [Finished Goods]		
Closing Stock	4,019,824	4,558,852
Less: Opening Stock	<u>4,558,852</u>	<u>20,312,165</u>
	539,028	15,753,313
16-B : Cost of Sales (Trade goods) & Services		
Opening Stock	21,485,314	13,665,887
Purchases	65,743,157	60,019,793
Cost of Services	87,228,471	73,685,680
Closing stock of Materials	<u>(29,438,216)</u>	<u>(21,485,314)</u>
	57,790,255	52,200,366
17. Employee costs and benefits		
Salaries, Allowances and Bonus	87,182,093	67,616,458
Contribution to Welfare Funds	6,130,324	6,877,192
Staff Welfare Expenses	<u>5,601,890</u>	<u>4,748,856</u>
	98,914,307	79,242,506

Schedules forming part of the financial statements for the year ended

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

	March 31,2007	March 31,2006
18. Manufacturing & Operating Expenses		
Rent	16,700,920	15,545,565
Electricity Charges	4,453,324	4,213,196
Repairs and Maintenance		
Plant & Machinery	211,677	418,012
Buildings	581,568	451,687
Others	6,852,739	4,826,025
Printing and Stationery	2,477,152	2,182,622
Rates & Taxes	8,960,471	7,347,056
Excise Duty Differentials	(23,064)	2,174,865
Communication costs	8,560,485	7,272,798
Travelling and conveyance	24,052,732	14,056,279
Insurance	1,759,021	1,323,553
Research & Development	-	424,938
General Expenses	7,035,583	6,305,123
Loss on exchange rate fluctuations	117,987	24,783
Service Tax Paid	11,679,307	9,670,660
Advertisement Charges	6,639,007	5,238,541
Sales Promotion Expenses	5,508,676	5,101,036
Warranty Support Charges	176,602	107,858
Packing and Forwarding Expenses	2,914,028	1,493,192
	<u>108,658,215</u>	<u>88,177,789</u>
19. Interest & Finance Costs		
On Fixed Loans	3,491,747	4,433,579
Other Loans	9,701,497	9,453,101
	<u>13,193,244</u>	<u>13,886,680</u>

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements (Contd.)

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

20.0 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 subsidiaries, Ushus Technologies LLC, Japan and Accel Academy Ltd.

The consolidated financial statements are prepared in accordance with Accounting Standard 21 on 'Consolidated financial statements'

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 has 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) The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as of the holding company.
- (iv) Goodwill on consolidation represents the difference between company's share in the net worth of the subsidiary & the cost of acquisition at the time of making the investment in the subsidiary.

(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) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

(d) Fixed Assets and Depreciation

(i) Fixed Assets

Fixed assets are stated at cost or at replacement cost in case of revaluation less accumulated depreciation and impairment, if any, in the value of the assets. Cost includes all 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.

(ii) Leased Assets

Fixed Assets acquired on Finance lease have been capitalized at lower of present value of minimum lease payments or fair value in accordance with the provisions of AS19, since as per the terms of the agreement ownership of these assets will stand transferred to the company at the end of the lease term. These assets have been depreciated over a period of 5 years being the economic life of the asset as technically ascertained.

(iii) Impairment of Assets

The carrying amounts of Fixed Assets of each cash generating units of the company are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

(iv) Depreciation

Depreciation on fixed assets is provided 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 Companies Act, 1956. Fixed assets costing Rs 5,000 or less are fully depreciated in the year of purchase.

(e) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

(f) Intangible Assets

Intangible assets in the nature of software licenses are stated at cost and are amortised over the estimated useful life of three years, using straight line method. Goodwill, included under fixed assets, is amortized over a period of 5 years.

(g) 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 exchange rates existing at the time of investment.

Schedules forming part of the financial statements (Contd.)

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

(h) Inventories

Inventories, comprising of finished goods, spares, components, traded items and education and training materials, are stated at cost or net realizable value whichever is lower. 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 such project. Cost of production representing overheads incurred for production of own Animation films is carried over as work in progress in the Balance Sheet as at the year end under inventories.

(i) Revenue recognition

Sales

Net 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 / Animation Development Services

Software and Animation services are either provided on a time & material basis or on a fixed price basis. IT services provided on a time & material basis are recognized in the period in which the services are performed. IT Services provided on a fixed price basis are recognized based on the milestones as specified in the contracts, on percentage of completion basis. Income from own production of DVD and Television Animated contents is recognized on sale of such products.

(iii) Educational services.

The revenue in respect of sale of course materials as estimated by management is recognized at the time of enrollment since the course materials are not returnable, whereas revenue from educational activity is recognized over the period of course programme.

(j) Employee benefit plans

Employee benefit plans comprises both defined benefit and defined contribution plans. Liability for Gratuity, a defined benefit plan, has been covered under Group Gratuity cum Assurance Scheme of Life Insurance Corporation of India. The contribution paid / payable under the scheme as intimated by Life Insurance Corporation of India is charged to Profit & Loss Account. Accruing Liability for gratuity at the Balance Sheet date ascertained on actuarial basis by LIC is duly provided for.

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 amount paid / payable 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.

(k) Warranty Provisions

Provision for Warranty is made on accrual basis.

(l) Taxes on Income

Provision for current tax and fringe benefit tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.

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 10B of 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 virtual certainty as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(m) Foreign currency transactions

For Indian Operations

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.

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.

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements (Contd.)

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

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 rate fluctuations.

For Foreign Operations

The financial statements of the foreign subsidiary, being a non-integral operation has been translated in accordance with the provisions of AS 11.

(n) Earnings Per Share

The earnings considered in ascertaining the company's basic and diluted earnings per share including extraordinary item comprise of the Net Profit after tax available to Equity share holders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(o) 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 provisions for employee retirement benefits & Taxation.

(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.

(p) Accounting for Provisions, Contingent Liabilities & Contingent Assets

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

Contingent Liabilities are disclosed by way of notes to the Balance Sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialize after the yearend, till the finalization of accounts and have material effect on the position stated in the Balance sheet.

Contingent Assets are not recognized in the financial statements as a matter of prudence.

Notes to the Financial Statements

20.1 Revaluation of Fixed Assets

The land and buildings owned by the company has been revalued during the year 2003-04 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 on account of the revaluation of these assets has been adjusted out of Revaluation Reserve.

20.2 Impairment of Assets

In the opinion of the Management based on estimates of the value in use of the various cash generating units of the company, there is no impairment in the value of the carrying cost of fixed assets of the company within the meaning of Accounting Standard – 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.

20.3 Current Assets, loans and advances

- (a) The Company has sought for confirmation of balances from concerned parties in respect of major accounts of sundry debtors, loans and advances and sundry creditors outstanding as at the year end, which, however is yet to be received in some of the cases.
- (b) In the opinion of the Directors, the current assets , loans and advances have the value in which they are stated in the balance sheet, if realized in the ongoing course of business.

Schedules forming part of the financial statements (Contd.)

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

20.4 Taxation

(A) Current Taxes

- (i) Income Tax Assessment has been completed up to and including the Assessment Year 2002 - 2003. The appeals filed by the Company against the concerned orders have been decided in favour of the Company by the first Appellate Authorities. However, the assessing authority is yet to give effect with respect of one assessment year. (The Amount involved is Rs. 8.13 Lacs)
- (ii) Provision has been made for Current taxes as per the normal provisions of the Income Tax Act, 1961, after considering MAT credit available to the company.
- (iii) Provision for Fringe Benefit Tax is made as per the company's computation.

(B) Deferred Taxes

Break up of net Deferred Tax Asset as on March 31, 2007 amounting to Rs. 358,558/- (Previous Year Rs.2,598,183) is as follows.

Particulars	Deferred tax Asset / Liability as on 01.04.2006	Current Year Charge/(Credit)	Deferred tax Asset/Liability as on 31.03.2007
Liability			
Difference between book and tax	6,792,744	1,430,635	5,362,109
Depreciation			
Others	-	-	-
Total	6,792,744	1,430,635	5,362,109
Assets			
Carried forward Depreciation	8,052,535	5,210,522	2,842,013
Others	1,338,392	(1,541,262)	2,879,654
Total	9,390,927	(3,669,260)	5,721,667
Net deferred Tax Asset	2,598,183	(2,238,625)	359,558

20.5 Investments

Provision has been made for the diminution in the value of long-term investments to the extent considered doubtful by the management. In the opinion of the management the diminution in net worth in Japanese subsidiary is considered to be of temporary in nature on account of the future business potential of the company and hence no provision is made thereon.

20.6 Investment Subsidy

The company has been granted investment Subsidy amounting to Rs. 1,782,500 during the year 2004-05 by Department of Information Technology, Government of Kerala. As per the terms of sanction of the subsidy, the company has to refund the subsidy if it does not carry on its operations at least for a minimum period of three years from the date of sanction. The management does not contemplate any such eventuality at this stage.

20.7 Secured loans

A. The Federal Bank Limited:

1. Cash Credit loan of Rs. 125 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given below in 20.7(2)) – ranking pari-pasu with The State Bank of India, and guaranteed by corporate guarantee of Accel Limited
2. Cash Credit loan of Rs. 75 Lacs is secured by hypothecation of receivables, fixed assets comprising of furniture and fixtures, plant and machinery, office equipment of Training division, Animation division and by corporate guarantee of Accel Limited.
3. Term loan of Rs. 145 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2) – ranking pari-pasu with State Bank of India, and guaranteed by corporate guarantee of Accel Limited.
4. Company has availed adhoc limits of Rs. 40 Lacs which is secured by way of corporate guarantee of Accel Limited and pledge of certain investments held by Accel Limited

B. The State Bank of India

1. Cash Credit loan of Rs. 235 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2)) – ranking pari-pasu with The Federal Bank Limited and is also personally guaranteed by a whole time director and corporate Guarantee of Accel Limited.
2. Term Loan of Rs. 118 Lacs is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2) – ranking pari-pasu with The Federal Bank Limited and is also personally guaranteed by a whole time director and a corporate Guarantee of Accel Limited.
3. Company has availed adhoc limits of Rs. 150 Lacs which is secured by hypothecation of Current Assets, equitable mortgage of Company's movable and immovable properties (except the assets as given above in 20.7(A) (2)) –ranking pari-pasu with The Federal Bank Limited

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements (Contd.)

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

20.8 (A) Contingencies and commitments

(Rupees in Lacs)

	March 31, 2007	March 31, 2006
Outstanding bank guarantees	63.04	80.37
Income Tax demands raised, on appeal pending final decision	8.13	29.28
Others	5.80	16.53

(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)

20.9 Exceptional Items

(A) The company pursuant to the approval of the members by way of a special resolution by postal ballot has transferred its Training Division, Accel IT Academy to its Wholly Owned Subsidiary, Accel Academy Limited as at the end of close of business hours on 30th March 2007 on a slump sale basis at Net Asset Value including estimated Goodwill aggregating to Rs.826 Lacs. The profit on sale of the training division representing the sale consideration over and above the net asset value in the books of accounts as on 30th March 2007 is credited to profit and loss account as 'profit on sale of undertaking'.

(B) As per the terms of the sale agreement, the Subsidiary will pay Rs. 50 Lacs in cash , 5 lakh shares will be issued at a premium of Rs.110 each and the balance amount of Rs. 226 lacs is to be treated as Advance bearing an interest at the rate of 10% to be repaid in over a maximum period of 36 monthly installments. Pending allotment of shares as at the year end, the sale consideration of Rs.826 Lacs is shown under Loans & Advances as at the Balance Sheet date.

20.10 The company during the year has advanced a sum of Rs. 15.20 lacs towards subscription in share capital of Accel North America Inc., USA. Pending allotment of shares as at the year end, the said amount of Rs. 15.20 lacs has been shown under Loans and Advances.

20.11 Payment to Directors

Details of Managerial Remuneration	March 31, 2007	March 31, 2006
Salaries & Allowances	2,760,000	15,96,000
Contribution to provident fund	9,360	9,360
Reimbursement of Rent	Nil	300,000
Other Payments	258,482	Nil

20.12 Payment to Auditors (including service tax)

	March 31, 2007	March 31, 2006
Statutory audit	336,720	336,720
Tax audit (On Payment Basis)	22,448	11,020
Other Services (On Payment Basis)	143,106	33,060

20.13 Movement of Provisions

The entire provision on account of Warranty created last year has been utilized this year and a fresh provision of Rs. 176,602 has been created based on management estimation.

20.14 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:

Ponmudi Pack arts limited, Precision Princifab, Tritech Architectural fabrication & Zodiac Engineering Works

The company has not received any memorandum (as required to be filed by suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to those parties during the year is treated as NIL

20.15 Obligation on Long Term non-cancelable finance lease

The obligation on account of long term finance leases entered into for computers are as follows:

Obligation on leases

Particulars	2006-2007	2005-2006
Minimum Lease Payment		
Not Later than 1 Year	Nil	1,830,084
Later Than one year but not later than five years	Nil	579,262
Later than five years	Nil	Nil
Present Value of Minimum Lease Payments		
Not Later than 1 Year	Nil	1,663,713
Later Than one year but not later than five years	Nil	495,848
Later than five years	Nil	Nil
Finance Charges Recognized in the P & L A/c	337,058	656,713

Schedules forming part of the financial statements (Contd.)

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

Schedules forming part of the financial statements (Contd.)

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

20.16 Segmental reporting

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

1. Hardware Products / Services
2. Software Services
3. Education & Training
4. Animation

Particulars	Corporate (Unallocated)	Hardware Products / Services	Software Services	Education & Training	Animation	Total
Segment Revenue						
External Sales						
Current Year	663.30	1585.37	967.67	807.95	150.41	4174.71
Previous Year	Nil	1357.70	809.60	767.03	-	2934.34
Total Revenue						
Current Year	663.30	1585.37	967.67	807.95	150.41	4174.71
Previous Year	Nil	1357.70	809.60	767.03	-	2934.34
Segment Result						
Current Year	569.84	195.92	167.67	102.07	59.22	1094.40
Previous Year	(26.19)	95.72	234.39	95.30	-	399.22
Interest Expense (Net)						
Current Year	16.64	80.24	10.93	6.86	6.48	121.15
Previous Year	15.13	84.95	13.79	23.69	-	137.56
Non Operational Expenses						
Current Year	452.46	0.91	-	-	-	453.37
Previous Year	39.71	-	-	-	-	39.71
Net profit / (Loss)						
Current Year	98.27	114.77	156.41	95.21	52.75	517.41
Previous Year	(80.46)	10.77	220.61	71.61	-	222.53
Other Information						
Segment Assets						
Current Year	1728.30	975.85	361.46	-	231.14	3296.75
Previous Year	603.37	1,445.38	454.28	467.31	-	2970.34
Segment Liabilities						
Current Year	1999.88	888.17	217.01	-	191.70	3296.75
Previous Year	1,267.71	1,3870.36	196.33	118.94	-	2,970.75
Capital Expenditure						
Current Year	-	7.39	115.79	-	96.71	219.89
Previous Year	3.53	9.50	43.66	22.81	-	79.50
Depreciation						
Current Year	13.60	26.07	39.71	50.82	9.41	139.62
Previous Year	11.41	29.05	38.36	57.13	-	135.95
Non Cash expenses Other than Depreciation						
Current Year	452.46	0.91	-	-	-	39.71
Previous Year	39.71	-	-	-	-	39.71

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements (Contd.)

(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			
Current Year	3,080.33	1,093.68	4,174.71
Previous Year	2,379.34	555.00	2,934.34
Segment Asset			
Current Year	2,943.31	281.46	3,224.77
Previous Year	2,721.15	249.19	2,970.34
Capital Expenditure			
Current Year	219.89	-	219.89
Previous Year	75.97	3.53	79.50

20.17 Related party transactions

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

	31.03.2007	31.03.2006
Ushus Technologies, LLC, Japan	3,863,532	8,140,900
Accel Frontline Limited	2,907,001	6,032,191
Accel Systems Group Inc.	678,816	3,440,233
Accel Academy Limited	82,819,692	-
Accel North America Inc.	1,520,400	-

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

Accel Solution Japan Inc.	13,297,745	3,671,494
---------------------------	------------	-----------

C) Loan Funds include amount due to Accel Limited:

Accel Limited	17,186,089	17,816,013
---------------	------------	------------

Maximum amount outstanding at any time during the year

Accel Limited	17,816,013	17,816,013
---------------	------------	------------

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

Subsidiaries & Associates:

1. Ushus Technologies, LLC, Japan - Subsidiary
2. Accel Limited - \$
3. Accel Frontline Limited - \$
4. Accel Systems Group Inc. - \$
5. Accel Academy Limited - #

\$ Entities controlled by Directors or relatives of Directors

100% Subsidiaries of Accel Transmatic Limited

E) Key Management Personnel:

N.R. Panicker	Chairman
T. Ravindran	Whole time Director
Philip John	Whole time Director
S.T.Prabhu	Director & Company Secretary

Schedules forming part of the financial statements (Contd.)

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

F) Transactions with related parties

Particulars	Subsidiaries /	KMP* Associates	Relatives	Total of KMP
Rendering of Services	38,745,274	Nil	Nil	38,745,274
Receiving of Services	28,843,697	Nil	Nil	28,843,697
Remuneration	Nil	2,760,000	Nil	2,760,000
Finance (including loans & equity contributions in cash or in kind)	17,186,089	3,150,000	2,450,000	22,786,089
Sale of Fixed Assets @ Book Value	8,894,348	Nil	Nil	8,894,348
Interest Paid	1,762,337	252,002	195,997	2,210,336
Lease Payments	1,677,577	Nil	Nil	1,677,577

*KMP = Key Managerial Personnel

20.18 Earnings per Share
Calculation of EPS both (Basic and Diluted)

Sl. No	Particulars	31.03.2007	31.03.2006
01	Profit after taxation	42,886,494	20,053,764
	Profit available to Equity Shareholders		
02	Less : Extra Ordinary Item	65,767,733	Nil
03	Profit Without Extra Ordinary Item	(22,881,239)	20,053,764
04	Weighted average number of equity Shares	11,037,401	11,037,401
05	Basic & Diluted earnings per share with Extraordinary Item	3.89	1.82
06	Basic & Diluted earnings per Share without Extraordinary Item	(2.07)	1.82
07	Total Nominal Value of Shares	110,374,010	110,374,010

20.19 Derivatives

Sl. No	Particulars	31.03.2007	31.03.2006
01	Category wise quantitative data about Derivative instruments outstanding at the Balance sheet date	Nil	Nil
02	Purpose of Hedging	Not applicable	Not Applicable
03	Foreign Currency Exposure that are not hedged by a derivative Instrument or otherwise:		
	Due to creditors	US\$ 7629	Nil
	Due from Debtors	US\$ 567,667.39 JPY 1,589,550 CA\$ 85130	US\$ 512,453.25 JPY 3731,633

20.21 Comparative financial information

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

Vide our report of Even Date

Varma & Varma

Chartered Accountants

K.M Sukumaran F.C.A

Membership No:15707

Partner

Place : Chennai

Date : 29.05.2007

N.R. Panicker

Chairman

T.Ravindran

Director

A. Mohan Rao

Director

S.T. Prabhu

Director & Company Secretary

NOTES :

NOTES :

NOTES :



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. / Client ID	
3.	Name of Proxy (in Block Letters) (To be filled if the Proxy attends instead of the Member)	
4.	No. of Shares held	

No. of Shares held

I hereby record my presence at the 21st Annual General Meeting of the company to be held at Malabar Hall, Technopark, Trivandrum - 695 581. On 24th September 2007. at 3 p.m.

Signature of Member

PROXY FORM

I/We _____ of _____ being a Member/Members of Accel Transmatic Limited, hereby appoint _____ of _____ or failing him _____ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf, at the 21st Annual General Meeting of the Company, to be held on **24th September., 2007 at 3.00 pm** and at any adjournment thereof.

*I wish my above proxy to vote in the manner as indicated in the box below

	Resolutions	For	Against
1.	Adoption of Report and Accounts		
2.	Declaration of Dividend for the year ended 31st March 07		
3.	Re-appointment of Mr. N.R. Panicker as Director		
4.	Re-appointment of Mr. M.R. Narayanan as Director		
5.	Apointment of Auditors for the year 2007-2008		
6.	Apointment of Mr.T.Ravindran as Wholetime Director		
7.	Apointment of Mr.Philip John as Wholetime Director		

Signed this _____ day of _____ 2007.

Reference Folio No/DP ID & Client ID

No of Shares

Signature

Affix Re.1/- Revenue Stamp

NOTE: 1. The Proxy, to be effective, should be deposited at the Registered Office of the Company at T.C. 17/27, Jagathy, Trivandrum 695 014 not later than FORTY EIGHT HOURS before the commencement of the aforesaid meeting.
 2. A proxy need not be Member of the Company.
 3. * This is only optical. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as you Proxy, who shall carry out your mandate as indicated above in the even not a poll being demanded at the meeting.

