
COMPANY INFORMATION

Board of Directors

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

M/s. VARMA & VARMA

Chartered Accountants

Adyar, Chennai 600 020

Internal Auditors

M/s. VIJAYAKUMAR & ESWARAN

Chartered Accountants

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, North Usman Road, T Nagar, Chennai 600017

Bankers

STATE BANK OF INDIA, Commercial Branch, Trivandrum 695 014

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

Website & E-Mail

www.acceltransmatic.com

info@acceltransmatic.com

ACCEL TRANSMATIC LTD.

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of Accel Transmatic Limited will be held at Malabar Hall, Park Centre, Technopark, Trivandrum – 695 581 on Monday, 29th September 2008 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 2008 and the audited Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. T. Ravindran who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. T. Ravindran 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. T. Ravindran, be and is hereby re-appointed a Director of the company.”

3. To appoint a Director in place of Mr. A. Mohan Rao who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. A. Mohan Rao 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. A. Mohan Rao, be and is hereby re-appointed a Director of the company.”

4. 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:

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

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any of the Companies Act, 1956, (the Act), the consent of the Company be and is hereby accorded for granting loans to, furnishing guarantees or providing security in connection with a loan or acquiring the securities of any body corporate upto an aggregate amount of Rs.20 crores (Rupees Twenty Crores only), including any loans or guarantees already given or security already created or securities already acquired by the Company, including the issue of the corporate guarantee of Rs.2 crores (Rupees Two Crores only) (the “Corporate Guarantee”) by the Company on 28.01.2008 in favour of The Federal Bank Limited, guaranteeing the repayment of principal, interest and all other amounts relating to the loan and working capital limit of Rs.2 crores (Rupees Two Crores only) for a term of 3 years granted by the said The Federal Bank Limited to Accel Academy Limited.

RESOLVED FURTHER THAT the aforesaid resolution shall be effective from 01st January 2008 and that the Board of Directors of the Company be and are hereby empowered to do all necessary acts and things, sign and file all necessary papers and documents and for this purpose to nominate one or more officials who shall also be authorised likewise from time to time to give effect to the above resolution.”



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

Item 5

Pursuant to section 372A of the Companies Act, 1956, the Board at its meeting held on 22.01.2008 had approved issuance of corporate guarantee of Rs.2 Crores (Rupees Two Crores only) in favour of The Federal Bank Limited, Chennai (FBL) for working capital limits / term loans extended by FBL to Accel Academy Limited. The issuance of the said guarantee was subject to confirmation of the members at a subsequent General Meeting.

Further the company may be required to grant loans, provide guarantees or providing security in connection with the operations of its subsidiary companies.

The Board accordingly recommends the Special Resolution at Item No.5 of the accompanying Notice for approval by the members.

None of the Directors may be considered as concerned or interested in this resolution.

By Order of the Board of Directors

Chennai
09th June 2008

N.R. PANICKER
CHAIRMAN

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

ACCEL TRANSMATIC LTD.

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. 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.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 20th September 2008 to 26th September 2008) (both days inclusive).
4. Members holding more than one share certificate in the same name or joint names in same order but under different Ledger folios, are requested to apply for consolidation of such Folios and send the relevant share certificates to the Registrars and Share Transfer Agents to enable them to consolidate all such holdings into one single account.
5. Members holding shares in the physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrars and Share Transfer Agents, M/s. Integrated Enterprises (India) Limited, 2nd floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017.
6. 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 or email to sprabhu@accel-india.com.
7. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days, except Public Holidays between 11 am and 1 pm upto the date of Annual General Meeting.
8. In case the mailing address mentioned on this Annual Report is without Pin-code, Members are requested to kindly notify their Pin-codes immediately.
9. The particulars of the Directors, retiring by rotation and eligible for re-appointment, are given in the Report of the Directors to the Members and also in the Report on Corporate Governance.
10. Members are requested to bring their Annual Report copies and the duly filled in attendance slips sent herewith while coming for attending the Annual General Meeting.

By Order of the Board of Directors

Chennai
09th June 2008

N.R. PANICKER
CHAIRMAN

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

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 subsidiaries

Accel North America, INC

Marketing

Accel Solutions Japan, Corporation

Marketing

C. Associate Company

Accel Academy Limited



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

DIRECTORS' REPORT**To The Members**

Your Directors have pleasure in presenting the Twenty Second Annual Report of your Company together with the Audited Statements of Accounts for the year ended 31st March 2008.

1. PERFORMANCE OF THE COMPANY**1.1 Results**

The Company 's performance during 2007 – 2008 is summarized below :

(Figures in Rs. Millions)

Particulars	2007 - 2008	2006 - 2007
Net income from operations	382.816	352.043
Profit before tax	12.851	31.310
Tax on profits - Current	5.032	4.974
- Deferred	2.712	2.238
- F B T	1.014	1.344
Exceptional Items	25.102	20.431
Net profit	30.034	43.183
Dividend (inc. tax on distributed profits)	0.294	8.043

1.2 Turnover

Turnover, net of excise increased by 7.51% over previous year. This increase arose from higher revenue volume across the Divisions. The details of revenue, net of excise, by segments is given below:

(Figures in Rs. Millions)

	2007 - 2008	2006 - 2007
Systems & Services	245.422	158.537
Software Services	103.991	96.767
Animation Services	21.384	15.041
Training	-	80.795
SUB TOTAL	370.797	351.140
Exceptional items	30.600	65.767
Other income	9.705	0.563
TOTAL TURNOVER	411.102	417.470

2. BUSINESS PERFORMANCE

For the Financial Year 2007 - 2008, the company achieved a sales growth of 19.32% and revenue were Rs.5044.42 lacs on consolidated basis.

The company is passing through an important phase in its history, wherein certain strategic direction and business initiatives taken by the Management is going to propel the company into next league. The company have invested heavily in fixed assets and will continue such investments for the current year also.

The full benefit of these investments will fructify in the coming years with significant addition to the topline.

With a view to conserving resources to meet the capital expenditure, the Directors do not recommend payment of dividend on equity shares for the year 2007 - 2008.

Exceptional items during the year amounting to a net income of Rs.306 lacs (Previous Year - Rs.657.68 lacs) consists mainly of profit from divestment of its shareholding in Accel Academy Limited, which was a Wholly Owned Subsidiary.

3. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis and various initiatives and future prospects of the company are enclosed separately as Annexure B.

4. 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. Please refer the Annexure C for details.

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 as Annexure F.

5. 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, the Responsibility statement from the directors is enclosed as an Annexure E.

6. OUTLOOK FOR 2008 - 2009**Products and Services Division:**

The company enjoys to have a comfortable order book position and 50% of the revenue for the current year is expected to come from this Division.

Technologies Division :

This division has become known for its quality in the industry and is expected to contribute 25% of the turnover of the company, during the year.

Animation Division :

This division has stabilised its operations and is poised for substantial contribution to the company 's operations and growth.

7. SUBSIDIARIES

The name of the Japanese subsidiary was changed to Accel Solutions Japan Corporation.

The company has incorporated a subsidiary in United States of America, namely, Accel North America Inc., which has started marketing company 's resources in United States of America.

As per the Rules of the host country of the subsidiary companies, 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.

Accel Academy Limited has become a non-subsiary during the year on account of divestment by the company of 51% of its equity holding in favour of M/s. Accel Limited.

8. FINANCE & ACCOUNTS

The company has established good track record with its Bankers. The Bankers have provided substantial funding for its capital expenditure and working capital needs.

The company also had issued preferential warrants convertible into shares and have received 10% of the value amounting to Rs.84.15 lacs, during the current year.

9. DIVIDEND

Considering company 's plans for substantial capital investments and conserve resource for operations, no dividend have been declared during the year.

10. 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.

11. CONSOLIDATED ACCOUNTS

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

The Consolidated Accounts present a complete picture of the financial results of the company and its subsidiaries. The consolidated financial statements of the Company are prepared as per requirements of Accounting Standards of AS 21, consolidated financial statements and accounting standards AS 23 and have also been included as a part of this Annual Report.

12. DIRECTORS

Mr. T. Ravindran and Mr. A. Mohan Rao, retires by rotation and are eligible for re-appointment.

13. 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.4 of Notice.

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

14. INTERNAL CONTROL SYSTEMS

Your company has adequate internal control procedures commensurate with the size and nature of its operations. The audit committee constituted by the Board of Directors is functioning effectively, Internal audit for the year 2007 – 2008 was carried out by M/s. Vijayakumar & Easwaran covering all areas of operations. All significant observations were discussed in the audit committee, which met four times during the year under review.

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 Annexure A 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. 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.

On behalf of the Board of Directors

Chennai
09th June 2008

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 services and bring in variations based on the requirement of clients.

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. 21.19 (e) and 21.19 (f) of Notes on Accounts attached.

Chennai
09th June 2008

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

Annexure B to Directors Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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 include Research & Development (R&D), Manufacturing and Services of Automated Payment Collection Terminals, Uninterrupted Power Supply Systems, Multi Function Kiosks, Queue Management Systems ,Smart Card Based Automated Ticket Issuing Machines and other professional IT equipments.

The focus of this Division continues to be on customer interfacing products and solutions for customer interfacing for utilities, banking and e-governance. These fall in to the following categories:

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

The Company has entered into strategic alliances with three Companies that are providing fully out-sourced services for Utility bill collection. Such fully out-sourced projects are expected to become operational in several utility companies in the near future.

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. A major new addition was the Cheque Drop design, intended for mass deployment in banks, retail outlets, malls etc.

The Company has a comprehensive range of Queue Management Products, which can satisfy most of the requirements of clients. This product range is finding wide acceptance and orders from major Banks & Utilities continue to be received and executed. The major addition to the Client list in the previous year was ICICI Bank and State Bank of India, with installations continue to be done all over India.

The Company had developed a range of Automated Ticket Issuing Machines, including Platform Ticket Issuing Machines for Railways and Fixed Value Ticketing Machines for Railways and Road Transport Corporations. The design of Automated Ticket Issuing Kiosk, with acceptance of payment by smart cards, developed by the Company was approved by the Center for Railway Information Systems and 375 units have been installed in the Western and Central Railways (Mumbai Suburban Railway Stations) and in Southern Railways (Chennai). The Kiosk with acceptance of payment by Currency & Coins and Coin return is under development.

Products under development are:

- Customisable 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.

B. Technologies Division

The Technologies division expanded it's operations by increasing the team size by 35%. Division is planning to expand and set up additional development facilities in Cochin in the near future as the Company has won a prestigious customer account , which is into networking and the revenue from the client will start realizing in the coming year.

Apart from ISO 9001 : 2000, the division was certified ISO 27001 : 2005 during this FY 2007 - 2008 which provides a benchmark against the security measures and management systems deployed for the protection and security of Data and information.

The Division has augmented its marketing resources to ensure continuous presence in US, Japanese and EMEA markets.

ACCEL TRANSMATIC LTD.

Business in Japan

- The Division has strengthened the presence in the Japanese market by establishing a direct branch office, which will enable us to do more focused marketing activities.
- Training was given to engineers in Japanese language to assist them to certify in JLPT. This will help the division deploy more engineers on onsite assignments in Japan as well as ensure better client interaction and retention.
- Division was able to consolidate and maintain all accounts in Japan while adding new customers and business prospects.

Business in USA

- The association with a leading printing and imaging solutions company was strengthened, by offering an innovative solution which will enable substantial value addition for the client. This development has considerably helped in creating new avenues for our services with the client.
- The subsidiary company was made operational, in California, which will ensure continuous marketing presence in the territory. This will also help in account management of existing client and will facilitate in exploring more business opportunities with the existing clients.
- The marketing team had active participation in tradeshows and other relevant events in the US to enhance visibility of the division among potential customers.
- The marketing personnel are in active discussion with a number of prospects in USA, and we are hopeful that many new accounts will be added to the company's client portfolio during the coming year.

Business in EMEA.

- The Division was successful in establishing a new business partnership with one of the pioneers in research and development, providing innovative voice and data access solutions in the telecom domain. The offshore and onsite business started earning considerable revenues to the division during the financial year.
- This breakthrough will help the division prove its ability to execute large projects in niche technology areas, which will enable it to attract R&D houses of potential network equipment manufacturers from this geography.
- The Division has plans to appoint marketing partners in the region to enhance business and establish presence in the European market.
- The division was able to successfully complete a pilot project from a telecom company in the UK. It is planned to continue the relationship and business with this client.

C. Animation Division

There have been major developments in the Animation division and the efforts in transforming this division as one of India's leading Animation Content development company is already started yielding fruits and the future is very bright for Accel Animation Studios.

This division has two units, one STPI unit in Chennai and another an SEZ unit in the Film and Video park in Thiruvananthapuram.

The Chennai facility is fully operational and we have undertaken certain prestigious projects in the Chennai studios.

- Delivered 45 minutes of VFX content for one of the leading movie production company in Mumbai. The movie is slated for release in the 2nd quarter of FY09.
- The division undertook some prestigious work for the Magnum Opus movie Dasavatharam, by providing VFX content development.
- The company started work on a full length 3D animated feature film for one of the prestigious banners of the Bollywood film Industry. The work is already started and it will make use of the capabilities of our animation studio as well as the Motion Capture studio. This 3D feature is slated for release in May 2009.
- We continue to build on our IP, South India Fables, animated stories based on Thirukkural and we have received good response from the international market for this products. We are aiming to make commercial closures for different territories, during the coming year.
- We have won pilot contract to develop 3D animated e-learning content for Tamilnadu Electronics development corporation and it will be a full fledged project for the current financial year.
- We have been associating with one of the leading marketing services company in California for offering 3D animated content for product launches of medical products companies.
- We are in active discussions with few overseas producers and major Bollywood companys for 3D feature productions.
- Our association with Kahani world continues to be fruitful and we will be delivering the The Raju the Rickshaw, the 3D animated DVD series in the coming year.

The Thiruvanthapuram facility for Motion Capture will be fully operational by July 2008. The trial productions have been successful so far. We have received several enquiries for utilizing our motion capture facility by other animation production companies.

Barring unforeseen circumstances, the management is confident of making profits in the Animation Division in the FY 09 and beyond, with substantial increase in turnover.

Opportunities, Treats 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 2008 were 448 as compared to 642 as on 31st March 2007. 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

Accel Solutions Japan,INC continue to generate business from some of the reputed organization 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 and capital commitments are given in note 21.7 of the Notes to Accounts.

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.

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.

ACCEL TRANSMATIC LTD.

Summary of key Financial Ratios for the FY 2007-08 as compared to FY 2006-07, 2005-06 & 2004-05 are given below:

		2007-08	2006-07	2005-06	2004-05
1	EBITA/TURNOVER	19.33%	29.56%	18.10%	12.09%
2	PBT/TURNOVER	9.59%	12.38%	8.76%	2.46%
3	RETURN ON AVERAGE CAPITAL EMPLOYED	49.86%	73.06%	61.79%	37.73%
4	RETURN ON AVERAGE NETWORTH	24.13%	49.14%	32.38%	12.19%
5	ASSET TURNOVER	107.12%	135.84%	124.03%	117.09%
6	AVERAGE INVENTORY TURNOVER	12.06%	9.86%	14.29%	15.81%
7	AVERAGE DEBTOR TURNOVER	27.06%	27.16%	29.38%	30.34%
8	GROSS BLOCK TO NET BLOCK	1.62	2.04	2.35	2.02
9	DEBT TO TOTAL EQUITY	58.27%	52.05%	54.02%	58.36%
10	DEBT TO EQUITY	1.40	1.08	1.18	1.40
11	CURRENT RATIO	3.16	2.82	2.23	1.86
12	INTEREST COVER RATIO	2.77	5.15	2.85	1.50
13	NETWORTH PER SHARE	13.00	9.55	6.37	5.24
14	EARNINGS PER SHARE	2.69	3.89	1.82	0.59
15	P/E RATIO	8.78	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 Networth : Profit After Tax/Average Networth
(Net Worth : Share Capital+Reserves & Surplus-Misc Exp to the extent not written off-PNL (Loss))
Average Networth : Opening Networth + 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 = Networth)
Networth: 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-Defred Tax Asset)
(Equity = Networth)
Networth : 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 Networth per share : Net worth / Number of Shares
Networth : 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 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 6 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 Wholetime Directors during 2007 - 2008 is given below:

	Mr. T. Ravindran Rs. Lacs	Mr. Philip John Rs. Lacs
Salary	600,000	1,080,000
Allowances & Perquisites	470,610	784,114
Contribution to Retiral Funds	NIL	9,360
Commission (relating to previous financial year)	419,398	NIL

Details of Remuneration / Sitting Fees paid to Directors

The Company does not pay any remuneration to any 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	10,000
Mr. Mohan Rao	25,000	10,000
Mr.K.A.Joseph	5,000	-
Total	55,000	20,000

Board Meeting

During the year under review, Five board meetings were held on 29.05.2007, 19.07.2007, 26.10.2007, 28.01.2008 and 28.02.2008 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 2007-2008 Attendance at		As on 31.03.2008		
		BM	Last AGM	No. of Directorship in Domestic Public Companies(including this company)	Committee Position	
					Member	Chairman
N.R. Panicker	Non Executive Chairman, Promoter	5	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	-
T. Ravindran	Executive, Promoter	5	YES	01	-	01
Philip John	Executive	5	YES	01	-	-
S.T. Prabhu	Company Secretary	5	YES	03	-	-
K.A.Joseph *	Non Executive Independent	1	NO	02	-	-

* representing financial institution of Kerala State Industrial Development Corporation Limited as investor and 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 24th September 2007.

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, four Audit Committee Meetings were held on 29.05.2007, 19.07.2007, 26.10.2007 and 28.01.2008.

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	4	4	4

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 and Compensation Committee

The remuneration and compensation 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.

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:

ACCEL TRANSMATIC LTD.

1. T. Ravindran - Director

A technocrat and founder of Transmatic Systems Ltd., an engineer with 32 years of experience in product development and marketing.

Mr. T. Ravindran holds the following Directorships / Committee Memberships. Mr. T. Ravindran holds 99,815 equity shares of the company.

1. Transdot Systems Private Limited Director
2. Transmed Systems Private Limited Director
3. Supercold Refrigeration Industries P Ltd Director

Committee position

Shareholders / Investors' Grievance Committee – Member

2. A. Mohan Rao – Director

A veteran in the IT industry and 32 years of experience in marketing and business management. Served as President and CEO of HCL Limited, before becoming an independent consultant.

Mr. A. Mohan Rao holds the following Directorships / Committee Memberships. Mr. A. Mohan Rao holds NIL equity shares of the company.

1. Optimumair Solutions Private Limited Director
2. Carl Bechem Lubricants (India) P Ltd Director
3. MROTek Limited Director

Committee position

Audit Committee Chairman

Remuneration and Compensation Committee Member

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	91
Replied	91

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, Thiruvananthapuram	02.00 pm
2006-2007	AGM	24.09.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2007-2008	EGM	03.12.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 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 / of 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.

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 compliance with the earlier Guidelines were declared adequate up to March31, 2005 (since extended up to December 31, 2005. The revised Guidelines came into effect from January 1, 2006.)

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** : 29th September 2008, 3 pm
 - Venue** : Malabar Hall, park Centre, Technopark, Trivandrum - 695 581.
2. **Financial Calendar**
 - Financial Year** : 01st April 2007 to 31st March 2008
 - 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** : 20th September to 26th September 2008
(Both days inclusive)
4. **Listing**
The Shares of the Company are presently listed on Mumbai Stock Exchange Ltd at Mumbai. The Annual Listing Fees have been paid to the Stock Exchange for Financial Year 2008 - 2009.
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
April-07	28.30	23.00	150,105
May-07	27.65	22.80	148,622
June-07	28.35	22.00	225,565
July-07	29.85	22.45	302,551
August-07	27.15	21.80	172,784
September-07	33.90	23.55	1,153,755
October-07	42.90	25.50	1,708,701
November-07	50.00	30.20	1,756,402
December-07	56.10	43.00	1,953,583
January-08	55.20	29.50	961,178
February-08	41.50	31.25	281,484
March-08	33.50	20.30	458,582

7. Registrars & Transfer Agents

Integrated Enterprises (India) Limited,
Kences Towers, 2nd Floor,
North Usman Road, T. Nagar, Chennai – 600 017
Tel.:044 – 2814 0801 – 803
Email: www.sureshbabu@iepinidia.com

8. Distribution of Shareholding and categories of Shareholders

Category	March 31, 2008				March 31, 2007			
	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	6880	88.74	744,424	6.74	6839	89.27	706,588	6.40
501 –1000	366	4.73	311,647	2.82	340	4.44	297,017	2.69
1001 – 2000	224	2.89	354,322	3.21	218	2.85	343,047	3.11
2001 – 3000	69	0.89	182,986	1.66	61	0.79	162,626	1.47
3001 – 4000	33	0.43	115,461	1.05	31	0.41	112,488	1.02
4001 – 5000	40	0.52	191,695	1.74	43	0.56	204,177	1.85
5001 – 10000	58	0.75	430,463	3.90	57	0.74	444,838	4.03
10000 & above	82	1.05	8,706,403	78.88	72	0.94	8,766,620	79.43
TOTAL	7752	100	11,037,401	100	7661	100.00	11,037,401	100.00

9. Shareholding pattern as on 31st March 2008

Category Code	Category of Shareholder	Number of Share holders	Total Number of Shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)1	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals / Hindu Undivided Family	2	1,234,913	1,234,913	11.189	11.189
(b)	Central Government / State Government(s)	0	0	0	0	0
(c)	Bodies Corporate	1	4,611,805	4,611,805	41.783	41.783
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any Other (Specify) Relatives of Promoters / Subsidiary	6	470,772	465,696	4.265	4.265
	Sub-Total (A)(1)	9	6,317,490	6,312,414	57.237	57.237
(2)	Foreign					
(a)	Individuals(Non Resident Individuals)/ Foreign Individuals	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0
(c)	Institutions	0	0	0	0	0
(d)	Any Other (Specify)	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	9	6,317,490	6,312,414	57.237	57.237
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds / UTI	4	2,144	0	0.019	0.019
(b)	Financial Institutions / Banks	5	50,520	20,400	0.186	0.186
(c)	Central Government / State Government(s)	0	0	0	0.000	0.000
(d)	Venture Capital Funds	0	0	0	0.000	0.000
(e)	Insurance Companies	0	0	0	0.000	0.000
(f)	Foreign Institutional Investors	0	0	0	0.000	0.000
(g)	Foreign Venture Capital Investors	0	0	0	0.000	0.000
(h)	Any Other (Specify)	0	0	0	0.000	0.000
	Sub-Total (B)(1)	9	22,664	20,400	0.205	0.205
(2)	Non-Institutions					
(a)	Bodies Corporate	153	343,368	339,168	3.111	3.111
	Sub Total	153	343,368	339,168	3.111	3.111
(b)	Individuals (Resident/NRI/Foreign/Overseas)					
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh.	748	2,150,483	1,822,153	19.484	19.484
	ii. Individual shareholders holding nominal share capital excess of Rs.1 lakh.	62	1,834,832	1,740,224	16.624	16.624
(c)	Any Other (Trust/Clearing Member-details enclosed)	31	368,564	368,564	3.339	3.339
	Sub-Total (B)(2)	7734	4,697,247	4,290,509	42.558	42.558
	Total Public Share holding (B)=(B)(1)+(B)(2)	7743	4,719,911	4,290,509	42.763	42.763
C	Shares held by Cutodians and against which Depository Receipts have been issued	0	0	0	0.000	0.000
	GRAND TOTAL (A)+(B)+(C)	7752	11,037,401	10,602,923	100.000	100.000

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.

ACCEL TRANSMATIC LTD.

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.

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	34	34
Non receipt of Annual Report	1	1
Correction in Certificate	8	8
Non receipt of Inter/Dividend Warrant/Cheque/DD	6	6
General queries	3	3
Change of address	34	34
Procedure for loss of share certificate	5	5
Total	91	91

As at 31st March 2008, NIL investor complaints were pending. As at 31st March 2008, Nil share transfers and NIL demat requests were pending.

The Aggregate Promoters and Non - promoter shareholding of the Company as at 31st March 2008 is as shown below:

Category	No. of Shares	% to total paid up capital	Shares held in Dematerialized Form	Shares held in Physical Form
Promoters	6,317,490	57.237	6,312,414	5,076
Non Promoters	4,719,911	42.763	4,290,509	429,402
Total	11,037,401	100.000	10,602,923	434,478

13. Dematerialisation of Shares and Liquidity

As on 31st March 2008, 96.06% 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,
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 2008 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**

**Place: Chennai
Date: 09th June 2008**

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

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, 2008, 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 21.0 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 31st March, 2008 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 going concern basis.

ACCEL TRANSMATIC LTD.

ANNEXURE - F to Directors Report

CERTIFICATION BY CHAIRMAN AND CHIEF FINANCIAL OFFICER TO THE BOARD

We have reviewed the financial statements for the year and that to the best of our knowledge and belief:

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.
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:
 - a) Significant changes in internal control over financial reporting during the year.
 - b) Significant changes in accounting policies during the year;
 - c) 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

09th June 2008
Chennai

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

	Name of the Subsidiary Company	Accel North America, INC Chennai	Accel Solutions Japan, Corporation
1	The financial year of the subsidiary Companies ended on	March 31, 2008	March 31, 2008
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	13000	60
2.B	Extent of interest of holding company at the end of the financial year of the subsidiary company	100%	75 % - JPY 30 lacs.
2.C	Face Value	Paid up capital \$130000 \$1	Paid up capital - JPY 40 lacs. 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 2008	(\$128,424) INR (5,158,786)	JPY 376,790 INR 133,704
(ii)	For the previous financial years of the subsidiary	\$(Not Applicable) INR(Not Applicable)	JPY (4522090) INR (1749107)
B.	Dealt with in holding company s accounts		
(i)	For the financial year ended 31st March 2008	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 : 09th June 2008

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 2008, 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 2008, 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 2008;
 - 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: 09th June 2008**

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

**For Varma & Varma
Chartered Accountants**

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.
- (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 in some of the units, 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 where found to be adequate in relation to the size of the company and its nature of its business.
- (c) The company is maintaining proper records of inventory except in respect of a few items at one of the units, and as informed to us, the discrepancies noticed on verification, between the physical stocks and book records wherever applicable are not material.
- 3 (a) As explained to us, the Company has not advanced any amounts to Companies, firms or other parties, covered in the Register maintained under Section 301 of the Companies Act, 1956, except to the extent mentioned below.

Number of Parties	Maximum Amount Outstanding	Balance as on 31.03.2008
1	22,600,000	9,305,961

- (b) In our opinion, the rate of interest and other terms and conditions on which the above loan given to companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) As per the information and explanations given to us, the receipt of interest and principal on the above advance is regular.
- (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	Maximum Amount Outstanding	Balance as on 31.03.2008
7	83.50 lacs	76.50 lacs

- (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 per the information and explanations given to us, the payment of principal amount and interest is regular.
4. In our opinion and according to the information and explanations given to us, the internal control system for the purchase of inventory and fixed assets and for the sale of goods and services *requires to be improved* to be commensurate with the size of the company and nature of its business. There are no major weaknesses in internal control of a continuing nature.
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 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. 303,183/- towards as Professional Tax, Rs.221,369/- towards Provident Fund and Rs.55,343/- towards ESI 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	Entry Tax	0.85	2003 – 2004	Sales Tax Appellate Tribunal
Kerala General Sales Tax Act 1963	Sales Tax	94.04	2000-2005	Sales Tax Appellate Tribunal
Kerala General Sales Tax Act 1963	Sales Tax	8.21	2003-2004	Sales Tax Appellate Tribunal

10. The company does not have accumulated losses at the end of the financial year. The company has also 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 and as per our verification of records of the company, while the company has delayed in repayment of dues to financial institutions or banks, there are no dues as at the year end.
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 given a corporate guarantee to a bank on behalf of its erstwhile subsidiary company for loans of Rs.200 Lacs taken by the said company from the bank, the terms and conditions of which or not prima facie prejudicial to the interest of the company.
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 made preferential allotment of 8,45,000 warrants convertible into Equity Shares to parties and companies covered in the Register maintained under section 301 of the Act. These warrants are priced in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. In our opinion and according to information and explanation given to us, the price at which the said warrants were issued is not prejudicial to the interest of the Company.
19. The company does not have any outstanding debentures as at the year-end.
20. The company has not raised any money by way of public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Varma & Varma
Chartered Accountants**

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

**Place: Chennai
Date: 09th June 2008**

ACCEL TRANSMATIC LTD.

Balance Sheet as at

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

	Sch. No.	March 31,2008	March 31,2007
SOURCES OF FUNDS:			
Share holders funds :			
Share Capital	1	112,474,010	112,474,010
Advance Received against Issue of Share Warrants		8,415,000	-
Reserves & Surplus	2	22,616,261	14,238,476
		<u>143,505,271</u>	<u>126,712,486</u>
Loan Funds :			
Secured	3	189,164,048	83,882,803
Unsecured	4	17,550,000	33,391,089
		<u>206,714,048</u>	<u>117,273,892</u>
Deferred Tax Liability (Net)		2,352,843	-
TOTAL LIABILITIES		<u>352,572,162</u>	<u>243,986,378</u>
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	199,151,483	130,040,180
Less: Accumulated Depreciation		75,826,627	66,191,554
Net block		123,324,856	63,848,626
Capital Work In Progress		13,900,936	-
Total		<u>137,225,792</u>	<u>63,848,626</u>
Investments	6	35,932,596	1,283,419
Deferred Tax Asset (Net)		-	359,558
Current assets, loans & advances :			
Inventories	7	63,057,253	33,791,178
Sundry debtors	8	119,519,177	97,677,168
Cash and bank balances	9	6,343,362	2,527,857
Other Current Assets	10	14,465,187	6,306,013
Loans and advances	11	59,241,116	103,423,291
		<u>262,626,095</u>	<u>243,725,507</u>
Less : Current liabilities and provisions			
Current liabilities	12	70,670,141	67,835,368
Provisions	13	12,542,180	18,698,814
		<u>83,212,321</u>	<u>86,534,182</u>
Net current assets		<u>179,413,774</u>	<u>157,191,325</u>
Profit and Loss Account (loss)	14	-	21,303,450
Total assets		<u>352,572,162</u>	<u>243,986,378</u>

Significant Accounting Policies and

Notes Attached to Accounts

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 : 09th June 2008

T.Ravindran
Director

S.T. Prabhu
Director & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

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

	Sch. No.	March 31,2008	March 31,2007
Income			
Income from operations	15	401,362,844	359,882,359
Less: Excise Duty		24,666,252	9,486,817
Net Income from Operations		376,696,592	350,395,542
Other Income	16	6,118,933	1,647,632
Profit on Sale of Investments/undertaking (See Note No.:21.8)		30,600,000	65,767,733
		413,415,525	417,810,907
Expenditure			
Materials Consumed	17	96,313,018	34,341,378
(Increase) / Decrease in Stock	17-A	(3,512,743)	539,028
Cost of Sales (Traded Goods) & Services	17-B	42,398,445	58,808,611
		135,198,720	93,689,017
Employee costs and benefits	18	103,256,339	94,516,485
Manufacturing & Operating Expenses	19	95,053,329	106,110,482
		333,508,388	294,315,984
Profit before Depreciation, Interest and Tax			
		79,907,137	123,494,923
Interest & Finance costs	20	22,411,866	12,457,210
Profit before Depreciation and Tax		57,495,271	111,037,713
Depreciation	5	14,043,370	13,961,684
Profit before tax and Write off of Obsolete inventory / Irrecoverable Debts / Advances		43,451,901	97,076,029
Obsolete Inventory / Irrecoverable Debts / Advances Written Off		3,809,042	45,337,036
Profit before tax		39,642,859	51,738,993
Less: Taxation for the year			
- Current tax		5,032,766	4,974,705
- Fringe Benefit Tax		1,014,752	1,344,328
- Deferred Tax		2,712,401	2,238,625
- Income Tax of earlier years		848,399	-
Profit for the year after tax available for Appropriation		30,034,541	43,181,335
Less: Appropriations			
Proposed Dividends - Final			
- On Preference Shares		252,000	252,000
- On Equity Shares		-	6,622,441
Tax on Dividend		42,840	1,168,655
Balance of profit carried to balance sheet	2&14	29,739,701	35,138,239
Basic and diluted earnings per share		2.67	3.89
Basic earnings per share		2.69	3.89
Significant Accounting Policies and Notes Attached to Accounts	21		
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 : 09 th June 2008	T.Ravindran Director		S.T. Prabhu Director & Company Secretary

ACCEL TRANSMATIC LTD.

CASH FLOW STATEMENT

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

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

	2007-2008		2006-2007	
	Amount	Amount	Amount	Amount
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation from operations		39,642,858		51,738,993
ADJUSTMENTS FOR:				
Depreciation	14,043,370		13,961,722	
Irrecoverable Debts/Advances written off	3,809,043		45,336,999	
Interest - Net	20,360,785		12,116,833	
Dividends Received	(5,566)	38,207,633	(5,300)	71,410,255
OPERATING PROFIT/[LOSS] BEFORE WORKING CAPITAL ADJUSTMENT		77,850,491		123,149,248
ADJUSTMENTS FOR:				
Sundry Debtors	(21,842,011)		132,991	
Inventories	(29,266,075)		3,367,790	
Loans and Advances	36,023,001		(26,627,689)	
Payment of Dividends	(8,043,096)		(8,257,623)	
Trade Payables	4,426,397	(18,701,784)	8,921,501	(22,463,030)
CASH GENERATED FROM OPERATIONS		59,148,707		100,686,218
Income Tax Paid		6,895,917		6,319,033
Exceptional Items (Write off of Debts & Advances)		3,809,043		45,336,999
NET CASH FLOW FROM OPERATING ACTIVITIES		48,443,747		49,030,186
B CASH FLOW FROM INVESTING ACTIVITIES				
Sale / (Purchase) of Fixed Assets Net	(87,479,002)		(14,825,527)	
Sale of Fixed Assets	-		(51,540,000)	
Purchase (sale) of Investments	(34,649,176)		15,334	
Interest Received	2,051,080		340,377	
Dividends Received	5,566		5,300	
NET CASH FLOW FROM INVESTING ACTIVITIES		(120,071,532)		(66,004,516)
C CASH FLOW FINANCING ACTIVITIES				
Increase in Share Capital	8,415,000		-	
Proceeds from Long Term Borrowings	60,110,355		(13,735,873)	
Net Increase of Cash Credit and other short term borrowings	29,329,801	97,855,156	38,573,859	24,837,986
Interest Paid		(22,411,866)		(12,457,210)
NET CASH FLOW FROM FINANCING ACTIVITIES		75,443,290		12,380,775
NET INCREASE IN CASH / CASH EQUIVALENTS		3,815,505		(4,593,555)
D CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		2,527,857		7,121,412
CLOSING CASH AND CASH EQUIVALENTS		6,343,362		2,527,857
Net Cash		3,815,505		(4,593,555)

Notes:

- Cash and Cash Equivalents include Cash in Hand and remittances in transit, Balance with Banks in 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 : 09th June 2008

N.R. Panicker
Chairman

T.Ravindran
Director

A. Mohan Rao
Director

S.T. Prabhu
Director & Company Secretary

Schedules forming part of the financial statements as at

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

	March 31,2008	March 31,2007
1 Share capital		
Authorised		
19750000 (11750000) Equity Shares of Rs.10/- each	197,500,000	117,500,000
250000 (250000) 12 % Cumulative Redemable Preference Shares of Rs. 10/- each	<u>2,500,000</u>	<u>2,500,000</u>
	200,000,000	120,000,000
Issued, subscribed and paid-up :		
11037401 (11037401) Equity Shares of Rs.10/- each Fully Paid	110,374,010	110,374,010
210000 (210000) 12% Cumulative Redemable Preference shares of Rs. 10/- each Fully paid up - Redemable at par on or before 30.06.2008	<u>2,100,000</u>	<u>2,100,000</u>
	112,474,010	112,474,010
2 Reserves and surplus		
Capital Reserve	1,782,500	1,782,500
Revaluation Reserve	12,455,976	12,514,442
Less : Additional Depreciation On Revaluation	<u>(58,466)</u>	<u>(58,466)</u>
	12,397,510	12,455,976
Profit & Loss Account		
Balance of Profit Transferred from Profit & Loss Account	29,739,701	35,138,239
Less: Debit Balance in Profit & Loss Account-as per Contra (Sch.14)	<u>21,303,450</u>	<u>35,138,239</u>
Balance of Profit	8,436,251	-
	22,616,261	14,238,476
3 Secured loans		
From Banks		
- Cash Credit	94,000,428	64,670,627
- Term Loan	68,144,439	19,212,176
Hire Purchase Loans	<u>27,019,181</u>	<u>-</u>
	189,164,048	83,882,803
4 Un Secured Loans		
Public Deposits	17,550,000	16,205,000
Inter Corporate loan - Accel Limited	-	17,186,089
	<u>17,550,000</u>	<u>33,391,089</u>

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 01.04.2007 Rs.	ADDITIONS/ Adjustments Rs.	SALE/ Transfer Rs.	TOTAL AS ON 31.03.2008 Rs.	UP TO 01.04.2007 Rs.	FOR THE Year Rs.	Disposals / Adjustments Rs.	UPTO 31.03.2008 Rs.	AS ON 31.03.2008 Rs.	AS ON 31.03.2008 Rs.
1	Land	12,280,000	-	-	12,280,000	-	-	-	-	12,280,000	12,280,000
2	Factory Building	(12,280,000)	-	-	(12,280,000)	1,602,956	-	-	1,602,956	(10,677,044)	(10,677,044)
		4,531,390	-	-	4,531,390	(158,783)	-	-	(1,442,370)	2,928,434	3,089,020
		(4,472,675)	(58,715)	-	(4,531,390)	-	-	-	66,059	(3,089,020)	(3,189,088)
		227,083	-	-	227,083	-	-	-	(66,059)	161,024	161,024
		(227,083)	-	-	(227,083)	-	-	-	(66,059)	(161,024)	(161,024)
		5,730,578	416,102	-	6,146,680	379,989	-	-	1,543,994	4,602,686	4,566,573
		(4,715,544)	(1,015,034)	-	(5,730,578)	(368,930)	-	-	(1,164,005)	(4,566,573)	(3,920,469)
3	Plant and Machinery	25,993,011	-	-	25,993,011	1,029,030	-	-	18,353,919	7,639,092	8,668,122
		(25,993,011)	-	-	(25,993,011)	(1,061,546)	-	-	(17,324,889)	(8,668,122)	(9,729,668)
4	Data Processing Machines	42,396,509	34,566,452	1,757,697	75,205,264	7,475,596	-	1,780,414	32,364,927	42,840,337	15,726,765
		(53,948,965)	(16,287,312)	(27,839,768)	(42,396,509)	(8,040,549)	-	(23,413,689)	(26,669,744)	(15,726,765)	(11,906,081)
5	Computer Software	78,104	-	-	78,104	27,294	-	-	78,104	-	27,294
		(18,450)	(59,654)	-	(78,104)	(32,360)	-	-	(50,810)	(27,294)	-
6	Furnitures and Fixtures	12,173,407	17,650,308	2,430,589	27,393,126	1,825,015	-	1,738,396	7,230,160	20,162,966	5,029,866
		(16,461,931)	(689,922)	(4,978,446)	(12,173,407)	(914,723)	-	(3,274,577)	(7,143,541)	(5,029,866)	(6,958,536)
7	Testing Equipments	1,657,095	466,547	-	2,123,642	66,162	-	-	867,249	1,256,393	856,008
		(1,657,095)	-	-	(1,657,095)	(57,867)	-	-	(801,087)	(856,008)	(913,875)
8	Office Equipments	7,879,587	2,154,197	1,080,838	8,952,946	413,929	-	335,737	2,064,745	6,888,201	5,893,033
		(7,019,404)	(3,654,749)	(2,794,565)	(7,879,587)	(366,950)	-	(876,599)	(1,986,554)	(5,893,034)	(4,523,201)
9	Electrical Fittings	2,978,010	6,698,976	-	9,676,986	219,800	-	-	1,386,382	8,290,604	1,811,428
		(3,273,765)	(540,579)	(836,334)	(2,978,010)	(248,072)	-	(434,343)	(1,166,582)	(1,811,428)	(1,920,912)
10	Library Books	371,042	-	-	371,042	339,487	-	-	344,694	26,348	31,555
		(371,042)	-	-	(371,042)	(5,207)	-	-	(339,487)	(31,555)	(36,762)
11	Water Supply System	49,761	-	-	49,761	1,577	-	-	39,101	10,660	12,237
		(49,761)	-	-	(49,761)	(1,577)	-	-	(37,524)	(12,237)	(13,814)
12	Prototype Development	2,206,204	93,224	-	2,299,428	115,722	-	-	1,212,647	1,086,781	1,109,279
		(1,972,888)	(233,316)	-	(2,206,204)	(83,936)	-	-	(1,096,925)	(959,899)	(959,899)
13	Vehicle	1,744,500	2,429,347	709,349	3,464,498	1,096,917	-	532,396	852,435	2,612,063	647,583
		(1,744,500)	-	-	(1,744,500)	(141,635)	-	-	(1,096,917)	(647,583)	(789,218)
14	Time Share Property-Building	35,820	-	35,820	-	-	-	-	-	-	-
		(35,820)	-	-	(35,820)	-	-	-	(35,820)	-	-
15	Computers on Lease	(5,175,178)	-	(5,175,178)	-	-	-	(4,730,735)	-	-	(1,440,225)
16	Boat	44,000	-	44,000	-	-	-	44,000	-	-	-
		(44,000)	-	-	(44,000)	-	-	-	(44,000)	-	-
17	Goodwill	6,216,964	-	-	6,216,964	4,117,331	-	-	5,317,131	899,833	2,099,633
		(6,216,964)	-	-	(6,216,964)	(2,917,531)	-	-	(4,117,331)	(2,099,633)	(3,299,433)
18	Softwares	2,300,683	10,609,796	-	12,910,479	461,477	-	-	1,271,045	11,639,434	1,839,206
		(1,122,656)	(1,178,027)	-	(2,300,683)	(339,903)	-	-	(461,477)	(1,839,206)	(1,001,082)
19	Temporary Partitions	1,146,432	84,647	-	1,231,079	84,647	-	-	1,231,079	-	-
		(1,143,902)	(2,530)	-	(1,146,432)	(2,530)	-	-	(1,146,432)	-	-
	TOTAL	130,040,180	75,169,596	6,058,293	199,151,483	14,101,836	-	4,466,763	75,826,627	123,324,856	63,848,626
	Previous Year	147,944,634	23,719,838	41,624,291	130,040,181	14,020,150	-	32,729,943	66,191,554	63,848,627	63,043,287

Note:

- The Depreciation on account of Revaluation of Rs.58466/- is being adjusted with Revaluation Reserve.
- Figures in brackets represents Previous year figures

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT

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

	March 31,2008	March 31,2007
6 Investments - Long term		
Unquoted at cost		
In subsidiaries		
Accel Solutions Japan Corporation (Trade)	1,200,000	1,158,923
[60 (60) Shares of ₹ 50,000 Each]		
Accel North America, Inc (Trade)	5,192,200	-
[130000 (Nil) Shares of USD 1 Each]		
In Others		
Accel Academy Limited [Trade]	29,400,000	-
[490000 (Nil) Equity shares of Rs.10/- each fully paid up]		
Unit Trust of India - 6.75% Tax free US-64 Bonds [Non-trade]	90,000	90,000
[900 (900)Units of Rs.100/- each fully paid up]		
Quoted [Non-Trade] at cost		
In Others		
Rajashree Sugars and Chemicals Ltd	1,575	1,575
[65 (65) Equity shares of Rs.10/- each fully paid up]		
State Bank of India	20,900	5,000
[60 (50) Equity shares of Rs.10/- each fully paid up]		
ICICI Bank Limited	25,756	25,756
[125 (125) Equity Shares of Rs.10/- each fully paid up]		
S & Y Mills Limited	2,165	2,165
[500 (500) Equity Shares of Rs.10/- each fully paid up]		
[Aggregate market value of quoted shares as on the date of Balance Sheet - Rs.195,713/- (Previous year Rs.252,210/-)]		
	35,932,596	1,283,419
7 Inventories		
Raw materials and components	17,503,820	12,549,362
Stores & Spares	9,381,326	9,225,593
Finished goods	11,598,206	7,141,463
Work in Progress	24,573,901	4,874,760
	63,057,253	33,791,178
8 Sundry debtors		
<i>(Unsecured)</i>		
Debts exceeding six months		
Considered good	38,741,920	21,863,153
Considered doubtful	-	114,576
Other debts, Considered good	80,777,257	75,814,015
	119,519,177	97,791,744
Provision for doubtful debts	-	(114,576)
	119,519,177	97,677,168

ACCEL TRANSMATIC LTD.

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT

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

	March 31,2008	March 31,2007
9 Cash and bank balances		
Cash in hand and remittances in transit (including cheques in hand)	682,472	42,860
Balances with Scheduled banks:		
in Current accounts	968,306	430,901
in Deposit accounts	4,517,743	1,970,380
Unclaimed Dividend Accounts	174,841	83,716
	<u>6,343,362</u>	<u>2,527,857</u>
10 Other Current Assets		
- Accrued Interest	391,285	73,611
- Unbilled Revenue	14,073,902	6,232,402
	<u>14,465,187</u>	<u>6,306,013</u>
11 Loans and advances (Unsecured & considered good)		
Advances recoverable in cash or in kind for value to be received	39,468,726	91,922,528
Deposits	18,409,118	7,292,721
Advance Income Tax / Tax Deducted at Source	1,363,272	4,208,042
	<u>59,241,116</u>	<u>103,423,291</u>
12 Current Liabilities		
Sundry Creditors for Goods Supplied		
Due to Micro ,Small & Medium Enterprises (See Note No.21.12)	-	-
Due to Others	32,535,607	35,141,088
Creditors for Expenses	22,133,326	17,543,504
Other Liabilities	7,790,129	7,263,752
Advances Received from Customers for Supply of Goods & Services	8,014,588	7,781,658
Investor Education Protection Fund shall be credited by		
Unclaimed Dividends	174,841	83,716
Unclaimed Public Deposits	20,000	20,000
Unclaimed Interest on Public Deposits	1,650	1,650
{to be transferred to Investor Education & Protection Fund in the respective years if remaining unpaid}		
	<u>70,670,141</u>	<u>67,835,368</u>
13 Provisions for :		
Income Tax	5,032,766	6,246,121
Fringe Benefit Tax (net of Advance Tax)	453,780	1,034,388
Employee Benefits	6,322,281	3,187,057
Warranty	438,513	188,152
Dividend	252,000	6,874,441
Tax on Dividend	42,840	1,168,655
	<u>12,542,180</u>	<u>18,698,814</u>
14. Profit & Loss Account (Debit Balance)		
Opening Balance	21,303,450	56,441,689
Less : Profit for the year transferred from Profit & Loss account as per contra (Sch. 2)	21,303,450	35,138,239
Balance in Profit & Loss account carried to Balance Sheet	-	21,303,450

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

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

	March 31,2008	March 31,2007
15 Income from Operations		
Sales Income		
Manufacturing Sales	175,405,225	70,640,652
Trading Sales	71,499,527	69,061,848
Export Sales	92,434	-
	<u>246,997,186</u>	<u>139,702,500</u>
Service Income		
Maintenance and repair services	28,990,905	28,988,884
Training & Educational Services	4,117,344	79,382,601
Software Services		
Domestic	-	19,231
Exports	121,257,409	111,789,143
	<u>154,365,658</u>	<u>220,179,859</u>
	<u>401,362,844</u>	<u>359,882,359</u>
16 Other Income		
Interest income (TDS Rs.422,560 (Rs.69,436))	2,051,081	340,377
Creditors No longer payable written back	3,439,176	1,062,594
Miscellaneous Income	5,566	244,661
Profit on sale of Assets	623,110	-
	<u>6,118,933</u>	<u>1,647,632</u>
17 Materials Consumed		
Opening stock of Materials	12,534,024	11,105,374
Purchases	101,282,814	39,597,277
	<u>113,816,838</u>	<u>50,702,651</u>
Closing stock of Materials	(17,503,820)	(16,361,273)
Materials Consumed	96,313,018	34,341,378
Less : Obsolete Inventory Written off	-	3,827,249
Closing Stock Carried to Inventory Schedule	<u>17,503,820</u>	<u>12,534,024</u>
17-A (Increase) /Decrease in Stock [Finished Goods]		
Closing Stock	5,229,231	4,019,824
Less: Opening Stock	1,716,488	4,558,852
	<u>(3,512,743)</u>	<u>539,028</u>
Less : Obsolete Inventory Written off	-	(2,303,336)
Closing Stock Carried to Inventory Schedule	<u>5,229,231</u>	<u>1,716,488</u>
17-B Cost of Sales (Traded goods) & Services		
Opening Stock	19,540,666	21,485,314
Purchases	63,181,981	66,761,513
	<u>82,722,647</u>	<u>88,246,827</u>
Closing stock of Materials	(40,324,202)	(29,438,216)
	<u>42,398,445</u>	<u>58,808,611</u>
Less : Obsolete Inventory Written off	-	9,897,550
Closing Stock Carried to Inventory Schedule	<u>40,324,202</u>	<u>19,540,666</u>

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 31,2008	March 31,2007
18. Employee costs and benefits		
Salaries Allowances and Bonus	90,152,572	82,799,550
Contribution to Welfare Funds	6,986,527	6,130,324
Staff Welfare Expenses	6,117,240	5,586,611
	<u>103,256,339</u>	<u>94,516,485</u>
19. Manufacturing & Operating Expenses		
Rent	8,777,943	15,511,951
Electricity charges	2,418,280	4,453,324
Repairs and maintenance		
Plant & Machinery	102,391	211,677
Buildings	649,842	581,568
Others	4,268,267	6,852,739
Printing and stationery	1,560,410	2,476,927
Rates & Taxes	14,316,454	8,667,592
Excise Duty Differentials	338,293	(23,064)
Communication costs	7,255,262	8,424,970
Travelling and conveyance	24,935,529	23,696,450
Insurance	2,101,690	1,759,021
General Expenses	7,198,460	6,772,863
Loss on exchange rate fluctuations	1,573,114	117,987
Service Tax Paid	4,216,904	11,679,307
Advertisement Charges	1,081,624	6,635,139
Sales Promotion Expenses	9,673,053	5,408,490
Warranty Provision	438,513	176,602
Packing and Forwarding Expenses	4,147,300	2,706,939
	<u>95,053,329</u>	<u>106,110,482</u>
20. Interest & Finance costs		
On Fixed Loans	7,701,491	3,491,747
Others	14,710,375	8,965,463
	<u>22,411,866</u>	<u>12,457,210</u>

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

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

21.0 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention on accrual basis. The Accounting policies have been consistently applied by the company and except as disclosed, are consistent with those used during the previous year.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect 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 of Fixed Assets includes all incidental expenses and interest cost on borrowings where applicable, attributable to the acquisition of assets, up to the date of commissioning of the assets.

(ii) Leased Assets

Fixed Assets acquired on Finance lease have been capitalized at lower of present value of minimum lease payments or fair value. These assets have been depreciated over the useful life of the asset as technically ascertained by the company.

(iii) Impairment of Assets

The carrying amounts of Fixed Assets of the cash generating units of the company are reviewed at the 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 for 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.

Assets installed in leased premises are amortised over the lease period of the premises.

(d) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction or production of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue, during the period in which they are incurred.

(e) Intangible Assets

Intangible assets in the nature of software licenses are stated at cost and are amortized over the estimated useful life of one to five years, using straight line method as technically assessed. Goodwill on merger included under fixed assets, is amortized over a period of 5 years.

(f) Investments

Investments that are readily realizable and intended to be held for not more than a year, if any are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. Provision is made where there is a fall in value of such long-term investments, which are other than temporary in nature. Investments outside India in subsidiary companies are carried in the Balance Sheet at historical cost.

(g) Cash Flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

ACCEL TRANSMATIC LTD.

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

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

(h) Inventories

- a) Inventories, comprising of finished goods, spares, components and traded items, are stated at lower of cost or net realizable value. Cost includes all expenses incurred in bringing the inventory to its present location and condition and is determined on first-in-first-out (FIFO) basis.
- b) Cost of production representing overheads incurred for production of own Animation content is carried over as work in progress in the Balance Sheet as at the year end under inventories.

(i) Revenue recognition

Sales

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

Income from Service

Income from Services is recognized on accrual basis, as follows and are inclusive of service tax.

(i) Annual Maintenance Contracts

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

(ii) Software Services

Software 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. Unbilled revenue included under Other Current Assets represents amount recognised based on services performed in advance of billing in accordance with contractual terms.

(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.

(iv) Animation Services

In respect of Animation services for third parties, income is recognized based on milestone achieved as specified in the contracts. Own production of Animated content is recognized on sale of such products. Share of surplus from coproduction ventures is recognized when the same is accrued after recoupment of the production cost in full as per the terms of the agreement.

(j) Employee benefit plans

i) Defined Contribution Plan:

Provident Fund / Employee State Insurance Scheme

Contribution to Provident Fund Scheme and Employee State Insurance Scheme are charged to Profit and Loss Account in the year of contribution. There are no other obligations other than such contribution payable to the respective fund / scheme.

ii) Defined Benefit Plan:

Gratuity

Gratuity has been covered under Group Gratuity cum Assurance Scheme of Life Insurance Corporation of India. Accruing Liability for gratuity as at the Balance Sheet date is ascertained on actuarial basis using projected unit credit method and balance in excess of fair value of the plan Assets as at the yearend is duly provided for.

iii) Compensated absences

Short term compensated absences are provided for based on estimates at gross undiscounted values. Long term compensated absences are provided for based on actuarial valuation.

(k) Warranty Provisions

Provision for Warranty is made for the estimated costs based on trend of past analysis and nature of services rendered, which may be incurred under free warranties, as provided in licensing and service contracts.

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

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

(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 undertakings 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

- i. Initial recognition – foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.
- ii. Conversion – Foreign currency monetary items are reported using the closing rate. Non Monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- iii. Exchange Differences – Exchange Differences arising on the settlement or conversion of monetary items are recognized as income or as expenses in the period in which they arise.

(n) Earnings Per Share

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

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

ACCEL TRANSMATIC LTD.

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

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

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

21.1 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 under Companies (Accounting Standards) Rules 2006.

21.2 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 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 ordinary course of business.

21.3 Taxation

(A) Current Taxes

- (i) Income Tax Assessment has been completed up to and including the Assessment Year 2004 - 2005. There are no demands outstanding as at the year end in respect of completed assessments.
- (ii) Provision has been made for Current taxes as per the MAT provisions of the Income Tax Act, 1961.
- (iii) Provision for Fringe Benefit Tax is made as per the company's computation.

(B) Deferred Taxes

Break up of net Deferred Tax Asset (Liability) as on March 31, 2008 amounting to Rs 23,52,843 /- (Previous Year Rs.359,558) is as follows.

Particulars	Deferred tax Asset / (Liability) as on 31.03.2008	Deferred tax Asset / (Liability) as on 31.03.2007
Liability		
Difference between book and tax depreciation	7,732,458	5,362,109
Others	-	
Total	7,732,458	5,362,109
Assets		
Carried forward Depreciation	2,869,876	2,842,013
Others	2,509,739	2,879,654
Total	5,379,615	5,721,667
Net deferred Tax (Liability) / Asset	(2,352,843)	359,558

21.4 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/ United States of America subsidiaries is considered to be of temporary in nature on account of the future business potential of the subsidiaries and hence no provision is considered necessary at this stage.

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

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

21.5 Preferential warrants

The company has, during the year, issued 25,50,000 convertible warrants of Rs. 10/- each at a premium of Rs 23 aggregating to Rs.8,41,50,000/- on payment of 10% of the aggregate amount payable. As per the terms of the issue, these warrants are to be converted into Equity shares of Rs. 10/- each within a period of 18 months from the date of issue of warrants at the option of the subscribers. In case any subscriber do not exercise the option for such conversion within the prescribed period, the amount paid for will be forfeited. Pending conversion of such warrants into Equity as at the year end, the application money received at Rs.3.30 per warrant amounting to Rs.84,15,000/- is carried as Share Application Money under Share Capital

21.6 Secured loans

A. The Federal Bank Limited:

The company had closed its limits during the year ended 31st March 2008 against fresh limits sanctioned by The State Bank of India. However there are certain unexpired Bank Guarantees issued by the bank towards which company has given a counter guarantee and also extended a corporate guarantee of Accel Limited and pledge of certain investments held by Accel Limited.

B. The State Bank of India

- The Cash Credit limits , Term Loan Limits and Non Funded Limits (The Limits) are secured by hypothecation of Raw Materials, semi finished goods, finished goods and receivables and hypothecation of assets created out of bank finance.
- The Limits are also secured by equitable mortgage of company's immovable properties at Trivandrum & Chennai
- The limits are secured by assignment over lease deposits with Chennai & Trivandrum Landlords. Further, the loans are also secured by corporate guarantee of Accel Limited and pledge of certain investments held by the said company.

C. Hire Purchase Loans

Hire Purchase loans are secured by hypothecation of the fixed assets acquired out of such loan.

21.7 (A) Contingencies and commitments

	Rupees in Lacs	
	March 31, 2008	March 31, 2007
Outstanding bank guarantees	105.29	63.04
Income Tax demands raised, on appeal pending final decision	NIL	8.13
Corporate Guarantee to a bank *	200.00	NIL
Sales tax Demands	102.28	4.23
Others	10.50	1.57

* Also, counter guaranteed by M/s Accel Limited.

(B) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) is Rs. 25,04,103 (Previous year Rs.Nil)

21.8 Exceptional Items

(A) The company has during the year divested a part of its investment equivalent to 51% of its holding in Accel Academy Limited for a value of Rs. 612 Lacs, as per the decision taken by the Board of Directors. Consequent to this sale, Accel Academy Ltd, has ceased to be a subsidiary with effect from 24.03.2008. The profit on sale of investments Rs.306 Lacs (Previous year profit on sale of undertaking to the said company on slump sale basis is Rs.657.67 Lacs) has been credited to Profit and Loss account.

ACCEL TRANSMATIC LTD.

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

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

21.9 Payment to Directors

(A) Details of Managerial Remuneration u/s198

	March 31, 2008	March 31, 2007
Salaries & Allowances	2,944,324	3,018,482
Commission	419,398	Nil
Contribution to provident fund	9,360	9,360

(B) Computation of net profit under Section 309(5) of the Companies Act,1956 is as under:

Profit before taxes as per Profit and Loss Account		39,642,861
Add : Directors' remuneration	3,373,082	
Directors' sitting fees	75,000	
Depreciation / amortization provided in the accounts for the current year	12,843,567	
Warranty Expenses	438,513	16,730,162
Less: Depreciation as per Section 350	12,843,567	
Profit on sale of Fixed Assets	623,110	13,466,677
Net profit as per section 349		42,906,346
Maximum Remuneration to Whole time Directors		4,290,635
Remuneration paid to Whole time Directors		3,373,082

Previous years computation not given since commission is not payable in the previous year

21.10 Details of Payment to Auditors included under General expenses

	March 31, 2008	March 31, 2007
Statutory audit	337,080	336,720
Tax audit (On Payment Basis)	56,180	22,448
Other Services (On Payment Basis)	67,416	143,106

21.11 Movement of Provisions

The entire provision on account of Warranty created last year has been utilized this year and a fresh provision of Rs.4, 38,513 has been created based on management estimation.

21.12 Dues to Micro, Small & Medium Enterprises

The company has initiated the process of identifying the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March 2008, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

21.13 Obligation on Long Term non-cancelable finance lease

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

Obligation on leases

Particulars	2007-2008	2006-2007
Minimum Lease Payment		
<i>Not Later than 1 Year</i>	6,355,988	Nil
<i>Later Than one year but not later than five years</i>	9,533,982	Nil
<i>Later than five years</i>	Nil	Nil
<i>Present Value of Minimum Lease Payments</i>		
<i>Not Later than 1 Year</i>	5,674,989	Nil
<i>Later Than one year but not later than five years</i>	7,120,296	Nil
<i>Later than five years</i>	Nil	Nil
<i>Finance Charges Recognized in the P & L A/c</i>	1,423,247	337,058

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

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

21.14 Segmental reporting

A. 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

(Rs. In Lacs)

Particulars	Corporate Unallocated	Hardware Products / Services	Software Services	Education & Training	Animation	Total
(a) Segment Revenue						
External Sales						
<i>Current year</i>	312.29	2544.23	1039.91	41.17	172.67	4110.26
<i>Previous Year</i>	663.30	1585.37	967.67	807.95	150.41	4174.71
Total Revenue						
<i>Current year</i>	312.29	2544.23	1039.91	41.17	172.67	4110.26
<i>Previous Year</i>	663.30	1585.37	967.67	807.95	150.41	4174.71
Segment Result						
<i>Current year</i>	173.13	346.43	141.24	-	(23.26)	637.54
<i>Previous Year</i>	567.34	195.92	167.34	102.07	59.23	1091.90
Interest Expense (Net)						
<i>Current year</i>	13.39	93.79	24.00	-	72.43	203.61
<i>Previous Year</i>	16.64	80.24	10.93	6.86	6.48	121.15
Non Operational Expenses						
<i>Current year</i>	8.48	30.69	7.40	-	-	46.57
<i>Previous Year</i>	452.46	0.91	-	-	-	453.37
Net profit / (Loss)						
<i>Current year</i>	151.26	221.95	109.84	-	(95.69)	387.36
<i>Previous Year</i>	98.24	114.77	156.41	95.21	52.75	517.38
(b) Other Information						
Segment Assets						
<i>Current year</i>	1567.58	1090.60	505.61	-	1073.07	4236.86
<i>Previous Year</i>	1728.30	975.85	361.46	-	231.14	3296.75
Segment Liabilities						
<i>Current year</i>	1768.49	899.71	392.94	-	1175.72	4236.86
<i>Previous Year</i>	1999.88	888.17	217.01	-	191.70	3296.75
Capital Expenditure						
<i>Current year</i>	-	24.60	61.98	-	665.10	751.68
<i>Previous Year</i>	-	7.39	115.79	-	96.71	219.89
Depreciation						
<i>Current year</i>	12.00	29.21	48.75	-	50.47	140.43
<i>Previous Year</i>	13.60	26.07	39.71	50.82	9.41	139.62
(c) Non Cash Expenses						
Other than Depreciation						
<i>Current year</i>	8.48	30.69	7.40	-	-	46.57
<i>Previous Year</i>	452.46	0.91	-	-	-	453.37

ACCEL TRANSMATIC LTD.

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

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

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

A. In India.

B. Outside India.

(Rs. in Lacs)

Particulars	In India	Out side India	Total
Segment Revenue			
<i>Current year</i>	2,918.61	1,191.65	4,110.26
<i>Previous Year</i>	3,080.33	1,093.68	4,174.71
Segment Asset			
<i>Current year</i>	3,767.75	469.11	4,236.86
<i>Previous Year</i>	3,015.29	281.46	3,296.75
Capital Expenditure			
<i>Current year</i>	751.69	51.92	803.60
<i>Previous Year</i>	237.20	-	237.20

21.15 Related party transactions

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

	March 31, 2008	March 31, 2007
Accel Solution Japan Corporation	7,047,235	3,863,532
Accel North America Inc.	Nil	1,520,400
Accel Systems Group Inc.	1,799,370	678,816
Accel Academy Limited	9,305,961	82,819,692
Accel Limited	492,445	Nil
Accel Frontline Limited	3,527,559	2,907,001

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

Accel Frontline Limited	5,868,245	13,297,745
-------------------------	-----------	------------

C) Loan Funds include amount due to Accel Limited:

Accel Limited	Nil	17,186,089
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Maximum amount outstanding at any time during the year:

Accel Limited	23,394,059	17,816,013
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D) Related parties with whom transactions have taken place during the year:

Associates:

1. Accel Solution Japan Corporation - Subsidiary
2. Accel Limited - \$
3. Accel Frontline Limited - Associate
4. Accel Systems Group Inc. - \$
5. Accel Academy Limited - \$
6. Accel North America Inc - Subsidiary

\$ Entities controlled by Directors or relatives of Directors.

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 TO AND FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

F) Transactions with related parties

Particulars	Associates	KMP*	Relatives of KMP	Total
Rendering of Services	85,922,929	Nil	Nil	85,922,929
Receiving of Services	16,833,749	Nil	Nil	16,833,749
Remuneration to Whole time Directors	Nil	3,373,082	Nil	3,373,082
Finance (including loans & equity contributions in cash or in kind)	1,980,000	5,892,560	2,450,000	10,322,560
Sale of Fixed Assets @ Book Value	1,376,890	Nil	Nil	1,376,890
Interest Paid	1,738,245	314,991	221,103	2,274,339

*KMP = Key Management Personnel

21.16 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl.No	Particulars	31.03.2008	31.03.2007
01	<i>Profit after taxation</i>		
	<i>Profit available to Equity Shareholders</i>	29,739,701	42,886,494
02	<i>Less: Extra Ordinary Item</i>	30,600,000	65,767,733
03	<i>Profit Without Extra Ordinary Item</i>	(860,299)	(22,881,239)
04	<i>Weighted average number of equity shares</i>	11,118,917	11,037,401
05	<i>Basic & Diluted earnings per share with Extraordinary Item</i>	2.67	3.89
06	<i>Basic earnings per share with Extraordinary Item</i>	2.69	3.89
07	<i>Total Nominal Value of Shares</i>	110,374,010	110,374,010

21.17 Derivatives

Sl.No	Particulars	31.03.2008	31.03.2007
01	<i>Category wise Quantitative data about Derivative Instruments outstanding at the Balance Sheet date</i>	Nil	Nil
02	<i>Purpose of Hedging</i>	Not Applicable	Not Applicable
03.	<i>Foreign Currency Exposure that are not hedged by a Derivative Instrument or otherwise:</i>		
	<i>Due to creditors</i>	US\$ 101,647	US\$ 7629
	<i>Due from Debtors</i>	US\$ 606,924	US\$567,667
		JPY 21,280,435	JPY 1,589,550
		CA\$ 201,661	CA\$ 85,130
		GBP 8,668	GBP Nil

21.18 Employee Benefits

- a) Consequent to Accounting Standards 15 of Companies (Accounting Standards) Rules, 2006 becoming effective, the company has adopted the said standard with effect from 1st April 2007. In the absence of balance in Reserves and Surplus as on 1st April 2007, the difference in opening liability computed in accordance with the revised standard amounting to Rs.21.15 lacs has been expensed on a straight line basis over a period of five years from that date. The balance amount remaining unrecognized as on that date is Rs.16.92 lacs. The Amount recognized in the accounts of the current year is Rs.4.23 lacs.
- b) Disclosure required under AS15 - "Employee Benefits" (Revised 2005)
 1. Defined Contribution Plan

During the year, the company has recognized in the Profit and Loss Account, an amount of Rs.32.58lacs on account of defined contribution towards Provident Fund and Rs.5.14 lacs towards Employees State Insurance Scheme.
 2. Defined Benefit Plans

Gratuity - Funded Obligation

ACCEL TRANSMATIC LTD.

I	Actuarial Assumption	31.03.08
	Discount Rate (per annum)	8%
	Salary escalation rate *	8%
	Expected average remaining lives of working employees (year)	6%

*The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

II	Reconciliation of present value of obligations	Rs. in '000
	Present Value of Obligation at beginning at the beginning of the year	4,043
	Current Services Cost	1,949
	Interest Cost	299
	Actuarial (gain)/loss	(560)
	Benefits Paid	(621)
	Present value of obligation at the end of the year	5,110

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	R s. in 000,s
	Present value of obligations at the end of the year	5,110
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	4,491

IV	Expenses recognized in the Profit and Loss Account	R s. in 000,s
	Current Service Cost	1949
	Interest Cost	299
	Actuarial (gain) / loss recognized in the period	(636)
	Past Service Cost	(308)
	Total expenses recognized in the Profit and Loss Account for the year	1,304

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors. This being the first year of implementation of the standard, comparable figures of the previous year have not been disclosed.

3. Long Term Employee benefits

Compensated absences (Leave encashment) - Unfunded Obligation

I	Actuarial Assumption	31.03.08
	Discount Rate (per annum)	8%
	Salary escalation rate *	8%
	Expected average remaining lives of working employees (year)	

* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

II	Reconciliation of present value of obligations	Rs. in '000
	Present Value of Obligation at beginning at the beginning of the year	2,118
	Current Services Cost	1,537
	Interest Cost	169
	Actuarial (gain)/loss	(236)
	Benefits Paid	-
	Present value of obligation at the end of the year	3,588

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	R s.
	Present value of obligations at the end of the year	3,588
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	3,588
IV	Expenses recognized in the Profit and Loss Account	R s.
	Current Service Cost	1,537
	Interest Cost	169
	Actuarial (gain) / loss recognized in the period	(236)
	Past Service Cost	423
	Total expenses recognized in the Profit and Loss Account for the year	1,893

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors. This being the first year of implementation of the standard, comparable figures of the previous year have not been disclosed.

4. The company has adopted actuarial method of valuation in respect of non vested accounted leave as at the year end for the first time (not valued in the earlier years since the company does not have a policy of Leave Encashment as laid down in the Pre-revised AS - 15). As a result of the change in the method of valuation as above, the Current Liabilities & Provisions as at the year-end is higher by Rs.18.93 lacs and the profits for the year is lower by Rs.18.93 lacs

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

i) Particulars of Capacity

Installed Capacity	March 31, 2008	March 31, 2007
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.

ii) Production Details:

Particulars	March 31, 2008	March 31, 2007
TSL Products	In Qty	In Qty
Point of sale / collection terminals	45	146
Multi function kiosks	397	63
Intelligent message terminal	50	186
L C R	41	11
Cheque deposit machines	129	55
Queue management system	330	274
Ticketing Machines	13	-
Cheque Drop Machines	104	-
UPS Products		
UPS	1343	115

ACCEL TRANSMATIC LTD.

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

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

iii) Particulars of Stock

Opening Stock

Particulars	April 01, 2007		April 01, 2006	
	In Qty	In Values	In Qty	In Values
TSL Products				
Point of sale / collection terminals	02	262,653	11	709,864
Intelligent Message Terminal	02	107,320	Nil	Nil
UPS Products				
UPS	05	299,206	Nil	Nil
Others				Nil
Traded Goods				
UPS & Batteries		3,527,290		2,246,769
Others		24,719,949		27,859,124
Total		28,916,418		30,815,757

Closing Stock

Particulars	March 31, 2008		March 31, 2007	
	In Qty	In Values	In Qty	In Values
TSL Products				
Point of sale / collection terminals		Nil	02	262,653
Information Kiosks		Nil	02	107,320
Others				1,57,23,752
UPS Products				
UPS	58	27,16,463	05	2,99,206
Others				42,92,836
Traded Goods				
UPS & Batteries		33,99,384		3,527,290
Others		1,23,50,917		24,719,949
Total		3,84,83,352		28,916,418

Purchases

Particulars	March 31, 2008		March 31, 2007	
	In Qty	In Values	In Qty	In Values
Traded Goods				
UPS & Batteries		4,12,20,745		44,081,717
Others		2,19,61,236		22,679,796
Total		63181981		66,761,513

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

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

Turnover

Particulars	March 31, 2008		March 31, 2007	
	In Qty	In Values	In Qty	In Values
TSL Products				
Point of sale / collection terminals	45	33,80,158	146	7,819,256
Multi function kiosks	397	5,31,64,342	63	8,968,126
Intelligent message terminal	50	9,57,554	186	3,022,500
Cheque deposit machines	129	3,89,33,262	61	14,172,480
Queue management system	330	2,34,68,769	274	16,050,201
Cheque Drop Machines	104	70,81,959	-	-
Others		84,11,580		13,336,374
UPS Products				
UPS & Inverters		4,00,07,601		7,271,715
Traded Goods				
UPS & Batteries		4,12,20,745		53,409,616
Others		3,03,71,216		15,652,231
Total		24,69,97,186		139,702,499

Material Consumption

Particulars	March 31, 2008		March 31, 2007	
	In Qty	In Values	In Qty	In Values
Hardware Products				
Monitors	733	3,867,706	249	1,284,919
CPU & Assemblies	326	5,868,000	201	2,613,000
VFD Display	45	1,41,634	50	187,540
Mechanisms	83	2,51,454	105	380,286
LCD Display	484	2,63,687	356	173,409
Slip Printers	153	14,89,128	129	1,354,991
Display Counters	-	-	8544	645,728
Cash Acceptors	149	10,52,715	121	972,519
Barcode Scanner	148	8,39,986	99	636,588
Thermal Printers	989	92,50,604	365	1,990,972
Touch Screen	561	23,54,186	122	592,825
Card Reader	535	22,85,639	55	185,775
MICRS	263	17,87,720	94	874,624
Coin Validators	11	46,573	27	133,124
PCB Assembly	304	1,66,259	09	164,306
Transformers	41	23,376	63	358,400
Rabbit cores	293	7,08,900		-
Thin Clients	384	71,43,316		-
GSM Modems	102	3,53,640		-
TSL Others		2,25,12,565		-
UPS & Others		3,59,05,930		21,792,372
Total		9,63,13,018		34,341,378

ACCEL TRANSMATIC LTD.

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

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

c) Consumption of Stores & Spare parts

Particulars	2007-2008	Percentage	2006-2007	Percentage
Imported	2,64,14,748	27.42	1,15,45,118	33.61
Indigenous	6,98,98,270	72.58	2,27,96,260	66.39

d) CIF Value of Imports

	March 31, 2008	March 31, 2007
Raw Material & Components	3,10,86,839	11,843,396
Capital goods	2,20,89,518	42,79,726

e) Earning in foreign currency

	March 31, 2008	March 31, 2007
Towards income from services	9,00,47,942	9,91,01,454

(f) Expenditure in foreign currency

	March 31, 2008	March 31, 2007
Services	69,78,858	1,500,000
Towards Foreign Travel	1,22,52,351	9,209,200

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

Particulars	Number of Share Holders	Dividend Paid
Non Resident Indians	10	46,407

21.20 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

N.R. Panicker
Chairman

A. Mohan Rao
Director

Place : Chennai
Date : 09th June 2008

T.Ravindran
Director

S.T. Prabhu
Director & Company Secretary

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, 2008

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Warrants	8,415

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

Total Liabilities	350,219	Total Assets	350,219
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Sources of funds

Paid -Up Capital	120,889	Reserves & Surplus	22,616
Secured Loans	189,164	Unsecured Loans	17,550

Application of funds

Net Fixed Assets	137,226	Investments	35,932
Net Current Assets	179,414	Deferred Tax Asset (Liability)	(2,353)

IV Performance of company (Amount in Rs. thousands)

Turnover & Other Income	413,416	Total Expenditure	373,773
Profit/(Loss) before Tax	39,643	Profit/(Loss) After Tax	30,035
Earnings/Share in Rs.	2.67	Dividend Rate % (Equity)	N/A

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
	Animation content development
	Software Development

**ACCEL SOLUTIONS JAPAN,
CORPORATION**



DIRECTORS' REPORT

Directors - Mr. Muto San
Mr. Philip John
Mr. S.T. Prabhu.

Your Directors are pleased to present before the shareholders the Annual Report of the Company for the year ended 31st March 2008.

Your company is the marketing arm of the Indian Company, Accel Transmatic Limited and been involved in marketing of Technology services, project implementation and Onsite support for various customers in Japan.

Accel Solutions Japan Corporation is a 67% owned Subsidiary of the company and is represented by its Nominee Directors, Mr. Philip John and Mr. S.T. Prabhu. Since there is no requirement to get the balance sheet and profit and loss account for Accel Solutions Japan Corporation to be audited and published under the laws of Japan, the balance sheet and profit and loss accounts are not audited and they are furnished here as certified by the Management.

Financial Results

	JPY	INR
Total Sales	42,046,001	14,920,023
Gross Profit / (Loss)	434,990	1,54,356

During the year under report the Company could consolidate its operations in Japan and as required by the Laws of Japan converted itself into Incorporated Company and also changed its name.

Date : 09th June 2008

PHILIP JOHN
DIRECTOR

ACCEL SOLUTIONS JAPAN, CORPORATION

BALANCE SHEET AS AT

Particulars	March 31,2008 Currency : INR	March 31,2008 Currency : Jap Yen
Sources of Funds		
Shareholders' funds		
Share Capital	1,609,200	4,000,000
Reserves & Surplus - Foreign Currency Transalation Reserve	(220,175)	-
	<u>1,389,025</u>	<u>4,000,000</u>
Loan funds :		
Secured	4,439,357	11,034,941
Unsecured	57,022	141,740
	<u>4,496,379</u>	<u>11,176,681</u>
Total Liabilities	<u>5,885,404</u>	<u>15,176,681</u>
APPLICATION OF FUNDS		
Current assets, loans and advances:		
Sundry debtors	8,249,346	20,505,458
Cash and bank balances	1,810,419	4,500,171
Loans and advances	421,037	1,046,575
	<u>10,480,802</u>	<u>26,052,204</u>
Less : Current liabilities		
Current Liabilities	6,241,962	15,515,691
Net current assets	<u>4,238,840</u>	<u>10,536,513</u>
Profit and loss Account (Loss)	<u>1,646,564</u>	<u>4,640,168</u>
Total assets	<u>5,885,404</u>	<u>15,176,681</u>

FOR AND ON BEHALF OF THE BOARD

Date : 09th June 2008

PHILIP JOHN
DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	IN INR March 31, 2008	IN JPY March 31, 2008
Income		
Net Sales	14,917,476	42,038,823
Other Income	2,547	7,178
	<u>14,920,023</u>	<u>42,046,001</u>
Expenditure		
Cost of Sales (Traded Goods) & Services	9,010,309	25,391,882
Employee costs and benefits	4,018,206	11,323,675
Manufacturing & Operating Expenses	1,737,152	4,895,454
	<u>14,765,667</u>	<u>41,611,011</u>
Profit before Depreciation, Interest and Tax	154,356	434,990
Interest & Finance costs	-	-
Profit / (Loss) before Taxation	<u>154,356</u>	<u>434,990</u>
Less : Provision for Taxation		
Current year tax	20,652	58,200
Profit for the year carried to Balance Sheet	<u>133,704</u>	<u>376,790</u>

FOR AND ON BEHALF OF THE BOARD

Date : 09th June 2008

PHILIP JOHN
DIRECTOR

ACCEL NORTH AMERICA, INC

DIRECTORS' REPORT

Directors - Mr. David Kumar
Mr. N.R. Panicker
Mr. P.B. Nair.

Your Directors are pleased to present before the shareholders the Annual Report of the Company for the year ended 31st March 2008.

Your company is the marketing arm of the Indian Company, Accel Transmatic Limited and been involved in marketing of Technology services, project implementation and Onsite support for various customers in United States of America and also has set up a Branch in Japan.

Accel North America Inc. is a 100% owned Subsidiary of the company. Since there is no requirement to get the balance sheet and profit and loss account for Accel North America Inc. to be audited and published under the laws of USA, the balance sheet and profit and loss accounts are not audited and they are furnished here as certified by the Management. The subsidiary company has started functioning in US which will ensure continuous marketing presence in the territory. This will also help in account management of existing client and will facilitate in exploring more business opportunities.

Financial Results

	USD	INR
Total Sales	-	-
Gross Profit / (Loss)	(128,424)	(5,158,786)

Date : 09th June 2008

N.R. PANICKER
DIRECTOR

ACCEL NORTH AMERICA, INC

BALANCE SHEET AS AT

Particulars	March 31,2008 Currency : INR	March 31,2008 Currency : US \$
SOURCES OF FUNDS		
Shareholders' funds		
Share Capital	5,187,000	130,000
Reserves & Surplus - Foreign Currency Transalation Reserve	34,686	-
	<u>5,221,686</u>	<u>130,000</u>
Loan funds :		
Secured	1,436,400	36,000
Total Liabilities	<u>6,658,086</u>	<u>166,000</u>
APPLICATION OF FUNDS		
Current assets, loans and advances:		
Cash and bank balances	1,155,384	28,957
Loans and advances	343,916	8,619
	<u>1,499,300</u>	<u>37,576</u>
Net current assets	1,499,300	37,576
Profit and loss Account (Loss)	5,158,786	128,424
Total Assets	<u>6,658,086</u>	<u>166,000</u>

FOR AND ON BEHALF OF THE BOARD

Date : 09th June 2008

N.R. PANICKER
DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	IN INR March 31, 2008	IN US \$ March 31, 2008
Income		
Income from oprations	-	-
Expenditure		
Employee costs and benefits	2,418,493	60,206
Manufacturing & Operating Expenses	2,679,402	66,702
	<u>5,097,895</u>	<u>126,908</u>
Profit before Depreciation, Interest and Tax	(5,097,895)	(126,908)
Interest & Finance costs	60,891	1,516
Profit / (Loss) before Taxation	<u>(5,158,786)</u>	<u>(128,424)</u>
Less : Provision for Taxation		
Profit for the year carried to Balance Sheet	<u>(5,158,786)</u>	<u>(128,424)</u>

FOR AND ON BEHALF OF THE BOARD

Date : 09th June 2008

N.R. PANICKER
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 (upto 24.03.2008), M/s Accel Solutions Japan Inc and M/s Accel North America Inc as at 31st March 2008, 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 Accel Solutions Japan Inc and M/S Accel North America Inc whose unaudited financial statements reflect total assets of Rs. 104.80 Lacs and 14.99 Lacs respectively, total liability of Rs 121.27 lacs and Rs 66.58 lacs respectively as at 31st March 2008, net loss of Rs. 16.47 lacs and Rs 51.59 lacs respectively and net Cash inflow / (outflow) amounting to (Rs.2.06) lacs and Rs. 11.55 lacs 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's management in accordance with the requirements of Accounting standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006.
5. Subject to our comments in para 4 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 2008;
 - 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 consolidated 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 : 09th June 2008

ACCEL TRANSMATIC LTD.

Consolidated Balance Sheet as at

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

	Sch. No.	March 31,2008	March 31,2007
SOURCES OF FUNDS:			
Share Holders Funds :			
Share Capital	1	112,474,010	112,474,010
Advanced received against issue of share warrants		8,415,000	-
Reserves & Surplus	2	14,001,420	14,330,746
Minority Interest		(9,340)	(116,729)
		<u>134,881,090</u>	<u>126,688,027</u>
Loan Funds :			
Secured	3	193,603,405	89,329,569
Unsecured	4	19,043,422	34,222,049
		<u>212,646,827</u>	<u>123,551,618</u>
Deferred Tax Liability (Net)		2,352,843	-
TOTAL LIABILITIES		<u>349,880,760</u>	<u>250,239,645</u>
APPLICATION OF FUNDS			
Fixed assets:			
Gross Block	5	199,275,949	206,632,067
Less: Accumulated Depreciation		75,826,628	66,191,554
Net block		123,449,321	140,440,513
Capital Work In progress		13,900,936	-
		<u>137,350,257</u>	<u>140,440,513</u>
Investments	6	25,269,066	124,496
Deferred Tax Asset (Net)		-	359,557
Current Assets, Loans & Advances :			
Inventories	7	63,057,253	40,291,178
Sundry Debtors	8	120,721,289	98,174,339
Cash and Bank Balances	9	9,309,165	11,480,458
Other Current Assets	10	14,465,187	6,306,012
Loans and Advances	11	59,881,605	25,316,717
		<u>267,434,499</u>	<u>181,568,704</u>
Less : Current Liabilities and Provisions			
Current Liabilities	12	69,864,869	76,548,650
Provisions	13	12,542,180	18,698,814
		<u>82,407,049</u>	<u>95,247,464</u>
Net Current Assets		<u>185,027,450</u>	<u>86,321,240</u>
Miscellaneous Expenditure		-	235,000
(to the extent not written off / Adjusted)			
Profit and Loss Account	14	2,233,987	22,758,839
TOTAL		<u>349,880,760</u>	<u>250,239,645</u>
Significant Accounting Policies and Notes on Accounts	21		

Vide our report of Even Date

Varma & Varma

Chartered Accountants

K.M Sukumaran F.C.A

Membership No:15707

Partner

Place : Chennai

Date : 09th June 2008

N.R. Panicker
Chairman

A. Mohan Rao
Director

T.Ravindran
Director

S.T. Prabhu
Director & Company Secretary

Consolidated Profit and Loss Account for the year ended

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

	Sch. No.	March 31,2008	March 31,2007
Income			
Income from Operations	15	487,839,203	364,763,328
Less: Excise Duty		24,666,251	9,486,817
Net Sales		463,172,952	355,276,511
Other Income	16	6,305,951	1,709,987
Profit on sale of Investment/Undertaking (see note 21.8)		34,962,935	65,767,733
		504,441,838	422,754,231
Expenditure			
Materials Consumed	17	96,313,018	34,341,378
(Increase) / Decrease in Stock	17-A	(3,512,743)	539,028
Cost of Sales (Traded Goods) & Services	17-B	47,338,416	57,790,255
		140,138,691	92,670,661
Employee costs and benefits	18	136,399,413	98,914,307
Manufacturing & Operating Expenses	19	138,060,788	108,658,214
Miscellaneous Expenses Written Off.		235,000	-
		414,833,892	300,243,182
Profit before Depreciation interest and Tax		89,607,946	122,511,049
Interest & Finance costs	20	24,984,330	13,195,367
Profit before Depreciation & tax		64,623,616	109,315,682
Depreciation	5	25,972,658	13,961,684
Profit / (Loss) before tax and write off		38,650,958	95,353,998
Obsolete inventory / irrecoverable Debts / Advances Written Off		3,809,040	45,337,037
Profit before tax		34,841,918	50,016,961
Less : Taxation for the year			
Current tax		5,053,418	5,001,780
Fringe Benefit Tax		1,248,298	1,344,328
Defered Tax		6,958,873	2,238,625
Income Tax of Prior Years Written off		848,399	-
Profit after tax (Before Minority Interest)		20,732,930	41,432,228
Less : Minority Interest		33,426	(437,276)
Profit for the year available for Appropriation		20,699,504	41,869,504
Less : Appropriations			
Proposed Dividends - Final			
On Preferences Shares		252,000	252,000
On Equity Shares		-	6,622,441
Tax on Dividend		42,840	1,168,655
Balance of Profit carried to Balance Sheet	14	20,404,664	33,826,408
Basic and Diluted Earnings per share		1.84	3.77
Basic Earnings per share		1.85	3.77
Significant Accounting Policies and Notes on Accounts	21		
Vide our report of Even Date			
Varma & Varma			
Chartered Accountants		N.R. Panicker	A. Mohan Rao
K.M Sukumaran F.C.A Membership No:15707 Partner		Chairman	Director
Place : Chennai		T.Ravindran	S.T. Prabhu
Date : 09 th June 2008		Director	Director & Company Secretary

ACCEL TRANSMATIC LTD.

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]

	2007-2008		2006-2007	
	Amount	Amount	Amount	Amount
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxes from operations		34,841,918		50,016,961
ADJUSTMENTS FOR:				
Depreciation	25,972,655		13,961,722	
Irrecoverable Debts/Advances Written off	3,809,043		45,336,999	
Creditors Written Back			(1,117,296)	
Miscellaneous Exp. Written off	235,000		-	
Interest - Net	22,834,282		12,852,443	
Dividend Received	(5,566)		(5,300)	
Loss on sale of Fixed Assets	-		15,335	
Exchange Fluctuation in Value of Investments	-		-	
Profit on sale of Investments	-	52,845,414	-	71,043,903
OPERATING PROFIT/[LOSS] BEFORE WORKING CAPITAL ADJUSTMENT		87,687,332		121,060,864
ADJUSTMENTS FOR:				
Sundry Debtors	(22,766,075)		2,779,702	
Inventories	(22,546,950)		(3,132,210)	
Loans and Advances	(42,489,061)		536,187	
Payment of Dividends	(8,043,096)		(8,257,623)	
Trade Payables	(5,092,158)	(100,937,340)	17,578,817	9,504,873
CASH GENERATED FROM OPERATIONS		(13,250,008)		130,565,737
Income Tax Paid		(11,756,146)		(6,346,108)
Exceptional Items (Write off of Debts & Advances)		(3,809,043)		(45,336,999)
NET CASH FLOW FROM OPERATING ACTIVITIES		(28,815,197)		78,882,630
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(22,882,401)		(91,338,524)	
Sale of Investments	-		15,335	
Purchase of Investments	(25,144,570)		-	
Interest Received	2,150,046		342,924	
Dividend Received	5,566		5,300	
NET CASH FLOW FROM INVESTING ACTIVITIES		(45,871,359)		(90,974,965)
C CASH FLOW FINANCING ACTIVITIES				
Increase in Share capital	8,415,000			
Proceeds from Long Term Borrowings	104,273,836		(16,338,745)	
Net Increase of Cash Credit and other short				
Term borrowings	(15,178,627)		43,597,389	
Adjustment on Account of Consolidation (Minority Interest)	(10,616)		886,555	
Interest Paid	(24,984,330)		(13,195,367)	
NET CASH FLOW FROM FINANCING ACTIVITIES		72,515,263		14,949,832
NET INCREASE IN CASH/CASH EQUIVALENTS		(2,171,293)		2,857,497
D CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		11,480,458		8,622,961
CLOSING CASH AND CASH EQUIVALENTS		9,309,165		11,480,458
NET CASH		(2,171,293)		2,857,497

Notes:

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

Vide our report of Even Date
Varma & Varma
Chartered Accountants

K.M Sukumaran F.C.A
Membership No:15707
Partner
Place : Chennai
Date : 09th June 2008

N.R. Panicker
Chairman

T.Ravindran
Director

A. Mohan Rao
Director

S.T. Prabhu
Director & Company Secretary

Schedules forming part of the consolidated financial statements

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

	March 31,2008	March 31,2007
1. Share Capital		
Authorised		
19750000 (11750000) Equity Shares of Rs.10/- each	197,500,000	117,500,000
250000 (250000) 12% Cumulative Redeemable Preference shares of Rs. 10/- each	2,500,000	2,500,000
Issued, Subscribed and Paid up:		
11037401 (11037401) Equity Shares of Rs. 10/- each Fully Paid up	110,374,010	110,374,010
210000 (210000) 12% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paidup - Redeemable at par on or before 30.06.2008	21,00,000	21,00,000
	<u>112,474,010</u>	<u>112,474,010</u>
2 Reserves and Surplus		
Capital Reserve	1,782,500	1,782,500
Revaluation Reserve	12,455,976	12,514,442
Less: Additional Depreciation On Revaluation	(58,466)	(58,466)
	<u>12,397,510</u>	<u>12,455,976</u>
Foreign Currency Translation Reserve	(178,590)	92,270
	<u>14,001,420</u>	<u>14,330,746</u>
3. Secured Loan		
From Banks		
- Cash Credit	94,000,428	67,723,422
- Term Loan	72,583,796	21,606,147
Hire Purchase Loans	27,019,181	-
	<u>193,603,405</u>	<u>89,329,569</u>
4. Un Secured Loan		
Public Deposits	17,607,022	16,205,000
Term Loans - from Financial Institution / Others	1,436,400	-
Lease liability - Accel Frontline Limited	-	830,960
Inter Corporate loan - Accel limited	-	17,186,089
	<u>19,043,422</u>	<u>34,222,049</u>

Schedules forming part of the consolidated financial statements

(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 01.04.2007 Rs.	ADDITIONS/ Adjustments Rs.	SALE/ Transfer Rs.	TOTAL AS ON 31.03.2008 Rs.	UP TO 01.04.2007 Rs.	FOR THE Year Rs.	Disposals / Adjustments Rs.	UPTO 31.03.2008 Rs.	AS ON 31.03.2008 Rs.	AS ON 31.03.2007 Rs.
1	Land	12,280,000	-	-	12,280,000	-	-	-	-	12,280,000	12,280,000
2	Factory Building	(12,280,000)	-	-	(12,280,000)	160,586	-	-	1,602,956	(12,280,000)	(12,280,000)
		4,531,390	(58,715)	-	4,531,390	(158,783)	-	-	(1,442,370)	2,928,434	3,089,020
		(4,472,675)			(4,531,390)					(3,089,020)	(3,189,088)
		227,083			227,083	66,059	-	-	66,059	161,024	161,024
		(227,083)			(227,083)	(66,059)	-	-	(66,059)	(161,024)	(161,024)
		5,730,578	416,102	-	6,146,680	379,989	-	-	1,543,994	4,602,686	4,566,573
		(4,715,544)	(1,015,034)	-	(5,730,578)	(368,930)	-	-	(1,164,005)	(4,566,573)	(3,920,469)
3	Plant and Machinery	25,993,011	-	-	25,993,011	1,029,030	-	-	18,353,919	7,639,092	8,668,122
		(25,993,011)			(25,993,011)	(1,061,546)	-	-	(17,324,889)	(8,668,122)	(9,729,668)
4	Data Processing Machines	49,661,309	41,232,426	15,564,005	75,329,730	26,669,744	11,451,070	5,755,887	32,364,928	42,964,802	22,991,565
		(53,948,965)	(23,552,112)	(27,839,768)	(49,661,309)	(8,040,549)	(23,413,689)		(26,669,744)	(22,991,565)	(11,906,081)
5	Computer Software	78,104	-	-	78,104	50,810	27,294	-	78,104	-	27,294
		(18,450)			(18,450)	(32,360)	-	-	(50,810)	(27,294)	-
6	Furnitures and Fixtures	14,962,507	21,544,632	9,114,013	27,393,126	7,143,541	2,974,694	2,888,075	7,230,159	20,162,967	7,818,966
		(16,461,931)	(3,479,022)	(4,978,446)	(14,962,507)	(914,723)	-	(3,274,577)	(7,143,541)	(7,818,966)	(6,958,536)
7	Testing Equipments	1,657,095	466,547	-	2,123,642	801,087	66,162	-	867,249	1,256,393	856,008
		(1,657,095)			(1,657,095)	(743,220)	-	-	(801,087)	(856,008)	(913,875)
8	Office Equipments	8,364,987	2,388,270	1,800,311	8,952,946	1,986,554	485,066	406,874	2,064,746	6,888,200	6,378,433
		(7,019,404)	(4,140,149)	(2,794,565)	(8,364,987)	(2,496,203)	(366,950)	(876,599)	(1,986,554)	(6,378,434)	(4,523,201)
9	Electrical Fittings	4,284,910	7,916,738	2,524,662	9,676,986	1,166,582	442,662	222,862	1,386,382	8,290,604	3,118,328
		(3,273,765)	(1,847,479)	(836,334)	(4,284,910)	(1,352,855)	(248,072)	(434,343)	(1,166,582)	(3,118,328)	(1,920,912)
10	Library Books	371,042	-	-	371,042	339,487	5,207	-	344,694	26,348	31,555
		(371,042)			(371,042)	(334,280)	-	-	(339,487)	(31,555)	(36,762)
11	Water Supply System	49,761	-	-	49,761	37,524	1,577	-	39,101	10,660	12,237
		(49,761)			(49,761)	(35,947)	-	-	(37,524)	(12,237)	(13,814)
12	Prototype Development	2,206,204	93,224	-	2,299,428	1,096,925	115,722	-	1,212,647	1,086,781	1,109,279
		(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	2,429,347	709,349	3,464,498	1,096,917	287,914	532,396	852,435	2,612,063	647,583
		(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)	-	-
		(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)
		44,000		44,000	(44,000)	44,000	-	44,000	-	-	-
16	Boat	(44,000)	-	-	(44,000)	-	-	-	-	-	-
17	Goodwill	70,308,851	(64,071,463)	64,091,887	6,216,964	7,481,139	6,281,339	-	5,317,131	899,833	66,191,520
		(6,237,387)			(70,308,851)	(2,917,531)	(1,199,800)	-	(4,117,331)	(66,191,519)	(3,319,856)
18	Softwares	2,954,483	11,121,136	1,165,140	12,910,479	461,477	1,038,365	228,797	1,271,045	11,639,434	2,493,006
		(1,122,656)	(1,831,827)	-	(2,954,483)	(121,574)	(339,903)	-	(461,477)	(2,493,006)	(1,001,082)
19	Temporary Partitions	1,146,432	84,647	-	1,231,079	1,146,432	84,647	-	1,231,079	-	-
		(1,143,902)	(2,530)	-	(1,146,432)	-	-	-	(1,146,432)	-	-
	TOTAL	206,632,067	87,693,069	95,049,187	199,275,949	66,191,554	26,031,124	16,396,050	75,826,628	123,449,321	140,440,513
	Previous Year	147,965,057	100,291,301	41,624,291	206,632,067	84,901,347	14,020,150	32,729,943	66,191,554	140,440,512	63,063,709

Note:

- The Depreciation on account of Revaluation of Rs.58,666/- is being adjusted with Revaluation Reserve.
- Figures in brackets represents Previous year figures

Schedules forming part of the consolidated financial statements

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

	March 31,2008	March 31,2007
6. Investments - Long Term		
Unquoted at cost		
Accel Academy Limited [Trade]	25,128,670	-
[490000 (Nil) Equity shares of Rs.10/- each fully paid up]		
Unit Trust of India - 6.75% Tax free US-64 Bonds [Non-trade]	90,000	90,000
[900 (900)Units of Rs.100/- each fully paid up]		
Quoted [Non-Trade] at cost		
Rajashree Sugars and Chemicals Ltd	1,575	1,575
[65 (65) Equity shares of Rs.10/- each fully paid up]		
State Bank of India	20,900	5,000
[60 (50) Equity shares of Rs.10/- each fully paid up]		
ICICI Bank Limited		
[125 (125) Equity Shares of Rs.10/- each fully paid up]	25,756	25,756
S & Y Mills Limited	2,165	2,165
[500 (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.195,713/- (Previous year Rs.252,210/-)]		
	25,269,066	124,496
7. Inventories		
Raw Materials - Components	17,503,820	12,549,362
- Stores & Spares	9,381,326	9,225,593
Finished Goods	11,598,206	7,141,463
Course Materials	-	6,500,000
Work In Progress	24,573,901	4,874,760
	63,057,253	40,291,178
8. Sundry Debtors		
(Unsecured)		
Debts exceeding six months		
Considered good	35,869,491	21,081,496
Considered doubtful	-	114,576
Other debts, considered good	84,851,798	77,092,843
	120,721,289	98,288,915
Provision for doubtful debts	-	(114,576)
	120,721,289	98,174,339
9. Cash and bank balances		
Cash in hand and remittances in transit (Including Cheques in Hand)	82,472	42,860
Balances with scheduled banks :		
in Current Accounts	4,534,109	9,383,502
in Deposit Accounts	4,517,743	1,970,380
Unclaimed Dividend Accounts	174,841	83,716
	9,309,165	11,480,458

ACCEL TRANSMATIC LTD.

Schedules forming part of the consolidated financial statements

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

	March 31,2008	March 31,2007
10. Other Current Assets		
Accrued Interest	391,285	73,611
Unbilled Revenue	14,073,902	6,232,401
	<u>14,465,187</u>	<u>6,306,012</u>
11. Loans and advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind for value to be received	41,208,787	13,685,102
Deposits	18,672,818	11,631,615
	<u>59,881,605</u>	<u>25,316,717</u>
12. Current Liabilities		
Sundry Creditors for Goods Supplied		
Due to Micro , Small & Medium Enterprises	-	-
Due to Others	31,730,335	33,937,552
Creditors for Expenses	22,133,326	27,460,322
Other Liabilities	7,790,129	4,793,845
Advances Received from Customers for Supply of Goods & Services	8,014,588	10,251,565
Investor Education Protection Fund shall be credited by		
Unclaimed Dividend	174,841	83,716
Unclaimed Public Deposit	20,000	20,000
Unclaimed Interest on Public Deposit	1,650	1,650
{ to be transferred to Investor Education & Protection Fund in the respective years if remaining Unpaid }		
	<u>69,864,869</u>	<u>76,548,650</u>
13. Provision for		
Income Tax	5,032,766	6,246,121
Fringe Benefit Tax (net of Advance Tax)	453,780	1,034,388
Employee Benefits	6,322,281	3,187,057
Warranty	438,513	188,152
Dividend	252,000	6,874,441
Tax on Dividend	42,840	1,168,655
	<u>12,542,180</u>	<u>18,698,814</u>
14. Profit & Loss Account (Debit Balance)		
Opening Balance	22,638,651	56,585,247
Less :Profit for the year carried from Profit & Loss Account	20,404,664	33,826,408
Balance in Profit & Loss account	<u>2,233,987</u>	<u>22,758,839</u>

Schedules forming part of the consolidated financial statements

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

	March 31,2008	March 31,2007
15. Income from Operations		
Sales Income		
Manufacturing Sales	175,405,225	70,640,652
Trading Sales	71,499,527	69,061,848
Export Sales	92,434	-
	<u>246,997,186</u>	<u>139,702,500</u>
Service Income		
Maintenance and repair services	28,990,904	28,988,884
Training & Educational Services	85,315,876	79,382,601
Software Services		
Domestic	-	19,231
Exports	126,535,237	116,670,112
	<u>240,842,017</u>	<u>225,060,828</u>
	<u>487,839,203</u>	<u>364,763,328</u>
16. Other Income		
Interest income (TDS: Rs.4,22,560 (Rs.69,436))	2,150,048	342,924
Creditors No Longer payable written back	3,439,177	1,117,296
Miscellaneous income	93,616	249,767
Profit on sale of Assets	623,110	-
	<u>6,305,951</u>	<u>1,709,987</u>
17. Material Consumed		
Opening stock of Materials	12,534,024	11,105,374
Purchases	101,282,814	39,597,277
	<u>113,816,838</u>	<u>50,702,651</u>
Less : Closing stock of Materials	(17,503,820)	(16,361,273)
Materials Consumed	96,313,018	34,341,378
Less : Obsolete Inventory Written off	-	3,827,249
Closing Stock Carried to Inventory Schedule	17,503,820	12,534,024
17-A: Increase/Decrease in stock [Finished Goods]		
Closing Stock	5,229,231	4,019,824
Less: Opening Stock	1,716,488	4,558,852
	<u>(3,512,743)</u>	<u>539,028</u>
Less : Obsolete Inventory Written off	-	(2,303,336)
Closing Stock Carried to Inventory Schedule	5,229,231	1,716,488
17-B : Cost of Sales (Trade goods) & Services		
Opening Stock	26,040,666	21,485,314
Purchases	69,574,306	65,743,157
Cost of Services	95,604,972	87,228,471
Less : Closing stock of Materials	(48,276,556)	(29,438,216)
	<u>47,338,416</u>	<u>57,790,255</u>
Less : Obsolete Inventory Written off	-	9,897,550
Closing Stock Carried to Inventory Schedule	48,276,556	19,540,666
18. Employee costs and benefits		
Salaries Allowances and Bonus	118,737,459	87,182,093
Contribution to Welfare Funds	9,023,778	6,130,324
Staff Welfare Expenses	8,638,176	5,601,890
	<u>136,399,413</u>	<u>98,914,307</u>

ACCEL TRANSMATIC LTD.

Schedules forming part of the consolidated financial statements

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

	March 31,2008	March 31,2007
19. Manufacturing & Operating Expenses		
Rent	21,615,178	16,700,920
Electricity charges	4,303,962	4,453,324
Repairs and maintenance		
Plant & Machinery	225,621	211,677
Buildings	649,842	581,568
Others	6,203,472	6,852,739
Printing and stationery	2,610,142	2,477,152
Rates & Taxes	14,543,904	8,960,471
Excise Duty Differentials	338,293	(23,064)
Communication costs	9,825,857	8,560,485
Travelling and conveyance	27,501,451	24,052,732
Insurance	2,344,222	1,759,021
General Expenses	10,112,037	7,035,583
Loss on exchange rate fluctuations	1,578,314	117,987
Service Tax Paid	13,120,962	11,679,307
Advertisement Charges	8,091,063	6,639,007
Sales Promotion Expenses	10,246,709	5,508,676
Warranty Support Charges	438,513	176,602
Packing and Forwarding Expenses	4,231,755	2,914,027
Share of loss in Associate Company	79,491	-
	<u>138,060,788</u>	<u>108,658,214</u>
20. Interest & Finance Costs		
On Fixed Loans	7,933,813	3,491,747
Other Loans	17,050,517	9,703,620
	<u>24,984,330</u>	<u>13,195,367</u>

Schedules forming part of the financial statements (Contd.)

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

21.0 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 following subsidiaries / associates

Subsidiary Companies :

Name of the Company	Country of Incorporation	Percentage of Holding
Accel Solutions Japan Corporation	Japan	75%
Accel North America, Inc	United States of America	100%

Associate Company:

Name of the Company	Country of Incorporation	Percentage of Holding
Accel Academy Limited	India	49%

The above Associate Company was a 100% subsidiary upto 24.03.2008, on which date 51% of the shares were divested and hence the company ceased to be subsidiary and became an associate company. The voting power of the holding company is the same as the ownership interest.

The consolidated financial statements are prepared in accordance with Accounting Standard 21 on 'Consolidated financial statements' and Accounting Standards 23 on "Investments in Associates in Consolidated Financial Statements"

The consolidated financial statements are prepared on the following basis:

- The financial statements of the holding company and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses except as stated above based on unaudited accounts of the subsidiaries duly certified by the management.
- The intra group balances, intra group transactions, thereon have been fully eliminated.
- The financial statements of the two overseas subsidiaries used in the consolidation are drawn up to the same reporting date as of the holding company.
- The income and expenditure of the Indian Subsidiary for the period upto 24.03.2008 has been consolidated on a line by line basis . Proportionate share of loss in Associate Company from 25th March 2008 to 31st March 2008 has been included in consolidated results.

(b) Basis of preparation of financial statements

The Consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards notified under Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention on accrual basis. The Accounting Policies have been consistently applied by the company and except as disclosed, are consistent with those used during the previous year.

(c) Use of Estimates

The preparation of Consolidated 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 Consolidated 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 of Fixed Assets includes all incidental expenses and interest cost on borrowings, where applicable attributable to the acquisition of assets, up to the date of commissioning of the assets.

(ii) Leased Assets

Fixed Assets acquired on Finance lease have been capitalized at lower of present value of minimum lease payments or fair value. These assets have been depreciated over the useful life of the asset as technically ascertained by the companies.

(iii) Impairment of Assets

The carrying amounts of Fixed Assets of the cash generating units of the companies are reviewed at the 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 for 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. In case of erstwhile subsidiary goodwill on acquisition is tested for impairment.

Assets installed in leased premises are amortised over the lease period of the premises.

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements (Contd.)

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

(e) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction or production of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue, during the period in which they are incurred.

(f) Intangible Assets

Intangible assets in the nature of software licenses are stated at cost and are amortized over the estimated useful life of one to five years, using straight line method as technically assessed. Goodwill on amalgamation included under fixed assets, in case of holding company is amortized over a period of 5 years.

(g) Investments

Investments that are readily realizable and intended to be held for not more than a year, if any are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost except in case of investment in associates which are carried under Equity method of accounting. Provision is made where there is a fall in value of long-term investments which are other than temporary in nature.

(h) Cash Flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

(i) Inventories

- 1) Inventories, comprising of finished goods, spares, components and traded items, are stated at lower of cost or net realizable value. Cost includes all expenses incurred in bringing the inventory to its present location and condition and is determined on first-in-first-out (FIFO) basis.
- 2) Cost of production representing overheads incurred for production of own Animation content is carried over as work in progress in the Balance Sheet as at the year end under inventories.

(j) Revenue recognition

Sale of Products

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 and are inclusive of Service Tax:

(i) Annual Maintenance Contracts

Income from Annual maintenance contracts is recognised proportionately after the period of the prescribed contract.

(ii) Software Services

Software 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. Unbilled revenue included under Other current assets represents amount recognised based on services performed in advance of billing in accordance with contractual terms.

(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.

(iv) Animation Services

In respect of Animation services for third parties, income is recognized based on milestone achieved as specified in the contracts. Own production of Animated content is recognized on sale of such products. Share of surplus from coproduction ventures is recognized when the same is accrued after recoupment of the production cost in full as per the terms of the agreement.

(k) Employee benefits - Holding Company & Indian Subsidiary

i) Defined Contribution Plan:

Provident Fund / Employee State Insurance Scheme

Contribution to Provident Fund Scheme and Employee State Insurance Scheme are charged to Profit and Loss Account in the year of contribution. There are no other obligations other than such contribution payable to the respective fund / scheme.

Schedules forming part of the financial statements (Contd.)

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

ii) Defined Benefit Plan:**Gratuity**

Gratuity has been covered under Group Gratuity cum Assurance Scheme of Life Insurance Corporation of India. Accruing Liability for gratuity as at the Balance Sheet date is ascertained on actuarial basis using projected unit credit method and duly provided for.

iii) Compensated absences

Short term compensated absences are provided for based on estimates at gross undiscounted values. Long term compensated absences are provided for based on actuarial valuation.

Employee benefits – Overseas Subsidiary Companies

Salaries and allowances and other benefits due to the employees of a short term nature have been duly provided for wherever applicable. As per the terms of employment, the employees are not entitled to any long term employment benefits.

(l) Warranty Provisions

Provision for Warranty is made for the estimated costs based on trend of past analysis and nature of services rendered, which may be incurred under free warranties, as provided in licensing and service contracts.

(m) Taxes on Income

Provision for current tax and fringe benefit tax is made based on the liability computed in accordance with the applicable tax laws of respective companies as estimated by the management.

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 undertakings of the holding company the income of which is exempt under section 10B of the Indian 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.

(n) Foreign currency transactions**For Indian Operations**

- i. Initial recognition – foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.
- ii. Conversion – Foreign currency monetary items are reported using the closing rate. Non-Monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- iii. Exchange Differences – Exchange Differences arising on the settlement or conversion of monetary items are recognized as income or as expenses in the period in which they arise.

For Foreign Operations

The Consolidated financial statements of the foreign subsidiary, being a non-integral operation has been translated in accordance with the provisions of Accounting Standard 11 issued under Companies (Accounting Standards) Rules, 2006.

(o) Earnings Per Share

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.

(p) 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:

- i. Segment Revenue includes Sales, Service and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- ii. 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".
- iii. Income, which relates to the Company, as a whole and not allocable to segments is included in "Unallocable Corporate Income".
- iv. Segment Result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.

ACCEL TRANSMATIC LTD.

- v. 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.

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.

- (q) 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 current 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 Consolidated financial statements as a matter of prudence.

Notes to the Consolidated financial Statements

21.1 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 companies, 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 under Indian Companies (Accounting Standards) Rules 2006.

21.2 Current Assets, loans and advances

(a) The Holding Company and Indian Subsidiary 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..

21.3 Taxation

(A) Current Taxes

(i) Income Tax Assessment of the Holding company has been completed up to and including the Assessment Year 2004 - 2005. There are no demands outstanding as at the year end in respect of completed assessments.

(ii) In respect of Holding company and Indian Subsidiary, provision has been made for Current taxes as per the MAT provisions of the Income Tax Act, 1961 wherever applicable. In respect of overseas subsidiaries, provision for tax has been made as per applicable tax laws of the respective countries as estimated by the management.

(iii) Provision for Fringe Benefit Tax in respect of Holding company and Indian Subsidiary is made as per the company's computation.

(B) Deferred Taxes

Break up of net Deferred Tax Asset / (Liability) as on March 31, 2008 amounting to Rs.2,352,843 /- (Previous Year Rs.359,558) is as follows.

Particulars	Deferred tax Asset / (Liability) as on 31.03.2008	Deferred tax Asset / (Liability) as on 31.03.2007
Liability		
Difference between book and tax depreciation	7,732,458	5,362,109
Total	7,732,458	5,362,109
Assets		
Carried forward Depreciation	2,869,876	2,842,013
Others	2,509,739	2,879,654
Total	5,379,615	5,721,667
Net deferred Tax Asset / (Liability)	(2,352,843)	359,558

Deferred Tax charged to Profit & Loss Account include proportionate deferred tax of erstwhile Indian subsidiary for the period in which it was a subsidiary (i.e. 24-03-2008) amounting 4,246,473.

21.4 Investments

Provision has been made for the diminution in the value of long-term investments to the extent considered doubtful by the management.

21.5 Preferential warrants

The Holding company has during the year issued 25,50,000 convertible warrants of Rs. 10/- each at a premium of Rs 23 aggregating to Rs.8,41,50,000/- on payment of 10% of the aggregate amount payable. As per the terms of the issue, these warrants are to be converted into Equity shares of Rs. 10/- each within a period of 18 months from the date of issue of warrants at the option of the subscribers. In case any subscriber do not exercise the option for such conversion within the prescribed period, the amount paid for will be forfeited. Pending conversion of such warrants into Equity as at the year end, the application money received at Rs.3.30 per warrant is carried as Share Application Money under Share Capital.

21.6 Secured loans

A. The Federal Bank Limited:

The company had closed its limits during the year ended 31st March 2008 against fresh limits sanctioned by The State Bank of India, However there are certain unexpired Bank Guarantees issued by the bank towards which company has given a counter guarantee and also extended a corporate guarantee of Accel Limited and pledge of certain investments held by Accel Limited.

B. The State Bank of India:

a) The Cash Credit limits , Term Loan Limits and Non Funded Limits (The Limits) are secured by hypothecation of Raw Materials, Semi finished goods , finished goods and receivables and hypothecation of assets created out of bank finance.

b) The Limits are also secured by equitable mortgage of company's immovable properties at Trivandrum & Chennai

c) The limits are secured by assignment over lease deposits with Chennai & Trivandrum Landlords. Further, the loans are also secured by corporate Guarantee of Accel Limited and also pledge of certain investments held by the said company.

C. Hire Purchase Loans – Holding company

Hire purchase loans are secured by hypothecation of assets purchased out of such loans.

21.7 (A) Contingencies and commitments

(Rupees in Lacs)

	March 31, 2008	March 31, 2007
Outstanding bank guarantees	105.29	63.04
Income Tax demands raised, on appeal pending final decision	Nil	8.13
Corporate Guarantee to a bank	200.00	Nil
Sales Tax Demands	102.28	4.23
Others	10.50	16.53

* Also, counter guaranteed by M/s Accel Limited.

(B) Estimated amount of Contracts remaining to be executed on Capital account and not Provided for (Net of Advances) is Rs. 25,04,103 (Previous year Rs.Nil)

21.8 Exceptional Items

The company has during the year divested a part of its investment equivalent to 51% of its holding in Accel Academy Limited for a value of Rs. 612 Lacs, as per the decision taken by the Board of Directors. Consequent to this sale, Accel Academy Ltd, has ceased to be a subsidiary with effect from 24.03.2008. The profit on sale of investments Rs.349.63 Lacs (Previous year profit on sale of undertaking to the said company on slump sale basis is Rs.657.67 Lacs) has been credited to Profit and Loss account.

21.9 Discontinuing Operations

The erstwhile subsidiary company (upto 24.03.2008) was engaged in training business in India and included under the educational & training segment revenue. The carrying amount of total assets and liabilities of the erstwhile subsidiary company as at the year end is Rs.981.68 Lacs and Rs.1068.84 Lacs respectively. The gross revenue and expenditure for the year ended on 31.03.2008 is Rs.829.69 Lacs and Rs.871.19 Lacs respectively. The pre & post tax loss is Rs.41.50 Lacs and Rs.87.17 Lacs respectively.

20.10 (A) Details of payment to Auditors included under general expenses

	March 31, 2008	March 31, 2007
Statutory audit	487,080	336,720
Tax audit (On Payment Basis)	56,180	22,448
Other Services (On Payment Basis)	67,416	143,106

21.11 Movement of Provisions

The entire provision on account of Warranty created in the books of accounts of the holding company last year has been utilized this year and a fresh provision of Rs.4, 38,513 has been created based on management estimation.

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements (Contd.)

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

21.12 Obligation on Long Term non-cancelable finance lease

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

Particulars	2007-2008	2006-2007
Minimum Lease Payment		
Not Later than 1 Year	6,355,988	Nil
Later Than one year but not later than five years	9,533,882	Nil
Later than five years	Nil	Nil
Present Value of Minimum Lease Payments		
Not Later than 1 Year	5,674,989	Nil
Later Than one year but not later than five years	7,120,296	Nil
Later than five years	Nil	Nil
Finance Charges Recognized in the P & L A/c	1,423,247	337,058

21.13 Segmental reporting

A. 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
(a) Segment Revenue						
External Sales						
Current year	356.80	2544.23	1092.68	811.98	213.84	5019.53
Previous Year	663.60	1585.37	1016.76	807.95	150.41	4224.09
Total Revenue						
Current year	356.80	2544.23	1092.68	811.98	213.84	5019.53
Previous Year	663.60	1585.37	1016.76	807.95	150.41	4224.09
Segment Result						
Current year	216.61	346.43	91.41	(13.96)	(23.26)	617.13
Previous Year	563.00	195.92	161.84	102.07	59.23	1082.06
Interest Expense (Net)						
Current year	13.39	93.79	22.57	24.42	74.43	228.60
Previous Year	16.64	80.24	18.30	6.86	6.48	128.52
Non Operational Expenses						
Current year	8.48	30.69	7.40	2.36	-	48.93
Previous Year	452.46	0.91	-	-	-	453.37
Net profit / (Loss)						
Current year	197.10	221.95	61.44	(40.74)	(95.69)	339.60
Previous Year	94.27	114.77	143.54	95.21	52.75	500.17
(b) Other Information						
Segment Assets						
Current year	1567.68	1090.60	591.43	-	1073.07	4322.88
Previous Year	1728.37	975.85	519.51	-	231.14	3454.87
Segment Liabilities						
Current year	1768.59	899.71	478.86		1175.72	4322.88
Previous Year	1999.95	888.17	375.05		191.70	3454.87
Capital Expenditure						
Current year	-	24.60	62.95	-	665.10	752.65
Previous Year	-	7.39	115.79	-	96.71	219.89
Depreciation						
Current year	12.00	29.21	48.75	119.29	50.47	259.72
Previous Year	13.60	26.07	39.71	50.82	9.41	139.62
(c) Non Cash Expenses						
Other than Depreciation						
Current year	8.48	30.69	7.40	2.36	-	48.93
Previous Year	452.46	0.91	-	-	-	453.37

Schedules forming part of the financial statements (Contd.)

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

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

A. In India.

B. Outside India.

(Rs. in Lacs)

Particulars	In India	Out side India	Total
Segment Revenue			
Current year	3,892.31	1,127.22	5,019.53
Previous Year	2,918.61	1,305.48	4,224.09
Segment Asset			
Current year	3,767.85	555.03	4322.88
Previous Year	2,943.38	511.49	3454.87
Capital Expenditure			
Current year	751.68	0.97	752.65
Previous Year	219.89	-	219.89

21.14 Related party transactions

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

	31.03.2008	31.03.2007
Accel Frontline Limited	3,527,559	2,907,001
Accel Systems Group Inc.	1,799,370	678,816
Accel Limited	492,445	Nil
Accel Academy Limited (After 24.03.2008)	9,305,961	82,819,692

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

Accel Frontline Limited	5,868,245	13,297,745
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C) Loan Funds include amount due to Accel Limited:

Accel Limited	Nil	17,186,089
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Maximum amount outstanding at any time during the year

Accel Limited	23,394,059	17,816,013
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D) Related parties with whom transactions have taken place during the year:

Associates:

1. Accel Limited
2. Accel Frontline Limited
3. Accel Systems Group Inc.
4. Accel Academy Limited (After 24.03.2008)

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 forming part of the financial statements (Contd.)

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

F) Transactions with related parties

Particulars	Associates	KMP*	Relatives of KMP	Total
Rendering of Services	76,283,280	Nil	Nil	76,283,280
Receiving of Services	16,833,749	Nil	Nil	16,833,749
Remuneration	Nil	3,373,082	Nil	3,373,082
Finance (including loans & equity contributions in cash or in kind)	1,980,000	5,892,560	2,450,000	10,322,560
Sale of Fixed Assets @ Book Value	1,376,890	Nil	Nil	1,376,890
Interest Paid	1,738,245	314,991	221,103	2,274,339

*KMP = Key Management Personnel

21.15 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl. No	Particulars	31.03.2008	31.03.2007
01	Profit after taxation Profit available to Equity Shareholders	20,404,663	42,888,605
02	Less: Extra Ordinary Item	34,962,932	65,767,733
03	Profit Without Extra Ordinary Item	(14,558,269)	(22,879,128)
04	Weighted average number of equity shares	11,118,917	11,037,401
05	Basic & Diluted earnings per share with Extraordinary Item	1.84	3.89
06	Basic earnings per share with Extraordinary Item	1.85	3.89
07	Total Nominal Value of Shares	110,374,010	110,374,010

21.16 Derivatives

Sl. No	Particulars	31.03.2008	31.03.2007
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\$ 101,647	US\$ 7,629
	Due from Debtors	US\$ 606,924	US\$ 567,667
		JPY 21,280,435	JPY 1,589,550
		CA\$ 201,661	CA\$ 85,130
		GBP 8,668	GBP Nil

21.17 Employee Benefits – Holding Company & Indian Subsidiary

- a) Consequent to Accounting Standards 15 of Companies (Accounting Standards) Rules, 2006 becoming effective, the company has adopted the said standard with effect from 1st April 2007. In the absence of balance in Reserves and Surplus as on 1st April 2007, the difference in opening liability computed in accordance with the said standard amounting to Rs.4.97 lacs has been charged to the Profit and Loss Account for the year.
- b) Disclosure required under AS15 – “Employee Benefits” (Revised 2005)
1. Defined Contribution Plan

During the year, the company has recognized in the Profit and Loss Account, an amount of Rs.41.48 lacs on account of defined contribution towards Provident Fund.
 2. Defined Benefit Plans

Schedules forming part of the financial statements (Contd.)

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

Gratuity – Funded Obligation

i Actuarial Assumption	31.03.08
Discount Rate (per annum)	8%
Salary escalation rate *	8%
Expected average remaining lives of working employees (year)	6%

* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

ii Reconciliation of present value of obligations	R s.in 000's
Present Value of Obligation at beginning at the beginning of the year	4,539
Current Services Cost	2,074
Interest Cost	338
Actuarial (gain)/loss	(1,220)
Benefits Paid	(621)
Present value of obligation at the end of the year	5,110

iii Net (Asset) / Liability recognized in the Balance Sheet as at year end	R s.in 000's
Present value of obligations at the end of the year	5,110
Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	4,491

iv Expenses recognized in the Profit and Loss Account	R s.
Current Service Cost	2,074
Interest Cost	338
Actuarial (gain) / loss recognized in the period	(835)
Past Service Cost	-
Total expenses recognized in the Profit and Loss Account for the year	1,577

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors. This being the first year of implementation of the standard, comparable figures of the previous year have not been disclosed.

3. Long Term Employee benefits
Compensated absences (Leave encashment) - Unfunded Obligation

i Actuarial Assumption	31.03.08
Discount Rate (per annum)	8%
Salary escalation rate *	8%
Expected average remaining lives of working employees (year)	

* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

ii Reconciliation of present value of obligations	R s.in 000's
Present Value of Obligation at beginning at the beginning of the year	2,488
Current Services Cost	1,632
Interest Cost	199
Actuarial (gain)/loss	(98)
Benefits Paid / transferred	(633)
Present value of obligation at the end of the year	3,588

iii Net (Asset) / Liability recognized in the Balance Sheet as at year end	R s.in 000's
Present value of obligations at the end of the year	3,588
Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	3,588

ACCEL TRANSMATIC LTD.

Schedules forming part of the financial statements (Contd.)

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

iv Expenses recognized in the Profit and Loss Account	R s.
Current Service Cost	1,632
Interest Cost	199
Actuarial (gain) / loss recognized in the period	(98)
Past Service Cost	498
Total expenses recognized in the Profit and Loss Account for the year	2,231

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors. This being the first year of implementation of the standard, comparable figures of the previous year have not been disclosed

21.18 Comparative Consolidated financial information

Current year figures in consolidated profit and loss account include proportionate Income / Expenditure related to the Indian Subsidiary till 24th March 2008, with effect from which date the Indian subsidiary ceased to be subsidiary of the holding company on account of divestment of majority shares as mentioned in note no.(21.8) above. Consequently, the assets and liabilities of the aforesaid subsidiary has not been included in the consolidated balance sheet as on 31.03.2008. Hence, the current year figures are not comparable as such with the previous year.

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

N.R. Panicker
Chairman

A. Mohan Rao
Director

Place : Chennai
Date : 09th June 2008

T.Ravindran
Director

S.T. Prabhu
Director & Company Secretary



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	

I hereby record my presence at the 22nd Annual General Meeting of the company to be held at Malabar Hall, Technopark, Trivandrum - 695 581. On 29th September 2008. 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 22nd Annual General Meeting of the Company, to be held on **29th September., 2008 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

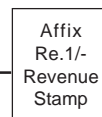
	Resolutions	For	Against
1.	Adoption of Report and Accounts.		
2.	Re-appointment of Mr. T.Ravindran as Director		
3.	Re-appointment of Mr. A.Mohan Rao as Director		
4.	Appointment of Auditors for the year 2008-2009		
5.	372 A Resolution		

Signed this _____ day of _____ 2008.

Reference Folio No/DP ID & Client ID _____

No of Shares _____

Signature _____



- NOTE:
1. The Proxy, to be effective, should be deposited at the Registered Office of the Company at T.C. 17/27, Jagathy, Trivandrum 695014 not later than FORTY EIGHT HOURS before the commencement of the aforesaid meeting.
 2. A Proxy need not be a Member of the Company.
 3. *This is only optional. 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 the 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 your Proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the meeting.

