BOARD OF DIRECTORS

N R Panicker
Chairman

M R Narayanan
Independent Director

A Mohan Rao
Independent Director

Philip John
Whole Time Director

S T Prabhu
Company Secretary

Statutory Auditors
M/s. Varma & Varma
Chartered Accountants
Adyar, Chennai 600 020

Internal Auditors
M/s. Vijayakumar & Easwaran
Chartered Accountants
Sasthamangalam, Trivandrum 695 010

Legal advisors
M/s S Ramasubramaniam & Associates
6/1 Bishop Wallers Avenue (West)
Mylapore, Chennai 600 004

Registrars & transfer agents
M/s Integrated Enterprises (India) Ltd
2nd Floor, Kences Towers
No. 1 Ramakrishna Street, North Usman Road
T Nagar, Chennai 600 017

Bankers
State Bank of India
Commercial Branch,
Thiruvananthapuram 695 014

Registered office
T.C 17 / 27 Jagathy
Thiruvananthapuram 695 014
Phone:+91 471 234 2215 / 2265
Fax: +91 471 2339205

Corporate office
"Accel House", 75 Nelson Manickam Road
Aminjikarai, Chennai 600 029
Phone:+91 44 44 4225 2200
E Mail : info@acceltransmatic.com
Website : www.acceltransmatic.com

Technologies Division
Ushus Technologies
311, Nila, Technopark, Thiruvananthapuram -695581.
Kerala, India
Phone : +91-471-3061234 Fax: +91-471-3061222
Email: info@ushustech.com

Animation Division
1) No.9, Porur Somasundaram Street, T.Nagar,
Chennai - 600 017.
Phone: +91-44-28341465 / 42071332

2) Kinfra Film & Video Park,
Kazhakuttam, Thiruvananthapuram - 695 585
Phone : +91-471-2417434 / 2417435

Forward looking statement

In this annual report, we have mentioned certain forward looking information to enable investors to comprehend our business model and future prospects and make informed investment decisions. This annual report and other communications from us, oral or written, may include certain forward looking statements that set out certain anticipated results based on managements assumptions and plans. Even though the management believes that they have been prudent in making such assumptions, we cannot guarantee that these forward looking statements will be realised. We undertake no obligation to update forward looking statements. The achievement of results is subject to various risks, known and unknown. We request readers to bear this in mind while reading this report.

Contents

Notice

Notice is hereby given that the Twenty fourth annual general meeting of the members of Accel Transmatic Limited will be held at Conference hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum-695 585 on Monday September 27, 2010 at 11am 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 2010 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. N.R. Panicker who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. N.R. Panicker has been given in the Corporate Governance section of the Directors' Report.

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

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

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, Firm No.4532S 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 a Special Resolution :

   "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and subject to such approvals / consents, if any, approval of the company be and is hereby accorded to the appointment of Mr. Philip John as Wholetime Director for a period of 3 (Three) years with effect from 01.04.2009 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary to execute and sign the agreement and other documents and desirable to implement and give effect to the foregoing Resolution.

RESOLVED FURTHER THAT during the currency of the term of the Wholetime Director, wherein any financial year, the Company has no profits or its profits are inadequate, the Company do pay the Wholetime Director, minimum Remuneration by way of salary and perquisites as specified as per relevant applicable provision of law including provision as contained in Schedule XIII to the Act.

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

Item 5

The company had passed a resolution in Annual General Meeting held on 27.07.2009 appointing Mr. Philip John as a Wholetime Director, for a period of 3 years, with effect from 01.04.2009 to 31.03.2012 as an Ordinary Resolution.

It was also provided in the Resolution that in case the company has inadequate profits, a minimum remuneration could be paid to the Director in the year of loss or inadequacy of profits.

The shareholders / company had approved it as an Ordinary Resolution in the Annual General Meeting held on 27.07.2009, unanimously.

As per Schedule XIII Part II Section II of the Companies Act, 1956, a minimum remuneration can be paid to the Director in the year of loss or inadequacy of profit, provided the company had passed such a resolution as a Special Resolution.

Accordingly, the company has proposed to pass the resolution as a Special Resolution in the ensuing annual general meeting.
The Board recommends the resolution.

Mr. Philip John is interested in the resolution, as it is relates to his appointment and payment of remuneration to him.

None of the other Directors is interested in the resolution set out in the Notice.

Mr. Philip John holds 152,721 shares in the Company.

Mr. Philip John is also a Director in one of the Company 's subsidiary, Accel North America Inc.

Mr. Philip John is not related to any other Director of the Company.

This explanatory statement together with the accompanying notice may be treated as an abstract of the terms of appointment of Mr. Philip John and payment of remuneration to him and Memorandum of Interest under section 302(7) of the Companies Act, 1956.

Accordingly, the company is proposing to pass this resolution in this Annual General Meeting as a Special Resolution such that the minimum remuneration is paid to Mr. Philip John.

Information required under Clause (iv) of proviso to paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 is given below :

The information below is in relation to the proposal contained in Item No.5 of the Notice relating to re-appointment of Mr. Philip John as Wholetime Director of the Company.

(i) Background details

An engineer and a M.Tech from IIT, Chennai, with 33 years of experience in organizations like ER&DC, Thiruvananthapuram, as the President of Software division, NEST group of companies and Managing Director of erstwhile Ushus Technologies Private Limited.

(ii) Past Remuneration

For the financial year, 2009–10, Mr. Philip John 's total remuneration was Rs. 15.09 lacs.

(iii) Recognition or awards / job profile and his suitability.

Mr. Philip John has managed the technologies division ably over the last five years.

In the opinion of the Board, he is eminently suited for the position he holds.

(iv) Remuneration proposed

The remuneration of Mr. Philip John is set out above.

(v) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The substantive remuneration of Mr. Philip John is not out of tune with the remuneration in similar sized companies in same segment of business.

(vi) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.

Other than the remuneration and equity holdings as stated above, Mr. Philip John has no other pecuniary relationship directly or indirectly with the company or any of its Directors.

III. Other Information

The Agreement also sets out the duties and various obligations of Mr. Philip John. The appointment of Mr. Philip John as a Wholetime Director and the remuneration payable to him as aforesaid, are required to be approved by the members at this Annual General Meeting in terms of section 269 of the Act. The Resolution at item 5 of Special Business is intended for this purpose.

I. General Information

(1) Nature of Interest
The Company is a provider of Information Technology and Media solutions & services.

(2) Date or expected date of commencement of commercial production.
The Company has been in business for about 23 years.

(3) In case of new companies, expected date of commencement of activities.
Not applicable, as the company is an existing company.

(4) Financial performance based on given indicators.

(Amount in rupees lacs)

	31.03.2010	**31.03.2009**	**31.03.2008**
Sales	1828.63	3677.46	4134.15
Profit Before Tax	(142.53)	(451.06)	396.43
Profit After Tax	(165.17)	(442.83)	300.34
Shareholders' Funds	1349.52	1350.11	1435.05
Rate of Dividend on equity shares (%)	NIL	NIL	6%

(5) Export performance
The Company 's export for the past three years are as follows :

(Amount in Rupees Lacs)

	31.03.2010	31.03.2009	31.03.2008
Income from services	1415.47	2033.60	1212.57

(6) Foreign investments or collaborators, if any.
Not applicable.

(7) The company as a part of its long term plan has invested in animation business which has a long gestation period. This has resulted in losses or inadequate profits for the year. Eventhough the company incurred losses, it has gained invaluble experience in its line of business and is experted to make profits in future years.

By Order of the Board

Place : Chennai
Date : May 27, 2010

N.R. Panicker
Chairman

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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business as set out above to be transacted at the meeting is annexed hereto and forms part of this notice.

3. The Register of members and share transfer books of the Company shall remain closed during the Book Closure period, ie., from Friday 17th September, 2010 to Monday, 27th September 2010) both days inclusive).

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting upto the date of Annual General Meeting.

5. The Members / Proxies are requested to bring their copy of the annual report with them at the meeting and to produce the admission slip, duly completed and signed, at the entrance for admission to the meeting hall.

6. Notice alongwith explanatory statement, Annual Report as well as annual accounts of the subsidiary companies and Register of Directors' Shareholding are open for inspection, during the business hours, at the Registered Office of the Company.

7. The particulars of the Director, 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.

8. The Company whole-heartedly welcomes members / proxies at the annual general meeting of the company, however, the members / proxies may please note that no gifts / gift coupons will be distributed at the meeting.

9. 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 stprabhu@transmaticsystems.com.

10. While members holding shares in physical form may write to the company for any change in their address and bank mandates, members having shares in electronic form may inform any change in address and bank details to their depository participant immediately so as to enable the company to dispatch dividend warrants at correct address.

11. 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.

12. 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.

13. In case the mailing address mentioned on this annual report is without Pin-code, Members are requested to kindly notify their Pin-codes immediately.

14. 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

Place : Chennai
Date : May 27, 2010

N.R. Panicker
Chairman

Director's report

Dear shareholders,

Your directors are pleased to present the 24th annual report together with the audited accounts of the company for the year ended March 31, 2010.

(INR in millions)

Particulars	Standalone	
	2010	2009
Sales, services & other income	182.86	382.02
Profit before interest, depn & tax	38.98	14.87
Interest	24.52	34.94
Depreciation	28.65	25.03
Provision for tax	1.53	(0.82)
Profit after tax	(16.45)	(44.28)

Turnover

The details of revenues by segments are given below:

(INR in millions)

Particulars	March 31, 2010	March 31, 2009
Software Services	110.77	112.45
Animation Services	34.49	60.47
Systems & Services	-	209.11
Others	37.60	-
Total	182.86	382.03

Review of operations :

The year under review was challenging due to the economic slow down. The software division consolidated its relationship with its overseas customers, and reported an EBITDA of Rs.21.35 mn on a turnover of Rs. 110.77 mn. The animation division reported a net loss of Rs.54.40 mn. The turnover of the animation division was Rs.34.49 mn excluding the value of intellectual property capitalized of Rs.52.30 mn.

The highlights of the performance are discussed in detail in the management discussion and analysis report attached as annexure to this report.

During the year under review, the company reported a net turnover of Rs182.86 mn as compared to Rs. 382.02 mn for the year ended March 31, 2009., The financial results of the company is not comparable with the previous year 's figures as one of the divisions, Systems and Services Division, was hived off during the year as it was a non core activity and was incurring losses due to lack of sufficient orders. The company reported a net loss of Rs. 16.45 mn. On a consolidated basis, the net turn over was Rs.232 mn. as compared to the previous year net turnover of Rs. 414 mn. During the year under review the company had cash crunch due to losses incurred and has delayed statutory payments beyond due dates as mentioned in annexure to the auditor's report. The company has since made good all the statutory payments due as on the date of the balance sheet. The company's cash flow is expected to improve during the currunt financial year.

Consolidated financial statements

Consolidated financial statements, prepared in accordance with Accounting Standard AS 21, issued by the Institute of Chartered Accountants of India, and as required by the listing agreement are attached and forms part of the annual report and accounts. The summary results are provided in the table above.

Report on conservation of energy, technology absorption etc.

Information as required under section 217 (1) (e) of the companies act, 1956 read with companies (disclosure of particulars in the report of board of directors) rule, 1988 regarding conservation of energy, technology absorption are given in annexure I to this Report. The details regarding foreign exchange earnings and outgo are being mentioned in the notes to the accounts.

Management discussion and analysis

The management discussion and analysis and various initiatives and future prospects of the company are provided, separately as annexure II

Report of corporate governance

A report on Corporate Governance together with auditor's certificate on compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is provided in annexure III to this report

Auditors certificate on corporate governance

The certificate issued by the auditors of the company on corporate governance is given in Annexure IV

CEO /CFO certification

The Chairman and the Company Secretary & Complaince Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Clause 49 (V) of the Listing Agreement. This is provided as Annexure V to this report

Directors responsibility statement

The directors responsibility statement pursuant to sub section 2 AA of Section 217 of the Companies Act 1956 is provided in annexure VI

Particulars of employees

The particulars regarding employees of the company pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in annexure VII to the Director's Report.

Subsidiaries

The company's subsidiary in USA reported a turnover of Rs.130.37 mn. (USD 2.73 mn) and the profit after tax was Rs. 2.39 mn (USD 0.05 mn)

During the year under review, the subsidiary in Japan was acquired by the JV partner and as on 31.03.2010 it is no longer a subsidiary of the company. The subsidiary was divested, as the turnover was insignificant at Rs.2.9 mn with a loss of Rs. 0.9 million. The company shall continue to do business with the

JV partner on a case to case basis. This will save costs, while continuing to do business with Japanese clients.

Dividends

Considering the losses and the necessity to conserve resources, the Directors do not recommend any dividend on the equity shares.

Directors

Mr. N.R. Panicker and Mr. A. Mohan Rao, Directors of the company , retires by rotation and are eligible for re-appointment.

Auditors

Varma & Varma, Chartered Accountants, Chennai, auditors of the Company retire at the ensuing annual general meeting, and being eligible, offer themselves for reappointment. The company has received confirmation from them that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The audit committee of the Board has recommended their reappointment. The necessary resolution is being placed before the shareholders for approval.

Quality Management

Your company's quality policy is to enhance customer satisfaction through continued improvement of skills, processes and technologies. During the year the company continued to invest in technologies, infrastructure and processes in order to keep our quality management systems updated. Our software development processes (assessed at CMM L-3) ensure high quality deliverables, low risk and sustainable business.

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 2009 – 2010 was carried out by M/s. Vijayakumar & Easwaran, Chartered Accountants covering all areas of operations. All significant observations, if any, were discussed in the audit committee, which met 4 times during the year under review.

Depository systems

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.

Acknowledgement

Your directors would like to express their grateful appreciation for the assistance and co-operation received from central and state governments, financial institutions, banks, government authorities, customers, suppliers and investors during the year under review. Your directors wish to place on record their deep sense of appreciation, of the dedicated and sincere services rendered by the employees of the company for its success.

For and on behalf of the
Board of directors

Place : Chennai. N. R. Panicker
Date : May 27, 2010 Chairman

ANNEXURES TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Annexure I

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

The company's operations involve low energy consumption and therefore the scope of energy conservation is limited. The company has taken steps to conserve electricity consumption in offices. The company has also installed energy saving devices and lighting in offices.

The company is in high technology business and is constantly absorbing and upgrading the latest technology to meet the current challenges at all levels. The company uses the latest Internet based technology for its communication needs.

The details regarding foreign exchange earnings and outgo are given below:

Foreign Exchange Earnings and Outgo

(INR in Millions)

	Year ended	31.03.2010	31.03.2009
(a)	Foreign exchange earnings	128.90	139.90
(b)	CIF value of Imports	Nil	32.75
(c)	Expenditure in foreign currency	9.41	14.76

For and on behalf of the
Board of directors

Place : Chennai. N. R. Panicker
Date : May 27, 2010 Chairman

Annexure II to the Director's Report

MANAGEMENT DISCUSSION AND ANALYSIS.

The Year in brief

During the year under review, the company reported a net turnover of Rs182.86 mn as compared to Rs. 382.02 mn for the year ended March 31, 2009., The financial results of the company is not comparable with the previous year 's figures as one of the division, Systems and Services Division, was hived off during the year as it was a non core activity and was incurring losses due to lack of sufficient orders. The company reported a net loss of Rs. 16.45 mn . On a consolidated basis, the net turn over was Rs.232 mn. as compared to the previous year turnover of Rs. 414 mn.

Business Model

The company has two divisions, namely, Technologies division and Animation division.

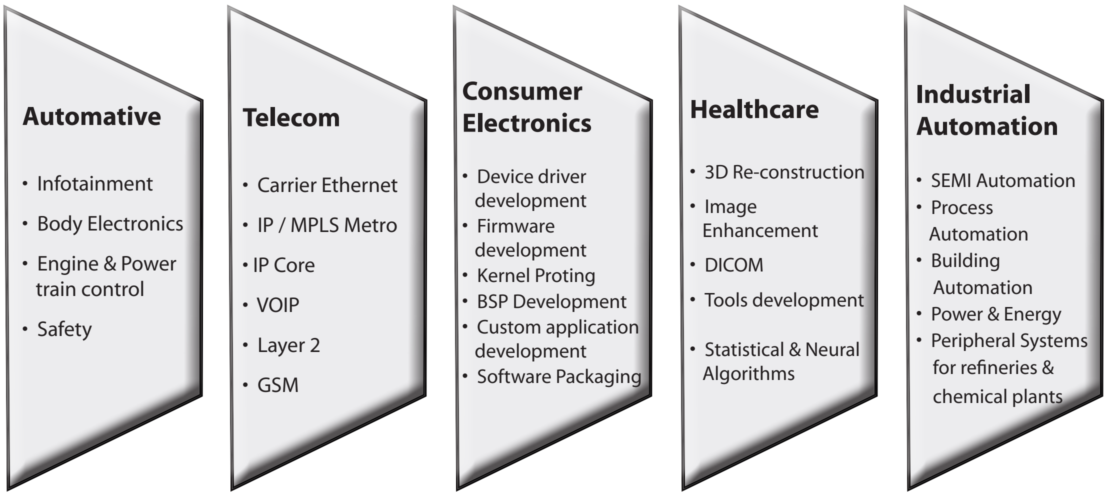
Technologies Division (www.ushustech.com) – known as Ushus Technologies, the software arm of the company and a quality provider of offshore technology solutions to world leaders including a few of the Fortune 500s, in rolling out technologically advanced software products to industry verticals as well as the mass consumer market. Leveraging its ability to handle high-technology projects with good quality and cost effective delivery, Ushus made forays in to the US technology market and has been able to forge successful on-going partnerships with premier engineering and business houses that have large experience and high maturity in outsourcing and multi-sourcing. Technologies development centre is located at Technopark in Trivandrum with marketing offices in Japan and the US.

Software Industry Overview

The emergence of Global Delivery Model (GDM) provided companies with new methods of reducing costs. The outsourcing of simple application and maintenance to emerging economies dramatically lowered the fixed costs for companies. But the positive shift towards global sourcing couple with GDM gave and added advantage for organizations with respect to wider choice in terms of capabilities across multiple locations. Rapidly evolving technologies meant that it was difficult to find the relevant expertise within the organization to justify the demand in the market. Outsourcing providers offer the knowledge and the resources which the companies found hard to identify within the organization or did not have the time or budget to acquire from the industry to justify the time to market conditions.

Over the years outsourcing services and delivery models have evolved to encompass more advanced capabilities. GDM has already been widely accepted across industries and organizations have started to view GDM more strategically considering the recessionary effects and the recovery path ahead. While the initial goals of outsourcing were capabilities and cost, but these days mature outsourcers also have and added advantage of competitiveness and drive for the transformational change. From R&D and engineering services companies have now started entrusting service providers with more and upstream strategic functions. The focus of companies from cost arbitrage has now shifted towards talent acquisition in the outsourcing Industry.

Technical competencies of the technology division – The division caters the software needs of product companies in the following verticals



The division has developed skills and competency in high technology areas such as embedded systems, network protocol development, multimedia and windows applications. The division has experience in product development, product testing, beta testing support and internationalization requirements. The technological expertise spans custom design, development, and testing of software based on Real Time Operating Systems, firm ware/ HMI development and BSP development on various hardware platforms like ARM, Intel, Motorola, MIPS, Philips, Hitachi, Fujitsu and NEC. We have expertise in development and porting of device drivers such as USB, SCSI, Ethernet and display driver and engineering development for kernel, utilities and libraries. The division did the implementation of applications compatible with protocols and standards like DeviceNet, CAN, MOST, TCP/IP, SNMP, OSEK, SECS, HSMS, GEM, OSS, SEMI, OBEM etc. and protocol stack / abstraction layer development for compatibility of application across various RTOS. The division has also worked with porting of RTOS across various hardware platforms and application porting across various RTOSs.

In networking domain, the division has experience in the development of wireless applications based on 802.1X, wireless gateway development and layer-2/Layer-3 protocol implementation and test software development for networking equipment. In mobile computing, application software development and conversion for PocketPC., the division has developed web interface software for various devices and VoIP implementations.

On the Windows applications front, our key strengths are in VC++, COM, ATL/STL, MFC, C# and UI development. We also had experience with kernel mode device drivers on Windows. In alignment with the Vista initiative at Microsoft, The division started competency building on Vista compatibility testing services, device driver migration to Vista, application redesign for Vista and installer design for Vista.

Our development facilities in India are staffed with talented team that drives our success in the latest technology while continually breaking the boundaries of conventional processes. Our group includes some of the most ingenious designers, software engineers, domain and documentation experts in the field. Many of our software professionals graduated from leading technical universities in India.

Animation Division (www.accelanimation.com) - Accel Animation Studios (AAS) was set up in July 2006, as an incubated unit. The main lines of business include 3D Animation content development, Visual Effects creation and Motion Capture Services AAS provides International quality digital media content to its clients. Focused on consistent and seamless delivery with emphasis on delivering on time, AAS offers end-to-end services in animation, Motion Capture, VFX. Accel Animation Studios is poised to capture a large share of the quality-oriented business in the animation space in India. Currently the operations of AAS are being carried out in its studios situated in Chennai and Thiruvananthapuram Animation SEZ.

Animation Industry Overview The global animation market for animated content and related services (developer's perspective) is estimated at USD 25-26 billion and is forecast to cross USD 34 billion by 2010. Of the total revenue earned in the segment, approximately 40-45 percent is attributed to the cost of development. Within animation, the entertainment segment will continue to remain the major contributor, accounting for nearly three-fourth of the total market through the forecast period.

The Indian Animation industry revenues are estimated at USD 869 million by 2010, representing a CAGR of 25 percent over 2006-2010. The entertainment segment contributes nearly 68 percent of the total animation market in India. Key factors driving this growth include Significant cost advantage, large pool of English speaking manpower, growing maturity of animation studios, development of IP, Attractive domestic market opportunity Currently there are about 300 animation companies, employing approximately 12,000 people in India. Further, industry estimates indicate that nearly 3,000 freelancers also work in the industry. The industry's dependence on exports is also reflected in a major proportion of the work force being involved in the outsourcing segment. However, looking forward, the share of the domestic market is expected to grow. Indian companies have started focusing on the domestic market and domestic demand for animated content has witnessed an upward trend over the past few years. Further, producers of several Bollywood movies, have started using special effects in their production.

Even at these impressive growth forecasts the Indian Animation and Gaming industry will account for less than 2 percent of the worldwide market in 2010, clearly indicating a significantly larger opportunity. Ensuring the availability of adequate, suitable manpower and a focused industry development program can help India achieve a larger share of the pie. Major competing destination for outsourced animation services are concentrated in the Asia Pacific Region including South Korea, China, Philippines, India, Singapore etc. The animation studios in these countries are moving up the value chain, with services shifting gradually from the mechanized production phase to both the pre-production and post-production stages. The studios are enhancing their skill base in order to cater to end-to-end animation and gaming work. Cost savings remain a key driver for overseas companies looking to outsource animation and gaming development activities. India has picked up considerable momentum in animation development vis-à-vis outsourced work as well as domestic demand. Investors are finding Indian animation industry as a viable option to invest into.

Business Model The primarily engagement models will be to work on outsourced content development and post production services for Indian and overseas clients, to engage in co-production with renowned production houses, to create own IPs for long term gains

The studio has adopted creation of IPs as its primary engagement model. IP, once created yields recurring revenues over a long period of time, say 15 years, as animation contents can be telecast or sold repeatedly over the years, as their shelf life is longer. However, the IP creation is highly capital intensive and the revenues are expected to accrue only after a initial development period of 18 to 24 months. The studio has to invest continuously till the product is ready for release. The studio has already released the first IP, "Indian Fables" for broadcast and is currently developing another property, "Raju the Rickshaw" for worldwide release, the details of these are given below.

Indian Fables www. southindiafables.com

For the first time ever, and in 3D & HD Accel Animation Studios has released "Indian Fables" based on the centuries old Thirukkural in Tamil the famous collection of ancient couplet as a 26 * 11 minutes episode, currently being telecast in Disney in India It is an universal text and has been translated into almost all languages of the world. Every episode tells a story with a moral that is applicable to the present and future generations in this fast moving world. The values taught are immense in today's moving world teaching children to live an ethical life. The IP is fully owned by the company and is expected to yield revenue across the globe over the next several years.. The company has appointed Monster Distributes of Ireland as the global distributor for the property while retaining the India subcontinent rights with the company. This property is going to be launched formally during MIPCOM 2010, in Cannes, France during in October 2010.

Raju the Rickshaw

The studio has entered into an agreement with Kahani World Inc, an animation content development company based out of Canada for licensing the above IPR owned by them for 15 years. This IP was earlier developed by the studio on a co-production agreement with Kahani World Inc. The studio, after an assessment of the future potential for the IP, has decided to produce on its own, 78 episodes of 7 minute each and market worldwide. The company has appointed Paris based Cyber group studios as the global distribution partner. This IPR is under production and is expected to be delivered stating 2011.

Major theatrical film project

Under the outsourcing model, during the year the studio completed a project to produce a full length animated feature film for a movie production and distribution company with 2K/35MM resolution in 3D which was under production for the last two years. This is a major achievement showcasing our abilities to produce international quality animation movies. The company expects to bag many such orders in the years to come.

Human resource management

As on 31st March 2010, the company had employee strength of 327. We have an established employee recruitment and retention policy, which involves identifying right talents through recruitment training cum placement programme as well as lateral recruitment and providing them with appropriate training and induction.

We ensure that all our employees receive technical and managerial inputs regularly through various training programs.

Infrastructure

Our registered is located in Trivandrum and corporate office is located at Chennai. The Software division operates from Technopark in Trivandrum and occupies approximately 12,000 sqft and the animation division operates in fully equipped world class studio from its Chennai facility in about 24000 sqft & Trivandrum facility in about 18000 sqft. All the major offices and software development centres are well equipped with all necessary infrastructure facilities.

Finance Accounts and Operational Controls

The financial objective of the company is to bring in efficiencies of operations at all levels so as to maximize return on capital employed and to generate sufficient cash profits to fund on-going expansions and to meet the growth objectives.

The audit committee and the Board periodically review performance parameters related to financial performance of the company to ensure smooth implementation of the internal control systems and efficient management of the various resources. The audit committee conducts periodic reviews with the management, internal auditor and the external auditor. There is an on-going cost monitoring program to control various expenses and the Board reviews the variance analysis.

Revenues

Consolidated revenues have been mentioned at the beginning of this report. On a standalone basis, the company posted net revenues of Rs.182.86 million for the year ended March 31, 2010, as compared to Rs.367.74 million for the year ended March 31, 2009, The EBITDA for the year ended March 31, 2010 was Rs.38.97 mn as against Rs.14.87 mn for the previous year ended March 31, 2009, During the year the company hived off its Systems & Services division , which was incurring losses. The company reported a loss of Rs.16.50 million as against Rs.44.31 million for the corresponding period last year,

Sales from geographies

During the year under review 36 % of the revenue was from domestic operations and 64% of the revenue was from services exports.

Financial challenges 2009-10

The major challenges during the year was working capital management. The company has been incurring losses due to cash losses incurred in the animation division and the erstwhile Systems & Services division. The animation division was in the investment phase during last three years and is expected to break even during the current year. The company wants to treat the losses as investments in the technology development that will lead to large outsourcing orders in the years to come. The companiy's capability to produce international quality animation content has been appreciated by Hollywood studios and is expected to result in prestigious orders during the current year.

Reserves and surpluses

During the year under review the company transferred Rs 8.45 million from the advance for issue of share warrants to Capital Reserves since the applicants have not exercised the option of converting into equity , and together with the balance at the beginning of the year, the General reserves stood at Rs 24.57 million including capital reserves of Rs 12.28 mn.. The company has not revalued any of its assets during the year .

Loan profile

As on March 31 2010, the company had a sanctioned working capital facility of Rs. 278.10 million from company's bankers, out of which Rs. 243.10 million is fund based and Rs. 35.00 million is non-fund based facilities. The funds utilised and outstanding were Rs. 234.61 million including letters of credits utilized and accepted for payment. The total amount of performance bank guarantees issued by the bankers was Rs. 5.5 millions. The limits utilised includes Rs. 50 mn utilised for the Systems & Services business which was sold but the Bank limit not transfered to the buyer. The limit has since been closed as on 30th April, 2010, after receipt of sale consideration from the buyer.

Loans and advances

The loans and advances were at Rs 540.90 mn as at the end for the year under review. This includes an amount of Rs. 70.23 mn lying as security deposits offered for various leased premises taken by the company, an amount of Rs. 285 lacs being purchase consideration due and receivable for the transfer of Systems & Services business and Rs. 22.81 mn of unbilled revenues as on March 31, 2010. The purchase consideration has since been received.

Capital expenditure

The capital expenditure incurred during the year was Rs.89.39 mn excluding a capital work in progress of Rs 23.50 mn. The capital expenditure includes Rs 94.11 mn being the value of Intellectual property developed/ being developed by the company

Depreciation and amortization

The company has been following straight-line basis of depreciation and has depreciated assets based on the rates mentioned in the Companies Act 1956. The Digital Assets (Intangible) are amortized over the estimated life (revenue earning potential) of such assets under written down value method

Investments

During the year, the company sold 39% out of 49 % of the equity share capital held by it, in Accel IT Resources Limited, an associate company for a consideration of Rs 46.80 million and the consideration was received in full in cash, to settle the liabilities and reduce the interest burden of the company. During the year, the company sold of its entire stake in its Japanese subsidiary Accel Solutions Inc, Japan to the JV partner for a consideration of Rs 0.07 million as the company was incurring losses due to severe recession in Japan The company now operates in Japan through its US subsidiary.

Systems & services division

During the year the company, pursuant to the approval of the members by way of a special resolution by postal ballot, transferred its Systems & Services Division carrying a Net Asset Book Value of Rs.788.30 Lacs as on April 1st 2009, to Accel Frontline Services Ltd with effect from 01.04.2009, on a slump sale basis for a total consideration of Rs 927.29 Lakhs. The profit on sale of the Systems & Services division representing the sale consideration over and above the net asset value adjusted in the books of accounts as on 01st April 2009 amounting to Rs. 138.99 lacs (net of tax Rs.138.99 lacs) is credited to profit and loss account as 'profit on transfer of Business'.

Interest outflow

The company incurred an expense of Rs.24.57 mn as Interest and Financial charges. This included an amount of Rs 7.81 mn towards interest on the term loan from company's bankers Rs. 14.55 mn. towards interest for working capital facilities, Rs. 1.93 mn. towards interest on hypothecation term loan taken for the equipment leasing facility and Rs. 0.28 towards the other financial charges like Bank charges, Bank Guarantee commissions, Letter of credit discounting charges etc.

Taxation

During the year, we have not provided for any taxes on income as the company incurred losses and also has carried forward losses. The profits attributable to Software Technology Parks of India (STPI) scheme expired on March 31, 2009 and hence is not available for the company during the current year. The company has paid a tax of Rs..0.10 mn towards taxes for the US subsidiary. The company, as a matter of prudence, has not accounted deferred tax asset.

Forex

We export services to foreign countries. During the year, we have made a net loss or Rs. 3.25 million due to foreign exchange fluctuations on the portion uncovered, due to unforeseen fluctuations in the US Dollar

Risk management

We operate in highly competitive and fast changing market environment. Our competition includes very large software services companies. We face challenges due to the fast changing technology and shortage of technically competent professionals and the high attritions that are faced in the industry. In animation we have invested in technologies not available elsewhere in our country so that we can offer a bouquet of services for overseas customers. We believe that we have requisite management and HRD capabilities to recruit, train and deploy professionals on an ongoing basis in order to make available sufficient manpower. We believe that we have adequate checks and balances in place to identify and mitigate risks associated with our business.

Room for optimism

The Animation business is all set to take a centre stage in various spears not limiting itself to entertainment and gaming. We believe with the growing market and the ability to cater their needs are possible with the existing potential resources. The company is equipped with the latest technology in the field of animation and are expected to generate reasonable revenues in the future. With a specific focus on the software and animation the management is confident of seeing a steep growth of the divisions in the coming years.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the company's objective. Projections estimates, expectation 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 market in which the company operates change 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 in not unlikely, the future turns out to be something quite different Subject to this management disclaimer, this discussion and analysis should be perused.

Annexure III
Report on 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 4 Directors out of which 3 Directors are Non- Executive Directors. The Company has a Non Executive Chairman and one half of Board of Directors are Independent Directors. The day to-day operations of the company are carried out by the Divisional Heads 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 director Mr. Philip John during 2009 – 2010 are given below:

Particulars	Amont in Rs.
Salary	6,00,000
Allowances & Perquisites	9,000,00
Contribution to Retiral Funds	9,360
Stock Option	NIL

Details of Remuneration / Sitting Fees paid to Directors

The Company does not pay any remuneration to any non-executive directors.

No stock options have been granted to any of the directors.

The sitting fees paid to non-executive directors during the year as under:

Name of director	Sitting fees		
	Board meetings	Committee meetings	Remuneration & compensation meetings
Mr. M.R.Narayanan	45,000	12,500	2,500
Mr. Mohan Rao	45,000	12,500	2,500
Total	90,000	25,000	5,000

No sitting fees is being paid to Non executive Chairman, being a promoter.

Board Meeting

During the year under review, 5 board meetings were held on 25.05.2009, 27.07.2009, 28.08.2009, 31.10.2009 and 30.01.2010 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.

Name of Director	Category	No. of board meetings attended out of 5 meetings held during 2009-10	Attendance at the last AGM held on 29.07.2009	No. of Directorship in Domestic Public Companies as on 31.03.2010 (including this company)	Committee position as on 31.03.2010	
					Member	Chairman
N.R. Panicker	Non Executive Chairman, Promoter	5	Yes	07	01	1
M.R. Narayanan	Non Executive, Independent	5	Yes	02	01	1
A.Mohan Rao	Non Executive, Independent	5	Yes	02	02	1
Philip John	Executive	5	Yes	01	Nil	Nil

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 27th July 2009.

Postal Ballot

The company had obtained approval from shareholders by way of Postal Ballot, as detailed below.

Ordinary Resolution for transfer of Systems & Services Division to M/s. Accel Frontline Services Limited:

Notice Date: 28th August 2009
Report Date: 12th October 2009.

Composition of committees of director and their attendance at the meetings.

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

Audit committee

The audit committee has been mandated with the same terms of reference as specified in Clause 49 of the listing agreement with Stock exchange and covers all the aspects stipulated by the SEBI Guidelines. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

Composition

The Audit Committee of Directors comprises 2 independent directors and one non- executive Chairman of whom all have relevant finance and audit exposure.

During the period under review, 4 audit committee meetings were held on 25.05.2009, 27.07.2009, 28.08.2009, 31.10.2009 and 30.01.2010.

The composition of the audit committee and their attendance at its meetings is given below.

Name	Composition	No. of Meetings attended
A. Mohan Rao	Chairman	05
N. R. Panicker	Member	05
M. R. Narayanan	Member	05

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 require ments 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 wholetime 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, One Remuneration Committee meeting was held. The composition of the Remuneration Committee is given below.

Name	Composition	No. of Meetings attended
N.R. Panicker	Chairman	01
A. Mohan Rao	Member	01
M. R. Narayanan	Member	01

The company has complied with all the non-mandatory requirements under Clause 49 regarding the Remuneration Committee.

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

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

1. Mr. N.R. Panicker - Chairman

Mr. N.R. Panicker is an IT professional with 34 years of experience, he is the Founder and Chairman of Accel Limited, the main promoter of Accel Transmatic Ltd and also the Chairman & Managing Director of Accel Frontline Limited a Joint venture company of the group with BT Frontline Pte Ltd., Singapore, BT Plc. Company

Mr. N.R. Panicker holds the following Directorships / Committee Memberships.

Mr. N.R. Panicker holds 10,33,904 equity shares of the company.

	Name of the Companies/firms	Nature of interest
1.	Accel Limited	Promoter & Director
2.	Accel Frontline Limited	Chairman and Managing Director
3.	Accel Tele.net Limited	Director
4.	Accel IT Resources Limited	Director
5.	Accel Frontline Services Ltd.	Director
6.	Kerala Venture Capital Fund (P) Limited	Director
7.	Accel Systems Group Inc., USA	Director
8.	ACL Systems & Technologies Pte Ltd. Singapore	Director
9.	Accel Frontline FZE, Dubai	Director
10.	Network Programs USA Inc., USA	Director
11.	Network Programs Japan Inc., USA	Director
12.	Network Programs K K Japan	Director
13.	Accel Media Ventures Limited	Director

Committee Position : Accel Transmatic Limited

Audit Committee	Member
Remuneration Committee	Chairman

2. Mr. A. Mohan Rao
Mr. A. Mohan Rao is a veteran in the IT industry and 30 years of experience in marketing and business management. Served as President and CEO of HCL Infosystems Ltd, 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.

	Name of the Companies/firms	Nature of interest
1.	Spatik Consultants Private Limited	Director
2.	Optimum Air Solutions Private Ltd	Director
3.	Carl Bechem Lubricants (India) P Ltd	Director
4.	MRO Tek Limited	Director

Committee Position : Accel Transmatic Limited

Audit Committee	Chairman
Remuneration Committee	Member

Mr. S.T. Prabhu, Company Secretary 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@transmaticsytems.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	13
Replied	13

General body meeting

Location and time of general meetings

Year	Type	Date	Venue	Time
2002–03	AGM	30.09.2003	Lakshmi Chambers, III Floor, Vazhuthacaud, Trivandrum	12.30 pm
2003–04	EGM	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	11.00 am
2003–04	Court Convened General meeting	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	02 pm to 4 pm.
2003–04	AGM	14.03.2005	Lakshmi Chambers, II Floor, Vazhuthacaud, Trivandrum	11.30 am
2004–05	AGM	19.08.2005	USHUSTECH,311, Technopark, Trivandrum	02.00 pm
2005–06	AGM	15.09.2006	Conference Room, comfort Inn Grand, Statue, Thiruvananthpuram	02.00 pm
2006–07	AGM	24.09.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2007–08	EGM	04.12.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2008–09	AGM	27.07.2009	Malabar Hall, Park Centre, Technopark, Trivandrum	12.00 Noon
2009–10	AGM	27.09.2010	Conference hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum-695 585.	11.00 am

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 were 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 II to the Directors report forms part of the annual report.

Non mandatory requirements

Revised SEBI guidelines on corporate governance

SEBI 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 where declared adequate up to March 31, 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.

As per the latest directive from Securities Exchange Board of India (SEBI), the transferor and the transferee have to provide documentary evidence of their PAN numbers to the effect the Share transfer.

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 auditor

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.

General Shareholder Information

1.Annual General Meeting

Date and Time	: September 27, 2010 at 11.00 am
Venue	: Conference hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum-695 585

2. Financial calendar

Financial Year : 01st April 2009 to 31st March 2010

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 (Audited figures) as per Stock Exchange guidelines

3. Book Closure Dates : 17th September 2010 to 27th September 2010 (Both days inclusive)

4. Listing of Shares

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 2010 – 2011.

5. Stock Market Codes

(i)	Scrip Code	: 517494
(ii)	Abbreviated Name	: ACCEL TRANS
(iii)	Demat ISIN Number	: INE258CO1020

6. Share Holding Pattern as on 31st March, 2010

Category Code	Category of Shareholder	Number of Share holders	Total Number of Shares	Number of shares held in dematerial-ized form	Total shareholding as a percentage of total number of shares		Shares Pledges or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/ (IV) *100
(A)	Shareholding of Promoter and Promoter Group2							
(1)	Indian							
(a)	Individuals / Hindu Undivided Family	2	1,133,719	1,133,719	10.27	10.27	-	-
(b)	Central Government / State Government(s)		-	-	-	-	-	-
(c)	Bodies Corporate	1	5,122,082	5,122,082	46.41	46.41	1,300,000	25.380
(d)	Financial Institutions/ Banks		-	-	-	-	-	-
(e)	Any Other (Specify) Relatives of Promoters / Subsidiary	4	335,651	330,575	3.04	3.04	-	-
	Sub-Total (A)(1)	7	6,591,452	6,586,376	59.72	59.72	1,300,000	19.723
(2)	Foreign		-					
(a)	Individuals(Non Resident Individuals)/Foreign Individuals	-	-	-	-	-		
(b)	Bodies Corporate	-	-	-	-	-		
(c)	Institutions	-	-	-	-	-		
(d)	Any Other (Specify)	-	-	-	-	-		
	Sub-Total (A)(2)	-	-					
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+((A)(2)	7	6,591,452	6,586,376	59.72	59.72	1,300,000	19.723
(B)	Public Shareholding3						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds / UTI	4	2,144		0.02	0.02		
(b)	Financial Institutions / Banks	4	520	400	-	-		
(c)	Central Government / State Government(s)	-	-	-	-	-		
(d)	Venture Capital Funds	-	-	-	-	-		
(e)	Insurance Companies	-	-	-	-	-		
(f)	Foreign Institutional Investors	-	-	-	-	-		
(g)	Foreign Venture Capital Investors	-	-	-	-	-		
(h)	Any Other (Specify)	-	-	-	-	-		
	Sub-Total (B)(1)	8	2,664	400	0.02	0.02		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	118	211,420	207,300	1.92	1.92		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh.	7,043	2,032,574	1,724,594	18.42	18.42		
	ii. Individual shareholders holding nominal share capital excess of Rs.1 lakh.	59	1,956,995	1,862,387	17.72	17.72		
(c)	Any Other (Trust / Clearing Member-details enclosed)	46	242,296	242,296	2.20	2.20		
	Sub-Total (B(2)	7,266	4,443,285	4,036,577	40.26	40.26		
	Total Public Share holding (B)=(B)(1)+(B)(2)	7274	4,445,949	4,036,977	40.28	40.28	NA	NA
	Total (A) + (B)	7281	11,037,401	10,623,353	100.00	100.00		
C	Shares held by Cutodians and against which Depository Receipts have been issued	0	-	-	NA	-	NA	NA
	GRAND TOTAL (A)+(B)+(C)	**7281**	**11,037,401**	**10,623,353**	**100.00**	**100.00**		

7. Stock market data

Month & Year	High Price (Rs.)	Low Price (Rs.)	Volume (Nos)
Apr-09	13.85	9.54	85,196
May-09	16.96	10.15	268,189
Jun-09	21.30	14.10	412,086
Jul-09	16.55	12.50	67,155
Aug-09	14.31	11.78	98,136
Sep-09	13.75	11.42	133,013
Oct-09	13.73	11.17	71,859
Nov-09	13.50	10.30	47,853
Dec-09	14.55	11.50	142,017
Jan-10	16.59	12.55	218,179
Feb-10	15.01	11.50	114,084
Mar-10	18.00	11.77	346,779

Source: BSE India

8. Registrars & Transfer Agents (RTA)

M/S. Integrated Enterprises India Limited,
Kences Towers, 2Nd Floor,
No.1 Ramakrishna Street, North Usman Road
T.Nagar, Chennai – 600017
Tel.: 044-2814 0801 – 803
Email: sureshbabu@iepindia.com

9. Distribution of shareholding and categories of equity shareholders

	March 31, 2010				March 31, 2009			
Category	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	6464	88.78	679,669	6.15	6634	89.31	696,906	6.31
501 –1000	328	4.50	278,940	2.52	310	4.17	268,531	2.43
1001 – 2000	214	2.93	333,329	3.02	211	2.84	329,992	2.99
2001 – 3000	77	1.05	200,858	1.81	69	0.93	179,784	1.63
3001 – 4000	26	0.35	92,102	0.83	28	0.38	101,440	0.92
4001 – 5000	45	0.61	216,540	1.96	37	0.50	177,302	1.61
5001 – 10000	54	0.74	390,044	3.53	58	0.78	423,112	3.83
10000 & above	76	1.04	8,845,919	80.18	81	1.09	8,860,334	80.28
TOTAL	7284	100.00	11,037,401	100.00	7428	100.00	11,037,401	100.00

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.

Nature of Queries	Received	Replied
Non receipt of Certificate after transfer/ capital reduction	2	2
Non receipt of Annual Report		
Correction in Certificate	1	1
Non receipt of Inter/Dividend Warrant/ Cheque/DD	2	2
General queries	7	7
Change of address / Bank Mandate	1	1
Procedure for loss of share certificate		
TOTAL	13	13

As at March 31, 2010, Nil investor complaints were pending. As at March 31, 2010, Nil share transfers and Nil demat requests were pending.

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.

Category	No. of Shares	% to total paid up capital	Shares held in dematerialized Form	Shares held in Physical Form
Promoters	6,591,452	59.72	6,586,376	5,076
Non - Promoters	4,445,949	40.28	4,036,977	408,972
Total	11,037,401	100.00	10,623,353	414,048

13. Dematerilisation of shares and liquidity

As on 31st March 2010, 96.249% of the company's Equity Capital are held in dematerialized form with NSDL and CDSL. Trading in equity shares of the Company is permitted only in dematerialized form, as per the notification issued by the Securities and Exchange Board of India (SEBI).

14. Investor correspondence

(a) For all routine correspondence regarding transfer and transmission of shares, split, consolidation and issue of duplicate / renewed share certificates should be addressed to the Company 's Registrars and Share Transfer Agents at their following address.

M/s. Integrated Enterprises India Limited,
Kences Towers, 2nd Floor,
No.1 Ramakrishna Street, North Usman Road
Chennai – 600017
Tel: 044 28140801 / 802 /03
Contact Person : Mr. Suresh Babu / Mr. Sriram

(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@transmaticsystems.com

15. Company Website

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

ANNEXURE – IV

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 2010 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 compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Varma & Varma
Chartered Accountants
F.R.N. 4532S

Place : Chennai
Date : May 27, 2010

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

ANNEXURE – V

Certification by Chairman and Chief Financial Officer to the board.

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 matrial 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.

N R Panicker
Chairman

S T Prabhu
Company Secretary &
Compliance Officer

Place : Chennai
Date : May 27, 2010

ANNEXURE – VI

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, 2010, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.

(b) That such accounting policies as mentioned in Note 21 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 2010 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.

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
1		The financial year of the subsidiary Companies ended on	March 31, 2010
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	155000
2.B			
2.C 3		Extent of interest of holding company at the end of the financial year of the subsidiary company	100% Paid up capital $155000
		Face Value	$1
	A. (I)	The net aggregate amount of the subsidiary company Profit / (Loss) so far as it concerns the members of the holding company	
	(ii)	Not dealt with in the holding company 's accounts For the Financial year ended 31st March 2010	$50250 INR 2,399,139
	B. (I)	For the previous financial years of the subsidiary	($66,333) INR (3,082,794)
	(ii)	Dealt with in holding company's accounts For the financial year ended 31st March 2009	NIL
		For the previous financial years of the subsidiary companies since they became the holding company 's subsidiaries	NIL

Annexure VII

Information as per Section 217 (2A) of the Companies Act, 1956 and the Companies

(Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2010.

S. No.	Name	Age (Years)	Designation	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualification	Experience (years)	Date of Joining	Previous Employment
1	Philip John	56	Wholetime Director	15,09,360	11,84257	B.E., M.Tech	33	25.02.2004	Managing Director - Ushus Technologies Private Limited

Note :

1. The Gross Remuneration shown above is subject to tax and comprises salary, allowances, monetary value of perquisites as per Income Tax Rules and Company 's contribution to Provident Fund and Professional Tax.

2. In addition to the above remuneration, Philip John is entitled to gratuity, medical benefits, etc in accordance with the Company's Rules.

3. The net remuneration is arrived at by deducting from the Gross Remuneration, Income Tax, Company 's contribution to Provdent Fund, Professional Tax and the monetary value of non-cash perquisites, wherever applicable.

Auditors' report

To,
The Members,
Accel Transmatic Limited.

1. We have audited the attached Balance Sheet of Accel Transmatic Limited as at 31st March 2010, 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 2010, 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 2010;

ii. in the case of the Profit and Loss Account, of the Loss for the year ended on that date;

and

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

For Varma & Varma
Chartered Accountants
F.R.N. 4532S

Place: Chennai
Date : May 27, 2010

K.M. Sukumaran, F.C.A
M No: 15707
Partner

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. The fixed assets of the company have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the company and the nature of assets and no material discrepancies have been noticed on such verification.

   c. Except as stated in Note No. 21.8 of Schedule No. 21 regarding sale of an undertaking, there has not been any other 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. The inventory of the Company at the year end consists of Digital Assets (Intangible Assets) only and hence the question of physical verification of inventory does not arise. Hence the Paragraph 4(ii)(a), 4(ii)(b) & 4(ii)(c) of Companies (Auditor's Report) (Amendment) Order is not commented upon by us.

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. (Rs)	Balance as on 31.03.2010 (Rs)
2	10,26,29,561/-	3,50,72,618/-

   b. In our opinion , the rate of interest and other terms and conditions on which the loan given to one of the above 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. In respect of the other party, the balance outstanding represents the balance of consideration payable by them in sale of an undertaking to them as stated in Note No. 21.8 in Schedule No. 21 for which no interest has been charged by the Company.

   c. As per the information and explanations given to us, the receipt of Principal and Interest thereon in respect of the amount advanced to the parties as above is as agreed.

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 31.03.2010
3	6,45,32,764/-	2,57,85,073/-

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 thereon is as stipulated.

4. In our opinion and according to the information and explanations given to us, the internal control system for the purchase of fixed assets and for the sale of services are generally 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 / at the values as agreed on the basis of Independent Valuation as stated in Note No. 21.8 in Schedule No. 21.

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. As per the information and explanation furnished to us, Cost records u/s 209(1)(d) of the Companies Act, 1956 have not been prescribed in respect of the Services of the Company.

9. a. There have 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, Excise duty, Customs 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. 5,35,175/- of Professional Tax and Rs. 5,47,600/- of Tax Deducted at Source.

b. As per the information and explanation furnished to us, there were no dues of sales-tax, income-tax, wealth-tax, service tax, excise duty, customs duty and cess which have not been deposited on account of any dispute, as at the year end.

10. The company's accumulated loss at the end of the financial year is not more than fifty per cent of net worth of the company. The company has not incurred cash loss during the year, but has incurred cash loss during the immediately preceding financial year.

11. As per the information and explanations furnished to us and our verification of records of the company, the company has made delays in repayment of dues to financial institutions or banks, and an amount of Rs. 1,28,50,000/- and Rs. 71,91,219/- of Principal and Interest respectively is over due 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 a company in which the Directors are interested for Rs.350 Lacs for availing loan from the banks by the said company, the terms of conditions of which are not prima facie prejudicial to the interest of the company. As stated in Note No. 21.7 in Schedule No. 21 there are certain guarantees/ LCs given by the Banks on behalf of the erstwhile Systems and Services Division (which have been sold off w.e.f 01.04.2009 as stated in Note No. 21.8 in Schedule No. 21) pending transfer in the name of that Company as at the year end. We are informed that the relative commission on such guarantees / LCs have been borne by that Company.

16. In our opinion and according to the information and explanations given to us, Term Loans 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. During the year, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act.

19. The company does not have any outstanding debentures as at the year-end.

20. The company has not raised any money by way of public issues during the year.

21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Varma & Varma
Chartered Accountants
F.R.N. 4532S

Place: Chennai
Date : May 27, 2010

K.M. Sukumaran, F.C.A
M No: 15707
Partner

Balance Sheet as at

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

	Sch No.	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	110,374,010	110,374,010
Advance received against issue of share warrants		-	8,415,000
Reserves and surplus	2	24,578,078	16,221,544
		134,952,088	135,010,554
Loan funds			
Secured	3	225,315,073	225,065,057
Unsecured	4	35,085,073	70,994,202
		260,400,146	296,059,259
Total liabilities		395,352,234	431,069,813
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	296,543,758	261,417,378
Less: Accumulated depreciation / amortization		87,305,247	100,802,469
Net block		209,238,511	160,614,909
Capital work in progress		23,506,628	10,502,983
		232,745,139	171,117,892
Investments	6	12,466,543	37,025,465
Current Assets, Loans and Advances			
Inventories	7	4,047,005	100,745,388
Sundry debtors	8	57,949,098	122,696,774
Cash and bank balances	9	5,544,104	4,315,274
Other current assets	10	22,955,829	16,459,373
Loans and advances	11	54,090,634	41,032,576
		144,586,670	285,249,385
Less: Current liabilities and provisions			
Current liabilities	12	43,529,334	91,559,770
Provisions	13	5,416,208	8,745,956
		48,945,542	100,305,726
Net current assets		95,641,128	184,943,659
Profit and loss account	14	54,499,424	37,982,797
Total assets		395,352,234	431,069,813

Significant accounting policies and notes attached to accounts 21
Vide our report of even date

For and on behalf of the Board of Directors

M/s Varma & Varma
Firm Registration No. 4532S
Chartered Accountants

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

N.R. Panicker
Chairman

A. Mohan Rao
Director

Philip John
Director

S.T. Prabhu
Company Secretary

Place : Chennai
Dated 27th May 2010

Profit and loss account for the year ended

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

	Sch No.	March 31, 2010	March 31, 2009
Income			
Income from operations	15	141, 547,448	372,044,663
Less: Excise duty		-	12,642,830
Net income from operations		141,547,448	359,401,833
Other income	16	4,809,756	8,344,222
Profit on sale of investments / business (Net)	16-A	36,505,390	-
		182,862,594	367,746,055
Expenditure			
Materials consumed	17	-	56,879,596
(Increase) / decrease in stock	17-A	(473,554)	(20,882,240)
Cost of sales (Traded goods / services)	17-B	853,155	57,708,217
Employee costs and benefits	18	86,958,420	160,918,205
Operating expenses	19	56,553,254	98,251,682
		143,891,275	352,875,460
Profit before depreciation, interest and tax		38,971,319	14,870,595
Interest & finance costs	20	24,572,459	34,940,595
Depreciation	5	28,652,631	25,035,929
Profit / (Loss) before tax		(14,253,769)	(45,105,929)
Less: Taxation for the Year			
- Current tax		732,473	-
- Fringe benefit Tax		-	1,529,612
- Deferred tax		-	(2,352,843)
- Income tax of earlier years		1,530,385	-
Profit / (Loss) for the year after tax available for Appropriation		(16,516,627)	(44,282,698)
Less: Appropriation			
Proposed dividends			
- On preference shares		-	31,068
Tax on dividend		-	5,282
Balance of profit / (Loss) carried to balance sheet		(16,516,627)	(44,319,048)
Basic earnings per share		(1.50)	(4.02)
Basic earning per share excluding extra ordinary item		(4.80)	(4.02)
Diluted earnings per share		(1.50)	(3.92)
Diluted earnings per share excluding extra ordinary item		(4.80)	(3.92)

Significant accounting policies and notes attached to accounts 21
Vide our report of Even Date

For and on behalf of the Board of Directors

M/s Varma & Varma Firm Registration No. 4532S Chartered Accountants	N.R. Panicker Chairman	A. Mohan Rao Director
K M Sukumaran F.C.A Membership No: 15707 Partner	Philip John Director	S.T. Prabhu Company Secretary

Place : Chennai
Dated 27th May 2010

Cash flow statement for the year ended

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

	March 31, 2010 Amount	March 31, 2009 Amount
A Cash flow from operating activities		
profit before taxation from operations	(14,253,769)	(45,105,928)
adjustments for:		
depreciation	28,652,631	25,035,929
profit on sale of assets	(13,899,963)	
profit on sale of investments	(22,605,427)	-
interest – net	24,264,825	34,209,435
dividends received	(3,880)	(5,703)
operating profit/[loss] before working capital adjustment	2,154,417	14,133,734
adjustments for:		
sundry debtors	64,747,675	(3,177,596)
inventories	96,698,383	(37,688,135)
loans and advances	(19,554,514)	15,823,069
payment of dividends	-	(331,190)
trade payables	(51,360,181)	17,388,244
cash generated from operations	92,685,780	6,148,126
income tax paid	2,262,858	1,529,612
net cash flow from operating activites	90,422,922	4,618,514
B Cash flow from investing activities		
sale / (purchase) of fixed assets - net	(76,438,384)	(58,986,495)
purchase / sale of investments	47,164,351	(1,092,870)
interest received	307,633	731,160
dividends received	3,880	5,703
net cash flow from investing activities	(28,962,520)	(59,342,502)
C Cash flow from financing activities		
increase in share capital (share application)	-	(2,100,000)
proceeds from / (repayment of) long term borrowings	(34,473,956)	70,090,483
net increase of cash credit and other short term borrowings	(1,185,156)	19,254,727
interest paid	(24,572,459)	(34,940,595)
net cash flow from financing activities	(60,231,571)	52,304,615
net increase in cash/cash equivalents	1,228,831	(2,419,374)
D Cash and cash equivalents		
opening cash and cash equivalents	4,315,273	6,734,647
closing cash and cash equivalents	5,544,104	4,315,273

Notes:

1. Cash and cash equivalents include cash in hand & remittances in transit, balance with banks on current accounts and deposit ac counts.
2. The above cashflow statement has been prepared under the "Indirect Method" as set out in the accounting standard on cash flow statement [AS-3] issued by the Institute of Chartered Accountants of India.
3. Previous year figures have been rearranged/regrouped wherever necessary.
4. This is the cashflow statement referred to in our report of even date.

Significant accounting policies and notes attached to accounts 21
Vide our report of Even Date

M/s Varma & Varma
Firm Registration No. 4532S
Chartered Accountants

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 27th May 2010

For and on behalf of the Board of Directors

N.R. Panicker
Chairman

A. Mohan Rao
Director

Philip John
Director

S.T. Prabhu
Company Secretary

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

		March 31, 2010	March 31, 2009
1	**Share capital**		
	Authorised		
	19,750,000 (19,750,000) Equity shares of Rs.10/- each	197,500,000	197,500,000
	250,000 (250,000)12% cumulative redeemable Preference shares of Rs. 10/- each	2,500,000	2,500,000
		200,000,000	200,000,000
	Issued, Subscribed and Paidup :		
	11,037,401 (11,037,401) Equity shares of Rs.10/- each fully paid up	110,374,010	110,374,010
		110,374,010	110,374,010
2	**Reserves and surplus**		
	Capital Reserve		
	Opening balance	1,782,500	1,782,500
	Add: Share application money forfeited (See Note no.21.5)	8,415,000	-
		10,197,500	1,782,500
	Revaluation reserve	12,339,044	12,397,510
	Less: depreciation on revaluation	58,466	58,466
		12,280,578	12,339,044
	Capital Redemption Reserve	2,100,000	2,100,000
		24,578,078	16,221,544
3	**Secured loans**		
	From a Bank		
	- Cash credit (See note : 21.6)	112,069,999	113,255,155
	- Term loan	106,727,113	95,620,479
	Hire purchase loans	6,517,961	16,189,423
		225,315,073	225,065,057
4	**Un Secured loans**		
	Public deposits	9,450,000	9,800,000
	Inter corporate loans	25,635,073	61,194,202
		35,085,073	70,994,202

Schedule forming part of Financial Statements as at
(All amounts are in Indian Rupees, unless otherwise stated)
5 Fixed Assets

		Gross Block Stated at Cost				Depreciation				Net Block	
Sl. No	Particulars	Cost as on 01.04.2009	Additions/ Adjustments	Sale / Transfer	Total as on 31.03.2010	Upto 01.04.2009	For the Year	Disposals/ Adjustments	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	Land	12,280,000	-	-	12,280,000	-	-	-	-	12,280,000	12,280,000
		(12,280,000)	-	-	(12,280,000)	-	-	-	-	(12,280,000)	(12,280,000)
2	Factory Building (note: 1)	4,531,390	1,326,940	-	5,858,330	1,761,889	162,247	-	1,924,136	3,934,194	2,769,501
		-	-	(4,531,390)	(1,602,956)	(158,933)	-	(1,761,889)	(2,769,501)	(3,089,020)	(2,928,434)
	Lease Hold Building(Kinfra)	-	6,760,479	-	6,760,479	-	-	-	-	6,760,479	-
		(227,083)	-	(227,083)	-	(66,059)	-	(66,059)	-	-	(161,024)
	Building Modification	6,146,680	-	-	6,146,680	1,736,135	192,141	-	1,928,276	4,218,404	4,410,545
		(6,146,680)	-	-	(6,146,680)	(1,543,994)	(192,141)	-	(1,736,135)	(4,410,545)	(4,602,686)
3	Plant and Machinery	39,806,846	3,202,597	21,319,781	21,689,662	21,002,325	4,808,479	16,944,438	8,866,366	12,823,296	18,804,522
		(25,993,012)	(13,813,834)	-	(39,806,846)	(18,353,919)	(2,700,900)	(52,494)	(21,002,325)	(18,804,522)	(7,639,093)
4	Data Processing Machines (note 3)	105,947,264	621,034	14,772,968	91,795,330	44,832,101	10,030,728	14,041,651	40,821,178	50,974,152	61,115,164
		(75,205,264)	(30,742,001)	-	(105,947,264)	(32,364,927)	(12,467,174)	-	(44,832,101)	(61,115,164)	(42,840,337)
5	Computer Software	346,013	-	346,013	-	278,380	-	278,380	-	-	67,633
		(78,104)	(267,909)	-	(346,013)	(78,104)	(200,276)	-	(278,38)	(67,633)	-
6	Furnitures and Fixtures	34,016,997	684,330	-	27,976,860	10,869,321	3,964,984	4,800,204	10,034,101	17,942,960	23,147,676
		(27,393,126)	(6,623,871)	(6,724,467)	(34,016,997)	(7,230,160)	(3,639,162)	-	(10,869,321)	(23,147,676)	(20,162,966)
7	Testing Equipments	2,459,561	-	2,459,561	-	956,000	-	956,000	-	-	1,503,561
		(2,123,642)	(335,919)	-	2,459,561	(867,249)	(88,751)	-	(956,000)	(1,503,561)	(1,256,393)
8	Office Equipments	9,482,648	151,937	3,597,898	6,035,687	2,449,675	574,105	1,771,510	1,252,270	4,784,418	7,032,973
		(8,952,946)	(529,703)	-	(9,482,648)	(2,064,745)	(384,930)	-	(2,449,674)	(7,032,973)	(6,888,200)
9	Electrical Fittings	16,519,198	617,171	1,105,276	16,031,093	2,468,317	2,151,645	650,451	3,969,511	12,061,581	14,050,881
		(9,676,987)	(6,842,211)	-	(16,519,198)	(1,386,382)	(1,081,935)	-	(2,468,317)	(14,050,881)	(8,290,605)
10	Library Books	371,042	-	138,368	232,674	349,901	-	117,227	232,674	-	21,141
		(371,042)	-	-	(371,042)	(344,694)	(5,207)	-	(349,901)	(21,141)	(26,348)
11	Water Supply System	49,761	-	49,761	-	40,678	-	40,678	-	-	9,083
		(49,761)	-	-	(49,761)	(39,101)	(1,577)	-	(40,678)	(9,083)	(10,660)
12	Prototype Development	2,613,190	-	2,613,190	-	1,462,198	-	1,462,198	-	-	1,150,998
		(2,299,428)	(313,762)	-	(2,613,190)	(1,212,647)	(249,551)	-	(1,462,198)	(1,150,992)	(1,086,781)
13	Vehicle	3,464,498	-	-	3,464,498	1,203,953	396,515	-	1,600,468	1,864,030	2,260,545
		(3,464,498)	-	-	(3,464,498)	(852,435)	(351,518)	-	(1,203,953)	(2,260,545)	(2,612,063)
14	Intagibles IPR - Indian Fables	-	70,601,334	-	70,601,334	-	822,070	-	822,070	69,779,264	-
		-	-	-	-	-	-	-	-	-	-
15	Goodwill	6,216,964	-	-	6,216,964	6,216,981	-	-	6,216,981	(17)	(17)
		(6,216,964)	-	-	(6,216,964)	(5,317,131)	(899,850)	-	(6,216,981)	17	(899,833)
16	Software Lisences	15,934,246	5,433,425	64,794	21,302,877	3,943,535	5,608,184	64,794	9,486,925	11,815,950	11,990,711
		(12,910,479)	(3,023,767)	-	(15,934,246)	(1,271,045)	(2,672,490)	-	(3,943,535)	(11,990,711)	(11,639,434)
17	Temporary Partitions	1,231,079	-	1,080,789	150,290	1,231,079	-	1,080,789	150,290	-	-
		(1,231,079)	-	-	(1,231,079)	(1,231,079)	-	-	(1,231,079)	-	-
	TOTAL	261,417,378	89,399,247	54,272,866	296,543,758	100,802,469	28,711,098	42,208,320	87,305,247	209,238,511	160,614,909
	Previous Year	199,151,484	62,492,977	227,083	261,417,378	75,826,627	25,094,395	118,553	100,802,469	160,614,909	123,324,857

Note:
1. The Depreciation on account of Revaluation of Rs.58,466/- is being adjusted with Revaluation Reserve.
2. Figures in brackets represents Previous year figures
3. Includes prior period adjustments in depreciation (credit) Rs.38,36,688

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

		March 31, 2010	March 31, 2009
6	**Investments -- Long Term**		
	Unquoted (Trade) at cost		
	In Subsidiaries		
	Accel Solutions Japan Inc * [Nil (60) Shares of Y 50,000 Each]	-	1,158,923
	Accel North America Inc, California [155,000 (155,000) Shares of USD 1 Each]	6,416,147	6,416,147
	Others		
	Accel IT Resources Limited ** [100000 (490000) Equity shares of Rs.10/- each fully paid up]	6,000,000	29,400,000
	Quoted [Non-Trade] at cost		
	Rajashree Sugars and Chemicals Ltd [65 (65) Equity shares of Rs.10/- each fully paid up]	1,575	1,575
	State Bank of India [60 (60) Equity shares of Rs.10/- each fully paid up]	20,900	20,900
	ICICI Bank Limited [125 (125) Equity shares of Rs.10/- each fully paid up]	25,756	25,756
	Pittsburgh Iron and Steels Ltd (Formerly S & Y Mills Limited) [500 (500) Equity shares of Rs.10/- each fully paid up]	2,165	2,165
	[Aggregate market value of quoted shares as on the date of Balance Sheet is Rs.251,538/- (Previous year Rs.111,559/-)]		
		12,466,543	37,025,465
7	**Inventories** ***		
	Raw Materials - Components	-	23,458,562
	- stores & spares	-	12,502,763
	Finished goods / semi finished goods	-	14,468,382
	Work in progress	4,047,005	50,315,681
		4,047,005	100,745,388
8	**Sundry debtors**		
	Unsecured considered good		
	Debts exceeding six months	14,870,393	40,494,307
	Other debts	43,078,705	82,202,467
		57,949,098	122,696,774
9	**Cash and bank balances**		
	Cash in hand and remittances in transit (Including Cheques in Hand)	4,760	89,560
	Balances with scheduled banks:		
	in current accounts	1,400,160	457,782
	in deposit accounts	3,968,159	3,595,825
	Unclaimed dividend accounts	171,025	172,107
		5,544,104	4,315,274

* refer note 21.8(c)
** refer note 21.8(b)
*** refer note 21.8(a)

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

	March 31, 2010	March 31, 2009
10 Other Current Assets		
Accrued Interest / Income	142,198	738,703
Unbilled Revenue	22,813,631	15,720,670
	22,955,829	16,459,373
11 Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or		
for value to be received	40,783,095	17,139,454
Deposits	8,996,745	18,917,234
Advance income tax / tax deducted at source	4,310,794	4,975,888
	54,090,634	41,032,576
12 Current liabilities		
Sundry creditors for goods supplied		
Due to micro ,small & medium enterprises (see note no.21.10)	-	-
Due to others	17,211,726	47,158,537
Creditors for expenses	20,774,532	30,694,727
Other liabilities	3,926,557	7,185,557
Advances received from customers for supply of goods & services	1,445,494	6,348,842
Unclaimed dividend *	171,025	172,107
	43,529,334	91,559,770
13 Provisions for		
Fringe Benefit Tax (net of advance tax)	-	420,958
Employee benefits	5,416,208	8,069,585
Warranty	-	255,413
	5,416,208	8,745,956
14 Profit & loss account		
Opening balance	37,982,797	(6,336,251)
Transfer of loss from profit & loss account	16,516,627	44,319,048
	54,499,424	37,982,797

* To be transferred to Investor Education & Protection Fund in the respective years if remaining Unpaid

Schedules forming part of the financial statements for the year ended
(All amounts are in Indian Rupees, unless otherwise stated)

	March 31, 2010	March 31, 2009
15 Income from operations		
Sales income		
Manufacturing sales	-	102,165,355
Trading sales	-	77,150,442
Less: vat & sales tax	-	10,630,899
	-	168,684,900
Service income		
Maintenance and repair services (net)	-	30,361,923
Software services:		
Domestic	23,771,411	-
Exports	117,776,037	172,997,840
	141,547,448	203,359,763
	141,547,448	372,044,663
16 Other income		
Interest income (tds: Rs. 55,825 (Rs.129,942))	307,634	731,160
Liabilities no longer payable written back	1,361,275	2,956,203
Rent received	756,200	-
Guarantee commission received	274,000	210,196
Royalty income	2,106,767	-
Miscellaneous income	3,880	5,703
Foreign exchange variation	-	4,440,960
	4,809,756	8,344,222
16-A profit on sale of investments / business (net)		
Profit on sale of investments	23,400,000	-
Less: loss onsale of investments	794,573	-
	22,605,427	-
Profit on transfer of systems & services division	13,899,963	-
	36,505,390	-
17 Materials consumed		
Opening stock of materials	23,458,562	17,503,820
Less: stock of systems & services division tranferred	23,458,562	-
Add: purchases	-	65,981,866
	-	83,485,686
Closing stock of materials	-	(23,458,562)
Less : obsolete inventory written off	-	3,147,528
Material consumed	-	56,879,596
17-A : (Increase) /decrease in stock		
Closing stock	4,047,005	47,885,372
Less: opening stock		
Opening balance	47,885,372	27,003,132
Less: stock of systems & services division transferred	2,046,548	-
Less: transferred to capital work in progress	42,265,374	-
	3,573,450	27,03,132
(Increase) / decrease in stock	(473,554)	(20,882,240)
17-B : Cost of sales (traded goods / services)		
Opening stock	24,924,597	15,750,301
Less: stock of systems & services division transferred	24,924,597	-
Purchases	853,155	66,882,513
	853,155	82,632,814
Closing stock of materials	-	(24,924,597)
Cost of sales (traded goods / services)	853,155	57,708,217

Schedules forming part of the financial statements for the year ended
(All amounts are in Indian Rupees, unless otherwise stated)

	March 31, 2010	March 31, 2009
18 Employee costs and benefits		
Salaries allowances and bonus	76,405,931	146,606,043
Contribution to welfare funds	5,685,766	9,013,815
Staff welfare expenses	4,866,723	5,298,347
	86,958,420	160,918,205
19 Operating expenses		
Rent	11,030,472	19,576,876
Rates & taxes	837,618	92,591
Electricity charges	6,630,977	6,385,820
Repairs and maintenance		
- Plant & machinery	790,353	200,285
- Buildings	815,580	657,991
- Others	2,178,488	4,410,839
Printing and stationery	445,317	1,786,073
Communication costs	4,746,055	8,152,569
Travelling and conveyance	12,541,602	26,536,175
Insurance	2,147,702	2,695,126
General expenses	5,192,125	12,909,381
Foreign exchange variation	3,257,190	-
Advertisement expenses	689,672	1,473,411
Sales promotion expenses	4,614,583	3,279,645
Warranty provision	-	255,413
Bad debts written off	510,445	5,989,883
Packing and forwarding expenses	125,075	3,849,604
	56,553,254	98,251,682
20 Interest & finance costs		
- On fixed loans	14,551,297	14,507,542
- Other loans	9,745,142	18,877,395
Bank charges	276,020	1,555,658
	24,572,459	34,940,595

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in indian Rupess, 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 , depreciation and amortization

(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 / amortization

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. The rates of depreciation and amortization are as follows:

Asset	Rate of depn / Amortization (%)
Plant and machinery	4.75
Office equipment	4.75
Furniture and fixtures	6.33
Computer hardware	16.21
Computer software	20.00
Vehicles	9.50
Lease hold improvements	Over the lower of estimated useful lives of the assets or the primary period of the lease.

Fixed assets individually costing Rs 5,000 or less are fully depreciated on purchase during the relevant year. Assets installed in leased premises are amortized over the lease period of the premises. Digital Assets (Intangible) are amortized over the estimated life (revenue earning potential) of such assets under written down value method.

(d) Borrowing costs

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

(e) Intangible assets

(i) 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 included under fixed assets, is amortized over a period of 5 years.

(ii) Intangible assets in the nature of Digital Assets (Animation Contents) is capitalized as and when it is completed and ready for commercialization and amortized over a period of revenue earning potential as estimated by the management. Cost of own / co production of Animation products and not ready for commercialization as at the year end is carried forward as capital work in progress in the Balance sheet as at the yearend, if the management is convinced of the commercial viability of the same. Development expenses of animation products that are not considered to be commercially viable is expensed.

(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 from operating activities 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.

(h) Inventories

Cost of production representing overheads incurred for Animation contract services is carried over as work in progress in the Balance Sheet as at the year end.

(i) Revenue recognition

(i) Sale of products

Sales (net of returns) are reported exclusive of sales tax ,octroi, 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.

(ii) Income from service

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

(iii) Annual maintenance contracts

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

(iv) 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 / for 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 recognized based on services performed in advance of billing in accordance with contractual terms.

(v) Animation services

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

(j) Employee benefits

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. Accrued 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) Taxes on income

Provision for current 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.

(l) 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 at the yearend. 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.

(m) 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.

(n) Segment accounting

1. 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.

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.

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

(o) Accounting for provisions, contingent liabilities & contingent assets

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

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

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

Notes to 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) During the year, the company entered into an agreement with Kahani world Inc. Canada to acquire the IPR " Raju, the rickshaw" under a 15 year license for further development and exploitation as 78 X 7 minute episodes for worldwide TV broadcast. The company felt there is a potential to develop this into a large product and the Canadian company was not having immediate plans to develop this further. The Digital content was earlier being developed as 7 X 7 minutes episodes for DVD under a co production agreement with them and the company. The company had raised an invoice on them for Rs.142 lacs. Consequent to the acquisition of this IPR, the company has carried forward this amount due from Kahani World including further development cost incurred as Capital Work in Progress. The amount so far incurred by Kahani world inc in developing this property is to be treated as their share of production cost to be recouped by them at an agreed percentage of the revenue over the period of 15 years on commercial exploitation of this Digital Asset.

(c) 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.

(d) Bank balances include Rs. 45.55 Lacs In Current account & Deposit accounts in respect of Systems & Services Division (SSD) business transferred w.e.f 1st April 2009 as stated in note no. 21.8 below, which is yet to be transferred in the transferee's name by the Bank as at the year end.

21.3 Taxation

(A) Current taxes

Provision for current taxes have been made on the basis of completed assessments and in other cases on the basis of return filed / management computation.

(B) Deferred taxes

Break up of net Deferred Tax Asset / (Liability) at the yearend amounting to Rs 31,56,160/- (Previous Year Asset Rs.12,40,782) is as follows.

Particulars	Deferred tax asset / (liability) as on 31.03.2010	Deferred tax asset / (liability) as on 31.03.2009
Liability		
Difference between book and tax depreciation	1,53,59,053	1,41,51,408
Others	Nil	Nil
Total	1,53,59,053	1,41,51,408
Assets		
Carried forward Depreciation / Business Loss	1,51,54,163	1,46,09,594
Others	33,61,050	7,82,596
Total	1,85,15,213	1,53,92,190
Net deferred Tax Asset / (Liability)	31,56,160	12,40,782

Net deferred tax asset as at the yearend is not recognized as a matter of prudence.

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

21.5 Preferential warrants

The company had, during the year ended 31.03.2008, 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, each of these warrants are to be converted into one Equity share of Rs. 10/- each at a premium of Rs.23/ each within a period of 18 months from the date of issue of warrants at the option of the subscribers. In case any subscriber did not exercise the option for such conversion within the prescribed period, the amount paid for was to be forfeited. As no subscriber exercised the option within the prescribed period, the amount received as advance of Rs. 84,15,000 has been forfeited during the year and carried to Capital Reserve under Reserves and Surplus.

21.6 Secured loans

A. The Federal Bank Limited:
The unexpired Bank Guarantees issued by the bank and outstanding at the year end amounting to Rs.12.42 lacs is secured by counter guarantee by the company and also by way of a corporate guarantee of 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, Intellectual property rights 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 further secured by assignment of lease deposits with Chennai & Trivandrum Landlords. The loans are also secured by Corporate Guarantee of Accel Limited and pledge of 750000 shares of Accel Transmatic Limited held by Accel Limited.
d) Secured loans include Rs. 502.92 lacs being Cash credit availed from State Bank of India for Systems & Services Division of the company which was hived off and sold during the year as stated in note no. 21.8. The transaction in the bank account for the year reflects the transactions of erstwhile Systems & Services Division. The Cash Credit account has since been closed.

C. Hire purchase loans

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

21.7 (a) Contingencies and commitments

(Rupees in Lacs)

	March 31, 2010	March 31, 2009
Outstanding bank guarantees / letter of Credits - $	148.15	129.19
Corporate Guarantee to a bank on behalf of an Associate Concern @	350.00	200.00
Claims Against the company not acknowledged as debts.	Nil	4.20
Sales tax Demands	Nil	Nil
Others	21.67	13.76

$ Includes Rs.147.05 being Guarantees / Letter of Credits issued by banks on behalf of Systems and Services division (sold as of 01.04.2009) which is yet to be transferred in their name.
@ 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. 24.66 Lacs (Previous year Rs.Nil)

21.8 Exceptional Items

(a) During the year the company, pursuant to the approval of the members by way of a special resolution by postal ballot, transferred its Systems & Services Division carrying a Net Asset Book Value of Rs.788.30 Lacs as on April 1st 2009, to Accel Frontline Services Ltd with effect from 01.04.2009, on a slump sale basis for a total consideration of Rs 927.29 Lakhs. The profit on sale of the Systems & Services division representing the sale consideration over and above the net asset value adjusted in the books of accounts as on 01st April 2009 amounting to Rs. 138.99 lacs (net of tax Rs.138.99 lacs) is credited to profit and loss account as 'profit on transfer of Business'. The details of the assets and liabilities transferred are as follows:

Particulars	Rs. in Lacs
Fixed Assets	120.83
Current Assets Loans & Advances Inventories Sundry Debtors Cash & Bank Balances Loans & advances	 504.30 509.07 32.47 86.49
	1,132.33
Less: Current Liabilities & Provisions Current Liabilities Provisions	 415.75 49.11
	464.86
Net Current Assets	667.47
Fixed Assets & Net Current Assets	788.30

(b) During the year the company divested 390000 equity shares of Rs. 10 each representing 39% of investment in Accel IT Resources Limited (Formerly Accel Academy Limited) for a consideration of Rs. 468 Lakhs, as per the decision taken by the board of directors in its meeting held on 31.10.2009. Consequent to this sale, Accel IT Resources Limited ceased to be a associate of this company with effect from 01.10.2009. The profit on sale of investments of Rs.234 Lacs (Previous year Nil) has been credited to Profit and Loss account.

(c) The company during the year sold 60 Equity Shares held in its subsidiary Accel Solutions Inc, Japan for a consideration of Rs.3.64 Lacs. The resultant loss on such disinvestment amounting to Rs.7.94 Lacs is recognized in the Profit & Loss account.

21.9 (a) Payment to Directors

Details of managerial remuneration u/s 198
(Minimum remuneration within the limits of schedule XIII to the Companies Act payable to whole time Directors.)

	March 31, 2010	March 31, 2009
Salaries & allowances	15,00,000	44,67,810
Commission	Nil	Nil
Contribution to provident fund	9,360	9,360

(b) Details of Payment to Auditors included under General expenses

	March 31, 2010	March 31, 2009
Statutory audit	3,30,900	3,30,900
Tax audit (On Payment Basis)	55,150	56,180
Other Services (On Payment Basis)	97,064	79,476

21.10 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 2010, 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.

21.11 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	2009-2010	2008-2009
Minimum lease payment		
Not later than 1 year	63,28,264	95,06,489
Later than one year but not later than five years	Nil	55,40,870
Later than five years	Nil	Nil
Present value of minimum lease payments		
Not later than 1 year	59,35,057	76,62,417
Later than one year but not later than five years	Nil	51,47,661
Later than five years	Nil	Nil
Finance charges recognized in the p & l a/c	19,38,579	32,74,228

(All amounts are in indian Rupess, unless otherwise stated)

21.12 Segmental reporting

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

1. Software Services
2. Animation Services

(Rs. in Lacs)

Particulars	Corporate (unallocated)	Hardware products / services	Software services	Animation	Total
Segment revenue					
External sales net of taxes & duties					
Current year	-	-	1107.73	331.31	1439.04
Previous year	-	1864.75	1124.56	604.70	3594.01
Total revenue					
Current year	372.89	-	1107.73	344.92	1825.54
Previous year	2.64	1881.06	1161.97	624.48	3670.15
Segment result					
Current year	287.91	-	152.26	(334.77)	105.21
Previous year	(139.45)	117.90	224.19	(243.10)	(40.46)
Interest expense (net)					
Current year	9.61	-	28.36	204.22	242.20
Previous year	35.25	83.76	37.46	185.63	342.09
Non operational expenses					
Current year	-	-	-	5.10	5.10
Previous year	2.94	59.33	5.19	1.05	68.51
Net profit / (loss)					
Current year	278.30	-	123.90	(544.09)	(142.54)
Previous year	(177.63)	(25.19)	181.54	(429.78)	(451.06)
Other information					
Segment assets					
Current year	695.82	-	761.62	2446.84	3904.29
Previous year	535.98	1284.57	759.38	2354.51	4934.44
Segment liabilities					
Current year	695.82	-	761.62	2446.84	3904.29
Previous year	1896.06	953.29	360.18	1724.91	4934.44
Capital expenditure					
Current year	16.82	-	29.86	847.31	893.99
Previous year	-	23.86	36.34	576.96	637.16
Depreciation					
Current year	3.26	-	61.30	221.97	286.53
Previous year	8.42	33.03	53.04	155.87	250.36
Non cash expenses other than depreciation					
Current year	-	-	-	5.10	5.10
Previous year	2.94	59.33	5.19	1.05	68.51

(All amounts are in indian Rupess, unless otherwise stated)

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	655.72	1,177.76	1,833.50
Previous year	2,116.73	1,552.49	3,669.22
Segment asset			
Current year	3285.22	619.07	3,904.29
Previous year	4,155.58	778.86	4,934.44
Capital expenditure			
Current year	893.99	-	893.99
Previous year	624.93	12.23	637.16

21.13 Related party transactions

A) Loans and advances/Sundry Debtors include amounts due from / (to) Subsidiaries / Associates

	31.03.2010	31.03.2009
Accel North America Inc.	3,39,01,911	1,91,24,033
Accel Systems Group Inc.	(62,583)	(70,793)
Accel IT Resources Limited	71,76,972	65,20,087
Accel Limited	Nil	Nil
Accel Frontline Services Limited	2,85,67,318	Nil
Accel Frontline Limited	Nil	15,99,373

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

	31.03.2010	31.03.2009
Accel Frontline Limited	*25,28,885*	*42,19,791*
Accel Frontline Services Limited	*2,43,516*	*Nil*
Accel Media Ventures Limited	*1,45,000*	*7,00,000*

C) Loan Funds include amount due to Associates:

	31.03.2010	31.03.2009
Accel Limited	*2,49,60,879*	*5,14,27,562*
Accel Media Ventures Limited	*6,74,194*	*97,66,640*

Maximum amount outstanding at any time during the year:

	31.03.2010	31.03.2009
Accel Limited	*5,27,58,570*	*5,14,27,562*
Accel Media Ventures Limited	*1,02,74,194*	*97,66,640*

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

Subsidiaries & Associates:
1. Accel North America Inc - Subsidiary
2. Accel IT Resources Limited - $
3. Accel Limited - $
4. Accel Systems Group Inc. - $
5. Accel Frontline Services Limited - $
6. Accel Frontline Limited – Group Company

$ Entities under common control.

E) Key Management Personnel:

N R Panicker	Chairman
Philip John	Whole time Director

Particulars	Subsidiaries / Associates	KMP*	Total
Rendering of Services	*8,90,01,502*	-	*8,90,01,502*
Receiving of Services	*503,506*	-	*503,506*
Remuneration to Whole time Directors	-	*15,09,360*	*15,09,360*
Finance (including loans & equity contributions in cash or in kind)	*2,56,35,073*	*1,50,000*	*2,57,85,073*
Cost of Shared services			
Guarantee Commission	*10,80,000*	-	*10,80,000*
received	*2,74,000*	-	*2,74,000*
Transfer of Business	*9,60,00,000*	-	*9,60,00,000*
Interest Received	*2,75,000*	-	*2,75,000*
Interest Paid	*43,10,484*	*1,23,151*	*44,33,635*

*KMP = Key Managerial Personnel

21.14 Earnings per Share

Calculation of EPS both (Basic and diluted)

Sl. No	Particulars	31.03.2010	31.03.2009
01	*Profit / (Loss) after taxation*	*(1,65,16,629)*	*(4,43,19,048)*
	Profit available to Equity Shareholders		
02	*Less: Extra Ordinary Item*	*3,65,05,390*	*-*
03	*Profit Without Extra Ordinary Item*	*(5,30,22,019)*	*(4,43,19,048)*
04	*Weighted average number of*	*1,10,37,401*	*1,10,37,401*
05	*equity shares*		
	Diluted number of Shares	*1,10,37,401*	*1,12,92,401*
06	*Basic earnings per share with Extraordinary Item*	*(1.50)*	*(4.02)*
07	*Basic Earnings per Share without Extraordinary Item*	*(4.80)*	*(4.02)*
08	*Diluted earnings per share with Extraordinary Item*	*(1.50)*	*(3.92)*
09	*Diluted Earnings per Share without Extraordinary Item*	*(4.80)*	*(3.92)*
10	*Total Nominal Value of Shares*	*11,03,74,010*	*11,03,74,010*

21.15 Derivatives

Sl.No	Particulars	31.03.2010	31.03.2009
01	Category wise quantitative data about Derivative instruments outstanding at the Balance sheet date	Nil	Nil
02	Purpose of Hedging		
03	Foreign Currency Exposure that are not hedged by a derivative Instrument or otherwise:	Not Applicable	Not Applicable
	Due to creditors	EURO 25,000	US $ 80,546
	Due from Debtors	US$ 12,96,832 JPY 34,25,383 CA$ Nil GBP 4, 334	US $ 813,032 JPY 14,414,747 CA $ 320,000 GBP 4,334

21.16 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 that date, the difference in opening liability computed in accordance with the revised standard amounting to Rs.21.15 lacs is being expensed on a straight line basis over a period of five years from that date. The balance amount remaining unrecognized as on 31st March 2009 is Rs.8.46 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.29.42 lacs (Previous Year Rs.48.28 lacs) on account of defined contribution towards Provident Fund and Rs.3.88 lacs (Previous Year 8.84 lacs) towards Employees State Insurance Scheme.

2. Defined Benefit Plans
Gratuity – Funded Obligation

I	**Actuarial Assumption**	**31.03.10**	**31.03.09**
	Discount Rate (per annum)	7%	7%
	Salary escalation rate *	5%	5%
	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	Rs. in '000
	Present Value of Obligation at the beginning of the year	6,347.27	5,110.00
	Current Services Cost	1,069.48	1,574.26
	Interest Cost	481.73	412.79
	Actuarial (gain)/loss	(3,150.78)	(122.26)
	Benefits Paid	(482.41)	(627.52)
	Present value of obligation at the end of the year	4,265.29	6,347.27

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	Rs. in '000	R s. in 000,s
	Present value of obligations at the end of the year	4,265.29	6,347.27
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	2,611.78	4,788.94

IV	Expenses recognized in the Profit and Loss Account	Rs. in '000	R s. in 000,s
	Current Service Cost	1,069.40	1,574.26
	Interest Cost	481.73	412.79
	Actuarial (gain) / loss recognized in the period	(568.55)	(155.38)
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	982.58	1831.67

Note: The above disclosures are based on valuation report of an independent actuary and relied upon by the auditors.

3. Long Term Employee benefits

Compensated absences (Leave encashment) – Unfunded Obligation

I	Actuarial Assumption	31.03.10	31.03.00
	Discount Rate (per annum)	7%	7%
	Salary escalation rate *	5%	5%
	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	Rs. In '000
	Present Value of Obligation at the beginning of the year	4,549.63	3,588.00
	Current Services Cost	30,81.21	2,441.08
	Interest Cost	426.31	336.59
	Actuarial (gain)/loss	(5,252.74)	(1,816.04)
	Benefits Paid	-	-
	Present value of obligation at the end of the year	2,804.42	4,549.63

(All amounts are in indian Rupess, unless otherwise stated)

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	Rs. In '000	Rs. in '000
	Present value of obligations at the end of the year	2,804.42	4,549.63
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	2,804.42	4,549.63

IV	Expenses recognized in the Profit and Loss Account	Rs. In '000	Rs. in '000
	Current Service Cost	3081.21	2,441.08
	Interest Cost	426.31	336.59
	Actuarial (gain) / loss recognized in the period	(2,557.25)	(1,816.04)
	Past Service Cost	423.00	423.00
	Total expenses recognized in the Profit and Loss Account for the year	1,373.27	1,384.63

Note : The above disclosures are based on valuation report of an independent actuary and relied upon by the auditors.

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

i)Particulars of Capacity

Installed Capacity	March 31, 2010 In Numbers	March 31, 2009 In Numbers
TSL Products		
Point of Sale Terminal	Nil	*504*
Multi Function Kiosks	Nil	*192*
Intelligent message	Nil	*300*
terminal	Nil	*266*
Cheque Deposit Machines	Nil	*192*
Queue Management	Nil	*6*
System		
Ticketing Machines	Nil	*360*
UPS Products	Nil	*120*
UPS		
Inverters		

ii) Production Details:

Particulars	March 31, 2010	March 31, 2009
	In Qty	In Qty
TSL Products		
Point of sale / collection	Nil	1
terminals	Nil	53
Multi function kiosks	Nil	150
Intelligent message terminal	Nil	1
L C R	Nil	266
Cheque deposit machines	Nil	106
Queue management system	Nil	6
Ticketing Machines		
UPS Products	Nil	1366
UPS		

iii) Particulars of Stock

Particulars	Opening Stock			
	April 1, 2009		April 1, 2008	
	Qty	INR	Qty	INR
TSL Products				
Others		1,74,00,299	58	1,57,23,752
UPS Products				
UPS		Nil		27,16,463
Others		1,42,76,837	721	42,92,836
Traded Goods				
UPS & Batteries	2126	1,45,33,285		33,99,384
Others		42,19,286		1,23,50,917
Work In Progress – Animation & Software Units		5,03,15,681		2,45,73,901
Total		10,07,45,388		6,30,57,253

Particulars	Purchases			
	March 31,2010		March 31, 2009	
	Qty	INR	Qty	INR
Traded Goods				
UPS & Batteries		Nil		5,55,83,277
Others		Nil		1,12,99,236
Total		Nil		6,68,82,513

Particulars	Closing Stock			
	March 31,2010		March 31, 2009	
	Qty	INR	Qty	INR
TSL Products				
Others		Nil		1,74,00,299
UPS Products				
UPS		Nil		Nil
Others		Nil		1,42,76,837
Traded Goods				
UPS & Batteries		Nil	2126	1,45,33,285
Others		Nil		42,19,286
Work In Progress – Animation & Software Units		40,47,005		5,03,15,681
Total		40,47,005		10,07,45,388

(All amounts are in indian Rupess, unless otherwise stated)

Turnover				
Particulars	March 31, 2010		March 31, 2009	
	Qty	INR	Qty	INR
TSL Products				
Point of sale / collection terminals		Nil		Nil
Multi function kiosks		Nil	53	1,34,00,685
Intelligent message terminal		Nil	150	28,44,768
Cheque deposit machines		Nil	62	1,91,98,198
Queue management system		Nil	106	61,43,984
Cheque Drop Machines		Nil	204	1,34,30,930
Ticketing Machine		Nil	6	64,895
Others		Nil		75,95,969
UPS Products				
UPS & Inverters		Nil	1375	4,78,46,168
Traded Goods				
UPS & Batteries		Nil		4,74,26,436
Others		Nil		2,13,63,764
Total		Nil		17,93,15,797

Material Consumption				
Particulars	March 31, 2010		March 31, 2009	
	In Qty	In INR	In Qty	In INR
Hardware Products				
Monitors		*Nil*	*160*	*940186*
CPU & Assemblies		*Nil*	*133*	*2694636*
VFD Display		*Nil*		*Nil*
Mechanisms		*Nil*		*Nil*
LCD Display		*Nil*	*312*	*165199*
Slip Printers		*Nil*	*176*	*1665146*
Display Counters		*Nil*		*Nil*
Cash Acceptors		*Nil*	*131*	*9,45,813*
Barcode Scanner		*Nil*	*110*	*3,44,469*
Thermal Printers		*Nil*	*463*	*26,76,954*
Touch Screen		*Nil*	*225*	*8,21,665*
Card Reader		*Nil*	*122*	*3,61,228*
MICRS		*Nil*	*385*	*21,28,101*
Coin Validators		*Nil*	*56*	*2,57,789*
PCB Assembly		*Nil*	*208*	*3,49,788*
Transformers		*Nil*		*Nil*
Rabbit cores		*Nil*	*280*	*7,38,653*
Thin Clients		*Nil*		*Nil*
GSM Modems		*Nil*	*209*	*7,19,599*
Cabinets		*Nil*	*867*	*27,74,843*
TSL Others		*Nil*		*1,53,91,149*
Others UPS		*Nil*		*2,39,04,379*
Total		***Nil***		***5,68,79,597***

(c) Consumption of Stores & Spare parts

Particulars	March 31,2010	Percentage	March 31,2009	Percentage
Imported	*Nil*	*N.A*	*1,61,78,927*	*28.44*
Indigenous	*Nil*	*N.A*	*4,07,00,670*	*71.56*

(d) CIF Value of Imports

	March 31, 2010	March 31, 2009
Raw Material & Components	Nil	2,81,29,400
Capital goods	Nil	46,22,964

(e) Earnings in foreign currency

	March 31, 2010	March 31, 2009
Towards income from services	12,89,09,933	13,99,05,402

(f) Expenditure in foreign currency

	March 31, 2010	March 31, 2009
Services	19,75,795	14,31,859
Towards Foreign Travel	74,35,200	1,33,34,199

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

Particulars	Number of Share Holders	Dividend Paid
Non Resident Indians	Nil	Nil

21.18 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

M/s Varma & Varma
Firm Registration No. 4532S
Chartered Accountants

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

Place : Chennai
Date: May 27, 2010

For and on behalf of the Board of Directors

N.R. Panicker
Chairman

A. Mohan Rao
Director

Philip John
Director

S.T. Prabhu
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration Number	09-4485
Balance Sheet Date	31st March, 2010

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Share Application	NIL

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

Total Liabilities	395,702	Total Assets	395,702

Sources of Funds

Paid -Up Capital	110,374	Reserves & Surplus	24,578
Secured Loans	225,315	Unsecured Loans	35,435

Application of Funds

Net Fixed Assets	232,745	Investments	12,467
Net Current Assets	96,055	Misc.Expenditure	-
Accumulated Losses	54,436	Deferred Tax Asset (Net)	-

IV Performance of Company (Amount in Rs.Thousands)

Turnover	182,863	Total Expenditure	197,053
Profit/(Loss) before Tax	(14,190)	Profit/(Loss) After Tax	(16,453)
Earnings/Share in Rs.	(9.10)	Dividend @ %	NIL

V Generic names of three principal products/services of company (as per monetary terms)

Item Code No.(ITC Code)	Product description
	Animation services Software development

Directors Report

Directors - Mr. David Kumar
Mr. P.B. Nair
Mr. Philip John.

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2010.

The principal activity of the company during the year was marketing of software and animation services and provision of software development and services to various clients.

Year under review
The performance of the company was as expected. The performance in the current year is expected to be better than the previous year and the company is expected to add new clients. The operations have resulted in a profit of INR 23.99 Lacs (USD 50,250). The company achieved a turnover from software development services of INR 1303.80 Lacs (USD 27,30,853).

The directors do not recommend payment of dividend on the shares.

The directors who served the company during the year are Mr. David Kumar, Mr. P.B. Nair, Mr. Philip John.

Considering there is no requirement to get the accounts audited and published under the laws of United States of America, the balance sheet and profit and loss account are not audited and are furnished herein as certified by the management.

For and on behalf of the Board of Directors

Philip John
Director.

Date : May 27, 2010
Place : Chennai.

Registered Office : Accel North America Inc.
111, North Market Street, 6th Floor, Suite 606, San Jose, CA 95113.

Balance Sheet as at

	In INR March 31, 2010	In USD March 31, 2010	In INR March 31, 2009	In USD March 31, 2009
Sources of funds				
Shareholders' funds:				
Share capital	6,979,666	155,000	8,087,017	155,000
Reserves & Surplus - Foreign currency transalation reserve	386,942	111	(1,135,330)	-
	7,366,608	155,111	6,951,687	155,000
Loan funds:				
Unsecured	5,689,543	126,350	6,356,533	121,833
Total Liabilities	13,056,151	281,461	13,308,220	276,833
Application of funds				
Current assets, loans and advances:				
Sundry debtors	30,361,022	674,239	13,789,192	264,292
Cash and bank balances	12,543,278	278,553	2,946,673	56,477
Loans and advances	1,866,551	41,482	2,141,321	41,042
	44,770,851	994,274	18,877,186	361,811
Less: Current liabilities and provisions				
Current Liabilities	38,458,271	854,057	14,825,741	284,158
Net current assets	6,312,580	140,217	4,051,445	77,653
Profit and loss Account (Loss)	6,743,570	141,244	9,256,775	199,180
Total assets	13,056,150	281,461	13,308,220	276,833

for and on behalf of the Board of Directors

Date: May 27, 2010
Place : Chennai.

Philip John
Director

Profit and loss account for the year ended

	In INR March 31, 2010	In USD March 31, 2010	In INR March 31, 2009	In USD March 31, 2009
Income				
Income from operations	130,380,319	2,730,838	88,984,619	1,914,705
Other income	(6,429)	15	(2,435)	17
	130,373,890	2,730,853	88,982,184	1,914,722
Expenditure				
Cost of services	90,342,433	1,892,237	71,925,373	1,547,637
Employee costs and benefits	24,320,609	509,399	14,281,544	307,300
Operating expenses	12,794,359	267,980	5,094,940	109,629
	127,457,400	2,669,617	91,301,857	1,964,565
Profit before depreciation, interest and tax	2,916,490	61,236	(2,319,673)	(49,844)
Interest & finance costs	424,681	9,045	63,152	14,338
Profit / (loss) before taxation	2,491,809	52,191	(2,982,825)	(64,182)
Less: Provision for taxation				
Current year tax	92,671	1,941	99,969	2,151
Profit for the year carried to balance sheet	2,399,139	50,250	(3,082,794)	(66,333)

for and on behalf of the Board of Directors

Date: May 27, 2010
Place : Chennai.

Philip John
Director

Notes to the Financial Statements – 31.03.2010

(i) Basis of presentation :
Accel North America Inc. (ANAI) is a California Corporation formed on 02nd February 2007 and is based in San Jose, California.
Accel Transmatic Limited, a Corporation based in India, owns all the shares of ANAI.
ANAI provides services throughout United States to various private companies and other institutions.

(ii) Fiscal Year
ANAI operates and reports using a fiscal year ending on the last day of March.

(iii) Cash and Cash equivalents
Cash and cash equivalents consist of cash in hand and on deposit with a commercial Bank.

(iv) Accounts and Receivables
ANAI derives substantially all its revenues from software services provided by its employees, independent contractors and holding company employees. The billing is on an hourly and/or man-month basis.

ANAI recognises contract revenue and records a receivable when the employees perform the services.

(v) Uses of estimates
The Management makes estimates and assumptions while preparing the financial statements. Actual results could differ from these estimates.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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 subsidiary M/s Accel North America Inc as at 31st March 2010, 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.
a. We did not audit the separate financial statement of the subsidiary companies, M/S Accel North America Inc whose unaudited financial statements reflect total assets of Rs. 447.70 lacs, total liability of Rs. 515.14 lacs as at 31st March 2010, net Profit of Rs. 23.99 lacs and net Cash inflow amounting to Rs. 95.97 lacs 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.

b. Further, as stated in Note No 21.0 (a)(iv), the proportionate loss of an Associate Company for the period upto 30th September, 2009 has been consolidated in these Accounts on the basis of unaudited financials of that Company for the period upto that date, on which reliance has been placed by us.

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. 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 2010;

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
F.R.N. 4532S

Place: Chennai
Date : May 27, 2010

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

Consolidated Balance Sheet as at

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

	Sch No.	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	110,374,010	110,374,010
Advance received against Issue of share warrents		-	8,415,000
Reserves and surplus	2	25,528,539	16,864,783
Minority interest		-	(37,209)
		135,902,549	135,616,584
Loan funds:			
Secured	3	225,315,073	22,153,443
Unsecured	4	40,774,617	77,757,910
		266,089,690	309,911,353
Total Liabilities		401,992,239	445,527,937
APPLICATION OF FUNDS			
Fixed assets:			
Gross block	5	297,348,096	262,349,327
Less: accumulated depreciation / amortization		87,305,247	100,802,469
Net block		210,042,849	161,546,858
Capital Work in progress		23,506,628	10,502,982
		233,549,477	172,049,840
Investments	6	6,050,396	25,636,905
Current assets, loans and advances:			
Inventories	7	4,047,005	100,745,388
Sundry debtors	8	54,408,208	113,015,119
Cash and bank balances	9	18,087,382	16,952,523
Other current assets	10	22,955,829	16,459,373
Loans and advances	11	55,152,848	42,459,192
		154,651,272	289,631,595
Less: Current liabilities and provisions			
Current liabilities	12	48,085,697	85,818,335
Provisions	13	5,416,210	8,745,956
		53,501,907	94,564,291
Net current assets		101,149,365	195,067,304
Profit and Loss Account	14	61,243,001	52,773,888
Total assets		401,992,239	445,527,937

Significant accounting policies and notes attached to accounts 21
Vide our report of even date

For and on behalf of the Board of Directors

M/s Varma & Varma
Firm Registration No. 4532S
Chartered Accountants

N.R. Panicker
Chairman

A. Mohan Rao
Director

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

Philip John
Director

S.T. Prabhu
Company Secretary

Place : Chennai
Dated : May 27, 2010

Consolidated Profit and loss account for the year ended

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

	Sch No.	March 31, 2010	March 31, 2009
Income			
Income from operations	15	185,591,372	402,119,354
Less: excise duty		-	12,642,830
Net income from operations		**185,591,372**	**389,476,524**
Other income	16	4,803,327	10,260,586
Profit on sale of investments / business (net)	16-A	41,835,673	-
		232,230,372	**399,737,110**
Expenditure			
Materials consumed	17	-	56,879,597
(Increase) / decrease in stock	17-A	(473,554)	(20,882,240)
Cost of sales (traded goods / services)	17-B	4,859,192	66,252,835
Employee costs and benefits	18	111,279,029	179,621,046
Operating expenses	19	74,677,897	109,059,063
		190,342,564	**390,930,301**
Profit before depreciation, interest and tax		**41,887,808**	**8,806,809**
Interest & finance costs	20	24,997,139	35,769,655
Depreciation	5	28,652,629	25,035,927
Profit / (loss) before tax		**(11,761,960)**	**(51,998,773)**
Less: taxation for the year			
- Current tax		825,144	132,236
- Fringe benefit tax		-	1,529,612
- Deferred tax		-	(2,352,843)
- Income tax of earlier years		1,530,385	-
Profit / (loss) after tax (before minority interest)		**(14,117,488)**	**(51,307,778)**
Less: minority interest		-	(32,200)
Profit / (loss) for the year available for appropriation		(14,117,488)	(51,275,578)
Less: appropriation		-	-
Proposed dividends		-	-
- On preference shares		-	31,068
Tax on dividend		-	5,282
Balance of profit / (loss) carried to balance sheet	14	(14,117,488)	(51,311,928)
Basic earnings per share		(1.28)	(4.65)
Basic earning per share excluding extra ordinary item		(5.07)	(4.65)
Diluted earnings per share		(1.28)	(4.54)
Diluted earnings per share excluding extra ordinary item		(5.07)	(4.54)

Significant accounting policies and notes attached to accounts 21
Vide our report of Even Date

For and on behalf of the Board of Directors

M/s Varma & Varma
Firm Registration No. 4532S
Chartered Accountants

N.R. Panicker
Chairman

A. Mohan Rao
Director

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

Philip John
Director

S.T. Prabhu
Company Secretary

Place : Chennai
Dated : May 27, 2010

Consolidated Cash Flow Statements for the year ended,
(All amounts are in Indian Rupees, unless otherwise stated)

	March 31, 2010 Amount	March 31, 2009 Amount
A Cash flow from operating activities		
Profit before taxation from operations	(11,761,960)	(51,998,773)
Adjustments for:		
Depreciation	28,711,095	25,035,927
Profit on sale of assets	(13,899,963)	-
Profit on sale of investments	(27,935,710)	-
Interest – net	24,689,297	33,120,137
Dividends received	(3,880)	(5,703)
Profit on sale of investment	11,560,839	58,150,361
Operating profit/[loss] before working capital adjustment	(201,121)	6,151,588
Adjustments for:		
Sundry debtors	58,606,911	7,706,170
Inventories	96,698,383	(37,688,135)
Loans and advances	(19,190,112)	8,667,747
Payment of dividends	-	(331,190)
Trade payables	(41,062,384)	11,826,051
Cash generated from operations	94,851,677	(3,667,769)
Income tax paid	(2,355,529)	690,995
Net cash flow from operating activites	92,496,148	(2,976,774)
B Cash flow from investing activities		
Sale / (purchase) of fixed assets - net	(76,310,769)	(53,000,144)
Sale of investments	53,170,595	-
Purchase of investments	-	(367,836)
Interest received	307,842	2,649,519
Dividends received	3,880	5,703
Net cash flow from investing activities	(22,828,453)	(50,712,758)
C Cash flow from financing activities		
Increase in share capital (share application)	-	(2,100,000)
Proceeds from / (repayment of) long term borrowings	(43,821,663)	78,009,799
Net increase of cash credit and other short Term borrowings	-	19,254,727
adjustment on account of consolidation (Minority interest & foreign currency translation reserve)	285,965	1,938,021
Interest paid	(24,997,139)	(35,769,657)
Net cash flow from financing activities	(68,532,837)	61,332,890
Net increase in cash/cash equivalents	1,134,859	7,643,358
D Cash and cash equivalents		
Opening cash and cash equivalents	16,952,523	9,309,165
Closing cash and cash equivalents	18,087,382	16,952,523

Notes:

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

Significant accounting policies and notes attached to accounts 21
Vide our report of even date

For and on behalf of the Board of Directors

M/s Varma & Varma Firm Registration No. 4532S Chartered Accountants	N.R. Panicker Chairman	A. Mohan Rao Director
K M Sukumaran F.C.A Membership No: 15707 Partner	Philip John Director	S.T. Prabhu Company Secretary

Place : Chennai
Dated 27th May 2010

Schedules forming part of the Consolidated financial statements as at

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

	March 31, 2010	March 31, 2009
1 Share capital		
Authorised		
19,750,000 (19,750,000) Equity Shares of Rs.10/- each	197,500,000	197,500,000
250,000 (250,000)12% cumulative redeemable preference shares of Rs. 10/- each	2,500,000	2,500,000
Issued, subscribed and paidup :		
11037401 (11037401) Equity shares of Rs.10/- each fully paid up	110,374,010	110,374,010
	110,374,010	110,374,010
2 Reserves and surplus		
Capital reserve		
Opening balance	1,782,500	1,782,500
Add: Share application money forfeited (See Note No.21.5)	8,415,000	-
	10,197,500	1,782,500
Capital redemption reserve	2,100,000	2,100,000
Revaluation reserve	12,339,044	12,397,510
Less: depreciation on revaluation	58,466	58,466
	12,280,578	12,339,044
Foreign currency translation reserve	950,461	643,239
	25,528,539	16,864,783
3 Secured loans		
From a Bank		
- Cash credit (See note: 21.6)	112,069,999	113,255,155
- Term loan	106,727,113	102,708,866
Hire purchase loans	6,517,961	16,189,422
	225,315,073	232,153,443
4 Un secured loans		
Public deposits	9,450,000	10,207,174
Term loans - from financial institution / others	5,689,543	6,356,534
Inter corporate loans	25,635,074	61,194,202
	40,774,617	77,757,910

Schedule forming part of Consolidated Financial Statements for the year ended March 31,2010
(All amounts are in Indian Rupees, unless otherwise stated)
5 Fixed Assets

		Gross Block Stated at Cost				Depreciation				Net Block	
Sl. No	Particulars	Cost as on 01.04.2009	Additions/ Adjustments	Sale / Transfer	Total as on 31.03.2010	Upto 01.04.2009	For the Year	Disposals/ Adjustments	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	Land	12,280,000	-	-	12,280,000	-	-	-	-	12,280,000	12,280,000
		(12,280,000)	-	-	(12,280,000)	-	-	-	-	(12,280,000)	(12,280,000)
2	Factory Building (note: 1)	4,531,390	1,326,940	-	5,858,330	1,761,889	162,245	-	1,924,134	3,934,196	2,769,501
		(4,531,390)	-	-	(4,531,390)	(1,602,956)	(158,931)	-	(1,761,887)	(2,769,503)	(2,928,434)
	Lease Hold Building(Kinfra)	-	6,760,479	-	6,760,479	-	-	-	-	6,760,479	-
		(227,083)	-	(227,083)	-	(66,059)	-	(66,059)	-	-	(161,024)
	Building Modification	6,146,680	-	-	6,146,680	1,736,135	192,141	-	1,928,276	4,218,404	4,410,545
		(6,146,680)	-	-	(6,146,680)	(1,543,994)	(192,141)	-	(1,736,135)	(4,410,545)	(4,602,686)
3	Plant and Machinery	39,806,846	3,202,597	21,319,781	21,689,662	21,002,325	4,808,479	16,944,420	8,866,384	12,823,278	18,804,522
		(25,993,012)	(13,813,834)	-	(39,806,846)	(18,353,919)	(2,700,900)	(52,476)	(21,002,343)	(18,804,503)	(7,639,093)
4	Data Processing Machines (note 3)	106,879,215	621,034	14,900,582	92,599,667	44,832,102	10,030,728	14,041,651	40,821,179	51,778,488	62,047,113
		(75,329,730)	(31,549,485)	-	(106,879,215)	(32,364,928)	(12,467,174)	-	(44,832,102)	(62,047,113)	(42,964,802)
5	Computer Software	346,013	-	346,013	-	278,380	-	278,380	-	0	67,633
		(78,104)	(267,909)	-	(346,013)	(78,104)	(200,276)	-	(278,38)	(67,633)	(0)
6	Furnitures and Fixtures	34,016,997	684,330	6,724,467	27,976,860	10,869,320	3,964,984	4,800,204	10,034,100	17,942,760	23,147,677
		(27,393,126)	(6,623,871)	-	(34,016,997)	(7,230,159)	(3,639,162)	-	(10,869,321)	(23,147,676)	(20,162,967)
7	Testing Equipments	2,459,561	-	2,459,561	-	956,000	-	956,000	-	-	1,503,561
		(2,123,642)	(335,919)	-	2,459,561	(867,249)	(88,751)	-	(956,000)	(1,503,561)	(1,256,393)
8	Office Equipments	9,482,648	151,937	3,597,898	6,036,687	2,449,676	574,105	1,771,510	1,252,271	4,784,416	7,032,972
		(8,952,947)	(529,703)	-	(9,482,648)	(2,064,746)	(384,930)	-	(2,449,676)	(7,032,974)	(6,888,201)
9	Electrical Fittings	16,519,197	617,171	1,105,276	16,031,092	2,468,317	2,151,645	650,451	3,969,511	12,061,581	14,050,880
		(9,676,986)	(6,842,211)	-	(16,519,197)	(1,386,382)	(1,081,935)	-	(2,468,317)	(14,050,880)	(8,290,604)
10	Library Books	371,042	-	138,368	232,674	349,901	-	117,227	232,674	-	21,141
		(371,042)	-	-	(371,042)	(344,694)	(5,207)	-	(349,901)	(21,141)	(26,348)
11	Water Supply System	49,761	-	49,761	-	40,678	-	40,678	-	-	9,083
		(49,761)	-	-	(49,761)	(39,101)	(1,577)	-	(40,678)	(9,083)	(10,660)
12	Prototype Development	2,613,190	-	2,613,190	-	1,462,198	-	1,462,198	-	-	1,150,992
		(2,299,428)	(313,762)	-	(2,613,190)	(1,212,647)	(249,551)	-	(1,462,198)	(1,150,992)	(1,086,781)
13	Vehicle	3,464,498	-	-	3,464,498	1,203,953	396,515	-	1,600,468	1,864,030	2,260,545
		(3,464,498)	-	-	(3,464,498)	(852,435)	(351,518)	-	(1,203,953)	(2,260,545)	(2,612,063)
14	Intagibles IPR - Indian Fables	-	70,601,334	-	70,601,334	-	822,070	-	822,070	69,779,264	-
		-	-	-	-	-	-	-	-	-	-
15	Goodwill	6,216,964	-	-	6,216,964	6,216,981	-	17	6,216,964	0	(17)
		(6,216,963)	-	-	(6,216,963)	(5,317,131)	(899,850)	(17)	(6,216,964)	(0)	(899,832)
16	Software Lisences	15,934,246	5,433,427	64,794	21,302,879	3,943,535	5,608,183	64,795	9,486,926	11,815,953	11,990,711
		(12,910,479)	(3,023,766)	-	(15,934,245)	(1,271,045)	(2,672,490)	-	(3,943,535)	(11,990,713)	(11,639,434)
17	Temporary Partitions	1,231,079	-	1,080,789	150,290	1,231,079	-	1,080,789	150,290	-	-
		(1,231,079)	-	-	(1,231,079)	(1,231,079)	-	-	(1,231,079)	-	-
	TOTAL	262,349,327	89,399,249	54,400,480	297,348,096	100,802,469	28,711,095	42,208,320	87,305,247	210,042,849	161,546,858
	Previous Year	199,275,950	63,300,460	227,083	262,349,327	75,826,628	25,094,393	118,552	100,802,469	161,546,858	123,364,322

Note:
1. The Depreciation on account of Revaluation of Rs.58,466/- is being adjusted with Revaluation Reserve.
2. Figures in brackets represents Previous year figures
3. Includes prior period adjustments in depreciation (credit) Rs.38,36,688

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

6 Investments -- Long Term	**March 31, 2010**	**March 31, 2009**
Unquoted (Trade) at cost		
Accel IT Resources Limited	6,000,000	25,586,509
[1,00,000 (490000) Equity shares of Rs.10/- 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	20,900
[60 (60) 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
Pittsburgh Iron and Steels Ltd (Formerly 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.2,51,538/- (Previous year Rs.111,559/-)]		
	6,050,396	25,636,905
7 Inventories **		
Raw materials - components	-	23,458,562
- Stores & Spares	-	12,502,763
Finished goods / semi finished goods	-	14,468,382
Work in progress	4,047,005	50,315,681
	4,047,005	100,745,388
8 Sundry debtors		
Unsecured considered good		
Debts exceeding six months	14,870,393	39,823,265
Other debts	39,537,815	73,191,854
	54,408,208	113,015,119
9 Cash and bank balances		
Cash in hand and remittances in transit (Including Cheques in Hand)	4,760	89,560
Balances with scheduled banks :		
in Current accounts	13,943,438	13,095,031
in Deposit accounts	3,968,159	3,595,825
Unclaimed dividend accounts	171,025	172,107
	18,087,382	16,952,523

** refer note 21.8(a)
* refer note 21.8(b)

Schedules forming part of the Consolidated financial statements as at

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

	March 31, 2010	March 31, 2009
10 Other Current Assets		
Accrued Interest / Income	142,198	738,703
Unbilled revenue	22,813,631	15,720,670
	22,955,829	16,459,373
11 Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	46,156,103	23,381,038
Deposits	8,996,745	19,078,154
	55,152,848	42,459,192
12 Current liabilities		
Sundry creditors for goods supplied		
- Due to Micro , Small & Medium Enterprises (See Note No.21.12)	-	-
- Due to Others	21,334,436	41,063,731
Creditors for Expenses	21,208,185	31,048,099
Other Liabilities	3,926,557	7,185,556
Advances received from customers for supply of goods & services	1,445,494	6,348,842
Unclaimed dividend *	171,025	172,107
	48,085,697	85,818,335
13 Provisions for		
Fringe Benefit Tax (net of Advance Tax)	-	420,958
Employee Benefit Plans	5,416,210	8,069,585
Warranty	-	255,413
	5,416,210	8,745,956
14 Profit & Loss Account - Debit Balance		
Opening Balance	52,773,888	(638,040)
Less: Loss in relation to Accel Solution Japan Inc Adjusted	5,648,375	-
	47,125,513	(638,040)
Less :Transfer to capital redemption reserve	-	2,100,000
	47,125,513	1,461,960
Add : Loss for the year carried from profit & loss account	14,117,488	(51,311,928)
Balance in profit & loss a/c	61,243,001	52,773,888

* { to be transferred to Investor Education & Protection Fund in the respective years if remaining Unpaid }

Schedules forming part of the Consolidated financial statements for the year ended

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

	March 31, 2010	March 31, 2009
15 Income from operations		
Sales income		
Manufacturing sales	-	102,165,355
Trading sales	-	77,150,442
Less: vat & sales tax	-	10,630,897
	-	168,684,900
Service income		
Maintenance and repair services	-	30,361,923
Software services		
Domestic	23,771,411	-
Exports	161,819,961	203,072,531
	185,591,372	233,434,454
	185,591,372	402,119,354
16 Other income		
Interest income (tds: Rs.55,825 (Rs.1,29,942))	307,842	2,649,519
Liabilities no longer payable written back	1,361,275	2,956,203
Rent received	756,200	-
Guaranteed commission received	274,000	211,408
Royalty income	2,106,767	-
Miscellaneous income	4,405	5,703
Foreign exchange variation	(7,162)	4,437,753
	4,803,327	10,260,586
16-A profit on sale of investments / business (net)		
Profit on sale of investments	28,730,283	-
Less: loss on sale of investments	794,573	-
	27,935,710	-
Profit on transfer of Systems & Services Division	13,899,963	-
	41,835,673	-
17 Materials consumed		
Opening stock of materials	23,458,562	17,503,820
Less: stock of systems & services division transferred	23,458,562	-
Add: purchases	-	65,981,837
	-	83,485,687
Closing stock of materials	-	(23,458,562)
	-	60,027,125
Less : obsolete inventory written off	-	3,147,528
	-	56,879,597
17-A : (Increase) / decrease in stock [finished goods]		
Closing stock	4,047,005	47,885,372
Opening stock		
Opening balance	47,885,372	27,003,132
Less: stock of systems & services division transferred	2,046,548	-
Less: transferred to capital work in progress	42,265,374	-
	3,573,450	27,003,132
	(473,554)	(20,882,240)

Schedules forming part of the Consolidated financial statements for the year ended

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

	March 31, 2010	March 31, 2009
17-B : cost of sales (traded goods) & services		
Opening stock	24,924,597	15,750,301
Less: stock of systems & services division transferred	24,924,597	
Purchases	4,859,192	75,427,131
	4,859,192	91,177,432
Closing stock of material	-	(24,924,597)
	4,859,192	66,252,835
Closing stock carried to inventory schedule	-	24,924,597
18 Employee costs and benefits		
Salaries allowances and bonus	100,219,416	164,317,853
Contribution to welfare funds	5,685,767	9,013,815
Staff welfare expenses	5,373,846	6,289,378
	111,279,029	179,621,046
19 Manufacturing & operating expenses		
Rent	13,507,456	21,958,781
Electricity charges	6,630,977	6,385,820
Repairs and maintenance		
Plant & machinery	790,353	200,285
Buildings	815,580	657,991
Others	2,178,488	4,410,839
Printing and stationery	445,317	1,914,381
Rates & taxes	930,779	268,766
Communication costs	4,776,701	8,291,040
Travelling and conveyance	14,589,471	28,122,546
Insurance	2,304,814	2,894,834
General expenses	12,877,404	14,555,653
Foreign exchange variation	3,257,190	-
Advertisement expenses	760,837	1,510,260
Sales promotion expenses	4,778,487	3,766,930
Warranty support charges	-	255,413
Bad debts written off	510,445	5,989,883
Packing and forwarding expenses	193,315	4,062,150
Share of loss in associate company	5,330,283	3,813,491
	74,677,897	109,059,063
20 Interest & finance costs		
On fixed loans	14,551,297	14,507,542
Other loans	10,169,822	19,706,455
Bank charges	276,020	1,555,658
	24,997,139	35,769,655

Schedules forming p art of the financial statements (Continued)

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

21.0STATEMENT 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 / associate

Subsidiary Companies :

Name of the Company	Country of Incorporation	Percentage of Holding
Accel North America Inc	United States of America	100%

Associate Company: (Upto 30.09.2009)

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

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:

(i) 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 below based on unaudited accounts of the subsidiaries duly certified by the management.

(ii) The intra group balances, intra group transactions, thereon have been fully eliminated.

(iii) The financial statement of the overseas subsidiary used in the consolidation is drawn up to the same reporting date as of the holding company.

(iv) The Proportionate share of loss in Associate Company till the date it ceased to be an associate has been included in consolidated results based on the un-audited financials of that company till that date.

(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, depreciation and amortization

(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 / Amortization

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.

Asset	Rate of depn / Amortization (%)
Plant and machinery	4.75
Office equipment	4.75
Furniture and fixtures	6.33
Computer hardware	16.21
Computer software	20.00
Vehicles	9.50
Lease hold improvements	Over the lower of estimated useful lives of the assets or the primary period of the lease.

Fixed assets individually costing Rs 5,000 or less are fully depreciated on purchase during the relevant year. Assets installed in leased premises are amortized over the lease period of the premises. Digital Assets (Intangible) are amortized over the estimated life (revenue earning potential) of such assets under written down value method

(All amounts are in indian Rupess, 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

(i) 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.

(ii) Intangible assets in the nature of Digital Assets (Animation Contents) are capitalized as and when it is completed and ready for commercialization and amortized over a period of revenue earning potential as estimated by the management. Cost of own / co production of Animation products and not ready for commercialization as at the year end is carried forward as capital work in progress in the Balance sheet as at the yearend, if the management is convinced of the commercial viability of the same. Development expenses of animation products that are not considered to be commercially viable are expensed.

(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 associate, which is 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, and 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 Animation service contracts 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 exclusive of sales tax, octroi, 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. Accrued income shown under Other current assets represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

(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 shown under Other current assets represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

(iii) Animation Services

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

(k) Employee benefits – Holding Company

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. Accrued 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.

(All amounts are in indian Rupess, 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 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.

(m) 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 at the yearend. 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 subsidiaries, being a non-integral operation has been translated in accordance with the provisions of Accounting Standard 11 issued under Companies (Accounting Standards) Rules,2006.

(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.

(0) 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:

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

2. 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".

3. Income, which relates to the Company, as a whole and not allocable to segments is included in "Unallocable Corporate Income".

4. Segment Result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.

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.

(ii) Inter Segment Transfer Pricing

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

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

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

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

Contingent Assets are not recognized in the 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.

(All amounts are in indian Rupess, unless otherwise stated)

21.2 Current Assets, loans and advances

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

(b) During the year, the company entered into an agreement with Kahani world Inc. Canada to acquire the IPR " Raju, the rickshaw" under a 15 year license for further development and exploitation as 78 X 7 minute episodes for worldwide TV broadcast. The company felt there is a potential to develop this into a large product and the Canadian company was not having immediate plans to develop this further. The Digital content was earlier being developed as 7 X 7 minutes episodes for DVD under a co production agreement with them and the company. The company had raised an invoice on them for Rs.142 lacs. Consequent to the acquisition of this IPR, the company has carried forward this amount due from Kahani World including further development cost incurred as Capital Work in Progress. The amount so far incurred by Kahani world inc in developing this property is to be treated as their share of production cost to be recouped by them at an agreed percentage of the revenue over the period of 15 years on commercial exploitation of this Digital Asset.

(c) 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.

(d) Bank balances include Rs. 45.55 Lacs In Current & Deposit accounts in respect of Systems & Services Division (SSD) business transferred w.e.f 1st April 2009 as stated in note no. 21.8 below.

21.3 Taxation

(A) Current Taxes
In respect of Holding company and Indian Associate, provision for current taxes have been made on the basis of completed assessments and in other cases on the basis of return filed / management computation . 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.

(B) Deferred Taxes
Break up of net Deferred Tax Asset / Liability as on March 31, 2010 amounting to Rs.31,56,160 /- (Previous Year Asset Rs.12,40,782) is as follows..

Particulars	Deferred tax asset / (liability) as on 31.03.2010	Deferred tax asset / (liability) as on 31.03.2009
Liability		
Difference between book and tax depreciation	1,53,59,053	1,41,51,408
Others	Nil	Nil
Total	1,53,59,053	1,41,51,408
Assets		
Carried forward Depreciation / Business Loss	1,51,54,163	1,46,09,594
Others	33,61,050	7,82,596
Total	1,85,15,213	1,53,92,190
Net deferred Tax Asset / (Liability)	31,56,160	12,40,782

Net Deferred Tax Asset as at the yearend is not recognized as a matter of prudence.

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 company had, during the year ended 31.03.2008, 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, each of these warrants are to be converted into one Equity share of Rs. 10/- each at a premium of Rs.23/ each within a period of 18 months from the date of issue of warrants at the option of the subscribers. In case any subscriber did not exercise the option for such conversion within the prescribed period, the amount paid for was to be forfeited. . As no subscriber exercised the option within the prescribed period, the amount received as advance of Rs.84,15,000 has been forfeited during the year and carried to Capital Reserve under Reserves and Surplus.

21.6 Secured loans

A. The Federal Bank Limited:

The unexpired Bank Guarantees issued by the bank and outstanding at the year end amounting to Rs.12.42 lacs is secured by counter guarantee by the company and also by way of a corporate guarantee of 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, Intellectual property rights 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 further secured by assignment of lease deposits with Chennai & Trivandrum Landlords. The loans are also secured by Corporate Guarantee of Accel Limited and pledge of 750000 shares of Accel Transmatic Limited held by Accel Limited.
d) Secured loans include Rs. 502.92 lacs being Cash credit availed from State Bank of India for Systems & Services Division of the company which was hived off and sold during the year as stated in note no. 21.8. The transaction in the bank account for the year reflects the transactions of erstwhile Systems & Services Division. The Cash Credit account has since been closed.

C. Hire Purchase Loans – Holding company

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

(All amounts are in indian Rupess, unless otherwise stated)

21.7 (A) Contingencies and commitments

(Rupees in Lacs)

	March 31, 2010	March 31, 2009
Outstanding bank guarantees / letter of Credits - $	148.15	129.19
Corporate Guarantee to a bank on behalf of an Associate Concern @	350.00	200.00
Claims Against the company not acknowledged as debts.	Nil	4.20
Sales tax Demands	Nil	Nil
Others	21.67	13.76

$ Includes Rs.147.05 being Guarantees / letter of credits issued by banks on behalf of Systems and Services division (sold as of 01.04.2009) which is yet to be transferred in their name / favour / closed.
@ 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.24.66 Lacs (Previous year Rs. Nil)

21.8 Exceptional Items

(a) During the year the company, pursuant to the approval of the members by way of a special resolution by postal ballot, transferred its Systems & Services Division (SSD) carrying a Net Asset Book Value of Rs.788.30 Lacs as on April 1st 2009, to Accel Frontline Services Ltd with effect from 01.04.2009, on a slump sale basis for a total consideration of Rs 927.29 Lakhs. The profit on sale of the Systems & Services division representing the sale consideration over and above the net asset value adjusted in the books of accounts as on 01st April 2009 amounting to Rs. 139.99 lacs (net of tax Rs.139.99 lacs) is credited to profit and loss account as 'Profit on Transfer of Business'. The details of the assets and liabilities transferred are as follows:

Particulars	Amt Rs. Lacs
Fixed Assets	120.83
Current Assets Loans & Advances	
Inventories	504.30
Sundry Debtors	509.07
Cash & Bank Balances	32.47
Loans & advances	86.49
	1,132.33
Less: Current Liabilities & Provisions	
Current Liabilities	415.75
Provisions	49.11
	464.86
Net Current Assets	667.47
Fixed Assets & Net Current Assets	788.30

(b) During the year the company divested 390,000 equity shares of Rs. 10 each representing 39% of investment in Accel IT Resources Limited (Formerly Accel Academy Limited) for a consideration of Rs. 468 Lakhs, as per the decision taken by the Board of Directors in its meeting held on 31.10.2009. Consequent to this sale, Accel IT Resources Limited ceased to be a Associate of this company with effect from 01.10.2009. The profit on sale of investments of Rs.234 Lacs (Previous year Nil) has been credited to Profit and Loss account.

(c) The company during the year sold 60 Equity Shares held in its subsidiary Accel Solutions Inc, Japan for a consideration of Rs.3.64 Lacs. The resultant loss on such disinvestment amounting to Rs.7.94 Lacs is recognized in the Profit & Loss account.

21.9 Details of Payment to Auditors included under General expenses

	March 31, 2010	March 31, 2009
Statutory audit	3,30,900	3,30,900
Tax audit (On Payment Basis)	55,150	56,180
Other Services (On Payment Basis)	97,064	79,476

21.10 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	2009-2010	2008-2009
Minimum lease payment		
Not later than 1 year	63,28,264	95,06,489
Later than one year but not later than five years	Nil	55,40,870
Later than five years	Nil	Nil
Present value of minimum lease payments		
Not later than 1 year	59,35,057	76,62,417
Later than one year but not later than five years	Nil	51,47,661
Later than five years	Nil	Nil
Finance charges recognized in the p & l a/c	19,38,579	32,74,228

(All amounts are in indian Rupess, unless otherwise stated)

21.11 Segmental reporting

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

1. Software Services
2. Animation Services

(Rs. in Lacs)

Particulars	Corporate (unallocated)	Hardware products / services	Software services	Animation	Total
Segment revenue					
External sales net of taxes & duties					
Current year	-	-	1548.17	331.31	1879.48
Previous year	-	1864.74	1426.31	604.70	3895.75
Total revenue					
Current year	424.59	-	1549.72	344.92	2319.23
Previous year	3.55	1892.91	1467.04	604.70	3968.20
Segment result					
Current year	287.91	-	181.22	(334.77)	134.36
Previous year	(139.45)	117.90	183.73	(243.10)	(80.92)
Interest expense (net)					
Current year	9.61	-	33.04	204.22	246.87
Previous year	35.25	83.76	25.56	185.63	331.20
Non operational expenses					
Current year	-	-	-	5.10	5.10
Previous year	2.94	59.33	5.19	1.05	68.51
Net profit / (loss)					
Current year	278.29	-	148.17	(544.09)	(117.62)
Previous year	(177.63)	(25.19)	112.62	(429.78)	(519.98)
Other information					
Segment assets					
Current year	689.51	-	806.14	2446.84	3942.49
Previous year	535.98	1284.57	698.12	2354.51	4873.18
Segment liabilities					
Current year	689.51	-	806.14	2446.84	3942.49
Previous year	1896.06	953.29	298.92	1724.91	4873.18
Capital expenditure					
Current year	16.82	-	29.86	847.31	893.99
Previous year	-	23.86	24.11	576.96	624.93
Depreciation					
Current year	3.26	-	61.30	221.97	286.53
Previous year	8.42	33.03	53.04	155.87	250.36
Non cash expenses other than depreciation					
Current year	-	-	-	5.10	5.10
Previous year	2.94	59.33	5.19	1.05	68.51

(All amounts are in indian Rupess, unless otherwise stated)

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	1,565.08	314.40	1,879.48
Previous year	1,927.76	2,040.44	3,968.20
Segment asset			
Current year	3,662.44	280.05	3,942.49
Previous year	2,390.87	2,482.31	4,873.18
Capital expenditure			
Current year	893.99	-	893.99
Previous year	616.85	8.08	624.93

21.12 Related party transactions

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

	31.03.2010	31.03.2009
Accel Frontline Limited	*Nil*	*1,599,373*
Accel Systems Group Inc.	*(62,583))*	*(70,793)*
Accel Frontline Services Limited	*28,567,309*	*Nil*
Accel IT Resources Limited	*7,176,972*	*6,520,087*

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

	31.03.2010	31.03.2009
Accel Frontline Limited	4,219,791	4,219,791
Accel Frontline Services Limited	243,516	Nil
Accel Media Ventures Limited	145,000	700,000

C) Loan Funds include amount due to Associates:

	31.03.2010	31.03.2009
Accel Limited	*2,496,0879*	*51,427,562*
Accel Media Ventures Limited	*674,194*	*9,766,640*

Maximum amount outstanding at any time during the year:

	31.03.2010	31.03.2009
Accel Limited	*52,758,570*	*51,427,562*
Accel Media Ventures Limited	*10,274,194*	*9,766,640*

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 Frontline Services Limited
5. Accel IT Resources Limited

E) Key Management Personnel:

N R Panicker Chairman

Philip John Whole time Director

F) Transactions with related parties

Particulars	Associates	KMP*	Total
Rendering of services	*26,65,107*	-	*26,65,107*
Receiving of services	*503,506*	-	*503,506*
Remuneration	-	*15,09,360*	*15,09,360*
Finance (including loans & equity contributions in cash or in kind)	*2,56,35,073*	*1,50,000*	*2,57,85,073*
Cost of shared services	*10,80,000*	-	*10,80,000*
Guarantee commission received	*2,74,000*	-	*2,74,000*
Transfer of business	*9,60,00,000*	-	*9,60,00,000*
Interest received	*2,75,000*	-	*2,75,000*
Interest paid	*43,10,484*	*1,23,151*	*44,33,635*

**KMP = Key Managerial Personnel*

21.13 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl. No	Particulars	31.03.2010	31.03.2009
01	*Profit after taxation* *Profit available to equity shareholders*	*(14,117,488)*	*(51,311,928)*
02	*Less: extra ordinary item*	*41,835,673*	*Nil*
03	*Profit without extra ordinary item*	*(55,953,161)*	*(51,311,928)*
04	*Weighted average number of equity shares*	*11,037,401*	*11,037,401*
05	*Diluted number of shares*	*11,037,401*	*11,292,401*
06	*Basic earnings per share with extraordinary item*	*(1.28)*	*(4.65)*
07	*Basic earnings per share without extraordinary item*	*(5.07)*	*(4.65)*
08	*Diluted earnings per share with extraordinary item*	*(1.28)*	*(4.54)*
09	*Diluted earnings per share without extraordinary item*	*(5.07)*	*(4.54)*
10	*Total nominal value of shares*	*110,374,010*	*110,374,010*

21.14 Derivatives

Sl.No	Particulars	31.03.2010	31.03.2009
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* *Due from Debtors*	*Euro 25,000* *US$ 12,96,832* *JPY 34,25,383* *CA$ Nil* *GBP 4,334*	*US$ 80,546* *US$ 8,13,032* *JPY 1,44,14,747* *CA$ 3,20,000* *GBP 4,334*

(All amounts are in indian Rupess, unless otherwise stated)

20.15 Employee Benefits – Holding Company

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 is being expensed on a straight line basis over a period of five years from that date. The balance amount remaining unrecognized as on that 31st March 2010 is Rs.8.46 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.29.42 lacs (Previous Year Rs.48.28 Lacs) on account of defined contribution towards Provident Fund and Rs.3.88 Lacs (Previous Year Rs. 8.84 Lacs) towards Employees State Insurance Scheme.

2. Defined Benefit Plans

Gratuity – Funded Obligation

I	Actuarial Assumption	31.03.10	31.03.09
	Discount Rate (per annum)	7%	7%
	Salary escalation rate *	5%	5%
	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.

Rs. in 000's

II	Reconciliation of present value of obligations	31.03.10	31.03.09
	Present Value of Obligation at the beginning of the year	6347.27	5,110.00
	Current Services Cost	1069.48	1,574.26
	Interest Cost	481.73	412.79
	Actuarial (gain)/loss	(3150.78)	(122.26)
	Benefits Paid	(482.41)	(627.52)
	Present value of obligation at the end of the year	4265.29	6,347.27

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	31.03.10	31.03.09
	Present value of obligations at the end of the year	4265.29	6,347.27
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	2611.78	4,788.94

IV	Expenses recognized in the Profit and Loss Account	R s.in 000's	R s.in 000's
	Current Service Cost	1069.40	1,574.26
	Interest Cost	481.73	412.79
	Actuarial (gain) / loss recognized in the period	(568.55)	(155.38)
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	982.58	1,831.67

The above disclosures are based on valuation report of an independent actuary and relied upon by the auditors.

3. Long Term Employee benefits

Compensated absences (Leave encashment) – Unfunded Obligation

I	Actuarial Assumption	31.03.10	31.03.09
	Discount Rate (per annum)	7%	7%
	Salary escalation rate *	5%	5%

* 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.

Rs. in 000's

II	Reconciliation of present value of obligations	31.03.10	31.03.09
	Present Value of Obligation at the beginning of the year	4549.63	3,588.00
	Current Services Cost	3081.21	2,441.08
	Interest Cost	426.31	336.59
	Actuarial (gain)/loss	(5252.74)	(1,816.04)
	Benefits Paid / transferred	-	-
	Present value of obligation at the end of the year	2804.42	4,549.63

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	31.03.10	31.03.09
	Present value of obligations at the end of the year	2804.42	4,549.63
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	2804.42	4,549.63

IV	Expenses recognized in the Profit and Loss Account	31.03.10	31.03.09
	Current Service Cost	3081.21	2,441.08
	Interest Cost	426.31	336.59
	Actuarial (gain) / loss recognized in the period	(2557.25)	(1816.04)
	Past Service Cost	423.00	423.00
	Total expenses recognized in the Profit and Loss Account for the year	1373.27	1,384.63

The above disclosures are based on valuation report of an independent actuary and relied upon by the auditors.

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

Vide our report of even date	For and on behalf of the Board of Directors
M/s Varma & Varma Firm Registration No. 4532S Chartered Accountants	N.R. Panicker Chairman
K M Sukumaran F.C.A Membership No: 15707 Partner	A. Mohan Rao Director
	Philip John Director
Place : Chennai Date: May 27, 2010	S.T. Prabhu Company Secretary

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