



ACCEL TRANSMATIC LTD
SYSTEMS & TECHNOLOGY SOLUTIONS

25th Annual Report
2010 - 11

visual effects co-producer



BREAKTHRU FILMS

FROM THE

OSCAR® WINNING

PRODUCERS OF PETER AND THE WOLF

THE
FLYING
MACHINE

IN 3D

world premiere 2011

tiff. toronto
international
film festival

Ministry of
Culture
and National
Heritage

TVP

CANAL+

STORM

ACCEL ANIMATION
STUDIOS

Media oskok

BONA

MEDIA

For India Distribution Rights Contact : tfm@accelanimation.com



BOARD OF DIRECTORS

N R Panicker
Chairman

M R Narayanan
Independent Director

A Mohan Rao
Independent Director

Philip John
Whole Time Director

ST 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 : stprabhu@transmaticsystems.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) DRISHYA Building,
Animation SEZ
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.

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Notice

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of Accel Transmatic Limited will be held at Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakoottam, Thiruvananthapuram 695 585 on Tuesday, September 27th, 2011 at 12 noon 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 2011 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. M.R. Narayanan who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. M.R. Narayanan has been given in the Corporate Governance section of the Directors' Report.

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

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

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

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

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

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution :

RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board") for borrowing any sum or sums of monies from time to time for the purpose of the Company's or its subsidiary or

associate companies business on such terms and conditions and with or without security from any bank, financial institution or any other lending institutions, firms, bodies corporate or persons, both in the national and international markets, as may be considered suitable by the Board notwithstanding that the sum or sums of monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.40 crores (Rupees Forty Crores only) over and above the paid up capital of the Company and its free reserves.

Further resolved that consent of the company be and is hereby accorded to any excess borrowing beyond Rs. 20 crores by the Board of Directors that may have occurred prior to this enhancement to Rs.40 crores.

Explanatory statement pursuant to section 173(2) of the companies act, 1956

The following Explanatory Statement sets out all material facts relating to item no 1 of the accompanying Notice.

Item No. 5

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose. Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits from the present limit of Rs.20 Crores as approved by the shareholders at the Extra Ordinary General Meeting held on 28th June 2004 to Rs.40 Crores. Further the share holders are requested to specifically approve excess borrowing beyond Rs.20 crores occurred after 31st March 2011 and prior to this general meeting.

Accordingly, the approval of the Members of the Company is sought pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956.

None of the Directors of the Company are in any way concerned or interested in the Resolution except as shareholders of the Company.

By Order of the Board

Chennai.
27th May 2011

N.R. Panicker
Chairman

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



Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member, a proxy may not vote except on a poll. The proxy form, in order to be effective, should be received at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. 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 Monday 19th September, 2011 to Tuesday, 27th September, 2011 (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.
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 along with explanatory statement, Annual Report as well as Annual Accounts of the subsidiary company and Register of Directors' Shareholding are open for inspection, during the business hours, at the Registered Office of the Company.
7. Members are hereby informed that Dividend which remains unclaimed/ un-encashed over a period of 7 years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956, by the Company to "The Investor Education and Protection Fund" (IEPF) constituted by the Central Government under Section 205C of the Companies Act, 1956.

Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unclaimed / un-encashed dividends to the designated fund of the Central Government;

Dividend for the Financial Year	Date of Declaration of Dividend	Due date of transfer to the Central Government
2005-06	15-09-2006	14-09-2013
2006-07	24-09-2007	23-09-2014

It may please be noted that once the unclaimed / un-encashed dividend is transferred to "The Investors Education & Protection Fund", no claim shall lie in respect of such amount by the shareholder to the Company.

In view of the above, the shareholders are advised to send their un-encashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the IEPF.

8. The particulars of the Directors, retiring by rotation and eligible for re-appointment, are given in the Report of the

Directors to the Members and also in the Report on Corporate Governance.

9. 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.
10. 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.
11. 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 communicate.
12. 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.
13. 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.
14. In case the mailing address mentioned on this Annual Report is without Pin-code, Members are requested to kindly notify their Pin-codes immediately.
15. The members holding shares in physical form are requested to convert them into demat form, as the Companyn shares can be transacted in the exchange only under electronic form.
16. Ministry of Corporate Affairs (MCA), Government of India has taken a 'Green Initiative in Corporate Governance' by allowing the service of documents like AGm/EGM Notice, Annual Report and other correspondence by a company to its shareholders through electronic mode, after the company gives an advance opportunity to its shareholders to register their E-mail address and changes therein from time to time with the company or with the concerned depository. Keeping this in view, your Company proposes to send all communications, henceforth to such Shareholders in electronic mode, who opt for the same. In order to enable the Company to send all communications in electronic form, please register your E-mail address with us, if not already registered, by filling the particulars given in the Form below and return the same to the Company or the registrars. Shareholders holding shares in electronic mode are requested to get their E-mail address registered / updated with their Depository Participant (DP) also, with whom they are maintaining their Demat account. We solicit your co-operation in helping the Company to implement the 'Green Initiative' of the Government.

By Order of the Board

Chennai.
27th May 2011

N.R. Panicker
Chairman

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

Director's report**Dear shareholders,**

Your directors are pleased to present the 25th annual report together with the audited accounts of the company for the year ended March 31, 2011.

INR in million

Financial results	Consolidated		Standalone	
	2011	2010	2011	2010
Sales, services & other income	261.66	232.23	202.69	182.86
Profit before interest, depreciation & tax	28.99	41.88	30.85	38.97
Interest	22.79	24.99	22.30	24.57
Depreciation	45.05	28.65	45.06	28.65
Provision for tax	0.09	2.35	-	2.26
Profit /(loss) after tax	(38.95)	(14.11)	(36.52)	(16.52)

Review of operations:

The year under review continued to be challenging due to losses incurred in the animation division. During the year, the company completed development of its second intellectual property " Raju The Rickshaw ", apart from completing VFX for a challenging one-of-its-kind animation film project for a UK based producer . During the year under review, the company reported a net turnover of Rs 202.69 mn on a standalone basis for the year ended March 31, 2011 (previous year Rs 182.86 mn) registering a growth of 11%. The company reported a net loss of Rs 36.52 mn. On a consolidated basis, the net turnover of the company was Rs 261.66 mn (previous year Rs.232.23 mn)

During the year, the software division improved its performance over the previous year, adding 3 more customers and reported an EBITDA of Rs 22.54 mn on a turnover of Rs 140.76 mn, on a consolidated basis . During the year the animation division reported a EBITDA of Rs 0.60 mn (previous year, a negative EBITDA of Rs.11.78 mn). The animation division reported a loss of Rs 48.35 mn mainly due to the high interest outgo on the term loan and the depreciation of one of the Intellectual properties on a diminishing balance basis without a matching revenue. The revenues are expected to come over the future years, whereas the depreciation charge will be more during the initial years. During the year the company capitalized amounts spent on development the second intellectual property amounting to Rs 50.36 mn.

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

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 form 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 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 enclosed, separately as annexure II to this Report.

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 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 given in Annexure VI to this Report.

CEO /CFO Certification

The Chairman and Managing Director and the Company Secretary & Compliance 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.

Particulars of employees

There are no employees in the company attracting the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Financial Statements of Subsidiary company:-

The statement pursuant to sub-section 3 of Section 212 of the Companies Act 1956 is given in annexure VII to this Report.

The company's subsidiary in USA reported a turnover of Rs 165.70 Mn (USD 3.54 million) and loss after tax was Rs 2.43 Mn (USD 0.05 mn). The financial statement of the subsidiary is enclosed elsewhere in the report.



Dividends

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

Directors

Mr. M.R.Narayanan and Mr. Philip John, Directors of the company, retire by rotation and are eligible for re-appointment.

Group Structure

Pursuant to intimation from the promoters, the names of the promoters and entities comprising ; group are disclosed in the annual report for the purpose of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997. - annexure VIII

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.

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.

Observations in the Auditor's Report

The Auditors in their report in para 4 have mentioned that the appointment and remuneration paid to a whole time director amounting to Rs. 3.01 mn is subject to approval of the Central Government. The Company is in the process of obtaining such Central Government approval. In para 9(a) and 11 in the annexure to the auditor's report have commented on the delays in payment of certain statutory dues. The animation division has been incurring losses during the past 4 years. During the year, company experienced strain on cash flows resulting in delayed remittance of statutory dues. The management is taking steps to contain losses and turnaround the operations of the animation division.

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. The Internal Audit for the year 2010 -11 was carried out by M/s. Vijayakumar & Easwaran covering all areas of operations. All significant observations were discussed in the Audit Committee, which met 4 times during the year under review.

Depository systems

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 also wish to place on record their deep sense of appreciation, towards the dedicated and sincere services rendered by the employees of the company for its success.

For and on behalf of the Board

Chennai.

Date : 27th May 2011

N.R. Panicker

Chairman

Annexure I to the directors' report

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

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 is in high technology business and is constantly upgrading technology to meet the current challenges at all levels. Almost all employees in the company use personal computers, in a net worked environment. The company uses internet based technology for its communication needs.

The details regarding foreign exchange earnings and outgo are being mentioned in the notes to the accounts.

Annexure II to the Director's report

Management discussion and analysis

The year in brief

The company reported a net turnover of Rs 202.69 mn for the year ended March 31, 2011 (previous year Rs 182.86 mn). The company reported a net loss of Rs 36.52 mn for the year ended March 31, 2011 (previous year Rs. 6.52 mn). On a consolidated basis, the net turnover was Rs 261.66 mn (previous year Rs 232.33 mn).

During the year, the software services export grew 29% mainly due to repeat orders from existing customers and addition of 3 new customers. The company continues to focus on embedded and media technologies related software development. Currently, 100% of the turnover in the software division is from export services and the operations are profitable. Considering the growth opportunities in the software division, the company leased facilities in L&T SEZ, Cochin. This will also enable the company to avail concessional tax benefits from exports of the software. The facility is expected to be operational during the second quarter of FY12.

During the year, the company continued to incur losses in the animation services division. However, the company completed development of its second intellectual property "Raju the Rickshaw", a pre-school TV series of 78 episodes of 7 minutes each. After the post production, the product is expected to be ready for market exploitation by the second quarter of FY12. This, together with our other IPR - India Fables, which is a TV series of 26 episodes of 11



minutes each is expected to bring revenues in the coming years.

During the year, the company completed the visual effects for a 3D family adventure film, "The Flying Machine" being produced by Oscar winning producer Hugh Welchman of Breakthru Films, UK. The film has been produced with a unique combination of Cutting Edge Live Action, Stop Motion Animation and 3D stereoscopy. The company has retained all Rights of this film in the India sub-continent as part of the compensation. The revenues from sale of such rights will accrue to the company in the future years. During the year, the company joined hands with Big Animation to develop an Indian animation property, "Shaktimaan" in 2D for broadcasting, to be produced in India with Indian talents for both Indian and international broadcasting with an estimated budget of Rs162.50 mn. This is the first initiative of its kind in India where two Indian studios are joining hands to produce a world class property for worldwide distribution. This is a foundation for developing properties with shared responsibilities. The company will be investing in the property for acquiring 40% share in the rights. The project is expected to be completed and ready for delivery during the fourth quarter of FY12.

Preferential warrants

During the year, the company issued 5,50,000 warrants to an investor to be converted into equity shares within a period of 18 months at a value of Rs 30.30 per equity share of Rs 10 each. The company has received Rs 41.6 lakh being 25% of the total issue consideration.

Business Model

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

Technologies Division (www.ushustech.com)

The technologies division is known as Ushus Technologies. It is the software arm of the company and a quality provider of offshore technology solutions to world leaders, including Fortune 500 companies. This division rolls out technologically advanced

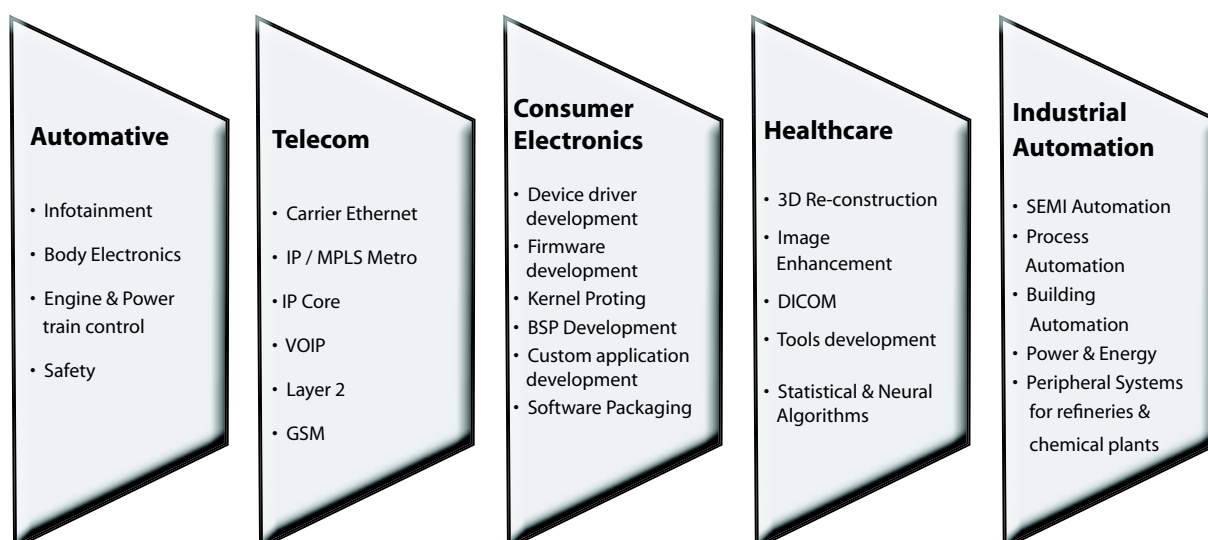
software products to industry verticals as well as the mass consumer market. Leveraging its ability to handle high-technology projects with good quality and cost effective delivery, Ushus Technologies made forays in to the US technology market and has been able to forge successful on-going partnerships with premier engineering companies and business houses that have large experience and high maturity in outsourcing and multi-sourcing. Ushus Technologies development centre is located at Technopark in Trivandrum, Kerala with marketing offices in Japan and the United States.

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 coupled with GDM gave an 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, these days mature outsourcers also have an 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 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 to the software needs of product companies in the following verticals.





The Technology 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 across 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.

The Technology Division has expertise in development and porting of device drivers such as USB, SCSI, Ethernet and display driver and engineering development for kernel, utilities and libraries. It implemented 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 applications across various RTOS. The division has also worked with porting of RTOS across various hardware platforms and application porting across various RTOSs.

In the networking domain, the Technology 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 Technology Division has developed web interface software for various devices and VoIP implementations.

On the Windows applications front, the Technology Division's key strengths are in VC++, COM, ATL/STL, MFC, C# and UI development. It also has experience with kernel mode device drivers on Windows. In alignment with the Vista initiative at Microsoft, the Technology 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 continuously 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, and VFX. The Animation Division 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

Indian animation and VFX sector

In 2010, the Animation, VFX and post production industry touched Rs 23,600 crore. This growth was largely led by post production and VFX segments which saw growth of 42% and 17% respectively. Animation, on the other hand, grew 10% in 2010 to touch Rs 1,000 crore. The animation and VFX industry is expected to grow at a CAGR of 18.5% to reach Rs 55,900 crore by 2015. The Animation

sector alone is expected to touch Rs 20,800 crore by 2015 with growth largely driven by services market for the next two years, post which IP creation is also expected to see a significant pick up. VFX and post production services meanwhile are expected to grow at a CAGR of 24% and 19% respectively till 2015.

Key trends

VFX

Investment in high quality visual effects shot by Indian production houses are expected to drive domestic market. Indian studios are increasingly taking up high end VFX projects and investing in technology and training to match quality standards of major studios in the West. Presentation of quality content from India could lead to increased amount of VFX projects outsourced to India. The next two years therefore, are crucial for Indian studios to drive up domestic demand and position themselves in the international market. Meanwhile, 2D to 3D conversion, archiving and restoration are also expected to be key growth drivers for the post production industry.

Co-Productions

Most of the large Indian animation studios have ventured into co-productions with studios in Europe and North America. Most of these are for IP creation vis-à-vis independent productions, as the risk on the latter is greater. The participating countries benefit from favorable fiscal policies (including subsidiaries, grants, etc.) and access federal and provincial tax credits.

Archiving and Restoration

Archiving and restoration services are in a very nascent stage in India but offer tremendous potential for growth. With improvements in technology and new content distribution platforms such as HD Television, Blu-ray technology, mobile, tablets and 3G services, there is a growing demand for digital content.

3D conversions

3D content has been presented discontinuously to the viewer due to a mismatch in 3D content display devices. Now, with advances in digital cinematography and computing power, 3D filming techniques, better understanding of 3D viewing physiology and increasing availability of immersive 3D displays, demand for 3D movies and content in the developed markets is growing. The increasing penetration of 3D displays is likely to result in 3D being accepted as a standard feature with a marginal cost premium in the coming years.

Key growth drivers

Growing demand for Content:

The growing demand for TV content still continues to be a key driver for growth in the animation industry. With as many as 14 Kids channels in India, broadcasters such as Turner are working closely with Indian animation companies to create localized television content.

Large Talent Pool:

While the demand supply issue for trained talent does persist for Indian animation and VFX companies, India still has a large talent pool to capitalize on. Moreover, vocational programs are now being introduced along with B.Sc, B.A and B.Com degrees along with the regular curriculum for students to offset the growing demand for animation and gain employment by the sector.



Outsourcing Hub:

India continues to remain an important outsourcing destination offering significant cost arbitrage to countries in North America and Europe. Moreover, growing presence of Indian studios in international markets have enabled them to capitalize on synergy across various offices, locations, talent and projects.

Lack of capital is the biggest challenge

Capital continues to remain the primary challenge for most animation companies in India. While a high quality animated production is far more expensive to create than a live action film, given the wider appeal of the genre, it has the potential to be monetized not only in India, but across several international markets as well. However, there is a significantly high cost involved in promoting and distributing this content across multiple markets. Also, post the economic slowdown, many of the projects were green lit with limited funding options resulting in such projects either being delayed or shelved. Persistent escalations in the cost of production further drives up break even points and studios therefore find it difficult to find distribution partners.

Way forward

Some of the key success factors for animation and VFX industry going forward could be a play on the following:

- * Indian animation companies need to identify innovative avenues for growing licen sing and merchandising revenues
- * Players need to create a local market and drive domestic consumption for animated content. However, it is imperative for players to do so at reasonable cost
- * Invest in co-productions that have global appeal and are easier to distribute across global markets
- * Continue to lobby with the government for incentives to provide the necessary boost to this sector for promoting outsourced work and co-production deals

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, and 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, as animation contents can be telecast or sold repeatedly over the years. The shelf life of animation content is roughly around 15 years. However, the IP creation is highly capital intensive and the revenues are expected to accrue only after an initial development period of 18 to 24 months. The studio has to invest continuously till the product is ready for release. Accel Animation Studios has already released the first IP, Indian Fables for broadcast and is currently developing another property, Raju, The Rickshaw for worldwide release.

Indian Fables www.southindiafables.com

This IP is 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. The company is expected to receive substantial revenue from across the globe during the first three years through licensing of broadcast and other rights.

Raju, The Rickshaw

The studio acquired through an agreement with Kahani World Inc., an animation content development company, based out of Canada, licensing of the above IPR owned by them for 15 years, to be

exploited by the company by further development. The company has completed 78 episodes of 7 minutes each of the above IPR and the product is under final post production stage. This is expected to be ready for delivery during the second quarter of FY12. The company has appointed Paris based Cyber Group Studios as the global distribution partner.

VFX for a prestigious film project

During the year, under the outsourcing model, the studio completed a VFX project for a full length animated feature film for a movie production house. The project was complex and involved live action, animation and stop motion animation which is unique and is being tried for the first time in the world. The company expects to execute many such orders in the years to come.

Human resource management

As on March 31, 2011, the company had an employee strength of 396. 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 office is located in Trivandrum and our corporate office is located at Chennai. The Software Division operates from Technopark in Trivandrum and occupies approximately 12,000 sqft. The Animation Division operates in fully equipped world class studios in Chennai and Trivandrum. The Chennai facility is about 24,000 sqft & the Trivandrum facility is about 18,000 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

During the year under review, the company, on a standalone basis, reported a net turnover of Rs 202.69 mn for the year ended March 31, 2011 (previous year Rs 182.86 mn) registering a growth of 11%. The company reported a net loss of Rs 36.52 mn. On a consolidated basis, the net turnover of the company was Rs 261.66 mn (previous year Rs.232.23 mn)

Sales from Geographies

During the year under review, services exports contributed 91% to the total revenue whereas domestic operations contributed 9% to the total revenue.

Financial challenges 2010-11

The major challenge during the year was working capital management. The company has been incurring losses in the Animation Division for the past 4 years. The company has not been successful in securing a large value outsourcing order with substantial margins. However, the company had to keep pace with technology and had to upgrade its facilities continuously resulting in additional expenditure. During the entire financial year, the company experienced strain on the cash flows. During the current year, the management has taken steps by bringing in unsecured loans from associate companies to support the operations. The management is taking steps to contain losses and turnaround the operations of the animation division.

Reserves and surpluses

The General Reserves stood at Rs 24.52 mn including capital reserves of Rs 12.22 mn. The company has not revalued any of its assets during the year under review

Loan profile

As on March 31, 2011, the company had sanctioned working capital facility of Rs 195.00 mn from the company's bankers, out of which Rs 180.00 mn is fund based and Rs 15.00 mn is non-fund based. The funds utilized and outstanding were Rs 137.34 mn. The total amount of performance guarantees issued by the banks stands at Rs 2.97 mn, which were reduced to Rs 0.50 mn subsequent to the balance sheet date. The term loans were availed for creation of world class facilities for animation division. During the year, an amount of Rs. 26 mn was due and remained unpaid. The company has availed unsecured loan amounting to Rs.100.71 mn from its associate companies.

Loans and advances

The loans and advances were Rs 58.80 mn as at the end for the year under review. This includes an amount of Rs 13.68 mn lying as security deposits offered for various leased premises taken by the company, deposits with government bodies Rs. 8.33 mn, other advances amounting to Rs. 5.86 mn and Rs 30.93 mn of unbilled revenues as on March 31, 2011.

Capital expenditure

The capital expenditure incurred during the year towards additional infrastructure and upgradation was Rs 5.97 mn. These capital expenditure were incurred mainly to enhance the infrastructure of the software division. Apart from this, the expenditure involved in creation of intellectual property in the Animation Division for international exploitation, which is nearing completion, is shown as a part of capital work in progress amounting to Rs. 80.83 mn.

Depreciation and amortization

The company has been following straight-line basis of depreciation at the prescribed rates mentioned in the Companies Act. The Digital Assets which are classified as Intangible Assets are currently amortized under written down value method at the rates prescribed in the Income Tax Act. During the year, the amount of depreciation charged to the Profit and Loss account was Rs17.44 mn without matching revenue. The company expects improved revenue from licensing in the coming years, which is expected to exceed the value of amortization of the digital assets. The company expects to receive revenues for the next 15 years on the digital assets from licensing of worldwide rights through

broadcast and other media, whereas the amortization charge will be completed in 7 years.

Investments

During the year, the company sold its investment held in Accel IT Resources Limited (AITRL), an associate company for a 100% cash consideration of Rs 12.00 mn mainly to repay debts and reduce the interest burden. The company has now completely exited its investment in AITRL which is non core to the business model of the company.

Interest outflow

The company incurred a total outflow of Rs 33.46 mn towards interest and finance charges, out of which Rs 11.14 mn was capitalized as work in progress towards IPR development and the balance amount of Rs.22.31 mn charged to the Profit and Loss account. The interest outflow also includes an amount of Rs 10.48 mn provided as interest towards unsecured loans from associated companies.

Taxation

During the year, the company has not provided for any taxes on income due to losses incurred in the current year and carried forward losses. The company, as a matter of prudence, has not accounted deferred tax assets.

Forex

During the year, the company has made a gain of Rs 0.32 mn (Previous year loss of Rs 3.25 mn) on account of foreign exchange fluctuations.

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. We have mitigated these risks through geographical diversification of operations and IP based software services. In animation, the company has 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 have a review system which analyses various risk factors in the operations of the company and the business risks associated with various contracts in system integration as well as services. 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 our existing resources are capable to cater the needs of the growing market. The company has equipped itself with the latest technology in the field of animation and is expected to generate reasonable revenues in the future. With a specific focus on the software and animation, the management is confident of seeing a turnaround through growth of these divisions in the coming years.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the company's objective, projections estimates and expectations may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's 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 the future turns out to be something quite different. The Discussion and Analysis should be pursued subject to this management disclaimer.

Annexure III to Directors Report

Report on Corporate Governance

Corporate Governance

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

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

Company's philosophy on Corporate Governance

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

Board of Directors

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

The Board of Directors comprises of 4 Directors out of which

(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	FY 2010-2011 Attendance at	As on 31.03.2011			
		BM	Last AGM	No. of Directorship in Domestic Public Companies (including this company)	Committee position	
					Member	Chairman
N.R. Panicker	Non Executive Chairman, Promoter	4	YES	07	02	01
M.R. Narayanan	Non Executive, Independent	4	YES	02	03	00
A. Mohan Rao	Non Executive, Independent	4	YES	02	01	02
Philip John	Executive	4	YES	01	NIL	NIL

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 designated as President and CEO of the respective Divisions and supervised by the Board of Directors.

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

Remuneration of Directors

The details of remuneration paid to Whole time Director during 2010-2011 are given below:

	Mr. Philip John Rs.
Salary	15,00,000
Allowances & Perquisites	15,00,000
Contribution to Retiral Funds	9,360
Commission (relating to previous financial year)	NIL
Stock Option	NIL

Details of Remuneration / Sitting Fees paid to Directors

Summary	Board and Committee Meetings			Total
	Board	Audit	Other committee Meetings	
Mr. M.R. Narayanan	40,000	10,000	5,000	55,000
Mr. Mohan Rao	40,000	10,000	5,000	55,000
Grand Total	80,000	20,000	10,000	1,10,000

Board Meeting

During the year under review, 04 board meetings were held on 27.05.2010, 13.08.2010, 10.11.2010 and 04.02.2011 and maximum interval between any two meeting was not more than 120 days. The composition of the Board, attendance at Board Meetings



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 for services rendered by the Company.
- 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 September 2010.

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 Director of whom all have relevant finance and audit exposure.

During the period under review, 4 Audit Committee Meetings were held on 27.05.2010, 13.08.2010, 10.11.2010 and 04.02.2011

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

Composition	A. Mohan Rao Chairman	N.R. Panicker Member	M.R. Narayanan Member
Number of meetings attended	04	04	04

a. Overseeing the company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible;

b. Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;

c. Approving fees for non-audit consulting/ services provided by the firms of statutory auditors;

d. Reviewing with the management the periodic financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices;
 - Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - Compliance with accounting standards;
 - Compliance with Stock Exchange and legal requirements concerning financial statements;
 - Any related party transactions i.e. transactions of he company of material nature, with the promoters or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the company at large;
- e. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- f. Discussing with internal auditor any significant findings and follow-up thereon.
- g. Discussing with statutory auditors before the audit commences, the nature and scope of audit, as well as conduct pos-audit discussions to ascertain any areas of concern;

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

Remuneration and Compensation Committee

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

The Remuneration Policy followed by the company takes into consideration, the performance of the Whole time 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.

Composition	N.R. Panicker Chairman	A. Mohan Rao Member	M.R. Narayanan Member
Number of meetings attended	01	01	01

The Chairman of the Remuneration Committee was present at the last Annual General Meeting.

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

ACCEL TRANSMATIC LIMITED

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Other Committee (Warrant Issue)

A committee of the Board was formed comprising of Mr.M.R.Narayanan and N.R.Panicker to complete formalities of issue or warrants. It met once on 17.12.2010.

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. M R Narayanan – Director

Mr M R Narayanan is a serial entrepreneur and founder of Transmatic Systems Limited. An engineer with 31 years of entrepreneurial and managerial experience. He serves as Chairman of Adtech Power Systems Limited, Transdot Electronics Pvt Limited and Floatels Pvt Limited

Name of the Companies	Nature of interest
1. Adtech Systems Limited	Director
2. Hoteltek Traders Pvt. Ltd.,	Director
3. Floatels Hospitalities Pvt. Ltd.,	Director
4. Poovar Ayurveda Centre & Hotels Pvt. Ltd.,	Director
5. P.R Holding Homes Pvt. Ltd.,	Director
6. Perumbalam Resorts Pvt. Ltd.,	Director
7. Floatels India Pvt. Ltd.,	Director
8. Transdot Electronics Pvt. Ltd.,	Director
9. ABL Micro Solutions Pvt. Ltd.,	Director

Mr M R Narayanan holds the following Directorships / Committee Memberships:

Committee Position : Accel Transmatic Limited

Audit Committee	Member
Remuneration Committee	Member

2. Mr.Philip John

Mr.Philip John an engineer and a M.Tech from IIT, Chennai, with 29 years of experience in organizations including

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	USHESTECH,311, Technopark, Trivandrum	02.00 pm
2005-06	AGM	15.09.2006	Conference Room, comfort Inn Grand, Statue, Thiruvananthapuram	02.00 pm
2006-07	AGM	24.09.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2007-08	AGM	27.09.2008	Malabar Hall, Park Centre, Technopark, Trivandrum	11.00 am
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
2009-2010	AGM	27.09.2010	Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum 695 585	11.00 am
2009-10	EGM	17.12.2010	Conference Room, Ushus Technologies, III Floor 311 NILA, Technopark, Trivandrum	11.30 am

ER&DC, Thiruvananthapuram, and NEST group of companies, where he served as the President of Software division in Thiruvananthapuram.

Name of the Companies	Nature of interest
Accel North America Inc	Director

Mr. Philip John holds the following Directorships / Committee Memberships:

Committee Position : Nil

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	22
Replied	22



Other Disclosures

1) The company has not entered into any materially significant transactions during the year, which could have a potential conflict of interest between the company and its promoters, Directors, management and / of their relatives, etc other than the transactions entered into in the normal course of business. Details of related party transactions entered into in the normal course of business are given in Notes on Accounts.

2) During the year under review, no penalties or strictures were imposed on the company by the stock exchange where the company's shares are listed, SEBI or any statutory authority, on any matter relating to capital markets.

Compliance with mandatory requirements:

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

Means of Communication

(i) Financial Results and Annual Reports etc :

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

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

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

(ii) Management Discussion and Analysis Report :

The Management Discussion and Analysis Report set out in Annexure II 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 were 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.

Green Initiative :

As per Ministry of Corporate Affairs, Government of India Company has to effect electronic delivery of notices and documents including annual report. The company is under process to implement the same.

Code of conduct

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

Compliance certificate of the auditors

The statutory auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the stock exchange and the same is annexed to the Annual Report.

The certificate from the statutory auditors will be sent to the stock exchanges along with the annual report of the company.

General Shareholder Information

1. Annual General Meeting

Date and Time : Tuesday, 27th September, 2011 at 12.00 noon
 Venue : Conference Hall, Park Centre
 KINFRA Film & Video Park
 Kazhakootam
 Thiruvananthapuram – 695 585.

2. Financial Calendar

Financial Year : 01st April 2010 to 31st March 2011

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 : Monday, 19th September, 2011
 to
 Tuesday, 27th September 2011
 (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 2011 – 2012.

5. Stock Market Codes

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

6. Stock Market Data

Month	High Price	Low Price	No. of Shares
Apr-10	18.40	14.40	142,480
May-10	15.50	12.50	61,752
Jun-10	14.97	12.51	95,223
Jul-10	14.82	13.11	99,779
Aug-10	16.65	13.10	120,122
Sep-10	14.50	12.00	111,136
Oct-10	35.87	13.64	1,518,985
Nov-10	34.90	26.65	747,633
Dec-10	30.45	22.60	139,944
Jan-11	27.35	21.40	48,864
Feb-11	22.60	20.00	27,055
Mar-11	21.45	19.00	843,321

Source: BSE India

7. 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

8. Distribution of shareholding and categories of Shareholders

Category	March 31, 2011				March 31, 2010			
	No. of Share holders	% of Share Holders	No. of Shares	% of total equity	No. of Share holders	% to Share Holders	No. of Shares	% of total equity
1 – 500	6279	90.02	647844	5.87	6464	88.78	679669	6.15
501 –1000	265	3.80	223118	2.02	328	4.50	278940	2.52
1001 – 2000	197	2.82	306647	2.78	214	2.93	333329	3.02
2001 – 3000	62	0.89	163506	1.48	77	1.05	200858	1.81
3001 – 4000	26	0.37	94751	0.86	26	0.35	92102	0.83
4001 – 5000	36	0.52	170666	1.55	45	0.61	216540	1.96
5001 – 10000	41	0.59	306070	2.77	54	0.74	390044	3.53
10001 & above	69	0.99	9124799	82.67	76	1.04	8845919	80.18
TOTAL	6975	100.00	11037401	100.00	7284	100.00	11037401	100.00

9. Share holding Pattern as on 31st March 2011

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	No. of shares held in dematerialized form	Total share holding as a % of total number of shares		Shares Pledges or otherwise encumbered	
					As a % of (A+B)1	As a % of (A+B+C)	No. of Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV) *100
(A)	Share holding of Promoter and Promoter Group 2							
(1)	Indian							
(a)	Individuals / Hindu Undivided Family	2	625,801	625,801	5.67	5.67	-	-
(b)	Central Government / State Government(s)		-	-	-	-	-	-
(c)	Bodies Corporate	1	5,630,000	5,630,000	51.01	51.01	1,300,000	23.091
(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

9. Share holding Pattern as on 31st March 2011 (Continued)

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	No. of shares held in dematerialized form	Total share holding as a % of total number of shares		Shares Pledges or otherwise encumbered	
					As a % of (A+B)1	As a % of (A+B+C)	No. of Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV) *100
(2)	Foreign							
(a)	Individuals(Non Resident Individuals)/ Foreign Individuals	0	0	-	-	-		
(b)	Bodies Corporate	0	0	-	-	-		
(c)	Institutions	0	0	-	-	-		
(d)	Any Other (Specify)	0	0	-	-	-		
	Sub-Total (A)(2)	0	-	-	-	-		
	Total Share holding 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 Share holding 3						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds / UTI	4	2,144	-	0.02	0.02		
(b)	Financial Institutions / Banks	4	520	400	0.01	0.01		
(c)	Central Government / State Government(s)	0	-	-	-	-		
(d)	Venture Capital Funds	0	-	-	-	-		
(e)	Insurance Companies	0	0	-	-	-		
(f)	Foreign Institutional Investors	0	0	-	-	-		
(g)	Foreign Venture Capital Investors	0	0	-	-	-		
(h)	Any Other (Specify)	0	0	-	-	-		
	Sub-Total (B)(1)	8	2,664	400	0.03	0.03		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	103	249,905	245,305	2.26	2.26		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital upto Rs.1lakh.	6,776	1,815,062	1,513,134	16.44	16.44		
	ii. Individual shareholders holding nominal share capital excess of Rs.1 lakh	55	2,218,184	2,146,076	20.09	20.09		
(c)	Any Other (Trust / Clearing Member-details enclosed)	23	160,134	160,134	1.45	1.45		
	Sub-Total (B)(2)	6,957	4,443,285	4,064,649	40.25	40.25		
	Total Public Share holding (B)=(B)(1)+(B)(2)	6965	4,445,949	4,065,049	40.28	40.28	NA	NA
	Total (A) + (B)	6972	11,037,401	10,651,425	100.00	100.00		
C	Shares held by Custodians and against which Depository Receipts have been issued	0	-	-	NA	-	NA	NA
	GRAND TOTAL (A)+(B)+(C)	6972	11,037,401	10,651,425	100.00	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.

11. Share transfer system

Transfer of shares in physical form has been delegated by the

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

12. Investor services

Investor complaints received and replied during the year 2010 – 2011:

Nature of Queries	Received	Replied
Non receipt of Certificate after transfer/ capital reduction	2	2
Procedure for Transmission	1	1
Correction in Certificate	0	0
Non receipt of Inter/Dividend Warrant/ Cheque/DD	0	0
General queries	5	5
Change of address / Bank Mandate	11	11
Procedure for loss of share certificate	3	3
Total	22	22

As at 31st March 2011, NIL investor complaints were pending. As at 31st March 2011, NIL share transfers and NIL demat requests were pending.

The Aggregate Promoters and Non – promoter share holding of the Company as at 31st March 2011 is as shown below:

Category	No. of Shares	% to total paid up capital	Shares held in Dematerialized Form	Shares held in Physical Form
Promoters	6,591,452	59.72	6,586,376	5,076
Non Promoters	4,445,949	40.28	4,065,049	380,900
Total	11,037,401	100.000	10,651,425	385,976

13. Dematerialisation of shares and liquidity

As on 31st March 2011, 96.50% 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 to the Director's report

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 for the period ended 31st March 2011 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. 45325

Place : Chennai
Date : May 27, 2011

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

Annexure V to the Director's report

Certification to the board by the chairman and compliance officer

We, N R Panicker, Chairman and S T Prabhu, Company Secretary & Compliance Officer of Accel Transmatic Limited, certify that:

1. We have reviewed the financial statements for the year ended 31.03.2011, and that to the best of our knowledge and belief:
 - a) These statements do not containing any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.



2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept overall responsibility for the company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the auditors and to the audit committee:
 - a) Significant changes in internal control over financial reporting during the year.
 - b) Significant changes in accounting policies during the year;
 - c) Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

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

N R Panicker
Chairman

S T Prabhu
Company secretary

Place : Chennai
Date : 27.05.2011

Annexure VI to the Director's report

Directors responsibility statement

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

- (a) That in the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed along with 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.

Annexure VII to the Director's report

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, 2011
2	A	Number of shares held by Accel Transmatic Limited in the subsidiary at the end of the Financial year of the subsidiary company	155000
	B	Extent of interest of holding company at the end of the financial year of the subsidiary company	100% Paid up capital \$155000
3	C	Face Value	\$1
		The net aggregate amount of the subsidiary company Profit / (Loss) so far as it concerns the members of the holding company	
	A.	Not dealt with in the holding company's accounts	
	(i)	For the Financial year ended 31st March 2011	\$(52,146) INR (2,434,961)
	(ii)	For the previous financial years of the subsidiary	\$50,250 INR 2,399,139
	B.	Dealt with in holding company's accounts	
	(i)	For the financial year ended 31st March 2011	NIL
	(ii)	For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	NIL

Annexure - VIII to the Director's report

Persons constituting Group coming within the definition of "group" for the purpose of the Regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, include the following.

Sl. No.	Name of the Group Companies
01.	Accel Limited
02	N.R.Panicker
03	Sreekumari Panicker
04	Shruthi Panicker
05	Harikrishna R
06	Accel Frontline Limited
07	Accel Frontline Services Limited
08	Accel IT Resources Limited
09	Accel Media Ventures Limited
10	Accel Tele.Net Limited
11	Network Programs USA Inc., USA
12	Network Programs Japan Inc., USA
13	Network Programs KK, Japan
14	ACL Systems & Technologies Pte. Ltd. Singapore
15	Accel Frontline FZE., Dubai
16	Accel Systems Group Inc, USA
17	Accel North America Inc., USA
18	Accel Studio Group Inc. USA

Auditors' report

To,
The Members,
Accel Transmatic Limited.

1. We have audited the attached Balance Sheet of Accel Transmatic Limited as at 31st March 2011, 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. *The appointment and remuneration paid to a whole time Director amounting to Rs.30,09,360 is subject to approval of Central Government..*
5. Further to our comments stated 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 2011 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 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- (f) Subject to *para 4* above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on the accounts attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011;
 - 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. 45325

Place: Chennai
Date : 27th May 2011

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 as per the information and explanation furnished to us, no material discrepancies have been noticed on such verification.
 - c. There has not been any 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) under contract/co - production 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 are 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 31.03.2011 (Rs)
1	75,35,262/-	Nil

- 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 were not, prima facie, prejudicial to the interest of the company
- c. As per the information and explanations given to us, the receipt of Principal and Interest thereon in respect of the amount so advanced to the parties as above was 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.(Rs)	Balance as on 31.03.2011 (Rs)
5	13,39,79,242/-	12,37,97,638/-

- 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 explanation 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

- 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 were 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 as stated below :-

Professional Tax	-	Rs.7,42,740/-
ESI	-	Rs 2,46,858/-
Provident fund	-	Rs1,12,154
Tax Deducted at Source.	-	Rs.12,32,644/-

- 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, except as to following

SI No:	Particulars	Amount involved (Rs in lacs)	Forum where Dispute is pending
1	Income tax Demands	135.95	Income Tax Appellate Tribunal Kochi
2	Customs Duty	33.87	Honorable High Court Of Kerala
3	Sales Tax	6.28	Honorable High Court Of Kerala
4	PF & Others	21.71	Honorable High Court Of Kerala – Rs.10.59 lacs, Registrar – EPF Appellate Tribunal - Rs.3.80 lacs, PF Tribunal – Rs.3.97 lacs., Suit in Civil Court Chennai – Rs.0.64 lacs, Suit in civil court Kerala – Rs.2.71 lacs.

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

11) *As per the information and explanations furnished to us and on our verification of records of the company, there has been delays in repayment of dues to financial institutions or banks, and the principal amount over due as at the year end is Rs.26000000/-*

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.38500000 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.

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, except to the extent of Rs.4,22,40,082 /-.

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, 1956.

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: 27th May 2011

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 31,2011	March 31,2010
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	110,374,010	110,374,010
Advance received against issue of share warrants - see note :20.5		4,166,250	-
Reserves and surplus	2	24,519,612	24,578,078
		139,059,872	134,952,088
Loan funds:			
Secured	3	137,339,225	225,315,073
Unsecured	4	111,461,077	35,085,073
		248,800,302	260,400,146
Total Liabilities		387,860,174	395,352,234
APPLICATION OF FUNDS			
Fixed assets:			
Gross Block	5	295,903,322	296,543,758
Less: Accumulated depreciation / amortization		125,846,450	87,305,247
Net block		170,056,872	209,238,511
Capital work in progress		85,316,149	23,506,628
		255,373,021	232,745,139
Investments			
	6	6,466,543	12,466,543
Current assets, loans and advances:			
Inventories	7	4,442,705	4,047,005
Sundry debtors	8	66,362,332	57,949,098
Cash and bank balances	9	2,972,235	5,544,104
Other current assets	10	30,931,517	22,955,829
Loans and advances	11	27,868,695	54,090,634
		132,577,484	144,586,670
Less: Current Liabilities and Provisions			
Liabilities	12	83,634,725	43,529,334
Provisions	13	13,937,100	5,416,208
		97,571,825	48,945,542
Net current assets		35,005,659	95,641,128
Profit and Loss Account		91,014,951	54,499,424
Total assets		387,860,174	395,352,234

Significant Accounting Policies and notes to the financial statements The schedules 1 to 13 & 20 form an integral part of the financial statements

This is the Balance Sheet referred to in 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
Whole time Director

S.T.Prabhu
Company Secretary

Place : Chennai
Dated : May 27, 2011

Profit and loss account for the year ended

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

	Sch No.	March 31,2011	March 31,2010
Income			
Income from operations	14	192,250,383	141,547,448
Other income	15	4,434,693	4,809,756
Profit on Sale of investments / business (Net)	15-A	6,000,000	36,505,390
		202,685,076	182,862,594
Expenditure			
(Increase) / decrease in digital inventory	16-A	(395,700)	(473,554)
Cost of services	16-B	3,762,269	853,155
Employee costs and benefits	17	97,729,166	86,958,420
Operating expenses	18	70,743,993	56,553,255
		171,839,728	143,891,276
Profit before depreciation, interest and tax		30,845,348	38,971,318
Finance charges	19	22,302,815	24,572,459
Depreciation / amortization	5	45,058,060	28,652,631
Profit / (Loss) before tax		(36,515,527)	(14,253,772)
Less: Taxation for the year			
- Current tax		-	732,473
- Deferred tax		-	-
- Income tax of earlier years		-	1,530,385
Profit / (Loss) for the year		(36,515,527)	(16,516,630)
Balance carried forward from previous year		(54,499,424)	(37,982,794)
Profit / (Loss) available for appropriation		(91,014,951)	(54,499,424)
Appropriations			
Proposed Dividend			
- On Preference Shares		-	-
- On Equity Shares		-	-
Tax on dividend		-	-
Balance of profit carried to balance sheet		(91,014,951)	(54,499,424)
Basic earnings per share		(3.31)	(1.50)
Basic earnings per share excluding extra ordinary item		(3.85)	(4.80)
Diluted earnings per share		(3.30)	(1.50)
Diluted earnings per share excluding extra ordinary item		(3.84)	(4.80)

Significant Accounting Policies and notes to the financial statements The schedules 5, 14 - 19 & 20 form an integral part of the financial statements

20

This is the Balance Sheet referred to in 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
Whole time Director

S.T.Prabh
Company Secretary

Place : Chennai
Dated : May 27, 2011



Cash Flow Statement	2010-2011		2009-2010	
	Amount	Amount	Amount	Amount
[Figures for the previous year have been rearranged to confirm with the revised presentation]				
A. Cash flow from operating activities				
Profit before taxation from Operations		(36,515,527)		(14,253,772)
Adjustments for:				
Depreciation	45,058,060		28,652,631	
Irrecoverable Debts/Advances Written off	2,646,026		5,10,445	
Profit on sale of assets			(13,899,963)	
Profit on sale of investment	(6,000,000)		(22,605,427)	
Interest - Net	21,843,700		24,264,825	
Dividends Received	(3,195)	63,544,591	(3,880)	16,918,631
Operating profit/[loss] before Working capital adjustment		27,029,064		26,64,859
Adjustments for:				
Sundry Debtors	(8,413,235)		64,747,675	
Inventories	(395,700)		96,698,383	
Loans and Advances	18,246,251		(19,554,514)	
Trade Payables	48,626,282	58,063,598	(51,360,181)	90,531,363
Cash generated from operations		85,092,662		9,31,96,222
Income Tax Paid		-		2,262,858
Exceptional Items (Write off of Debts & Advances)		2,646,026		5,10,445
Net cash flow from operating activities		82,446,636		90,422,919
B. Cash flow from investing activities				
Sales / (Purchase) of Fixed Assets - Net	(61,285,290)		(76,438,381)	
Purchase / Sale of Investments	6,000,000		47,164,351	
Interest Received			307,633	
Dividends Received	3,195		3,880	
Net cash flow from investing activities		(55,282,095)		(28,962,517)
C. Cash flow from financing activities				
Increase in Share capital (Share Application)	4,166,250		-	
Proceeds from / (Repayment of) Long Term Borrowings	(11,599,845)		(34,473,956)	
Net Increase of Cash Credit and other short Term borrowings		(7,433,595)	(1,185,156)	(35,659,112)
Interest Paid		(22,302,815)		(24,572,459)
Net cash flow from financing activities		(29,736,410)		(60,231,571)
Net increase in cash/cash equivalents		(2,571,869)		1,228,831
D. Cash and cash equivalents				
Opening cash and cash equivalents		5,544,104		4,315,273
Closing cash and cash equivalents		2,972,235		5,544,104
Cash As per Financial Statements		2,972,235		5,544,104

Notes:

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

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
Whole time Director

S.T.Prabhu
Company Secretary

Place : Chennai
Dated : May 27, 2011

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

	March 31,2011	March 31,2010
1 Share capital		
Authorised 19750000 (19750000) Equity Shares of Rs.10/- each	197,500,000	197,500,000
250000 (250000)12% Cumulative Redeemable Preference shares of Rs. 10/- each	2,500,000	2,500,000
	200,000,000	200,000,000
Issued, Subscribed and Paid up :		
11037401 (11037401) Equity Shares of Rs.10/- each Fully Paid up (out of the above 56,30,000 equity shares of Rs. 10/- each fully paid up (P.Y 51,22,082 shares) are held by M/s Accel Limited, the Holding company	110,374,010	110,374,010
	110,374,010	110,374,010
2 Reserves and Surplus		
Capital Reserve		
- Opening Balance	10,197,500	1,782,500
Add: Share application money forfeited	-	8,415,000
	10,197,500	10,197,500
Revaluation Reserve	12,280,578	12,339,044
Less: Additional Depreciation On Revaluation	(58,466)	(58,466)
	12,222,112	12,280,578
Capital Redemption Reserve	2,100,000	2,100,000
	24,519,612	24,578,078
3 Secured loans		
From a Bank		
- Cash Credit (See note : 20.6)	49,145,743	112,069,999
- Term Loans	87,506,605	106,727,113
Hire Purchase Loans	686,877	6,517,961
	137,339,225	225,315,073
4 Un Secured loans		
Public Deposits	10,750,000	9,450,000
Inter Corporate loans	100,711,077	25,635,073
	111,461,077	35,085,073

Financial Statements for the year ended March 31, 2011
(All amounts are in Indian Rupees, unless otherwise stated)

Schedules forming part of financial statements

5 Fixed Assets

Sl. No.	Particulars	Gross Block Stated at Cost						Depreciation						Net Block	
		Cost as on 01.04.2010	Additions/ Adjustments	Sale Transfer	Total as on 31.03.2011	Upto 01.04.2010	For the Year	Adjustment	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010	Rs.	Ps.		
		Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.				
1	Land (Pl. see note: 20.1 A)	19,040,479	-	-	19,040,479	-	-	-	-	19,040,479	-	-	19,040,479	-	
2	Factory Building *	5,858,330	-	-	5,858,330	1,924,136	195,668	-	2,119,804	3,738,526	-	-	3,738,526	3,934,194	
	Lease Hold Improvements	6,146,680	-	-	6,146,680	1,928,276	145,998	-	2,074,274	4,072,406	-	-	4,072,406	4,218,404	
3	Plant and Machinery	23,811,445	36,210	-	23,847,655	8,884,271	4,066,759	-	12,951,030	10,896,625	-	-	10,896,625	14,927,174	
4	Computers & Computer Software	91,795,330	2,695,358	-	94,490,688	40,396,272	13,505,434	-	53,901,706	40,588,982	-	-	40,588,982	51,399,058	
5	Software Licences	21,302,877	2,035,021	-	23,337,898	9,486,925	4,758,295	-	14,245,221	9,092,677	-	-	9,092,677	11,815,952	
6	Intangible Assets - IPR	70,601,334	-	-	70,601,334	822,070	17,444,816	-	18,266,886	52,334,448	-	-	52,334,448	69,779,264	
7	Furnitures and Fixtures	27,976,860	407,195	-	28,384,055	10,119,091	3,083,696	-	13,202,787	15,181,268	-	-	15,181,268	17,857,770	
8	Office Equipments	3,914,902	-	-	3,914,902	1,655,020	(25,927)	-	1,629,093	2,285,809	-	-	2,285,809	2,259,881	
9	Electrical Fittings	16,031,093	803,003	-	16,834,096	4,011,411	1,612,660	-	5,624,071	11,210,025	-	-	11,210,025	12,019,682	
10	Vehicle	3,447,205	-	-	3,447,205	1,502,449	329,127	-	1,831,576	1,615,629	-	-	1,615,629	1,944,757	
	TOTAL	289,926,535	5,976,787	-	295,903,322	80,729,921	45,116,526	-	125,846,450	170,056,872	-	-	170,056,872	209,196,614	
	Previous Year	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	-	-	210,042,849	161,546,858	

* The Depreciation on account of Revaluation of Rs.58466/- is being adjusted with Revaluation Reserve.

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

	March 31,2011	March 31,2010
6 Investments -- Long Term		
Unquoted (Trade) at cost		
In Subsidiaries		
Accel North America , California Inc [155000 (155000) Shares of USD 1 Each]	6,416,147	6,416,147
In Others		
Accel IT Resources Limited [Nil (100000) Equity shares of Rs.10/- each fully paid up]	-	6,000,000
Quoted [Non-Trade] at cost in others		
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. 313,934/- (Previous year Rs. 251,538/-)]	6,466,543	12,466,543
7 Inventories		
Work In Progress	4,442,705	4,047,005
	4,442,705	4,047,005
8 Sundry Debtors (Unsecured) Debts exceeding six months		
Considered good	15,393,490	14,870,393
Considered doubtful	2,100,000	
Other debts, considered good	50,968,842	43,078,705
	68,462,332	57,949,098
Less : Provision	(2,100,000)	-
	66,362,332	57,949,098
9 Cash and Bank balances		
Cash in hand and remittances in transit (Including Cheques in Hand)	78,574	4,760
Balances with scheduled banks :		
in Current accounts	244,959	1,400,160
in Deposit accounts	2,477,723	3,968,159
in Unclaimed dividend accounts	170,979	171,025
	2,972,235	5,544,104

ACCEL TRANSMATIC LIMITED

Annual Report 2010-11



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

	March 31,2011	March 31,2010
10 Other current assets		
- Accrued Interest / Income	238,682	142,198
- Unbilled revenue	30,692,835	22,813,631
	30,931,517	22,955,829
11 Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	5,863,692	40,783,095
Deposits	16,596,852	8,996,745
Advance Income tax / tax deducted at source	5,408,151	4,310,794
	27,868,695	54,090,634
12 Current liabilities		
Sundry creditors for goods supplied		
- Due to Micro ,Small & Medium Enterprises (See Note No. 20.11)	-	-
- Due to others	14,618,642	17,211,726
Creditors for expenses	41,167,938	20,774,532
Other liabilities	26,274,479	3,926,557
Advances received from customers for supply of goods & services	1,402,687	1,445,494
Investor education protection fund shall be credited by		
- Unclaimed Dividend #	170,979	171,025
	83,634,725	43,529,334
13 Provisions for		
- Gratuity	7,870,937	2,611,782
- Leave encashment	6,066,163	2,804,426
	13,937,100	5,416,208

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

ACCEL TRANSMATIC LIMITED

Annual Report 2010-11



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

	March 31,2011	March 31,2010
14 Income from operations		
Software & Animation Services		
Product Sales	121,250	-
Domestic	7,086,160	23,771,411
Exports	185,042,973	117,776,037
	192,250,383	141,547,448
15 Other income		
Interest income (TDS : Rs. 27,396 (Rs. 55,825))	459,115	307,634
Creditors no longer payable written back	-	1,361,275
Rent received	2,985,710	756,200
Guarantee commission received	349,337	274,000
Royalty Income	-	2,106,767
Miscellaneous income	337,676	3,880
Foreign exchange variation	302,855	-
	4,434,693	4,809,756
15-A Profit on sale of investments / business (net)		
Profit on sale of Investments	6,000,000	22,605,427
Profit on transfer of business division	-	13,899,963
	6,000,000	36,505,390
16-A : (Increase) /decrease in digital inventory		
Closing inventory	4,442,705	4,047,005
Less: Opening inventory	4,047,005	3,573,450
(Increase) /Decrease in inventory	(395,700)	(473,554)
Closing Stock carried to inventory schedule	4,442,705	4,047,005
16-B : Cost of sales and services		
Purchases / Outsourced services	3,762,269	853,155
	3,762,269	853,155
17 Employee costs and benefits		
Salaries allowances and bonus	81,229,419	76,405,931
Contribution to welfare funds	11,472,768	5,685,766
Staff welfare expenses	5,026,979	4,866,723
	97,729,166	86,958,420

ACCEL TRANSMATIC LIMITED

Annual Report 2010-11



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

	March 31,2011	March 31,2010
18 Operating expenses		
Rent	12,155,912	11,030,472
Rates & taxes	1,050,065	837,619
Electricity charges	4,605,414	6,630,977
Repairs and maintenance		
- Plant & machinery	1,475,133	790,353
- Buildings	993,235	815,580
- Others	1,258,423	2,178,488
Printing and stationery	589,303	445,317
Communication costs	3,693,440	4,746,055
Travelling and conveyance	30,076,853	12,541,602
Insurance	1,865,858	2,147,702
General expenses	7,079,306	5,192,125
Foreign exchange variation	-	3,257,190
Advertisement charges	394,659	689,672
Sales promotion expenses	2,669,270	4,614,583
Irrecoverable / doubtful debts	2,646,026	510,445
Packing and forwarding expenses	191,096	125,075
	70,743,993	56,553,255
19 Interest & finance costs		
- On fixed loans	5,759,051	8,032,636
- Others	16,008,313	16,263,803
- Bank charges & commission	535,451	276,020
	22,302,815	24,572,459

Financial statements for the year ended March 31, 2011

Schedules to and forming part of financial statements

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

20.0 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(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 depreciation / amortization (%)
Buildings	3.34
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
Intangibles – digital assets	25.00
Lease hold improvements/ Licences / Studio Materials	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 or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use or sale 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing

(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 on merger 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

a) 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.

Schedule – 20 – Accounting policies and Notes to Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

(iii) 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.

(iv) 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

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.

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

Schedule – 20 – Accounting policies and Notes to Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

of those liabilities which are likely to materialize after the yearend, 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

20.1 A) Fixed assets

Land under Fixed Assets includes Rs.67.60 lacs being the value of land allotted and possession handed over by KINFRA Film & Video Park (The Party) to the Company for development of an Animation Studio for which the registration formalities are yet to be completed. As per the agreement with "the party", the said land has to be developed within a period of 2 years from the date of allotment i.e. on or before 05.04.2010, failing which the land has to be surrendered to them upon which the party has the right to forfeit 10% of the value. The said land could not be developed within the time frame agreed on account of the difficult scenario being faced by the Animation Industry in general and the Company in particular. The management is taking steps to get the said time frame extended by the party and no adjustment is made in the accounts as at the year end towards the amount liable to be forfeited as above.

B) Capital work in progress & inventory

The animation division of the Company is engaged in the development of Animation content on contract/own or co-production basis. The cumulative direct expenses incurred for such activities are carried forward under Fixed Assets/Capital Work-in-progress (in case of own/co-production) and work-in-progress under Inventories (in case of contract production). Accordingly, as at the year end, the following amounts are carried forward in the Accounts:-

1. Under Fixed Assets in respect of own Digital Assets completed and ready for commercial exploitation, (net of amortization) Rs.523.33 lacs.
2. Under Capital Work-in Progress in respect of Digital Assets under Own / Co-production pending completion Rs.808.25 lacs;
3. Work-in-progress under Inventories (Current Assets) in respect of Digital Assets being developed on contract basis Rs.44.42 lacs.

The above amounts are carried forward considering the long gestation nature of this type of business/industry and also its future cash flows / earning potential, as estimated by the management.

Financial commitments including minimum guarantee payments as per the terms of the agreements entered into with co-producers will be accounted for, as and when such liability accrues.

(C) 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.

20.2 Current assets, loans and advances

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

20.3 Taxation

(A) Current taxes

- (i) 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

The net Deferred Tax Asset at the yearend amounting to Rs 1,14,83,124/- (Previous Year Asset Rs.31,56,160). Net Deferred Tax Asset as at the yearend is not recognized as a matter of prudence.

20.4 Investments

The accumulated losses of the subsidiary company in USA M/s Accel North America Inc, has exceeded the share capital of the subsidiary company. However, the management is of the opinion that this diminution in value of the investment is temporary in nature, considering the future profitability / cash flows of that company and also considering the long-term interest of this company in the subsidiary company. Hence, no provision has been made for diminution in value of investment in the subsidiary in the accounts for the year.

20.5 Preferential warrants

The company had, during the year ended 31.03.2011, issued 5,50,000 convertible warrants to a subscriber for a face value of Rs. 10/- each at a price of Rs 30.30 aggregating to Rs.16665000/-. The subscriber has remitted Rs. 41,66,250 being 25% of the issue consideration; vide approval of the share holders in its EGM held on 17.12.2010. 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 price of Rs.30.30 each within a period of 18 months from the date of issue of warrants at the option of the subscribers. In case the subscriber do not exercise the option for such conversion within the prescribed period, the amount paid for, will be forfeited. .

20.6 Secured loans

A. The Federal Bank Limited:

The unexpired Bank Guarantees issued by the bank and outstanding at the year end amounting to Rs.0.60 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 Intellectual property rights and receivables and hypothecation of assets created out of bank finance.



Schedule – 20 – Accounting policies and Notes to Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

- 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 in respect of leased properties at Chennai & Trivandrum in favour of the bank. The loans are also secured by Corporate Guarantee of Accel Limited and pledge of 7,50,000 equity shares of Accel Transmatic Limited held by Accel Limited, the holding company.

C. Hire Purchase Loans

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

20.7 (a) Contingencies and commitments

(Rupees in Lacs)

March 31, 2011 March 31, 2010

	March 31, 2011	March 31, 2010
Outstanding bank guarantees / letter of credits - \$	29.71	148.15
Corporate guarantee to a bank on behalf of an associate concern @	385.00	350.00
Sales tax demands	6.28	Nil
Income tax demands	135.95	Nil
Customs	33.87	Nil
PF & others	26.87	17.56

\$ Includes Rs.28.61 Lacs 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. The same has been secured by an equivalent cash deposit from the associate concern. The corporate guarantee given to a bank for the limits enjoyed by the erstwhile subsidiary, M/s Accel IT Resources Limited is counter guaranteed by M/s Accel Limited, the Holding company and is also secured by a security deposit of Rs. 230 Lakhs (P Y – Rs. Nil) from the erstwhile subsidiary, the now associate concern, and is included under other liabilities.

- (b) Estimated amount of Contracts remaining to be executed on Capital account and not Provided for (Net of Advances) is Rs. 144.68 Lacs (Previous year Rs.24.66 Lacs)

20.8 Exceptional items

- (a) During the year the company divested 100000 equity shares of Rs. 10 each representing 10% of Share Capital of Accel IT Resources Limited (Formerly Accel Academy Limited) for a consideration of Rs. 120 Lakhs. The profit on sale of investments of Rs.60 Lacs (Previous year Profit Rs. 234 Lacs on sale of 390,000 shares of Rs.10/- each in the same company) has been credited to Profit and Loss account as exceptional item.

20.9 (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, 2011 March 31, 2010

	March 31, 2011	March 31, 2010
Salaries & Allowances	30,00,000	15,00,000
Contribution to provident fund	9,360	9,360

20.10 Details of Payment to Auditors included under General expenses

March 31, 2011 March 31, 2010

	March 31, 2011	March 31, 2010
Statutory audit	3,30,900	3,30,900
Tax audit (On Payment Basis)	Nil	55,150
Other Services (On Payment Basis)	Nil	97,064

20.11 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 2011, 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.

20.12 Obligation on Long Term non-cancelable finance lease

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

Obligation on leases

Particulars	2010-2011	2009-2010
Minimum Lease Payment		
Not Later than 1 Year	Nil	63,28,264
Later Than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Present Value of Minimum Lease Payments		
Not Later than 1 Year	Nil	59,35,057
Later Than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Finance Charges Recognized in the P & L A/c	5,19,713	19,38,579

ACCEL TRANSMATIC LIMITED

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

20.13 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 (Un allocated)	Software Services	Animation Services	Total
Segment Revenue				
External Sales Net of Taxes & Duties				
Current year	-	1,407.45	515.06	1,922.50
Previous Year	-	1,107.73	331.31	1,439.04
Total Revenue				
Current year	76.67	1,411.32	534.26	2,022.26
Previous Year	372.89	1,107.73	344.92	1,825.54
Segment Result				
Current year	(24.75)	199.30	(294.81)	(120.26)
Previous Year	287.91	152.26	(334.77)	105.40
Interest Expense (Net)				
Current year	9.64	27.64	181.16	218.44
Previous Year	9.61	28.36	204.22	242.19
Non Operational Expenses				
Current year	-	22.87	3.59	26.46
Previous Year	-	-	5.10	5.10
Net profit / (Loss)				
Current year	(34.39)	148.79	(479.56)	(365.16)
Previous Year	278.30	123.90	(544.09)	(142.54)
Other Information				
Segment Assets				
Current year	2,413.19	635.16	1,805.98	4,854.32
Previous Year	695.82	761.62	2,446.84	3,904.28
Segment Liabilities				
Current year	2,082.42	486.37	2,285.53	4,854.32
Previous Year	695.82	761.62	2,446.84	3,904.28
Capital Expenditure				
Current year		30.64	29.12	59.76
Previous Year	16.82	29.86	847.31	893.99
Depreciation				
Current year	4.13	48.85	397.60	450.58
Previous Year	3.26	61.30	221.97	286.53
Non Cash Expenses				
Other than Depreciation				
Current year	-	22.87	3.59	26.46
Previous Year	-	-	5.10	5.10

ACCEL TRANSMATIC LIMITED

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Schedule – 20 – Accounting policies and Notes to Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

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

- A. In India.
B. Outside India.

Rs in Lakhs

Particulars	In India	Out side India	Total
Segment Revenue			
Current year	171.83	1,850.43	2,022.26
Previous Year	647.78	1,177.76	1,825.54
Segment Asset			
Current year	3,976.03	878.29	4,854.32
Previous Year	3,285.22	619.07	3,904.29
Capital Expenditure			
Current year	677.86	-	677.86
Previous Year	893.99	-	893.99

20.14 Related party transactions

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

	31.03.2011	31.03.2010
Accel North America Inc.	4,48,80,226	3,39,01,911
Accel Systems Group Inc.	(61,966)	(62,583)
Accel IT Resources Limited	Nil	71,76,972
Accel Frontline Services Limited	Nil	2,85,67,309

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

	31.03.2011	31.03.2010
Accel Frontline Limited	36,86,322	25,28,885
Accel Frontline Services Limited	15,28,776	2,43,516
Accel IT Resources Limited	2,29,36,562	Nil
Accel Media Ventures Limited	Nil	1,45,000

C) Loan Funds include amount due to Holding Company / Associates:

	31.03.2011	31.03.2010
Accel Limited	4,98,69,418	2,49,60,879
Accel Media Ventures Limited	Nil	6,74,194
Accel Frontline Services Limited	5,08,41,658	Nil

Maximum amount outstanding at any time during the year:

	31.03.2011	31.03.2010
Accel Limited	4,98,69,418	5,27,58,570
Accel Media Ventures Limited	674,194	1,02,74,194
Accel Frontline Services Limited	6,03,49,608	Nil

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

20.15 Related Party Transactions

Particulars	Controlling Company	Companies Under Common Control	Key Management Personnel
Rendering of Services / Sales	-	106,720,279	-
Receiving of Services / Purchases	-	1,265,798	-
Remuneration to Whole time Directors	-	-	3,009,360
Rent receipts	-	1,214,880	-
Guarantee Commission received	-	350,000	-
Sale of Investments	12,000,000	-	-
Interest Received	-	137,500	-
Interest Paid	4,411,561	5,038,555	14,959
Balances Outstanding as at March 31, 2011			
Finance (including loans & equity contributions in cash or in kind)	49,869,418	50,841,658	150,000
Trade Payables		52,15,098	
Trade Receivables		44,818,260	

20.16 Earnings per share

Calculation of EPS both (Basic and Diluted)

Sl.No	Particulars	31.03.2011	31.03.2010
01	Profit / (Loss) after taxation Profit available to Equity Shareholders	(3,54,31,869)	(1,65,16,629)
02	Less: Extra Ordinary Item	60,00,000	3,65,05,390
03	Profit / (Loss) Without Extra Ordinary Item	(4,14,31,809)	(5,30,22,019)
04	Weighted average number of equity shares	1,10,71,682	1,10,37,401
05	Basic & Diluted earnings per share with Extraordinary Item	(3.30)	(1.50)
06	Basic & Diluted Earnings per Share without Extraordinary Item	(3.84)	(4.80)
07	Basic earnings per share with Extraordinary Item	(3.31)	(1.50)
08	Basic Earnings per Share without Extraordinary Item	(3.85)	(4.80)
09	Total Nominal Value of Shares	11,03,74,010	11,03,74,010

Schedule – 20 – Accounting policies and Notes to Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

20.17 Derivatives

Sl. No	Particulars	31.03.2011	31.03.2010
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	EURO 25,000	EURO 25,000
	Due from Debtors	US\$12,40,398 JPY17,37,145 GBP4,334	US\$ 12,96,832 JPY 34,25,383 GBP 4,334

20.18 Employee benefits

a) Consequent to Accounting Standards 15 of Companies (Accounting Standards) Rules, 2006 becoming effective, the company has adopted the said standard with effect from 1st April 2007.

b) Disclosure required under AS15 – “Employee Benefits” (Revised 2005)

1. Defined Contribution Plan

During the year, the company has recognized in the Profit and Loss Account, an amount of Rs. 32.60 lacs (Previous Year Rs.29.42 lacs) on account of defined contribution towards Provident Fund and Rs. 6.49 lacs (Previous Year 3.38 lacs) towards Employees State Insurance Scheme.

2. Defined Benefit Plans

Gratuity – Funded Obligation

I	Actuarial Assumption	31.03.11	31.03.10
	Discount Rate (per annum)	8%	8%
	Salary escalation rate *	10%	6%
	Expected average remaining lives of working employees (year)	25.65	25.80

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 beginning at the year	4,265.29	3,637.52
	Current Services Cost	2151.36	1,069.48
	Interest Cost	427.28	292.05
	Actuarial (gain)/loss	2806.62	(2.51)
	Benefits Paid	(573.04)	(482.41)
	Present value of obligation at the end of the year	9,077.51	4,265.29

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	9,077.51	4,265.29
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	7,870.93	2,611.78

IV	Expenses recognized in the Profit and Loss Account	Rs. in '000	R s. in 000,s
	Current Service Cost	2,151.36	1,069.40
	Interest Cost	427.27	292.05
	Actuarial (gain) / loss recognized in the period	2,680.51	(378.87)
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	5259.15	982.58

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	31.03.11	31.03.10
	Discount Rate (per annum)	8%	7%
	Salary escalation rate *	10%	5%
	Expected average remaining lives of working employees (year)	23	15

* 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 beginning of the year	2,804.42	2,700.15
	Current Services Cost	4,135.44	30,81.21
	Interest Cost	389.77	296.85
	Actuarial (gain)/loss	(1,263.47)	(3,273.79)
	Benefits Paid	-	-
	Present value of obligation at the end of the year	6,066.16	2,804.42

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	6066.16	2,804.42
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	6066.16	2,804.42

IV	Expenses recognized in the Profit and Loss Account	Rs. In '000	Rs. in '000
	Current Service Cost	4,135.44	3,081.21
	Interest Cost	389.77	296.85
	Actuarial (gain) / loss recognized in the period	(1,263.47)	(3,273.79)
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	3,261.73	104.27

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

ACCEL TRANSMATIC LIMITED

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Schedule – 20 – Accounting policies and Notes to Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

20.19 (a) Additional Information pursuant to Part II of Schedule VI of the Companies Act, 1956, to the extent applicable.

(a) CIF Value of Imports

	March 31, 2011	March 31, 2010
Raw Material & Components	Nil	2,81,29,400
Capital goods	Nil	46,22,964

(b) Earnings in foreign currency

	March 31, 2011	March 31, 2010
Towards income from services	15,23,93,875	12,89,09,933

(c) Expenditure in foreign currency

	March 31, 2011	March 31, 2010
Services	73,24,123	19,75,795
Towards Foreign Travel	2,17,37,019	74,35,200

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

Particulars	Number of Share Holders	Dividend Paid
Non Resident Shareholders	37	Nil

20.20 Comparative financial information

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

Vide our report of even date

M/s Varma & Varma
Chartered Accountants

K M Sukumaran
Partner
Membership No. 15707

For and on behalf of
the Board

N.R. Panicker
Chairman

A. Mohan Rao
Independent Director

Philip John
Whole time Director

Place : Chennai
Date: May 27, 2010

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, 2011

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	387860	Total Assets	387860
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Sources of Funds

Paid -Up Capital	114540	Reserves & Surplus	24520
Secured Loans	137339	Unsecured Loans	111461

Application of Funds

Net Fixed Assets	255373	Investments	6,467
Net Current Assets	35005	Misc. Expenditure	-
Accumulated Losses	91015	Deferred Tax Asset (Net)	-

IV Performance of Company (Amount in Rs. Thousands)

Turnover	202,685	Total Expenditure	239,200
Profit/(Loss) before Tax	(36,515)	Profit/(Loss) After Tax	(36,515)
Earnings/Share in Rs.	(3.31)	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 services

Director's 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 2011.

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 loss of INR 2.43 mn (USD 0.05 mn). The company achieved a turnover from software development services of INR 165.65 mn (USD 3.54 mn).

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 State 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: 26-05-2011
Place: Chennai

Registered Office : Accel North America Inc

111, North Market Street, 6th Floor, Suite 600, San Jose, CA 95113.

Balance Sheet as at

	In INR March 31, 2011	In USD March 31, 2011	In INR March 31, 2010	In USD March 31, 2010
SOURCES OF FUNDS				
Shareholders' funds:				
Share capital	7,019,237	155,000	6,979,666	155,000
Reserves & Surplus - Foreign Currency Translation Reserve	182,189	-	386,942	-
	7,201,426	155,000	7,366,608	155,000
Loan funds:				
Secured	-	-	-	-
Unsecured	2,681,550	59,214	5,689,543	126,350
	2,681,550	59,214	5,689,543	126,350
Total Liabilities	9,882,976	214,214	13,056,151	281,350
APPLICATION OF FUNDS				
Current assets, loans and advances:				
Sundry debtors	35,584,312	785,780	30,361,022	674,239
Cash and bank balances	8,653,451	191,087	12,543,278	278,553
Loans and advances	371,209	10,637	1,866,551	41,482
	44,608,972	987,504	44,770,851	994,274
Less: Current liabilities and provisions				
Current Liabilities	44,522,236	983,148	38,458,270	854,057
	44,522,236	983,148	38,458,270	854,057
Net current assets	86,736	4,356	6,312,581	140,217
Profit and loss Account (Loss)	9,796,240	209,858	6,743,570	141,244
Total assets	9,882,976	214,214	13,056,151	281,461

Profit and loss account for the year ended

	In INR March 31, 2011	In USD March 31, 2011	In INR March 31, 2010	In USD March 31, 2010
Income				
Income from Operations	165,691,513	3,548,311	130,380,319	2,730,838
Other income	5,344	114	(6,429)	15
	165,696,857	3,548,425	130,373,890	2,730,853
Expenditure				
Cost of Sales (Traded Goods) & Services	110,487,082	2,366,099	90,342,433	1,892,238
Employee costs and benefits	27,956,015	598,683	24,320,609	509,399
Operating Expenses	29,099,5343	623,171	12,794,358	267,980
	167,542,630	3,587,953	127,457,400	2,669,617
Profit before Depreciation, Interest and Tax	(1,845,773)	(39,528)	2,916,490	61,236
Interest & Finance costs	492,127	10,539	424,681	9,045
Profit / (Loss) before Taxation	(2,337,900)	(50,067)	2,491,809	52,191
Less: Provision for Taxation				
Current year tax	97,060	2,079	92,671	1,941
Profit for the year carried to Balance Sheet	(2,434,960)	(52,146)	2,399,138	50,250

for and on behalf of the Board of Directors

Date: 26.05.2011
Chennai.Philip John
Director**Notes to the Financial Statements – 31.03.2011****(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 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the separate financial statement of the subsidiary company M/S Accel North America Inc whose unaudited financial statements reflect total assets of Rs. 446.08 lacs, total liability of Rs. 544.05 lacs as at 31st March 2011, net Loss of Rs. 24.34 lacs and net Cash outflow amounting to Rs. 38.89 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.

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. *The appointment and remuneration paid to a whole time Director of the holding company amounting to Rs. 30,09,360/- is subject to Approval of Central Government.*

6. *Subject to para 5 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on the accounts attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- i. in the case of the Consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as at 31st March 2011;
- 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, 2011

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 31,2011	March 31,2010
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	110,374,010	110,374,010
Advance received against issue of Share Warrants - See Note : 20.5		4,166,250	-
Reserves and Surplus	2	25,304,891	25,528,539
		139,845,151	135,902,549
Loan funds:			
Secured	3	137,339,225	225,315,073
Unsecured	4	114,142,627	40,774,618
		251,481,853	266,089,691
Total Liabilities		391,327,004	401,992,240
APPLICATION OF FUNDS			
Fixed assets:			
Gross Block	5	296,269,022	297,348,096
Less: Accumulated Depreciation / Amortization		125,846,450	87,305,247
Net block		170,422,572	210,042,849
Capital Work In progress		85,316,152	23,506,628
		255,738,724	233,549,477
Investments	6	50,396	6,050,396
Current Assets, Loans and Advances:			
Inventories	7	4,442,705	4,047,005
Sundry Debtors	8	57,066,419	54,408,207
Cash and bank balances	9	11,625,686	18,087,382
Other Current Assets	10	30,931,517	22,955,829
Loans and Advances	11	27,874,203	55,152,848
		131,940,530	154,651,271
Less: Current Liabilities and Provisions			
Liabilities	12	83,276,733	48,085,697
Provisions	13	13,937,100	5,416,210
		97,213,833	53,501,907
Net current assets		34,726,697	101,149,364
Profit and Loss Account		100,811,187	61,243,003
Total assets		391,327,004	401,992,240

Significant accounting policies and notes attached to accounts 20

The schedules 1 to 13 and 20 form an integral part of the financial statements

This is the Balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors

M/s Varma & Varma
Firm Registration No. 4532S
Chartered AccountantsN.R.Panicker
ChairmanA.Mohan Rao
DirectorK M Sukumaran F.C.A
Membership No: 15707
PartnerPhilip John
Wholetime DirectorS.T.Prabhu
Company SecretaryPlace : Chennai
Dated : May 27, 2011

Consolidated Profit and loss account for the year ended

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

	Sch.No	March 31,2011	March 31,2010
Income			
Income from Operations	14	251,221,617	185,591,372
Other income	15	4,440,037	4,803,327
Profit on Sale of Investments / Business (Net)	15-A	6,000,000	41,835,672
		261,661,654	232,230,371
Expenditure			
(Increase) / Decrease in Digital Inventory	16-A	(395,700)	(473,555)
Cost of Services	16-B	7,529,072	4,859,192
Employee costs and benefits	17	125,685,181	111,279,029
Operating Expenses	18	99,843,523	74,677,898
		232,662,076	190,342,564
		28,999,578	41,887,807
Profit before Depreciation, Interest and Tax			
Finance Charges	19	22,794,942	24,997,139
Depreciation / Amortization	5	45,058,060	28,652,629
		(38,853,424)	(11,761,961)
Profit / (Loss) before tax			
Less: Taxation for the Year			
- Current tax		97,060	825,144
- Deferred Tax		-	-
- Income Tax of earlier years		-	1,530,385
		(38,950,484)	(14,117,490)
Profit / (Loss) for the year available for Appropriation			
Less: Appropriations			
Proposed Dividend			
- On Preference Shares		-	-
- On Equity Shares		-	-
Tax on Dividend		-	-
Balance of Profit carried to Balance Sheet		(38,950,484)	(14,117,490)
Basic Earnings per share		(3.53)	(1.28)
Basic Earnings per share excluding Extra ordinary item		(4.07)	(5.07)
Diluted Earnings per share		(3.52)	(1.28)
Diluted Earnings per share excluding Extra ordinary item		(4.06)	(5.07)

Significant Accounting Policies and notes to the financial statements 20
The schedules 5, 14 to 20 form an integral part of the financial statements

This is the profit & loss account referred to in 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
Whole time Director

S.T.Prabhu
Company Secretary

Place : Chennai
Dated : May 27, 2011

Cash flow from operating activities	2010-2011		2009-2010	
	Amount	Amount	Amount	Amount
A Profit before taxation from Operations				
		(38,853,424)		(11,761,960)
Adjustments for:				
Depreciation	45,058,060		28,711,095	
Irrecoverable debts/advances written off	2,646,026		-	
Profit on sale of assets	-		(13,899,963)	
Profit on sale of investment	(6,000,000)		(27,935,710)	
Interest - net	22,335,529		24,689,297	
Dividend received	(3,195)		(3,880)	
Profit on sale of investments	-	64,036,420	-	11,560,839
Operating profit/[loss] before		25,182,996		(201,121)
Working capital adjustment				
Adjustments for:				
Sundry debtors	(2,658,211)		58,606,911	
Inventories	(395,700)		96,698,383	
Loans and advances	19,302,958		(19,190,112)	
Trade payable	43,711,927	59,960,974	(41,062,384)	95,052,798
Cash generated from operations		85,143,970		94,851,677
Income tax paid		(97,060)		(2,355,529)
Exceptional items (write off of debts & advances)		2,646,026		-
Net cash flow from operating activities		87,692,936		92,496,148
B Cash flow from investing activities				
Sales / (Purchase) of fixed assets	(67,215,527)		(76,310,769)	
Sale of investments	6,000,000		53,170,595	
Interest received	459,413		307,842	
Dividend received	3,195	(60,752,919)	3,880	(22,828,452)
Net cash flow from investing activities		(60,752,919)		(22,828,452)
C Cash flow from financing activities				
Increase in share capital	4,166,250		-	
Proceeds from / (repayment of) long term borrowings	(14,607,839)		(43,821,663)	
Adjustment on account of consolidation (minority interest & foreign currency translation reserve)	(165,182)		285,965	
Interest paid	(22,794,942)	33,401,713	(24,997,139)	(68,532,837)
Net cash flow from financing activities		(33,401,713)		(68,532,837)
Net increase in cash / cash equivalents		(6,461,696)		1,134,859
D Cash and cash equivalents				
Opening cash and cash equivalents		18,087,382		16,952,523
Closing cash and cash equivalents		11,625,686		18,087,382
Cash as per financial statements		11,625,686		18,087,382

Notes:

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

S.T.Prabhu
Company Secretary

Schedules forming part of the Consolidated financial statements

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

	March 31,2011	March 31,2010
1 Share capital		
Authorised		
19750000 (19750000) equity shares of Rs.10/- each	197,500,000	197,500,000
250000 (250000)12% cumulative redeemable preference shares of Rs. 10/- each	2,500,000	2,500,000
	200,000,000	200,000,000
Issued, Subscribed and Paid up :		
11037401 (11037401) Equity Shares of Rs.10/- each fully paid up (out of the above 56,30,000 equity shares of Rs. 10/- each fully paid up P.Y 51,22,082 shares) are held by M/s Accel Limited, the Holding company	110,374,010	110,374,010
	110,374,010	110,374,010
2 Reserves and surplus		
Capital reserve		
- Opening balance	10,197,500	1,782,500
Add: Share application money forfeited	-	8,415,000
	10,197,500	10,197,500
Capital redemption reserve	2,100,000	2,100,000
Revaluation Reserve	12,280,578	12,339,044
Less: Additional depreciation on revaluation	(58,466)	(58,466)
	12,222,112	12,280,578
Foreign currency translation reserve	785,279	950,461
	25,304,891	25,528,539
3 Secured loans		
From banks		
- Cash credit (See note : 20.6)	49,145,743	112,069,999
- Term loan	87,506,605	106,727,113
Hire purchase loans	686,877	6,517,961
	137,339,225	225,315,073
4 Un Secured loans		
Public deposits	10,750,000	9,450,000
Inter corporate loans	103,392,627	31,324,618
	114,142,627	40,774,618

Consolidated Financial Statements for the year ended March 31, 2011

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

Schedules forming part of consolidated financial statements

5 Fixed Assets

Sl. No.	Particulars	Cost as on 01.04.2010		Additions/ Adjustments		Sale Transfer		Total as on 31.03.2011		Upto 01.04.2010		For the Year		Adjustment		Upto 31.03.2011		Net Block	
		Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
1	Land (Pl. see note:20.1 A)	19,040,479	-	-	-	-	-	19,040,479	-	-	-	-	-	-	-	-	-	19,040,479	19,040,479
2	Factory Building *	5,858,330	-	-	-	-	-	5,858,330	-	1,924,136	1,924,136	195,668	-	-	2,119,804	2,119,804	3,738,526	3,934,193	
3	Lease Hold Improvements	6,146,680	-	-	-	-	-	6,146,680	-	1,928,276	1,928,276	145,998	-	-	2,074,274	2,074,274	4,072,406	4,218,403	
4	Plant and Machinery	23,811,445	-	36,210	-	-	-	23,847,655	-	8,884,271	8,884,271	4,066,758	-	-	12,951,029	12,951,029	10,896,626	14,927,173	
4	Computers & Computer Software	92,641,567	-	2,695,358	-	480,537	-	94,856,388	-	40,396,272	40,396,272	13,505,434	-	-	53,901,706	53,901,706	40,954,682	52,245,295	
5	Software Lisences	21,302,877	-	2,035,021	-	-	-	23,337,898	-	9,486,925	9,486,925	4,758,295	-	-	14,245,220	14,245,220	9,092,678	11,815,952	
6	Intangible Assets - IPR	70,601,334	-	-	-	-	-	70,601,334	-	822,070	822,070	17,444,816	-	-	18,266,886	18,266,886	52,334,448	69,779,265	
7	Furnitures and Fixtures	27,976,860	-	407,195	-	-	-	28,384,055	-	10,119,091	10,119,091	3,083,697	-	-	13,202,788	13,202,788	15,181,267	17,857,769	
8	Office Equipments	3,914,902	-	-	-	-	-	3,914,902	-	1,655,020	1,655,020	(25,927)	-	-	1,629,093	1,629,093	2,285,809	2,259,882	
9	Electrical Fittings	16,031,093	-	803,003	-	-	-	16,834,096	-	4,011,411	4,011,411	1,612,660	-	-	5,624,071	5,624,071	11,210,025	12,019,682	
10	Vehicle	3,447,205	-	-	-	-	-	3,447,205	-	1,502,449	1,502,449	329,127	-	-	1,831,576	1,831,576	1,615,629	1,944,756	
	TOTAL	290,772,772	-	5,976,787	-	480,537	-	296,269,022	-	80,729,921	80,729,921	45,116,526	-	-	25,846,450	25,846,450	170,422,572	210,042,849	
	Previous Year	261,417,378	-	89,399,247	-	54,272,866	-	296,543,758	-	100,802,469	100,802,469	27,811,098	42,208,320	87,305,247	42,208,320	87,305,247	209,238,511	160,614,909	

* The Depreciation on account of Revaluation of Rs.58466/- is being adjusted with Revaluation Reserve.

Schedules forming part of the Consolidated financial statements

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

	<u>March 31,2011</u>	<u>March 31,2010</u>
6 Investments -- Long Term		
Unquoted [Trade] at cost		
Accel IT Resources Limited	-	6,000,000
[Nil (100000) 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
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.313,934/- (Previous year Rs.251,538/-)]		
	50,396	6,050,396
7 Inventories		
Work In Progress	4,442,705	4,047,005
	4,442,705	4,047,005
8 Sundry debtors		
(Unsecured)		
Debts exceeding six months		
Considered good	15,393,490	14,870,393
Considered doubtful	2,100,000	-
Other debts, considered good	41,672,929	39,537,815
	59,166,419	54,408,208
Provision for doubtful debts	(2,100,000)	-
	57,066,419	54,408,208
9 Cash and bank balances		
Cash in hand and remittances in transit (Including cheques in hand)	78,574	4,760
Balances with scheduled banks :		
in Current accounts	8,898,410	13,943,438
in Deposit accounts	2,477,723	3,968,159
in Unclaimed dividend accounts	170,979	171,025
	11,625,686	18,087,382

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

	March 31,2011	March 31,2010
10 Other current assets		
- Accrued interest / income	238,682	142,198
- Unbilled revenue	30,692,835	22,813,631
	30,931,517	22,955,829
11 Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	5,869,200	46,156,103
Deposits	16,596,852	4,685,951
Advance income tax / tax deducted at source	5,408,151	4,310,794
	27,874,203	55,152,848
12 Current liabilities		
Sundry creditors for goods supplied		
- Due to Micro , Small & Medium Enterprises (see note No.20.12)	-	-
- Due to others	14,080,079	21,334,436
Creditors for expenses	41,348,510	21,208,185
Other liabilities	26,274,479	3,926,557
Advances received from customers for supply of goods & services	1,402,686	1,445,494
Investor education protection fund - unclaimed		
- Dividend	170,979	171,025
{ to be transferred to Investor Education & Protection Fund in the respective years if remaining Unpaid }		
	83,276,733	48,085,697
13 Provisions for		
- Gratuity	7,870,937	2,611,784
- Leave Encashment	6,066,163	2,804,426
	13,937,100	5,416,210
Profit & Loss Account (Debit Balance)		
Opening balance	61,860,703	52,773,888
Less :Profit in relation to Accel Solution Japan Inc adjusted	-	(5,648,375)
	61,860,703	47,125,513
Add :Loss for the year carried from profit & loss account	38,950,484	14,117,490
Balance in profit & loss A/c	100,811,187	61,243,003

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

	March 31, 2011	March 31, 2010
14 Income from Operations		
Software & Animation Services		
Product Sales	121,250	-
Domestic	66,057,394	23,771,411
Exports	185,042,973	161,819,961
	251,221,617	185,591,372
15 Other Income		
Interest income (TDS: Rs. 27,396 (Rs.55,825))	459,413	307,842
Creditors no longer payable written back	-	1,361,275
Rent received	2,985,710	756,200
Guarantee commission received	349,337	274,000
Royalty income	-	2,106,767
Miscellaneous Income	342,722	4,405
Foreign exchange variation	302,855	(7,162)
	4,440,037	4,803,327
15-A Profit on sale of investments / business (Net)		
Profit on sale of investments	6,000,000	27,935,710
Profit on transfer of business division	-	13,899,962
	6,000,000	41,835,672
16-A : (Increase) / decrease in digital inventory		
Closing inventory	4,442,705	4,047,005
Opening inventory	4,047,005	3,573,450
(Increase) / decrease in stock	(395,700)	(473,555)
Closing stock carried to inventory schedule	4,442,705	4,047,005
16-B : Cost of Sales and Services		
Purchases / outsourced services	7,529,072	4,859,192
	7,529,072	4,859,192
17 Employee costs and benefits		
Salaries allowances and bonus	108,882,445	100,219,416
Contribution to welfare funds	11,472,768	5,685,767
Staff welfare expenses	5,329,968	5,373,846
	125,685,181	111,279,029

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

	March 31, 2011	March 31, 2010
18 Operating Expenses		
Rent	17,678,022	13,507,456
Electricity charges	4,605,414	6,630,977
Repairs and maintenance		
Plant & machinery	1,475,133	790,353
Buildings	993,235	815,580
Others	1,258,423	2,178,488
Printing and stationery	669,168	445,317
Rates & taxes	1,524,929	930,779
Communication costs	3,779,281	4,776,701
Travelling and conveyance	34,597,441	14,589,471
Insurance	2,317,502	2,304,814
General expenses	24,108,947	12,877,404
Foreign exchange variation	-	3,257,190
Advertisement charges	911,771	760,838
Sales promotion expenses	3,024,074	4,778,487
Irrecoverable / doubtful debts	2,646,026	510,445
Packing and forwarding expenses	254,157	193,315
Share of loss in associate	-	5,330,283
	99,843,523	74,677,898
19 Interest & Finance costs		
On fixed loans	5,759,051	8,032,636
Other loans	16,500,440	16,688,483
- Bank charges & commission	535,451	276,020
	22,794,942	24,997,139



Schedule forming part of Consolidated Financial Statements

Schedule – 20 – Accounting policies and Notes to Accounts

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

20.0 Statement of significant accounting policies

(a) Basis of Consolidation

The consolidated financial statements comprises of the financial statements of Accel Transmatic Limited (the holding Company) and its following subsidiary

Subsidiary Company :

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

This company has a branch in Japan.

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

The consolidated financial statements are prepared on the following basis:

- (i) The financial statements of the holding company and its Subsidiary company have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses except as stated below based on unaudited accounts of the subsidiary 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.

(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 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(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 depre / Amortization (%)
Building	3.34
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
Intangibles – Digital Assets	25.00
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.

(e) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use or sale 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing

Schedule – 20 – Accounting policies and Notes to Consolidated Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

(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 merger 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.

(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) 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.

(i) 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.

(ii) 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 company

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

(l) 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.

Schedule – 20 – Accounting policies and Notes to Consolidated Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

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.

(o) Segment accounting

(i) Segment accounting policies

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

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.

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

20.1 A) Fixed assets

Land under Fixed Assets includes Rs.67.60 lacs being the value of land allotted and possession handed over by KINFRA Film & Video Park (The Party) to the Company for development of an Animation Studio for which the registration formalities are yet to be completed. As per the agreement with "the party", the said land has to be developed within a period of 2 years from the date of allotment i.e. on or before 05.04.2010, failing which the land has to be surrendered to them upon which the party has the right to forfeit 10% of the value. The said land could not be developed within the time frame agreed on account of the difficult scenario being faced by the Animation Industry in general and the Company in particular. The management is taking steps to get the said time frame extended by the party and no adjustment is made in the accounts as at the year end towards the amount liable to be forfeited as above.

Schedule – 20 – Accounting policies and Notes to Consolidated Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

B) Capital work in progress & inventory

The animation division of the Company is engaged in the development of Animation content on contract/own or co-production basis. The cumulative direct expenses incurred for such activities are carried forward under Fixed Assets/Capital Work-in-progress (in case of own/co-production) and work-in-progress under Inventories (in case of contract production). Accordingly, as at the year end, the following amounts are carried forward in the Accounts:-

1. Under Fixed Assets in respect of own Digital Assets completed and ready for commercial exploitation, (net of amortization) Rs. 523.33 lacs.
2. Under Capital Work-in Progress in respect of Digital Assets under Own / Co-production pending completion Rs. 808.25 lacs;
3. Work-in-progress under Inventories (Current Assets) in respect of Digital Assets being developed on contract basis Rs. 44.42 lacs.

The above amounts are carried forward considering the long gestation nature of this type of business/industry and also its future cash flows / earning potential, as estimated by the management.

Financial commitments including minimum guarantee payments as per the terms of the agreements entered into with co-producers will be accounted for, as and when such liability accrues.

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.

20.2 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) 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.

20.3 Taxation

(A) Current taxes

- (i) In respect of Holding company, 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 subsidiary, provision for tax has been made as per applicable tax laws of the respective countries as estimated by the management.

(B) Deferred taxes

Net Deferred Tax Asset as on March 31, 2011 is Rs. 1,14,83,124/- (Previous Year Asset Rs. 31,56,160). Net Deferred Tax Asset as at the yearend is not recognized as a matter of prudence.

20.4 Investments

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

20.5 Preferential warrants

The company had, during the year ended 31.03.2011, issued 5,50,000 convertible warrants to a subscriber for a face value of Rs. 10/- each at a price of Rs 30.30 aggregating to Rs. 16665000/-. The subscriber has remitted Rs. 41,66,250 being 25% of the issue consideration; vide approval of the share holders in its EGM held on 17.12.2010. 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 price of Rs. 30.30 each within a period of 18 months from the date of issue of warrants at the option of the subscribers. In case the subscriber do not exercise the option for such conversion within the prescribed period, the amount paid for will be forfeited.

20.6 Secured loans

A. The Federal Bank Limited:

The unexpired Bank Guarantees issued by the bank and outstanding at the year end amounting to Rs. 0.60 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:

1. The Cash Credit limits, Term Loan Limits and Non Funded Limits (The Limits) are secured by hypothecation of Intellectual property rights and receivables and hypothecation of assets created out of bank finance.

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

3. The limits are further secured by assignment of lease deposits in respect of leased properties at Chennai & Trivandrum in favour of the bank. The loans are also secured by Corporate Guarantee of Accel Limited and pledge of 7,50,000 equity shares of Accel Transmatic Limited held by Accel Limited, the holding company.

C. Hire purchase loans – holding company

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

Schedule – 20 – Accounting policies and Notes to Consolidated Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

20.7 (a) Contingencies and commitments

(Rupees in Lacs)
March 31, 2011 March 31, 2010

Outstanding bank guarantees / letter of Credits - \$	29.71	148.15
Corporate Guarantee to a bank on behalf of an Associate Concern @	385.00	350.00
Sales tax Demands	6.28	Nil
Income Tax Demands	135.95	Nil
Customs	33.87	Nil
PF & Others	26.87	17.56

\$ Includes Rs.28.61 Lacs 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. The same has been secured by an equivalent cash deposit from the associate concern. The corporate guarantee given to a bank for the limits enjoyed by the erstwhile subsidiary, M/s Accel IT Resources Limited is counter guaranteed by M/s Accel Limited, the Holding company and is also secured by a security deposit of Rs. 230 Lakhs (P Y – Rs. Nil) from the erstwhile subsidiary, the now associate concern, and is included under other liabilities..

(b) Estimated amount of Contracts remaining to be executed on Capital account and not Provided for (Net of Advances) is Rs. 144.68 Lacs (Previous year Rs. 24.66 Lacs)

20.8 Exceptional Items

(a) During the year the company divested 100000 equity shares of Rs. 10 each representing 10% of Share Capital of Accel IT Resources Limited (Formerly Accel Academy Limited) for a consideration of Rs. 120 Lakhs. The profit on sale of investments of Rs.60 Lacs (Previous year Profit Rs. 234 Lacs on sale of 390,000 shares of Rs.10/- each in the same company) has been credited to Profit and Loss account as exceptional item.

20.9 (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, 2011 March 31, 2010

Salaries & Allowances	30,00,000	15,00,000
Contribution to provident fund	9,360	9,360

20.10 Details of Payment to Auditors included under General expenses

March 31, 2011 March 31, 2010

Statutory audit	3,30,900	3,30,900
Tax audit (On Payment Basis)	Nil	55,150
Other Services (On Payment Basis)	Nil	97,064

20.11 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 2011, 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.

20.12 Obligation on Long Term non-cancelable finance lease

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

Particulars	2010-2011	2009-2010
Minimum Lease Payment		
Not Later than 1 Year	Nil	63,28,264
Later Than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Present Value of Minimum Lease Payments		
Not Later than 1 Year	Nil	59,35,057
Later Than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Finance Charges Recognized in the P & L A/c	5,19,713	19,38,579

Schedule – 20 – Accounting policies and Notes to Consolidated Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

20.13 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)	Software Services	Animation Services	Total
Segment Revenue				
External Sales Net of Taxes & Duties				
Current year	-	1,997.16	515.06	2,512.22
Previous Year	-	1,548.17	331.31	1,879.48
Total Revenue				
Current year	76.67	1,997.34	534.26	2,608.28
Previous Year	424.59	1,549.72	344.92	2,319.23
Segment Result				
Current year	(24.75)	180.97	(298.77)	(142.55)
Previous Year	287.91	181.22	(334.77)	134.36
Interest Expense (Net)				
Current year	9.64	32.69	181.16	223.49
Previous Year	9.61	33.04	204.22	246.87
Non Operational Expenses				
Current year	-	22.87	3.59	26.46
Previous Year	-	-	5.10	5.10
Net profit / (Loss)				
Current year	(34.39)	125.41	(483.51)	(392.49)
Previous Year	278.30	148.17	(544.09)	(117.62)
Other Information				
Segment Assets				
Current year	2,515.11	840.68	1,802.02	5,157.80
Previous Year	689.51	806.14	2,446.84	3,942.49
Segment Liabilities				
Current year	2,082.42	789.85	2,285.53	5,157.80
Previous Year	689.51	806.14	2,446.84	3,942.49
Capital Expenditure				
Current year	-	30.64	29.13	59.77
Previous Year	16.82	29.86	847.31	893.99
Depreciation				
Current year	4.13	48.85	397.60	450.58
Previous Year	3.26	61.30	221.97	286.53
Non Cash Expenses				
Other than Depreciation				
Current year	-	22.87	3.59	26.46
Previous Year	-	-	5.10	5.10

ACCEL TRANSMATIC LIMITED

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Schedule – 20 – Accounting policies and Notes to Consolidated Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

20.14 Related party transactions

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

	31.03.2011	31.03.2010
Accel Systems Group Inc.	(61,966)	(62,583)
Accel IT Resources Limited	Nil	71,76,972
Accel Frontline Services Limited	Nil	2,85,67,309

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

	31.03.2011	31.03.2010
Accel Frontline Limited	36,86,322	25,28,885
Accel Frontline Services Limited	15,28,776	2,43,516
Accel IT Resources Limited	2,29,36,562	Nil
Accel Media Ventures Limited	Nil	1,45,000

C) Loan Funds include amount due to Holding Company / Associates:

	31.03.2011	31.03.2010
Accel Limited	4,98,69,418	2,49,60,879
Accel Media Ventures Limited	Nil	6,74,194
Accel Frontline Services Limited	5,08,41,658	Nil

Maximum amount outstanding at any time during the year:

	31.03.2011	31.03.2010
Accel Limited	4,98,69,418	5,27,58,570
Accel Media Ventures Limited	674,194	1,02,74,194
Accel Frontline Services Limited	6,03,49,608	Nil

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

20.15 Related Party Transactions

Particulars	Controlling Company	Companies Under Common Control	Key Management Personnel
Receiving of Services / Purchases	-	1,265,798	-
Remuneration to Whole time Directors	-	-	3,009,360
Rent receipts	-	1,214,880	-
Guarantee Commission received	-	350,000	-
Sale of Investments	12,000,000	-	-
Interest Received	-	137,500	-
Interest Paid	4,411,561	5,038,555	14,959
Balances Outstanding as at March 31, 2011			
Finance (including loans & equity contributions in cash or in kind)	49,869,418	50,841,658	150,000
Trade Payables	-	52,15,098	-
Security deposit received	-	23,000,000	-

20.16 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl.No	Particulars	31.03.2011	31.03.2010
01	Profit / (Loss) after taxation Profit available to Equity Shareholders	(3,89,50,484)	(1,41,17,488)
02	Less: Extra Ordinary Item	60,00,000	4,18,35,673
03	Profit / (loss) Without Extra Ordinary Item	(4,49,50,484)	(5,59,53,161)
04	Weighted average number of equity shares	1,10,71,682	11,03,74,010
05	Basic & Diluted earnings per share with Extraordinary Item	(3.52)	(1.28)
06	Basic & Diluted Earnings per Share without Extraordinary Item	(4.06)	(5.07)
07	Basic earnings per share with Extraordinary Item	(3.53)	(1.28)
08	Basic Earnings per Share without Extraordinary Item	(4.07)	(5.07)
09	Total Nominal Value of Shares	11,03,74,010	11,03,74,010

20.17 Derivatives

Sl. No	Particulars	31.03.2011	31.03.2010
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	EURO 25,000	EURO 25,000
	Due from Debtors	US\$12,40,398 JPY17,37,145 GBP4,334	US\$ 12,96,832 JPY 34,25,383 GBP 4, 334



Schedule – 20 – Accounting policies and Notes to Consolidated Accounts (continued)
(All amounts are in Indian Rupees, unless otherwise stated)

20.18 Employee Benefits

a) Consequent to Accounting Standards 15 of Companies (Accounting Standards) Rules, 2006 becoming effective, the company has adopted the said standard with effect from 1st April 2007.

b) Disclosure required under AS15 – “Employee Benefits” (Revised 2005)

1. Defined Contribution Plan

During the year, the company has recognized in the Profit and Loss Account, an amount of Rs. 32.60 lacs (Previous Year Rs.29.42 lacs) on account of defined contribution towards Provident Fund and Rs. 6.49 lacs (Previous Year 3.38 lacs) towards Employees State Insurance Scheme.

2. Defined Benefit Plans

Gratuity – Funded Obligation

I	Actuarial Assumption	31.03.11	31.03.10
	Discount Rate (per annum)	8%	8%
	Salary escalation rate *	10%	6%
	Expected average remaining lives of working employees (year)	25.65	25.80

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 beginning at the year	4,265.29	3,637.52
	Current Services Cost	2151.36	1,069.48
	Interest Cost	427.28	292.05
	Actuarial (gain)/loss	2806.62	(2.51)
	Benefits Paid	(573.04)	(482.41)
	Present value of obligation at the end of the year	9,077.51	4,265.29

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	9,077.51	4,265.29
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	7,870.93	2,611.78

IV	Expenses recognized in the Profit and Loss Account	Rs.in '000	R s. in 000,s
	Current Service Cost	2,151.36	1,069.40
	Interest Cost	427.27	292.05
	Actuarial (gain) / loss recognized in the period	2,680.51	(378.87)
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	5259.15	982.58

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	31.03.11	31.03.10
	Discount Rate (per annum)	8%	7%
	Salary escalation rate *	10%	5%
	Expected average remaining lives of working employees (year)	23	15

* 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 beginning of the year	2,804.42	2,700.15
	Current Services Cost	4,135.44	30,81.21
	Interest Cost	389.77	296.85
	Actuarial (gain)/loss	(1,263.47)	(3,273.79)
	Benefits Paid	-	-
	Present value of obligation at the end of the year	6,066.16	2,804.42

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	6066.16	2,804.42
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	6066.16	2,804.42

IV	Expenses recognized in the Profit and Loss Account	Rs.In '000	Rs.in '000
	Current Service Cost	4,135.44	3,081.21
	Interest Cost	389.77	296.85
	Actuarial (gain) / loss recognized in the period	(1,263.47)	(3,273.79)
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	3,261.73	104.27

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

20.19 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
Chartered Accountants

K M Sukumaran
Partner
Membership No. 15707

For and on behalf of
the Board

N.R. Panicker
Chairman

A. Mohan Rao
Independent Director

Philip John
Whole time Director

Place : Chennai
Date: May 27, 2010

S.T.Prabhu
Company Secretary



ACCEL ANIMATION
STUDIOS

kahani
world KW

RAJU THE RICKSHAW

78 X 7 MINUTES

HD

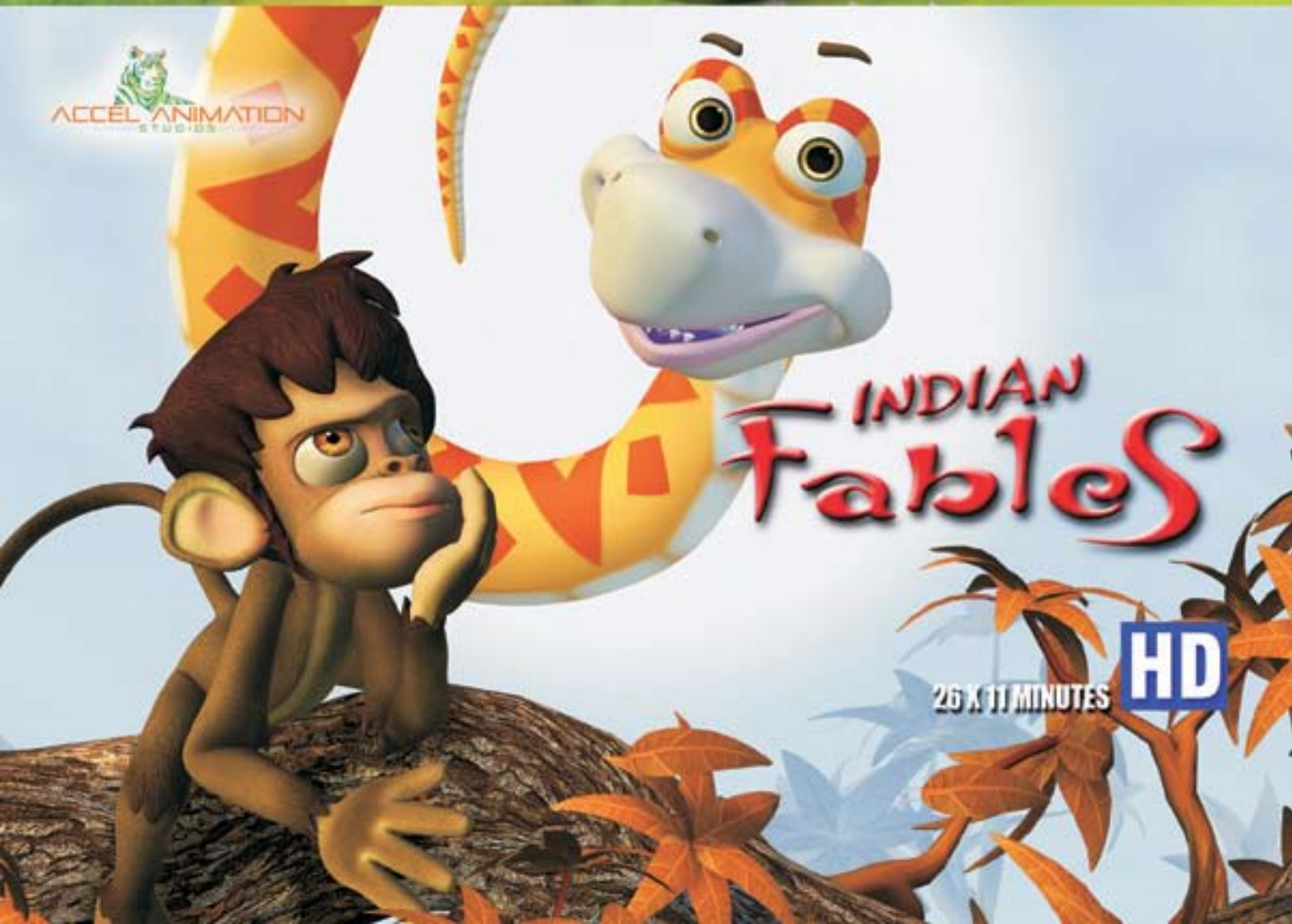


ACCEL ANIMATION
STUDIOS

INDIAN Fables

26 X 11 MINUTES

HD



ACCEL TRANSMATIC LTD

SYSTEMS & TECHNOLOGY SOLUTIONS

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