



Annual Report 2012-2013

ACCEL TRANSMATIC LTD



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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BOARD OF DIRECTORS

N R Panicker
Chairman

M R Narayanan
Independent Director

A Mohan Rao
Independent Director

ST Prabhu
Company Secretary & Director

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

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

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

Registrars & transfer agents
M/s Integrated Enterprises (India) Ltd
2nd Floor, Kences Towers
No. 1 Ramakrishan 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

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

Animation Division
1) No. 132, III Floor, Murugesu Naicker Office Complex,
Hussain Mansion, Greams Road,
Thousand Lights, Chennai - 600 006.
Phone : +91-44-42015105 / 42015237

2) DRISHYA Building,
Animation SEZ
KINFRA Film & Video Park,
Kazhakuttam, Thiruvananthapuram - 695 585
Phone : +91-471-2417434 / 2417435



Notice

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of Accel Transmatic Limited will be held at Freemasons Hall, Vazhuthacaud, (Adjacent to Cotton Hill Girls High School), Thiruvananthapuram - 695 014 on 14th August 2013 at 11.30 AM 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 2013 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. A. Mohan Rao who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. A. Mohan Rao has been given in the Corporate Governance section of the Directors' Report.

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

"RESOLVED THAT Mr. A. Mohan Rao, be and is hereby re-appointed a Director of the company."

3. 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, a Director liable to retire by rotation, who does not seek re-election, is not reappointed a Director of the Company.

RESOLVED FURTHER that the vacancy, so created on the Board of Directors of the Company, be not filled."

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 M/s. Varma & Varma, Chartered Accountants (Registration No.4532S), be and are hereby 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 on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS :

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

5. RESOLVED THAT Mr. S.T. Prabhu, who was appointed by the Board of Directors as an Additional Director of the company with effect from 14th August 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and he is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

6. To consider and, if thought fit, to pass the following Resolution as a Special Resolution with or without modification :

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions of the Articles of Association of the Company, the Authorised Capital of the Company, be and is hereby changed / altered from Rs.20 Crores (Rupees Twenty Crores only) consisting of 1,97,50,000 Equity Shares of Rs.10/- each and 2,50,000 Preference Shares of Rs.10/- each to Rs. 20 Crores (Rupees Twenty Crores only) consisting of 1,50,00,000 Equity Shares of Rs.10/- each and 50,00,000 Preference Shares of Rs.10/- each by reduction of 47,50,000 Equity Shares of Rs.10/- each and increase of 47,50,000 Preference Shares of Rs. 10/- each of the Company."

- (a) THAT Clause V of the Company's Memorandum of Association be and is hereby altered as under :

"The Authorised Share Capital of the Company is Rs.20,00,00,000 (Rupees 20 Crores) consisting of 50,00,000 Redeemable Preference Shares of Rs.10/- each and 1,50,00,000 Equity Shares of Rs.10/- each, with power to consolidate, convert, sub divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act 1956."

- (b) THAT the Articles of Association of the Company be altered by substituting the existing Article 3 by the following Article namely –

3. The Authorised Share Capital of the Company is Rs.20,00,00,000 (Rupees 20 Crores) consisting of 50,00,000 Redeemable Preference Shares of Rs.10/- each and 1,50,00,000 Equity Shares of Rs.10/- each, with power to consolidate, convert, sub divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act 1956.

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT, subject to the applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof from time to time) and the regulations / guidelines, if any, prescribed by Reserve Bank of India and Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as applicable or necessary, and subject to the provisions of the Memorandum of Association and Articles of Association of the Company, which the Board of Directors (hereinafter referred to as "the Board"), which term shall be deemed to include any committee constituted / to be constituted by the Board and authorized by the Board to exercise its powers, including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized on behalf of the Company, to create, offer, issue and allot upto 50,00,000 number of 10% cumulative redeemable Preference Shares (preference shares) of face value of Rs.10/- each, in India or abroad, in such tranches, on such terms and conditions and in such manner including, but not limited to, by way of private placement or public issue or rights issue to the shareholders (including its holding company or its nominees) or to any domestic / foreign investors, through prospectus and/or letter of offer and/or circular an/or any other document as the Board may in its absolute discretion deem fit.



RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of preference shares as may be required to be issued and allotted.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue and allotment of preference shares, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s) including, but not limited to, prospectus and/or letter of offer and/or circular, and sign all deeds, documents and writings and to pay any fees, commission, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors."

By Order of the Board of Directors,

Chennai.
30th May 2013

N.R. PANICKER
CHAIRMAN

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

Explanatory statement :

As required by Section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the business mentioned under item nos. 5, 6 and 7 of the accompanying Notice dated 30th May 2013

Item No. 5

Mr. S.T. Prabhu, 56 years, joined Accel Transmatic Limited's Board on 14th August 2013 Mr. S.T. Prabhu has 31 years of experience spanning across several sectors and is a Chartered Accountant and Company Secretary, He serves on the Boards of other Accel Group companies including Accel Limited and Accel Media Ventures Limited.

Mr. S.T. Prabhu was co-opted as an Additional Director by the Board of Directors of the company with effect from 14th August 2012. Pursuant to Section 260 of the Companies Act 1956, S.T. Prabhu will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as Director.

Due Notice under Section 257 of the Act has been received from a Member, proposing the appointment of Mr. S.T. Prabhu as director of the company at the ensuing Annual General Meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. S.T. Prabhu.

Item No. 6

The company's paid up equity share capital is Rs.11.04 crores and

the equity shares are listed on Bombay Stock Exchange Limited (BSE).

At the Board Meeting held on 30.05.2013, the Board of Directors of the Company approved subject to compliance with all related formalities, the Company converting the loans taken by it from the Holding company and group companies and capitalizing the same and issuing preference shares . Further, the company has been making losses for the past few years and need to shore up its networth, which has eroded. Accordingly was requesting its holding company to invest in the company and /or convert the loans to share capital. The Holding company had conveyed its willingness to subscribe for Preference shares and hence these resolutions are proposed.

The present Authorised Capital of the Company is Rs.20 crores divided into Rs.19.75 crores equity capital and Rs.0.25 crores preference capital.

To enable the Company to issue / convert authorised equity capital into preference capital (authorized), the Board of Directors of the Company at their meeting held on 30.05.2013, subject to the approval of the shareholders, approved the Company altering the Authorised Capital (without increasing the overall limits) by increasing the preference capital and reducing the equity capital.

It may be noted that the preference share capital of the Company presently representing 250,000 preference shares of Rs.10/- each is being increased to 50,00,000 preference shares of Rs.10/- each within the overall authorized capital of Rs.20 crores, by reducing the equity capital.

In view of the proposed issue of preference shares, it is deemed necessary by the Board to change the division of equity and preference share capital in its authorized capital.

The change in the Authorised Capital of the Company also requires consequential amendments to the first paragraph of Clause V of the Memorandum of Association and Article 3 of Articles of Association of the Company dealing with the Authorised Capital of the Company.

The relevant Article 3 as at present and with the proposed amendment is given below for ready reference of the Members :

Present Article	Proposed Article
The Authorised Share Capital of the Company is Rs.20,00,00,000 (Rupees Twenty Crores) divided into 1,97,50,000 (One Crore Ninety Seven Lacs and Fifty Thousand only) Equity shares of Rs.10/- (Rupees Ten only) each and 2,50,000 (Two Lacs and Fifty Thousand) preference shares of Rs.10/- (Rupees Ten only) each with power to increase, modify and reduce the capital of the company and to divide the shares in the capital of the company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively, preferential, differed, qualified or special rights, privileges or conditions, as may be determined under the provisions of the Act.	The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees 20 Crores) consisting of 50,00,000 Redeemable Preference Shares of Rs.10/- each and 1,50,00,000 Equity Shares of Rs.10/- each, with power to consolidate, convert, sub divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act 1956.



Item No. 7

The Company may need to raise long-term resources from time to time to carry on its activities and expansion of business. Further, the holding company, Accel Limited has extended over a period of time substantial amounts as corporate loans. Under the present circumstances, the servicing of this loan is difficult for the company. Further considering losses made in last few years, the network has been eroded and the it need to be shored up. The holding company, Accel Limited is willing to convert part of the loan into Preference Shares. Further, the management is hopeful that it may be in a position to attract some investors who are willing to take/ subscribe for Preference Shares.

In view of the above, your Directors felt it would be in the overall interest of the Company to explore the option of mobilization of long-term resources by issue of preference shares by way of private placement or public issue or rights issue to its shareholders(including its Holding company and its Nominees) or to any domestic/ foreign investors, or in such other manner, in such tranches as the Board may, in its absolute discretion deem fit, from time to time, subject to applicable provisions of the Companies Act, 1956 (including with the aforesaid amendment being given effect to, as also any other statutory modification or re-enactment thereof from time to time) and the provisions of the Memorandum and Articles of Association of the Company. To give effect to the above, it is proposed that the Board of Directors / any Committee thereof be authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental thereto, including listing of the preference shares.

The Directors recommend the adoption of the Resolutions at Item No. 6 & 7 of the Notice. No Director is in any way concerned or interested in the Resolutions at Item No. 6 & 7 of the Notice, except to the extent of his/her participating in the proposed issue of preference shares as also to the extent of participation in the proposed issue of preference shares by a financial institution / company / body corporate / firm / bank / undertaking in which the Director or his/her relative may be directly or indirectly concerned / interested.

By Order of the Board of Directors,

Chennai.
30th May 2013

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, 05th August 2013 to Wednesday, 14th August 2013 (both days inclusive).

4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting upto the date of Annual General Meeting.
5. The Members / Proxies are requested to bring their copy of the Annual Report with them at the Meeting and to produce the admission slip, duly completed and signed, at the entrance for admission to the meeting hall.
6. Notice alongwith explanatory statement, Annual Report as well as Annual Accounts of the subsidiary companies and Register of Directors' Shareholding are open for inspection, during the business hours, at the Registered Office of the Company.
7. 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 - 2006	15.09.2006	14.09.2013
2006 - 2007	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 with the company.

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

8. The particulars of the Director, retiring by rotation and eligible for re-appointment, are given in the Report of the Directors to the Members and also in the Report on Corporate Governance.
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

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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 properly.

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. Members are requested to bring their Annual Report copies and the duly filled in attendance slips sent herewith while coming for attending the Annual General Meeting.
16. Members are requested to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices, etc., in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India. The form for such registration can be downloaded from the Company's corporate website www.acceltransmatic.com under the section "Investor Relations" or can be furnished by Registrars on request.

By Order of the Board of Directors,

Chennai.
30th May 2013

N.R. PANICKER
CHAIRMAN

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

Director's Report

Dear shareholders,

Your Directors are pleased to present the 27th annual report together with the audited accounts of the company for the year ended March 31, 2013.

Financial results	In INR Millions	
	Standalone	
	2013	2012
Income from operations	36.83	237.42
Profit before interest, depreciation & tax	(9.43)	85.77
Interest	24.31	30.90
Depreciation	51.67	51.97
Provision for tax	-	-
Profit /(loss) after tax	(65.42)	2.89

Review of operations:

During the financial year 2012-13, your company recorded total income of Rs 36.83 mn (previous year Rs 237.42 mn) comprising income from animation services of Rs 11.62 mn , other services Rs.5.21 mn and incentives on sale of technologies division of Rs 20 mn. The company reported a net loss of Rs 65.42 mn.

The company during the year continued to focus on content development services in Animation and Visual Effects and other activities in entertainment space.

During the year the animation division reported a negative EBITDA of Rs 12.92 mn (previous year, a negative EBITDA of Rs.67.54 mn) and reported a loss of Rs 88.32 mn mainly due to the high interest outgo on the term loan availed for creation of infrastructure and the amortization of its Intellectual properties without realizing a matching revenue by exploiting the same through global distribution. During the financial year under review, the company capitalized amounts spent on development of a seventy minute series meant for DVD sales amounting to Rs 0.94 mn.

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

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 V 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 VI to this Report.

Particulars of employees

The company has not employed any person attracting the provision of section 217 (2a) of the companies act 1956 during the year.

Dividends

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

Directors

Mr. A. Mohan Rao and Mr. M R Narayanan Directors of the company, retire by rotation.

Mr. A. Mohan Rao being eligible for re-appointment offers himself for reappointment..

Mr. M R Narayanan, though being eligible for reappointment, do not intend to offer himself for reappointment and it has been decided that such vacancy is not filled up.

Mr. S.T. Prabhu who has appointed as additional director holds office up to the date of AGM and the company has received a notice proposing his candidature for appointment as a director.

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.

Auditors and their report

M/s 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.

The auditors have emphasised in their report about the realisation of intangible assets, that the company has incurred cash loss, networth has been eroded and the current liabilities exceeds the current assets.



The board of directors would like to clarify as below regarding “emphasis matter” expressed by the auditors in their report annexed with this annual report.

1. The company continued to incur losses during the period under review, due to various reasons like lack of viable service orders, interest cost on the borrowings made for investments in fixed assets and delays in monetising the assets due to market slowdown for animated content. The management is confident of sustaining the operations and recovering the investments made in the business.
2. The promoters have lent funds to sustain the operations during the years, the company incurred losses. These amounts have been shown under current liabilities and hence the mismatch between current assets and current liabilities. The holding company has already decided to convert into Rs 5 cr out of these funds into cumulative preferential shares to strengthen the equity base of the company and also to improve the current ratio.
3. The company is taking adequate steps to liquidate certain real estate assets owned by the company to reduce the bank liabilities and pay statutory liabilities.
4. The management is committed to grow the media business and is confident of carrying on the business as a going concern basis and would bring in necessary support to the extent possible as and when required.
5. The company had given corporate guarantee to a bank for the financial facilities enjoyed by a group company when the same was a subsidiary of the company. Subsequently the borrower company, which ceased to be a subsidiary, has repaid all loans taken from the bank except to the extent of Rs. 50 lacs, enjoyed as a cash credit which is expected to be closed during the current year.
6. The company had availed a term loan for Rs. 10.50 crores from a bank to fund the fixed assets, which were payable over a period of five years and hence long term in nature. The only short-term borrowing are in the form of cash credit facility and public deposits which are supported by Accounts Receivables. The long-term assets were acquired/ developed out of funds infused by the promoter companies.

The management is confident that it will be able to realise the intangible assets and with the support of its holding company and also as explained in the notes to accounts and also explained above, will continue to operate as a going concern.

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 2012–2013 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.

By Order of the Board of Directors,

Chennai.
30th May 2013

N.R. PANICKER
CHAIRMAN

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

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 very 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 networked 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 36.83 mn for the year ended March 31, 2013 (previous year Rs 237.42 mn). The company reported a net loss of Rs 65.42 mn for the year ended March 31, 2013 (previous year Net profit Rs.2.89 mn).

During the year, the company received an incentive of Rs. 20.00 mn on its sale of Technology services division during the previous year to Accel Frontline Limited.

During the year, the company continued to incur losses in the animation services division. Efforts are continued to market the intellectual property rights (IPR) of the company namely, “Raju the Rickshaw”, a pre-school TV series of 78 episodes of 7 minutes each, India Fables, which is a TV series of 26 episodes of 11 minutes each along with “Shaktimaan” in 2D for broadcasting, which consists of 13 episodes of 23 minutes each, a co production work with Big Animation Studios. The revenues out of these IPR are expected in the coming years.



The company is continuing to explore the India sub continent right held by the company for the 3D family adventure film, "The Flying Machine" produced by Oscar winning producer Hugh Welchman of Breakthru Films, UK. The film has been produced with an unique combination of Cutting Edge Live Action, Stop Motion Animation and 3D stereoscopy.

Preferential Warrants:

The company had issued 5,50,000 convertible warrants to a subscriber (non promoter) for a face value of Rs. 10/- each at a price of Rs 30.30 aggregating to Rs.16,665,000/- on December 31, 2010. The subscriber has remitted Rs. 41,66,250 being 25% of the issue consideration. The Issue was approved by the share holders in the EGM held on December 17, 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 subscriber. The subscriber did not exercise the option for such conversion before June 30, 2012 and hence the amount remitted has been forfeited and transferred to Reserves and Surplus account.

Business Model

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.

Indian Media & Entertainment Industry

The Indian M&E industry grew from INR 652 billion in 2010 to INR 728 billion in 2011, registering an overall growth of 12 percent. The industry is estimated to achieve a growth of 13 percent in 2012 to touch INR 823 billion. Going forward, the sector is projected to grow at a healthy CAGR of 14.9 percent to reach INR 1,457 billion by 2016. Animation and VFX, digital advertising and gaming are fast increasing their share in the overall pie. The animation and VFX industry in India has grown from INR 14 Bn in 2007 to INR 31 Bn in 2011. The growth in 2011 over 2010 is 31.2%. The industry is expected to be at INR 69 Bn in 2016 registering a CAGR of 17% from 2011 to 2016.

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. We have still not evolved in financing models for the animation industry, as traditional bank & institutional finance will not suit the requirements of the industry involving large gestation period in recovery of the investments.

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 licensing 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 primary 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. Accel Animation Studios has already released two IPs, Indian Fables (www.southindiafables.com) and, Raju the Rickshaw for worldwide release. Raju the rickshaw is an IP developed by the company under a license agreement for 15 years with Kahani World Inc, Canada

Human Resource Management

As on March 31, 2013, the company had an employee strength of 28 (PY 44). 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 Animation Division operates in fully equipped world class studios in Chennai and Trivandrum. The Chennai facility is about 7,000 sqft & the Trivandrum facility is about 12,000 sqft. These offices 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, reported a net turnover of Rs 36.83 mn for the year ended March 31, 2013 (previous year Rs 237.42 mn). The company reported a net loss of Rs 65.42 mn (Previous year profit 2.89 mn) .

Sales from Geographies

During the year under review, services exports contributed 79% to the total revenue whereas domestic operations contributed 21% to the total revenue.

Financial challenges

The major challenge during the year was working capital management. The company has been incurring cash losses in the Animation Division for the past 6 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. The management has taken steps to contain losses and hopes to turnaround the operations of the animation division during the current financial year.

Reserves and surpluses

The General Reserves stood at Rs 28.56 mn including capital reserves of Rs 12.16 mn. The company has not revalued any of its assets during the year under review

Loan profile

As on March 31, 2013, 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. An amount of Rs.25 mn relates to the Technologies business which was sold during the previous year to M/s Accel Frontline Limited. Pending transfer of liability in the books of the bank, the utilized balance as at 31.03.2013 relating to the transferred business was Rs. 20.01 mn. The funds utilized and outstanding relating to the continuing business were Rs 61.68 mn. The total amount of performance guarantees issued by the banks stands at Rs 0.11 mn, on the balance sheet date. The term loans were availed for creation of facilities for animation division.

Loans and advances

The loans and advances were Rs 20.63 mn as at the end for the year under review. This includes an amount of Rs 4.75 mn lying as security deposits offered for various leased premises taken by the company and other deposits , deposits with government bodies Rs. 6.99 mn, other advances amounting to Rs. 6.59 mn and Rs 2.29 mn of unbilled revenues as on March 31, 2013.

Capital expenditure

The capital expenditure incurred during the year towards upgradation was Rs 0.01 mn. These capital expenditure were incurred mainly to enhance the infrastructure of the animation division. Apart from this, the expenditure involved in creation of a DVD series in the Animation Division for retail market exploitation, which is yet to get completed amounting to Rs. 0.94.

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 Rs 32.62 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 some of its investment held in listed securities

Interest outflow

The company incurred a total outflow of Rs 24.31 mn towards interest and finance charges, and charged to the Profit and Loss account. The interest outflow also includes an amount of Rs 9.64 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 0.72 mn (Previous year of Rs 3.16 mn) on account of foreign exchange fluctuations.

Risk management

We operate in highly competitive and fast changing market environment. We face challenges due to the fast changing technology and shortage of technically competent professionals and the high attritions that are faced in the industry. In animation, 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 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 and all the 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 Mr. Philip John who was a whole time director, ceased to be a director and whole time director with effect from 14th August 2012.

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

Details of Remuneration / Sitting Fees paid to Directors

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

No remuneration was paid to the executive director Mr. Philip John for the period 01-04-2012 to 14-08-2012.

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

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

Summary	Board and Committee Meetings		
	Board	Audit	Total
Mr. M.R. Narayanan	30,000	7,500	37,500
Mr. Mohan Rao	40,000	10,000	50,000
Grand Total	70,000	17,500	87,500

Board Meeting

During the year under review, 4 board meetings were held on 29.05.2012, 14.08.2012, 09.11.2012 and 07.02.2013 and maximum interval between any two meeting was not more than 120 days.

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

Name of Director	Category	FY 2012-2013 Attendance at		As on 31.03.2013		
		BM	Last AGM	No. of Directorship in Domestic Public Companies (including this company)	Committee Position	
					Member	Chairman
N.R. Panicker	Non Executive Chairman, Promoter	04	YES	06	02	01
M.R. Narayanan	Non Executive, Independent	03	YES	02	03	NIL
A. Mohan Rao	Non Executive, Independent	04	YES	02	01	02
Philip John Note 1	Executive	02	YES	NIL	NIL	NIL
S.T. Prabhu Note 2	Director & Company Secretary	02	YES	03	NIL	NIL

Note 1: Mr. Philip John Director retired at the AGM held on 14-08-2012 and was not appointed as a director and also ceased to be the whole time director.

Note 2: Mr. S.T. Prabhu was co-opted as an additional director in the board meeting held on 14.08.2012

Board Procedure

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

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

Attendance of Last Annual General Meeting

All Directors of the Company attended the last Annual General Meeting held on 14th August 2012.

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 interests of the Company. These committees monitor the activities falling within their scope of reference. The Board's committees are as follows.

Audit Committee

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreement with Stock Exchange and covers all the aspects stipulated by the

SEBI Guidelines. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

Composition

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

During the period under review, 4 Audit Committee Meetings were held on 29.05.2012, 14.08.2012, 09.11.2012 and 07.02.2013.

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	4	4	3

The scope of the Committee includes:-

- 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;
- Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;
- Approving fees for non-audit consulting/ services provided by the firms of statutory auditors;
- Reviewing with the management the periodic financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices;
 - Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - Compliance with accounting standards;



- Compliance with Stock Exchange and legal requirements concerning financial statements;
 - Any related party transactions i.e. transactions of the company of material nature, with the promoters or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the company at large;
- e. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- f. Discussing with internal auditor any significant findings and follow-up thereon.
- g. Discussing with statutory auditors before the audit commences, the nature and scope of audit, as well as conduct post-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.

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:

Mr. A. MOHAN RAO

Mr. A. Mohan Rao is a veteran in the IT industry and 32 years of experience in marketing and business management. Served as President and CEO of HCL Ltd, before becoming an independent consultant.

Mr. A. Mohan Rao holds the following Directorships / Committee Memberships.

Mr. A. Mohan Rao holds NIL equity shares of the company.

Name of the Companies/firms	Nature of interest
1. MROTek Limited	Director
2. Spatik Consultants Private Limited	Director

Committee Position : Accel Transmatic Limited

Audit Committee	Chairman
Remuneration Committee	Member

Mr. S.T. Prabhu

Mr. S.T. Prabhu is a Chartered Accountant and Company Secretary with over 31 years of experience and Director of Accel Ltd.

Mr. S.T. Prabhu holds 24,000 equity shares of the company.

Mr. S.T. Prabhu holds the following Directorships / Committee Memberships.

Name of the Companies/firms	Nature of interest
1. Accel Limited	Director
2. Accel Transmatic Limited	Director
3. Accel Media Ventures Limited	Director

Committee Position : Accel Transmatic Limited

NIL

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

(a) For routine matters:

Trivandrum

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

(b) For Redressal of Complaints and Grievances:

Chennai

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

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

Received	8
Replied	8

General Body Meeting

Location and time of General Meetings

Year	Type	Date	Venue	Time
2002 – 2003	AGM	30.09.2003	Lakshmi Chambers, III Floor, Vazhuthacaud, Trivandrum	12.30 pm
2003 – 2004	EGM	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	11.00 am
2003 – 2004	Court Convened General meeting	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	02 pm to 4 pm.
2003 – 2004	AGM	14.03.2005	Lakshmi Chambers, II Floor, Vazhuthacaud, Trivandrum	11.30 am
2004 – 2005	AGM	19.08.2005	USHESTECH,311, Technopark, Trivandrum	02.00 pm
2005 - 2006	AGM	15.09.2006	Conference Room, comfort Inn Grand, Statue, Thiruvananthapuram	02.00 pm
2006 - 2007	AGM	24.09.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2007 - 2008	AGM	27.09.2008	Malabar Hall, Park Centre, Technopark, Trivandrum	11.00 am
2007 - 2008	EGM	04.12.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2008 - 2009	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 - 2010	EGM	17.12.2010	Conference Hall, Ushus Technologies, III Floor, 311, NILA, Technopark, Trivandrum	11.30 am
2010 - 2011	AGM	27.09.2011	Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum 695 585	11.30 AM
2011 - 2012	AGM	14.08.2012	Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum 695 585	12 Noon

Other Disclosures

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

COMPLIANCE WITH MANDATORY REQUIREMENTS:

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

Means of Communication

(i) Financial Results and Annual Reports etc :

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

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

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

(ii) Management Discussion and Analysis Report :

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

NON MANDATORY REQUIREMENTS

REVISED SEBI GUIDELINES ON CORPORATE GOVERNANCE

SBI had notified on October 29, 2004, a revised /updated set of Guidelines relating to Corporate Governance which have been incorporated in the Company's Listing Agreement with the Stock Exchanges. The compliance with the earlier Guidelines were declared adequate up to March 31, 2005 (since extended up to December 31, 2005. The revised Guidelines came into effect from January 1, 2006.)

The Company is fully compliant with the revised SEBI Guidelines.

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

CODE OF CONDUCT

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

ACCEL TRANSMATIC LIMITED

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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 : Wednesday, 14th August 2013 at 12 Noon

Venue : FreeMasons Hall,
Vazhuthacaud, (Adjacent to Cotton Hill Girls High School), Thiruvananthapuram - 695 014.

2. Financial Calendar

Financial Year : 01st April 2012 to 31st March 2013

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 : 05th August 2013 to 14th August 2013
(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 2013 – 2014.

8. Distribution of shareholding and categories of Shareholders

Category	March 31, 2013				March 31, 2012			
	No. of Share holders	% of Share Holders	No. of Shares held	% of total equity	No. of Share holders	% to Share Holders	No. of Shares	% of total equity
1 – 500	6037	89.64	613432	5.56	6154	89.77	628951	5.70
501 – 1000	264	3.92	219479	1.99	269	3.92	224279	2.03
1001 – 2000	185	2.75	283611	2.57	190	2.77	289948	2.63
2001 – 3000	68	1.01	177985	1.61	64	0.93	168322	1.53
3001 – 4000	32	0.48	114389	1.04	29	0.42	104110	0.94
4001 – 5000	34	0.50	159652	1.45	37	0.54	173473	1.57
5001 – 10000	46	0.68	358305	3.25	46	0.67	355201	3.22
10001 & above	69	1.02	9110548	82.53	67	0.98	9093117	82.38
TOTAL	6735	100.00	11037401	100.00	6856	100.00	11037401	100.00

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-12	11.00	9.12	27,454
May-12	10.49	7.55	19,673
Jun-12	10.17	8.25	20,717
Jul-12	10.29	7.80	10,495
Aug-12	9.29	8.00	14,027
Sep-12	9.00	7.88	16,110
Oct-12	8.95	7.30	32,211
Nov-12	7.89	6.52	38,732
Dec-12	7.18	6.20	41,030
Jan-13	7.60	6.05	37,263
Feb-13	7.35	5.40	11,073
Mar-13	6.67	4.77	15,623

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 – 0803
Email: Sureshbabu@lepindia.Com

9. Shareholding Pattern as on 31st March 2013

Category Code	Category of Shareholder	Number of Share holders	Total Number of Shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledges or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV) *100
(A)	Shareholding of Promoter and Promoter Group ²							
(1)	Indian							
(a)	Individuals / Hindu Undivided Family	1	525,986	525,986	4.77	4.77	-	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	1	5,630,000	5,630,000	51.01	51.01	1,300,000	23.09
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (Specify) Relatives of Promoters / Subsidiary	3	306,851	306,851	2.78	2.78	-	-
	Sub-Total (A)(1)	5	6,462,837	6,462,837	58.56	58.56	1,300,000	20.12
(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 Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	5	6,462,837	6,462,837	58.56	58.56	1,300,000	20.12
(B)	Public Shareholding 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	0.02	0.02		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	87	452,248	447,648	4.10	4.10		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh.	6,565	1,847,681	1,563,263	16.74	16.74		
	ii. Individual shareholders holding nominal share capital excess of Rs.1 lakh.	56	2,063,895	2,005,395	18.70	18.70		
(c)	Any Other (Trust / Clearing Member- details enclosed)							
1	Clearing members							
2	Corporate CM/TM - Client Margin A/c	4	44,070	44,070	0.40	0.40		
3	Corporate CM/TM - Client Beneficiary A/c	8	25,426	25,426	0.23	0.23		
4	Trust	1	1,37,080	1,37,080	1.24	1.24		
5	Limited Liability Partnership	1	1,500	1,500	0.01	0.01		
	Sub-Total (B)(2)	6722	4,571,900	4,224,382	41.42	41.42		
	Total Public Share holding (B)=(B)(1)+(B)(2)	6730	4,574,564	4,224,782	41.44	41.44	NA	NA
	Total (A) + (B)	6735	11,037,401	10,687,619	100.00	100.00	1,300,000	11.78
C	Shares held by Custodians and against which Depository Receipts have been issued	0	-	-	NA	-	NA	NA
	GRAND TOTAL (A)+(B)+(C)	6735	11,037,401	10,687,619	100.00	100.00	1,300,000	11.78

ACCEL TRANSMATIC LIMITED

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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 2012 – 2013:

Nature of Queries	Received	Replied
Non receipt of Certificate after transfer/capital reduction	NIL	NIL
Procedure for Transmission	2	2
Correction in Certificate	NIL	NIL
Non receipt of Inter/Dividend Warrant/Cheque/DD	NIL	NIL
General queries	1	1
Change of address / Bank Mandate	5	5
Procedure for loss of share certificate	NIL	NIL
Total	8	8

As at 31st March 2013, NIL investor complaints were pending. As at 31st March 2013, NIL share transfers and NIL demat requests were pending.

The Aggregate Promoters and Non – promoter shareholding of the Company as at 31st March 2013 is as shown below:

Category	No. of Shares	% to total paid up capital	Shares held in Dematerialized Form	Shares held in Physical Form
Promoters	6,462,837	58.56	6,462,837	NIL
Non Promoters	4,574,564	41.44	4,224,782	349,782
Total	11,037,401	100.000	10,687,619	349,782

13. Dematerialisation of shares and Liquidity

As on 31st March 2013, 96.83% 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 / 0802 / 0803
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 2013 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 thereof, 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
FRN.004532S

Place : Chennai
Date : May 30, 2013

P.R Prasanna Varma
Partner
M.No. 25854

Annexure V to Directors' Report

DIRECTORS RESPONSIBILITY STATEMENT

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

(a) That in the preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.

(b) That such accounting policies as mentioned in Note 1 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 2013 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 VI to Directors' Report

CERTIFICATION TO THE BOARD BY THE CHAIRMAN AND COMPANY SECRETARY

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

1. We have reviewed the financial statements for the year ended 31.03.2013, 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

30.05.2013
Chennai

Annexure VII to the Director's report

The company do not have any employees attracting the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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, including the following:

Name of the Group Companies

- Accel Limited
- N R Panicker
- Sreekumari Panicker
- Shruthi Panicker
- Harikirshna R
- Accel Frontline Limited
- Accel IT Resources Limited
- Accel Media Ventures Limited
- Accel Tele.Net Limited
- Network Programs USA Inc., USA
- Network Programs Japan Inc., USA
- Accel Japan KK, Japan
- Accel Systems and Technologies Pte. Ltd. Singapore
- Accel Frontline JLT., Dubai
- Accel Systems Group Inc., USA
- Accel North America Inc., USA
- Accel Technologies Ltd., UK



AUDITORS' REPORT

To the Members,
Accel Transmatic Limited,
Chennai

Report on the Financial Statements

We have audited the accompanying financial statements of Accel Transmatics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

- i. We draw attention to Note No.10.7. As stated therein, the management expects estimated future cash flows out of the Intellectual Property rights amounting to Rs.9,87,92,490, carried in the books as Intangible asset to be not less than carrying amount of its Assets. The pattern/quantum of the future cash flows would, however, essentially depend upon crystallisation of enquiries received by the company.
- ii. Also as stated in Note no. 4.1, the Company has suffered cash loss from its operations during the year. The Net worth of the company has been fully eroded as at the Balance Sheet date. The Current Liabilities as at the year end exceeds the Current Assets by Rs. 11,32,18,197/-. This, read with the matters stated in para (i) above, raises concerns about the ability of the Company to continue as a going concern. However, in view of the facts stated in the said notes, the Accounts have been drawn up on a going concern basis.

Our opinion is not qualified in respect of the above matters.

Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a. we have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Varma & Varma
Chartered Accountants
FRN.0045325

Place : Chennai
Date : May 30, 2013

P.R Prasanna Varma
Partner
M.No. 25854



ANNEXURE REFERRED TO IN 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 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 Company does not carry any Inventory as at the year end 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 and hence, relative reporting requirement of Para 4 (iii (a) to (d)) of the Order is not applicable and not commented upon.
 - b. The Company has taken unsecured loans from parties / companies in which Directors are interested covered in the register maintained under Section 301 of the Companies Act, 1956. The number of parties and the amount involved are given below:

Number of Parties	Maximum Amount Outstanding	Balance as on 31.03.2012
3	11,10,22,753/-	11,10,22,753/-

- c. 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.
 - d. As per the information and explanations given to us, the company is not regular in payment of principal amount and interest thereon as stipulated.
4. In our opinion and according to the information and explanations given to us, the internal control systems for the purchase of fixed assets and for the sale of goods and 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 explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules 1975 with regard to deposits accepted from public. According to the information and explanation given to us, no order has been passed by the Company Law Board, or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard.
7. The company has an adequate internal audit system 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 :-

(Amount in Rupees)

Particulars	Outstanding at the end of the year	Payable for more than 6 months
Provident fund	3,42,686/-	1,14,360/-
Employees State Insurance	78,758/-	37,197/-
Professional Tax	55,152/-	31,361/-
Tax Deducted at Source	71,71,070/-	62,71,757/-

- 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 the following:

ACCEL TRANSMATIC LIMITED

Annual Report 2012-13



Sl No:	Particulars	Amount involved(Rs in lacs)	Forum where Dispute is pending
1	Income tax Demands	1,36,11,559	Income Tax Appellate Tribunal Kochi
2	Customs Duty	33,88,000	Honourable High Court of Kerala
3	PF & Others	15,03,837	Honourable High Court of Kerala – Rs.6.90,689- EPF. EPF Appellate Tribunal, Delhi- Rs.3,04,000. EPF Appellate Tribunal, Delhi – Rs.2,38,200/-. Suit in civil court Kerala – Rs.2,70,948.

10. The company's accumulated loss at the end of the financial year is more than fifty per cent of net worth of the company. The company has incurred cash loss during the year but has not incurred cash loss during the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has defaulted in repayment of dues to any banks or financial institution to the extent of Rs.2,90,70,516/-.
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.3,50,00,000/- 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. According to the information and explanations given to us, the term loans have been applied, for the purpose for which they were obtained.
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.8,54,15,150.
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. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management

For Varma & Varma
Chartered Accountants
FRN.0045325

Place : Chennai
Date : May 30, 2013

P.R Prasanna Varma
Partner
M.No. 25854

Balance Sheet as at

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

Particulars	Note	March 31, 2013	March 31, 2012
A Equity and Liabilities			
1 Shareholders' fund			
a. Share capital	3	110,374,010	110,374,010
b. Reserves and surplus	4	(124,981,035)	(63,664,602)
c. Money received against share warrants	3	-	4,166,250
		(14,607,025)	50,875,658
2 Non - current liabilities			
a. Long-term borrowings	5	85,162,753	96,951,912
b. Long-term provisions	6 (a)	1,015,107	1,449,470
		86,177,860	98,401,382
3 Current liabilities			
a. Short-term borrowings	7	25,411,697	25,026,859
b. Trade payables	8	13,554,871	13,586,262
c. Other current liabilities	9	91,667,072	75,976,839
d. Short term provisions	6 (b)	-	620,685
		130,633,640	115,210,645
Total		202,204,475	264,487,685
B Assets			
1 Non - current assets			
a. Fixed assets	10		
(i) Tangible assets	10 (I)	53,277,542	69,784,707
(ii) Intangible assets	10 (II)	99,605,929	134,817,812
(iii) Capital work-in-progress	10 (III)	947,360	-
b. Non - current investments	11	2,165	50,396
c. Trade receivables	13	24,434,700	23,674,553
d. Long term loans and advances	15 (a)	9,900,801	4,850,224
		188,168,497	233,177,691
2 Current assets			
a. Inventories	12	-	-
b. Trade receivables	13	1,974,778	5,055,065
c. Cash and bank balances	14	1,329,675	4,538,141
d. Short-term loans and advances	15(b)	8,438,689	20,926,486
e. Other current assets	15(c)	2,292,836	790,302
		14,035,978	31,309,994
Total		202,204,475	264,487,685

Statement of Significant Accounting Policies, practices and Notes to Accounts 01-24

The notes form an integral part of these financial statements.

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

Varma and Varma
Firm registration No. 45325
Chartered Accountants

P R Prasanna Varma F.C.A
Membership no: 25854
Partner

Place: Chennai
Date: 30th May 2013

For and on behalf of the board of directors

N R Panicker
Chairman

A Mohan Rao
Director

ST Prabhu
Director & Company Secretary

Statement of profit and loss for the year ended

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

A. Continuing operations	Note	March 31, 2013	March 31, 2012
1 Income			
a. Revenue from operations	16	15,412,713	20,925,838
b. Other income	17	1,418,812	2,971,907
2 Total revenue		16,831,525	23,897,745
3 Expenses			
a. Cost of services	18	5,613,516	12,789,494
b. Changes in digital inventory (increase)/decrease	19	-	4,442,705
c. Employee benefit expenses	20	7,718,032	23,171,898
d. Other expenses	21	12,931,828	57,364,354
4 Total expenses		26,263,376	97,768,451
"Earning before interest, tax, depreciation, amortisation and exceptional items (EBITDA) (1- 4)"		(9,431,851)	(73,870,706)
5 Depreciation & amortisation	10	51,731,639	50,593,358
Less: recoupment from revaluation reserve		58,466	58,466
Net depreciation & amortisation		51,673,173	50,534,892
6 Finance cost	22	24,319,193	29,848,089
7 Add: Exceptional items (income)	23	(20,000,000)	(140,554,776)
8 Profit/(loss) before tax		(65,424,217)	(13,698,911)
9 Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expenses		-	-
10 Profit/(loss) for the year from continuing operations (A)		(65,424,217)	(13,698,911)
B. Discontinued operations	24		
Profit/(loss) before tax from discontinued operations		-	16,588,114
Tax expenses of discontinued operations		-	-
Profit/(Loss) after tax from discontinued operations (B)		-	16,588,114
Profit/(Loss) for the period (A + B)		(65,424,217)	2,889,203
Earning per equity share (nominal value of share Rs.10 (31st March 2012 Rs.10))			
Basic			
Computed on the basis of profit from continuing operations		(5.93)	(1.24)
Computed on the basis after excluding exceptional items		(7.73)	(12.47)
Computed on the basis of total profit for the year		(5.93)	0.26
Diluted			
Computed on the basis of profit from continuing operations		(5.93)	(1.23)
Computed on the basis after excluding exceptional items		(7.73)	(12.32)
Computed on the basis of total profit for the year		(5.93)	0.26

Statement of Significant Accounting Policies, practices and Notes to Accounts 1-24

The notes form an integral part of these financial statements.

This is the profit & loss statement referred to in our report of even date

Varma and Varma
Firm registration No. 45325
Chartered Accountants

For and on behalf of the board of directors

P R Prasanna Varma F.C.A
Membership no: 25854
Partner

N R Panicker
Chairman

A Mohan Rao
Director

Place: Chennai
Date: 30th May 2013

S T Prabhu
Director & Company Secretary

Cash flow statement for the year ended

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

	31-Mar-13	31-Mar-12
Cash flow from operating activities		
Profit before tax from continuing operations	(65,424,217)	(13,698,911)
Profit before tax from discontinuing operations	-	16,588,114
Profit before tax	(65,424,217)	2,889,203
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization on continuing operation	51,673,173	50,534,892
Depreciation/ amortization on discontinuing operation	-	1,436,159
Other write of tangible / intangible assets pertaining to continuing operation		27,419,881
Loss/ (profit) on sale of fixed assets	-	6,366,029
Interest expense	24,319,193	30,906,383
Interest (income)	(8,745)	(203,681)
Dividend (income)	-	(3,550)
Operating profit before working capital changes	10,559,404	119,345,316
Movements in working capital :		
Increase/ (decrease) in trade payables	(31,391)	(31,785,038)
Increase / (decrease) in long-term provisions	(434,363)	(12,184,388)
Increase / (decrease) in short-term provisions	(620,685)	317,373
Increase/ (decrease) in other current liabilities	15,690,233	(8,124,249)
Decrease / (increase) in trade receivables	2,320,140	37,632,715
Decrease / (increase) in inventories	-	4,442,705
Decrease / (increase) in long-term loans and advances	(5,050,576)	12,315,334
Decrease / (increase) in short-term loans and advances	12,487,797	(10,301,499)
Decrease / (increase) in other current assets	(1,502,534)	30,141,204
Cash generated from / (used in) operations	33,418,025	141,799,543
Direct taxes paid (net of refunds)	-	-
Net cash flow from/ (used in) operating activities (A)	33,418,025	141,799,543
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(959,952)	(61,548,291)
Proceeds sale of fixed assets		30,258,451
Proceeds of non-current investments	48,231	6,416,147
Interest received	8,745	203,683
Dividends received	-	3,550
Net cash flow from/ (used in) investing activities (B)	(902,977)	(24,666,460)
Cash flows from financing activities		
Repayment of long-term borrowings	(11,789,159)	(63,460,354)
Repayment of short-term borrowings	384,838	(22,258,734)
Interest paid	(24,319,193)	(29,848,089)
Net cash flow from/ (used in) in financing activities (C)	(35,723,514)	(115,567,177)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(3,208,466)	1,565,906
Cash and cash equivalents at the beginning of the year	4,538,140	2,972,235
Cash and cash equivalents at the end of the year	1,329,675	4,538,141

Components of cash and cash equivalents

Cash on hand	160	17,477
With banks- on current account	32,591	2,463,893
- on deposit account	1,126,018	1,885,864
- unpaid dividend accounts	170,906	170,907
Total cash and cash equivalents	1,329,675	4,538,141

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.

Varma and Varma
Firm registration No. 45325
Chartered Accountants

For and on behalf of the board of directors

P R Prasanna Varma F.C.A
Membership no: 25854
Partner

N R Panicker
Chairman

A Mohan Rao
Director

Place: Chennai
Date: 30th May 2013

S T Prabhu
Director & Company Secretary

Company Information:

Accel Transmatic Limited (the company) is a public limited company domiciled in India and is listed in the Bombay stock exchange (BSE). The company presently offers animation services from its studios in Chennai and Trivandrum.

estimates are recognized in the period in which the results are known / materialized.

1.3 Revenue recognition:**(i) 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.

(ii) Rental income

Revenue from renting out of moveable and immoveable properties are recognized on accrual basis.

1.4 Fixed assets and depreciation:**Fixed assets:****(i) Tangible 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.

Note : 01: Statement of significant accounting policies and practices**1.1 Basis of preparation**

These financial statements have been prepared to comply in all material respects with the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) and the other 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.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act 1956. Based on the nature of Products and Services and the time between the acquisition of assets for operations and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months, for the purpose of current – non current classification of assets and liabilities.

1.2 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

(iii) Intangible assets

Intangible assets in the nature of software licenses are stated at cost and are amortized over the estimated useful life of one to five years, using straight line method as technically assessed.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(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, except in case of computer software for which life is technically ascertained by the management as five years and the depreciation is charged at the rate of 20%. The rates of depreciation and amortization are as follows:

Asset	Rate of depreciation / amortization (%)
Buildings	3.34
Plant and equipment	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 / Licenses / 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.

1.5 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.

1.6 Provision for taxes:

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current taxes and liabilities are offset where there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

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.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and where deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing laws and same taxable entity.

1.7 Accounting for provisions, contingent liabilities and contingent assets:

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be

required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the management estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current management estimates.

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

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

1.8 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 cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

1.9 Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of seven years.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or

cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

2.0 Notes to accounts

Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

Note : 03 Share Capital

	As at 31.03.2013	As at 31.03.2012
Authorized Share Capital		
19,750,000 (19,750,000) Equity Share of Rs. 10 each	197,500,000	197,500,000
250,000 (250,000) 12% cumulative redeemable preference shares of Rs. 10/- each	2,500,000	2,500,000
	200,000,000	200,000,000
Issued, Subscribed and Paid up Capital		
(11,037,401) Equity Shares of Rs.10/- each Fully Paid up	110,374,010	110,374,010
	110,374,010	110,374,010

3.1 Reconciliation of Shares outstanding at beginning and end of the period

	31/03/2013		31/03/2012	
	Number	Rs	Number	Rs
Equity Shares				
At the beginning of the period	11037401	110,374,010	11037401	110,374,010
Issued During the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	11037401	110,374,010	11037401	110,374,010

3.2 Shares held by holding company

	Rs	Rs
	31/03/2013	31/03/2012
Accel Limited- the holding company		
56,30,000 equity shares of Rs. 10/- each fully paid up	56,300,000	56,300,000

3.3 Details of shareholders holding more than 5% shares in the company

	Numbers	Percentage	Numbers	Percentage
	Accel Limited- the holding company	5,630,000	51.01	5,630,000
Equity Share of Rs. 10 each each fully paid				

3.4 Money received against Share Warrants (See Note –3.5)

-	4,166,250
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3.5 Rights, preferences and restrictions attached to shares

Equity shares

The company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

Preferential warrants

The company had issued 5,50,000 convertible warrants to a subscriber (non promoter) for a face value of Rs. 10/- each at a price of Rs 30.30 aggregating to Rs.16,665,000/- on December 31, 2010. The subscriber has remitted Rs. 41,66,250 being 25% of the issue consideration. The Issue was approved by the share holders in the EGM held on December 17, 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 subscriber. The subscriber did not exercise the option for such conversion before June 30, 2012 and hence the amount remitted has been forfeited and transferred to Reserves and Surplus account.

Note 04: Reserves & surplus

	As at March 31, 2013	As at March 31, 2012
Capital reserve		
Balance as per the last financial statements	10,197,500	10,197,500
Add: warrant application money forfeited	4,166,250	
	14,363,750	10,197,500
Revaluation Reserve	12,163,646	12,222,112
Less: Additional Depreciation On Revaluation	(58,466)	(58,466)
	12,105,180	12,163,646
Capital Redemption Reserve	2,100,000	2,100,000
Closing Balance	28,568,930	24,461,146
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as per the last financial statements	(88,125,748)	(91,014,951)
Add: Profit / (Loss) for the year	(65,424,217)	2,889,203
	(153,549,965)	(88,125,748)
	(124,981,035)	(63,664,602)

4.1 Going concern

The company has suffered cash losses from its operations during the year. The accumulated losses as on the date of the balance sheet is more than 50% of its net worth. However, considering the expected future cash flows from the business and the intellectual property that the company is currently exploiting through global sales, the management is of the opinion that the company would be in a position to continue as a going concern and hence the accounts have been drawn up on such basis.

Note 05 : Long term borrowings

	Non - Current portion		Current Maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	Rs	Rs	Rs	Rs
Term loans from banks (in INR)				
Secured (See Note " 5.1 " below)	-	15,353,157	36,270,516	28,800,000
Un secured	-	-		
Hire purchase loans	-	-	-	75,518
Other loans and advances				
From related parties	83,802,753	72,598,755	16,200,000	6,600,000
Deposits from public	1,360,000	9,000,000	5,850,000	1,000,000
	85,162,753	96,951,912	58,320,516	36,475,518

Maximum amounts due on the loans taken from related parties at any time during the year

	As at 31.03.2013	As at 31.03.2012
Accel Limited	38,620,028	55,630,653
Accel Frontline Limited	61,382,725	73,613,680

5.1. Details of Security : The term loan from bank is secured by hypothecation of assets acquired out of that loan. The limits are further secured by assignment of lease deposit in respect of leased property at Trivandrum in favour of the bank. The loans are also secured by a corporate guarantee of Accel Limited and pledge of 7,50,000 equity shares of Accel Transmatic Limited held by Accel Limited, the holding company.

5.2 Terms of repayment: loans from related party carry an interest of 7.50% for the holding company and 13.75% for other associate companies and are repayable in monthly installments of Rs. 500,000 . Term loan from bank carries interest @ 17.50% p.a and the amount outstanding as on the date of balance sheet is repayable in quarterly installment of Rs 72,00,000 Public deposit carries interest @11% pa (P.Y 11%), and are repayable after 3 years from the respective dates of acceptance of deposits.

- 5.3.** During the previous year the company had sold its technology division to Accel Frontline Limited (AFL). As per the terms of the agreement the net assets of the division has been transferred to AFL including the Term Loan & Cash Credit accounts with State Bank of India pertaining to the division. However the confirmation received from the bank includes the loans pertaining to the transferred division amounting to Rs. 20,012,032.43 pending transfer of the loan & Cash credit limit allocated to the technology division of AFL by the bank. The company is pursuing with the bank for the transfer.
- 5.4** The company had defaulted in the payment of installments and interest in respect of the secured loans taken from bank and installment in respect of unsecured loans taken from holding and associate companies. The details of the same are as under.

Particulars	Amount	Period of default
State Bank of India	29,070,516	Since October 2012
Accel Limited	4,800,000	Since April 2012
Accel Frontline Limited	3,000,000	Since October 2012

Note 06 (a): Long term Provisions

	As at March 31, 2013	As at March 31, 2012
Gratuity	801,299	953,040
Leave Encashment	213,808	496,430
	1,015,107	1,449,470

Note 06 (b): Short term Provisions

	As at March 31, 2013	As at March 31, 2012
Gratuity	-	580,433
Leave Encashment	-	40,252
	-	620,685

a) 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. 286,959 (Previous Year Rs. 17,79,131) on account of defined contribution towards Provident Fund and Rs. 71,215 (Previous Year 4,56,035) towards Employees State Insurance Scheme.

2. Defined Benefit Plans

Gratuity – Funded Obligation

I Actuarial Assumption	31.03.13	31.03.12
Discount Rate (per annum)	8%	8%
Salary escalation rate	5%	5%
Expected average remaining lives of working employees (year)	22.53	25.65

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.	Rs.
	Present Value of Obligation at beginning of the year	1,811,226	9,077,514
	Current Services Cost	173,738	316,454
	Interest Cost	151,848	738,859
	Actuarial (gain)/loss	1,335,583	(7,342,286)
	Benefits Paid	-	(979,315)
	Present value of obligation at the end of the year	801,229	1,811,226

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	Rs.	Rs.
	Present value of obligations at the end of the year	299,973	1,811,226
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	501,256	1,533,473
IV	Expenses recognized in the Profit and Loss Account	Rs.	Rs.
	Current Service Cost	173,738	316,454
	Interest Cost	151,848	738,859
	Actuarial (gain) / loss recognized in the period	(1,357,803)	(7,392,777)
	Settlement Cost / (Credit)	-	2,708,561
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	(1,032,217)	(3,628,903)

Note: The above disclosures and the break up of liability into long term and short term 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	31.03.13	31.03.12
	Discount Rate (per annum)	8%	8%
	Salary escalation rate	6%	6%
	Expected average remaining lives of working employees (year)	23	23

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.	Rs.
	Present Value of Obligation at beginning of the year	536,682	6,066,163
	Current Services Cost	217,358	422,862
	Interest Cost	51,269	502,208
	Actuarial (gain)/loss	(591,861)	(6,454,551)
	Benefits Paid	-	-
	Present value of obligation at the end of the year	213,808	536,682

iii	Net (Asset) / Liability recognized in the Balance Sheet as at year end	Rs.	Rs.
	Present value of obligations at the end of the year	213,808	536,682
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	213,808	536,682

iv	Expenses recognized in the Profit and Loss Account	Rs.	Rs.
	Current Service Cost	217,358	422,862
	Interest Cost	51,269	502,208
	Actuarial (gain) / loss recognized in the period	(591,861)	(6,454,551)
	Settlement Cost / (Credit)	-	4,237,126
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	(322,874)	(1,292,355)

Note: The above disclosures and the break up of liability into long term and short term are based on valuation report of an independent actuary and relied upon by the auditors.

Note 07: Short term borrowings (secured)

	As at 31.03.2013	As at 31.03.2012
a. Cash Credit from The State Bank Of India	10,176,559	10,136,048
b. Pre Shipment Finance From State Bank Of India	15,235,138	14,890,811
	25,411,697	25,026,859

The Cash Credit limits, Term Loan Limits and Non Funded Limits (The Limits) are secured by hypothecation of Intellectual property rights, receivables and hypothecation of assets created out of bank finance and carries interest @ 17.50% p.a and are repayable on demand.

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

The limits are further secured by assignment of lease deposit in favour of the bank in respect of leased property at Trivandrum. The loans are also secured by a corporate guarantee of Accel Limited and pledge of 7,50,000 equity shares of Accel Transmatic Limited held by Accel Limited, the holding company. Also refer note 5.3

Note 08 : Trade Payables

	As at 31.03.2013	As at 31.03.2012
Dues to micro, small enterprises (see note 8.1)	-	-
Others	858,002	1,355,915
Expenses payable	12,696,869	12,230,347
	13,554,871	13,586,262

8.1 Dues to Micro, Small 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 2013, 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.

Note 9: Other Current Liabilities

	As at 31/03/2013	As at 31/03/2012
a. Other Payables		
(i) Statutory remittances	7,647,388	8,831,052
(ii) unclaimed dividend (see note 9.2 below)	170,907	170,907
iii) Advances received (see note 9.1 below)	23,907,706	25,736,625
(iii) Dues towards fixed asset purchases	1,620,555	4,762,737
(iv) Current maturity in Long Term Borrowings (See Note No.5)	58,320,516	36,475,518
	91,667,072	75,976,839

9.1 Advances received includes Security deposit including interest accrued received from an associate company for providing a corporate guarantee to a bank amounting to Rs. 23,771,806 (P.Y 25,268, 776) .

9.2 Unclaimed dividend will be transferred to the Investor Protection and Education Fund if remains unclaimed, in the year 2013-14 & 2014-15 respectively.

Note 10: Fixed assets Tangible assets

Sl. No.	Particulars	Gross Block Stated at Cost						Depreciation						Net Block										
		Cost as on 01.04.2012		Additions/ Adjustments		Sale Transfer		Total as on 31.03.2013		Upto 01.04.2012		For the Year		Adjustment		Upto 31.03.2013		As on 31.03.2012		As on 31.03.2013				
		Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.			
1	Land (Pl. see note: 10.5)	19,040,479					19,040,479													19,040,479		19,040,479		
2	Factory building (Pl See note 10.4)	5,858,330					5,858,330		2,315,472		195,668									3,347,190		3,347,190		3,542,858
3	Plant and equipment	17,224,704					17,224,704		11,172,157		3,076,284									2,976,263		2,976,263		6,052,547
4	Furniture and fixtures	16,575,442					16,575,442		9,087,534		1,062,685									6,425,223		6,425,223		7,487,907
5	Vehicle	2,133,358					2,133,358		1,398,067		204,312									530,979		530,979		735,291
6	Office equipments	2,182,090					2,182,090		381,573		35,901									1,764,616		1,764,616		1,800,517
7	Electrical fittings	11,001,707		12,592			11,014,299		4,874,550		620,311									5,519,440		5,519,440		6,127,157
8	Computers & computer software	70,421,568					70,421,568		45,423,619		11,324,598									13,673,352		13,673,352		24,997,949
	TOTAL (A)	144,437,678		12,592		-	144,450,270		74,652,972		16,519,756		-							53,277,542		53,277,542		69,784,707
	Previous year	201,964,090		644,761		58,171,173	144,437,678		93,176,547		20,437,347		38,960,910		74,652,972		69,784,707		108,787,542		69,784,707		108,787,542	

10.2 Intangible assets

Sl. No.	Particulars	Gross Block Stated at Cost						Amortization						Net Block										
		Cost as on 01.04.2012		Additions/ Adjustments		Sale Transfer		Total as on 31.03.2013		Upto 01.04.2012		For the Year		Adjustment		Upto 31.03.2012		As on 31.03.2012		As on 31.03.2013				
		Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.			
1	Software Licenses	15,851,424					15,851,424		11,448,583		2,590,006									1,812,835		1,812,835		4,402,841
2	Intangible Assets - Intellectual Property Rights	176,944,876					176,944,876		46,529,905		32,621,877									97,793,094		97,793,094		130,414,971
	TOTAL (B)	192,796,300		-		-	192,796,300		57,978,488		35,211,883		-							99,605,929		99,605,929		134,817,812
	Previous year	93,939,232		106,343,542		7,486,474	192,796,300		32,512,106		31,592,158		6,125,776		57,978,488		134,817,812		61,427,125		134,817,812		61,427,125	

10.3 Capital Work In Progress

Particulars	Amount in Rs.	
	as at 31.03.2013	as at 31.03.2012
Balance as at the beginning of the period	-	85,316,149
Additions during the period	947,360	44,311,775
Transferred to fixed assets	-	106,343,542
Transferred on sale of undertaking	-	10,456,741
Transferred to revenue expenditure	-	12,827,641
Balance as at the end of the period	947,360	-

10.4 Revaluation

The company has revalued its land and buildings at Trivandrum during the year ended 31.03.2004, at the fair values determined by an independent external valuer. The valuer determined the fair value by reference to market-based evidence.

The revaluation resulted in an increase in the value of freehold land and building by Rs. 1,09,39,354 and Rs.17,50,486, respectively. The revaluation of the building results an additional depreciation charge of Rs.58,466 every year. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the company recoups such additional depreciation out of revaluation reserve.

10.5 Lease Hold Land

Land under Fixed Assets includes Rs.67.60 lacs being the value of land allotted and possession handed over by KINFRA Film & Video Park (KINFRA), a Government of Kerala Undertaking to the

Company for construction of building to house its operations for which the registration formalities are yet to be completed. As per the agreement with "the party", the said land is on a 90 year lease and has to be developed within a period of 3 years from the date of allotment i.e. on or before 05.04.2010,. 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. KINFRA, in the meantime has changed the status of the SEZ from Animation to include IT/ITES also,. This has been approved by the Ministry of Industries & Commerce vide its letter dated 7th February 2012. The company has submitted its proposal to KINFRA to change our status to a co developer.

10.6 Fixed assets , capital work in progress & Inventory of intangible assets

The animation division of the company is engaged in the development of Animation contents, which can be under a service / co production contract or for creating its own IPR. The cumulative expenses incurred under co production and IPR creation activities are carried forward under capital work-in-progress, till the assets are ready for commercial exploitation. The expenses incurred under service contracts are carried forward as work in progress inventories till the milestone billing are achieved. The following amounts are carried forward in the Accounts as at the year end:-

1. Under Fixed Assets & Capital work in progress (net of amortization) Rs.98,792,490 (Previous year Rs. 130,414,971)

10.7 Impairment of Assets

In the opinion of the management there is no impairment as on the date of the balance sheet 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, considering the revenue earning potential of the company and based on the estimated future cash flows upon crystallization of enquiries received by the company for the intellectual property rights carried in the books as intangible assets.

Note 11: Investments

Unquoted (Trade) at cost	As at 31.03.2013	As at 31.03.2012
In Others		
Quoted [Non-Trade] at cost		
Rajashree Sugars and Chemicals Ltd [Nil (65) Equity shares of Rs.10/- each fully paid up]	-	1,575
State Bank of India [Nil (60) Equity shares of Rs.10/- each fully paid up]	-	20,900
ICICI Bank Limited [Nil (125) Equity Shares of Rs.10/- each fully paid up]	-	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
	2,165	50,396

	Book Value as at		Market Value as at	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Quoted	2,165	50,396	NA	244,511

Note 12: Inventories

	As at	As at
	31.03.2013	31.03.2012
Work in Progress (refer note 10 .6)	-	-

Note 13: Trade Receivables

	Non - Current portion		Current Maturities	
	As at	As at	As at	As at
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
(Unsecured Considered Good)				
Outstanding for more than 6 months	24,434,700		9,420,808	13,648,695
Less: Provision	-	-	(8,593,630)	(8,593,630)
	24,434,700	-	827,178	5,055,065
(Others)				
Outstanding for less than 6 months		23,674,553	1,147,600	-
Less: Provision	-	-		
	-	23,674,553	1,147,600	-
	24,434,700	23,674,553	1,974,778	5,055,065

The Company has sought for confirmation of balances from concerned parties in respect of major accounts of sundry debtors, other receivables, loans and advances and sundry creditors outstanding as at the year-end, which, however is received in some of the cases. This also includes the revenue entitlement on the international recoupment on one of its co production work completed.

Note 14 : Cash and Bank balances

	As at March 31, 2013	As at March 31, 2012
Current Portion		
a. Cash on hand	160	17,477
b. Balances with banks		
(i) In current accounts	32,591	2,463,893
	32,751	2,481,370
Other Bank Balances (Non Current Portion)		
Under Other Non Current Asset		
(i) In unpaid Dividend account	170,906	170,907
(ii) Margin Money (Liquid Deposit against Public Deposit)	1,126,018	1,885,864
	1,296,924	2,056,771
	1,329,675	4,538,141

Note 15 (a): Long term loans and advances

	As at March 31, 2013	As at March 31, 2012
(Unsecured Considered Good)		
(a) Security deposits	3,509,904	4,850,224
(b) Advance for capital purchases	6,390,897	
	9,900,801	4,850,224

Note 15 (b): Short term loans and advances

	As at March 31, 2013	As at March 31, 2012
(Unsecured Considered Good)		
(a) Loans and advances to employees	203,016	203,016
(b) Prepaid expenses	-	128,285
(c) Balances with government authorities	6,992,122	6,289,901
(d) Other advances	1,243,551	14,305,284
	8,438,689	20,926,486

Note 15 (c): Other current assets

	As at March 31, 2013	As at March 31, 2012
(a) Unbilled Revenue	2,292,836	790,302
	2,292,836	790,302

1) 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.

2) Unbilled revenue represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

Note 16: Revenue from operations

	Year Ended 31.03.2013	Year Ended 31.03.2012		
		Total	Discontinued Operations	Continuing Operations
Software Services - Exports	4,156,952	80,673,892	71,634,224	9,039,668
Software Services - Domestic	5,350,000	5,121,580	-	5,121,580
Product Sales	-	3,950	-	3,950
	9,506,952	85,799,422	71,634,224	14,165,198
Other operating income				
Foreign Exchange Gain/Loss (Net)	720,785	3,159,099	1,319,717	1,839,382
Provision no longer required	5,184,976	4,921,258		4,921,258
	5,905,761	8,080,357	1,319,717	6,760,640
	15,412,713	93,879,779	72,953,941	20,925,838

Note 17 :Other income

	Year Ended 31.03.2013	Year Ended 31.03.2012		
		Total	Discontinued Operations	Continuing Operations
Interest Income	8,745	203,681	13,494	190,187
Dividend Income	-	3,550	-	3,550
Other Non Operating Income	1,410,067	2,778,170	-	2,778,170
	1,418,812	2,985,401	13,494	2,971,907

Note 18 : Cost of services

	Year Ended 31.03.2013	Year Ended 31.03.2012		
		Total	Discontinued Operations	Continuing Operations
Subcontracting and outsourcing cost	5,613,516	12,789,494	-	12,789,494
	5,613,516	12,789,494	-	12,789,494

Note 19: Changes in inventory

	Year Ended 31.03.2013	Year Ended 31.03.2012		
		Total	Discontinued Operations	Continuing Operations
Closing stock of WIP and Finished Goods	-	-		-
Less : Opening stock of WIP and Finished Goods	-	4,442,705		4,442,705
	-	4,442,705	-	4,442,705

Note 20: Employee benefit expenses

	Year Ended 31.03.2013	Year Ended 31.03.2012		
		Total	Discontinued Operations	Continuing Operations
Salaries & Wages	6,797,587	51,892,665	32,026,980	19,865,685
Contribution to Provident and other welfare funds	462,539	3,828,069	1,694,942	2,133,127
Staff Welfare Expenses	457,906	2,979,600	1,806,514	1,173,086
	7,718,032	58,700,334	35,528,436	23,171,898

Note 21: Other expenses

	Year Ended 31.03.2013	Year Ended 31.03.2012		
		Total	Discontinued Operations	Continuing Operations
Rent	5,263,488	10,089,440	1,753,243	8,336,197
Power and fuel	3,599,995	4,642,666	503,916	4,138,750
Insurance	194,495	800,259	573,234	227,025
Rates & taxes	245,563	825,433	-	825,433
Repair and maintenance				
Repair to building	-	541,168	541,168	-
Repair to machinery	258,655	1,070,405	745,137	325,268
Others	899,682	1,183,364	311,763	871,601
Travelling & conveyance	544,349	11,583,400	10,586,734	996,667
Printing and stationery	394,257	639,962	54,446	585,516
Postage, telegram & telephone	618,104	1,989,006	1,014,075	974,931
Consultancy charges	142,384	2,465,605	922,453	1,543,152
Conference expenses	-	2,972,013	-	2,972,013
Payment to auditors				
as statutory audit fees	168,540	337,080	-	337,080
as reimbursement of expenses	1,889	5,536	-	5,536
Loss on sale of fixed assets	-	6,366,029	-	6,366,029
Miscellaneous expenses	250,052	726,829	273,531	453,298
Packing and forwarding charges	2,850	394,258	38,098	356,160
Bad debts/inventory written off	-	27,419,881	-	27,419,881
Marketing & distribution expenses	347,525	1,668,451	1,038,634	629,817
	12,931,828	75,720,785	18,356,432	57,364,354

Miscellaneous expenses include, directors sitting fees Rs. (PY 1,20,000)

Note 22: Finance cost

	Year Ended 31.03.2013	Year Ended 31.03.2012		
		Total	Discontinued Operations	Continuing Operations
Interest Expenses				
On working Capital	4,761,614	4,955,700	764,263	4,191,437
On Term Loans	7,323,054	12,871,760	204,196	12,667,564
On other loans	9,635,507	12,905,098	15,604	12,889,494
Bank charges and commission	2,599,018	173,825	74,231	99,594
	24,319,193	30,906,383	1,058,294	29,848,089

Note 23 : Exceptional items

During the previous year, The Company sold its Technology division ('transferred division') along with its subsidiary in United States of America to Accel Frontline Limited, pursuant to a Business transfer agreement w.e.f. August 15th, 2011 on a slump sale basis for a cash consideration of Rs.19.97 crores. The transaction was approved by the Board of Directors on its meeting held on August 2nd, 2011.. The profit on sale of business of Rs. 1405.55 Lacs was credited to Profit and Loss account as exceptional item.

As per the terms of the BTA to transfer the Technology division to Accel Frontline Limited, the company received an additional amount of Rs. 2 Crores as incentive on achievement of an EBITDA of Rs. 5 crores for the twelve months ended 31st March 2012 as finalized by the audited accounts of the said division.

Note 24 Other Notes**24.1 Capitalization of expenditure**

During the year, the company has capitalized the following expenses to the cost of fixed asset classified under intangible assets/ capital work-in-progress (CWIP) being the expenses relatable to such assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

	In Rupees	
	31 March 2013	31 March 2012
Salaries, wages and bonus	682,860	98,81,352
Operating expenses	264,500	69,73,658
Finance costs	-	31,50,076
	947,360	2,00,05,086

24.2 Earnings per share (Basic and diluted):

Sl.No	Particulars	31.03.2013	31.03.2012
01	Profit / (Loss) after taxation Profit available to Equity Shareholders	(65424228)	28,89,203
02	Less: Exceptional Item	20000000	140,554,776
03	Profit Without Extra Ordinary Item	(85424228)	(137,665,577)
04	Weighted average number of equity shares	11037401	11,174,901
05	Basic earnings per share with Exceptional Item	(5.93)	0.26
06	Basic earnings per Share without Exceptional Item	(7.74)	(12.40)
07	Diluted earnings per share with Extraordinary Item	(5.93)	0.25
08	Diluted earnings per Share without Extraordinary Item	(7.74)	(12.32)
09	Total Nominal Value of Shares	11,03,74,010	11,03,74,010

24.3 Deferred Tax Asset (Net)

Particulars	Deferred tax Asset / (Liability) as on 31.03.2013	Deferred tax Asset / (Liability) as on 31.03.2012
Liability		
Difference between book and tax depreciation	1,93,943	1,11,98,542
Others	-	-
Total	1,93,943	1,11,98,542
Assets		
Carried forward Depreciation / business Loss	14,084,518	1,89,48,960
Others	345,035	7,03,646
Total	14,429,552	1,96,52,606
Net deferred Tax Asset / (Liability)	14,235,609	84,54,064

24.4 Taxation:

Provision for current tax is made on the basis of the assessable Income and /or Mat Provisions, at the tax rate applicable to the relevant assessment year. No tax provision is made under normal as well under MAT considering the brought forward losses of the company as a whole. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or

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substantively enacted by the Balance Sheet date The net Deferred Tax Asset at the yearend amounts to Rs 14,235,609/- (Previous Year Asset Rs. 84,54,064/-) and is not recognized as a matter of prudence.

24.5 Related Party Disclosures

Controlling Company – Accel Limited

Subsidiaries & Associates under common control :

Accel Frontline Limited
Accel IT Resources Limited
Accel Media Ventures Limited

Key Management Personnel:

N R Panicker	Non Executive Chairman
Philip John	Whole time Director Resigned WEF 14.08.2012
S T Prabhu	Director WEF 14.08.2012

Transactions

Particulars of Transactions with related parties	“Controlling Company”	“Companies under common control”	“Key management personnel”
Rendering of services / sales	-	-	-
	-	(38,670,590)	-
Receiving of services / purchases	-	-	187,500
	-	(2,070,476)	-
Remuneration to Whole time Directors	-	-	-
	-	-	(3,015,360)
Rent receipts	-	1,214,880	-
	-	(1,214,880)	-
Sale of Investments / business undertaking	-	-	-
	-	(199,700,000)	-
Incentives received	-	20,000,000	-
	-	-	-
Interest paid	1,816,014	6,769,128	57,616
	(2,761,478)	(12,022,538)	(22,425)
Finance (including loans & Equity contributions in cash or in kind)	38,603,028	60,383,229	1,102,000
	(21,959,839)	(57,238,916)	(150,000)
Trade Payables		25,392,361	
	-	(27,151,197)	-

Amounts in brackets represents previous year data.

24.6 Derivatives

Sl.No	Particulars	31.03.2013	31.03.2012
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	Nil	EURO 25,000
	Due from Debtors	US\$ Nil	US\$1100
		EUROS 285,956	EUROS 304,609
		JPY Nil	JPY 750,000

24.7 Contingencies and commitments

(Rupees in Lacs)

	March 31, 2013	March 31, 2012
Outstanding bank guarantees / letter of Credits	1.10	1.10
Corporate Guarantee to a bank on behalf of an Associate Company @	350.00	350.00
Income Tax Demands	136.11	135.95
Customs	33.87	33.87
PF & Others	21.07	26.87

@ The corporate guarantee was given to a bank for the limits enjoyed by an associate company, Accel IT Resources Limited while it was a subsidiary. This is backed by an interest bearing cash deposit of Rs. 230 Lakhs from the said company which is more than the exposure of that company with the bank as on the date of the balance sheet..

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

It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolutions of the respective proceedings. The company does not expect any reimbursement from third parties in respect of the above contingent liability.

24.8 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, 2013	March 31, 2012
	Raw Material & Components	Nil	Nil
	Capital goods	6,390,897	Nil
(b)	Earnings in foreign currency - accruals	March 31, 2013	March 31, 2012
	Towards income from services		7,21,22,770
(c)	Expenditure in foreign currency	March 31, 2013	March 31, 2012
	Services	Nil	62,44,988
	Towards Foreign Travel	Nil	73,05,946
(d)	Number of Non Resident Shareholders and dividends paid to them. (On payment basis)		
	Particulars	Number of Share Holders	Dividend Paid
	Non Resident Shareholders	35	Nil

Previous year's figures have been regrouped, recasted and rearranged wherever necessary, to suit the current period layout.

Vide our report of even date.

Varma and Varma
Firm registration No. 45325
Chartered Accountants

P R Prasanna Varma F.C.A
Membership no: 25854
Partner

Place: Chennai
Date: 30th May 2013

For and on behalf of the board of directors

N R Panicker
Chairman

A Mohan Rao
Director

ST Prabhu
Director & Company Secretary

ACCEL TRANSMATIC LIMITED

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Balance sheet abstract and company's general business profile

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

I. Registration details

Registration number	09-4485
Balance Sheet date	March 31, 2013

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

Public Issue	NIL
Bonus Issue	NIL

Rights Issue	NIL
Private Placement	NIL

Total Liabilities	3,07,838
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Total Assets	3,07,838
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Sources of funds

Paid up capital	1,10,374
Secured loans	61,682

Reserves and surplus	28,569
Unsecured loans	1,07,213

Application of funds

Net fixed assets	1,53,831
Net current assets	455
Accumulated Losses	1,53,550

Investments	2
Misc. expenditure	-
Deferred Tax Asset (Net)	-

IV Performance of company (Amount in Rs. Thousands)

Sources of funds

Turnover	36,832
Profit / (loss) before tax	(65,424)
Earnings per share in Rs.	(5.93)

Total expenditure	1,02,256
Profit / (loss) after tax	(65,424)
Dividend as %	Nil

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

Item code no (ITC code)	
Product description	Animation Services

ACCEL TRANSMATIC LTD

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