BOARD OF DIRECTORS

N R Panicker
Chairman

M R Narayanan
Independent Director

A Mohan Rao
Independent Director

Philip John
Whole Time Director

S T Prabhu
Company Secretary

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

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

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

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

Bankers
State Bank of India
Commercial Branch,
Thiruvananthapuram 695 014

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

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

Animation Division
1) No. 132, III Floor, Murugesa 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

Forward looking statement

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

Contents

Notice

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of Accel Transmatic Limited will be held at Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakuttom, Thiruvananthapuram - 695 585 on 14th August 2012 at 12 Noon to transact the following business :

Ordinary business:

1. To consider and adopt the audited Profit and Loss account for the financial year ended 31st March 2012 and the audited Balance Sheet as at that date and Reports of the Directors and Auditors thereon.

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

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

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

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

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

Special business:

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

   "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and subject to such approvals / consents, if any, approval of the company be and is hereby accorded to the re-appointment of Mr. Philip John as Wholetime Director with effect from 01.04.2012 for the period upto the holding of Annual General Meeting on14.08.2012 to consider the accounts for the year ended 31.03.2012, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

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

Explanatory statement pursuant to section 173 (2) of the Companies Act ,1956

Item 3 :

In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mr. Philip John, retires by rotation but has not sought re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company be not filled.

Mr. Philip John is a Wholetime Director of the Company since 01.04.2004. Mr. Philip John ceases to be a wholetime director of the company from 15th August 2012. The Board places on record its appreciation for the contribution made by him to the company.

Item 5 :

The company had appointed Mr. Philip John for a period of three years and such period has expired on 31.03.2012.

However, Mr. Philip John is not seeking re-election as a Director and will be a Director only upto the holding of the Annual General Meeting of the company i.e 14.08.2012.

The software operations which Mr. Philip John was directly supervising were also hived off to another company.

Considering that Mr. Philip John will cease to be a Director as on date of the Annual General Meeting, it has been decided that Mr. Philip John continues as a Wholetime Director till the holding of the Annual General Meeting to be held to consider the accounts for the year ended 31.03.2012.

Mr. Philip John is interested in the resolution, as it relates to his appointment. However no remuneration is being paid to Mr. Philip John for the period from April 1, 2012.

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

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

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

This explanatory statement together with the accompanying notice may be treated as an abstract of the terms of appointment of Mr. Philip John under section 302 (7) of the Companies Act 1956.

Accordingly, the company is proposing to pass this resolution in this Annual General Meeting as a Special Resolution.

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

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

(i) Background details
An engineer and a M.Tech from IIT, Chennai, with 34 33 years of experience in organizations like ER&DC, Thiruvananthapuram as the President of Software division, NEST group of companies and Managing Director of erstwhile Ushus Technologies Private Limited.

(ii) Past Remuneration
For the financial year, 2011 – 2012, Mr. Philip John 's total remuneration was Rs.30.06 lacs.

(iii) Recognition or awards / Job profile and his suitability.
Mr. Philip John has managed the Technologies Division ably over the last six years.

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

(iv) Remuneration
Mr. Philip John will not be paid any remuneration. He shall be reimbursed only the actual expenses incurred for the company.

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

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

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

(vii) General Information
Nature of Interest
The Company is a provider of Media solutions & services.

Date or expected date of commencement of commercial production.

The Company has been in business for about 24 years.

In case of new companies, expected date of commencement of activities.

Not applicable, as the company is an existing company.

Financial performance based on given indicators.

(Amount in Rupees Lacs)

	31.03.12	31.03.11	31.03.10
Sales	2389.77	1966.85	1828.63
Profit Before Tax	28.89	(365.15)	(142.53)
Profit After Tax	28.89	(365.15)	(165.17)
Shareholders' Funds	508.76	480.44	804.53
Rate of Dividend on equity shares (%)	NIL	NIL	NIL

Export performance

The Company 's export for the past three years are as follows :

(Amount in Rupees Lacs)

	31.03.12	31.03.11	31.03.10
Income from services	806.74	1846.44	1415.47

Foreign investments or collaborators, if any.

Not applicable.

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

By Order of the Board of Directors,

Chennai. N.R. Panicker
29th May 2012 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, 6th August 2012 to Tuesday, 14th August 2012 (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
2005-06	15-09-2006	14-09-2013
2006-07	24-09-2007	23-09-2014

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

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

8. The particulars of the 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 mandates, Members having shares in electronic form may inform any change in address and bank details to their depository participant immediately so as to enable the Company to dispatch dividend warrants at correct address.

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" .

By Order of the Board of Directors

Chennai. N.R. Panicker
29th May 2012 Chairman

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

Director's report

Dear shareholders,

Your directors are pleased to present the 26th annual report together with the audited accounts of the company for the year ended March 31, 2012.

INR in million

Financial results		
	2012	**2011**
Total Income	237.42	202.69
Profit before interest, depreciation & tax	85.77	30.85
Interest	30.90	22.30
Depreciation	51.97	45.06
Provision for tax	-	-
Profit /(loss) after tax	2.89	(36.52)

Review of operations:

During the financial year 2011-12, your company recorded total income of Rs 237.42 mn (previous year Rs 202.69 mn) comprising income from technology services of Rs 72.95 mn, animation services of Rs 17.18 mn , other services Rs.6.74 mn and profit on sale of technologies division of Rs 140.55 mn. During the year, the company completed development of its second intellectual property " Raju The Rickshaw ". The company reported a net profit of Rs 2.89 mn.

During the year, the company sold its technology services business with effect from 15.08.2011 to M/s Accel Frontline Limited for cash consideration of Rs. 199.70 mn after obtaining necessary approval of the shareholders. The net tangible assets of the division on the date of transfer stood at Rs.59.15 mn, resulting in a profit on sale of undertaking of Rs.140.55 mn. The amount realized was used to repay liabilities of the company, apart from funding production of Intellectual properties, Raju the Rickshaw and Shaktimaan etc. During the financial year the company incurred cash losses mainly on account of Animation Business and the same was also funded from the consideration.

With the transfer of the technologies division, the company 's future focus will be in content development services in Animation and other activities in media & entertainment space.

During the year the animation division reported a negative EBITDA of Rs 67.54 mn (previous year, a positive EBITDA of Rs.0.60 mn)and reported a loss of Rs 146.38 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 the second intellectual property and a co production property amounting to Rs 38.34 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 the Company Secretary 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 particulars regarding employees of the company pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure VII to the Director's Report. However, in terms of sec 219 (1) (b) (iv) of the Companies Act, 1956 the Directors Report (excluding Annexure VII) is being sent to all the shareholders of the company. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary at the registered office of the company.

Dividends

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

Directors

Mr. N.R. Panicker and Mr. Philp John Directors of the company, retire by rotation.

Mr. N R Panicker being eligible for re-appointment offers himself for reappointment.

Mr. Philip John, 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.

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

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.

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 2011–2012 was carried out by M/s. Vijayakumar & Easwaran, Chartered Accountants, Trivandrum covering all areas of operations. All significant observations were discussed in the Audit Committee, which met 4 times during the year under review.

Depository systems

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

Acknowledgement

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

For and on behalf of the Board of

Chennai. N.R. Panicker
Date : 29th May 2012 Chairman

Annexure I to the directors' report

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

Conservation of energy, Technology Absorption, Adaptation and Innovation and Foreign Exchange earnings and outgo

The company's operations involve 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 237.42 mn for the year ended March 31, 2012 (previous year Rs 202.69 mn). The company reported a net profit of Rs 2.89 mn for the year ended March 31, 2012 (previous year Net Loss Rs.36.52 mn).

During the year, the company sold its Technology services division with effect from 15.08.2011to Accel Frontline Limited for a consideration of Rs. 199.70 Mn. The transaction was approved by the members of the company by way of a postal ballot on 27.09.2011. This strategic decision was mainly taken to reduce the interest burden and the external liability and also to fund the losses of Animation division.

During the year, the company continued to incur losses in the animation services division. However, the company completed development of its second intellectual property "Raju the Rickshaw", a pre-school TV series of 78 episodes of 7 minutes each. This, together with our other IPR - India Fables, which is a TV series of 26 episodes of 11 minutes each is expected to bring revenues in the coming years.

The company is yet 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.

During the year, the company along with Big Animation completed the first phase of an Indian animation property, "Shaktimaan" in 2D for broadcasting , which consists of 13 episodes of 23 minutes each. This is the first initiative of its kind in India where two Indian studios are joining hands to produce a world class property for worldwide distribution. This has been a foundation for developing properties with shared responsibilities. The company had invested in this property development and had acquired 40% share in the Rights.

Preferential warrants

The preferential warrants issued by the company in December 2010, for which the company has received Rs. 41.66 Lakhs has not been converted into Equity Shares, by paying the full value of the shares. The warrant holder can exercise the conversion option on or before 30th June 2012.

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 2010to INR 728 billion in 2011, registering an overall growth of 12percent. 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 a 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.

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
* ontinue to lobby with the government for incentives to provide the necessary boost to this sector for promoting outsourced work and co-production deals

Business model

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

The studio has adopted creation of IPs as its primary engagement model. IP, once created yields recurring revenues over a long period of time, as animation contents can be telecast or sold repeatedly over the years. The shelf life of animation content is roughly around 15 years. However, the IP creation is highly capital intensive and the revenues are expected to accrue only after an initial development period of 18 to 24 months.. 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 lisence agreement for 15 years with Kahani World Inc, Canada

Human resource management

As on March 31, 2012, the company had an employee strength of 44 (PY 396). We have an established employee recruitment and retention policy, which involves identifying right talents through recruitment training cum placement programme as well as lateral recruitment and providing them with appropriate training and induction.

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

Infrastructure

Our registered office is located in Trivandrum and our corporate office is located at Chennai.. The Animation Division operates in fully equipped world class studios in Chennai and Trivandrum. The Chennai facility is 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 237.42 mn for the year ended March 31, 2012 (previous year Rs 202.69 mn) registering a growth of 14.60%. The company reported a net profit of Rs 2.89 mn (Previous year Loss 36.52 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 5 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 24.46 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, 2012, 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 year to M/s Accel Frontline Limited. Pending transfer of liability in the books of the bank, the utilized balance as at 31.03.2012 relating to the transferred business was Rs. 21.25 mn. The funds utilized and outstanding relating to the continuing business were Rs 69.18 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 12.08 mn as at the end for the year under review. This includes an amount of Rs 4.67 mn lying as security deposits offered for various leased premises taken by the company and other deposits , deposits with government bodies Rs. 6.28 mn, other advances amounting to Rs. 0.34 mn and Rs 0.79 mn of unbilled revenues as on March 31, 2012.

Capital expenditure

The capital expenditure incurred during the year towards upgradation was Rs 0.64 mn. These capital expenditure were incurred mainly to enhance the infrastructure of the software division. Apart from this, the expenditure involved in creation of intellectual property in the Animation Division for international exploitation, which got completed and ready for commercialization amounting to Rs. 106.34 mn was also capitalised during the year.

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 28.26 mn without matching revenue. The company expects improved revenue from licensing in the coming years, which is expected to exceed the value of amortization of the digital assets. The company expects to receive revenues for the next 15 years on the digital assets from licensing of worldwide rights through broadcast and other media, whereas the amortization charge will be completed in 7 years.

Investments

During the year, the company sold its investment held in Accel North America Inc, a 100% subsidiary in USA to Accel Frontline Limited, as a part of the sale of Technology services business.

Interest outflow

The company incurred a total outflow of Rs 34.05 mn towards interest and finance charges, out of which Rs 3.15 mn was capitalized as work in progress towards IPR development and the balance amount of Rs.30.90 mn charged to the Profit and Loss account. The interest outflow also includes an amount of Rs 15.03 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 3.16 mn (Previous year of Rs 0.32 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. We have mitigated these risks through geographical diversification of operations and IP based services. In animation, the company has invested in technologies not available elsewhere in our country so that we can offer a bouquet of services for overseas customers. We believe that we have requisite management and HRD capabilities to recruit, train and deploy professionals on an ongoing basis, in order to make available sufficient manpower. We have a review system which analyses various risk factors in the operations of the company and the business risks associated with various contracts in system integration as well as services. We believe that we have adequate checks and balances in place to identify and mitigate risks associated with our business.

Room for optimism

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

Cautionary statement

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

Thus the company should and need not be held responsible, if the future turns out to be something quite different. The Discussion and Analysis should be pursued subject to this management disclaimer.

Annexure III to Directors Report

Report on Corporate Governance

Corporate Governance

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

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

Company's philosophy on Corporate Governance

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

Board of Directors

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

The Board of Directors comprises of 4 Directors out of which 3 Directors are Non- Executive Directors. The Company has a Non Executive Chairman and one half of Board of Directors are Independent Directors. The day to-day operations of the company are carried out by the Divisional Heads designated as President and CEO of the respective Divisions and supervised by the Board of Directors.

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

Remuneration of Directors

The details of remuneration paid to Whole time Director during 2011-12 are given below:

	Mr. Philip John Rs.
Salary	15,00,000
Allowances & Perquisites	15,06,000
Contribution to Retiral Funds	9,360

Details of Sitting Fees paid to Directors

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

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

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

Summary	Board and Committee Meetings		
Name of Director	Board	Audit	Total
Mr. M.R. Narayanan	50,000	10,000	**60,000**
Mr. Mohan Rao	40,000	10,000	**50,000**
Mr A P Parigi	10,000		**10,000**
Grand Total	**1,00,000**	**20,000**	**1,20,000**

Board Meeting

During the year under review, 5 board meetings were held on 27.05.2011, 02.08.2011, 27.09.2011, 09.11.2011 and 10.02.2012 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 2011-2012 Attendance at	As on 31.03.2012			
		BM	Last AGM	No. of Directorship in Domestic Public Companies (including this company)	Committee position	
					Member	Chairman
N.R. Panicker	Non Executive Chairman, Promoter	5	Yes	06	02	01
M.R. Narayanan	Non Executive, Independent	5	Yes	02	03	Nil
A. Mohan Rao	Non Executive, Independent	4	Yes	02	01	02
Philip John	Executive	5	Yes	01	Nil	Nil
Mr A P Parigi upto 26.12.2011	Non Executive, Independent	1	n/a	10	Nil	Nil

Board procedure

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

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

Attendance of last annual general meeting

All Directors of the Company attended the last Annual General Meeting held on 27th September 2011.

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

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

Audit committee

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

Composition

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

During the period under review, 4 Audit Committee Meetings were held on 27.05.2011, 02.08.2011, 09.11.2011 and 10.02.2012

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	03	04	04

The scope of the Committee includes:-

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

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

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

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

- Any changes in accounting policies and practices;
- Qualifications in draft audit report;
- Significant adjustments arising out of audit;
- Compliance with accounting standards;
- Compliance with Stock Exchange and legal requirements concerning financial statements;
- Any related party transactions i.e. transactions of the company of material nature, with the promoters or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the company at large;

e. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and recommending improvements to the management;

f. Discussing with internal auditor any significant findings and follow-up thereon.

g. Discussing with statutory auditors before the audit commences, the nature and scope of audit, as well as conduct pos-audit discussions to ascertain any areas of concern;

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

Remuneration and compensation committee

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

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

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

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

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

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

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

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

1. Mr. N R Panicker – Chairman

Mr. N.R. Panicker is an IT professional with 30 years of experience; he is the Founder and Chairman of Accel Limited, the main promoter of Accel Transmatic. Also the Chairman & Managing Director of Accel Frontline Limited.

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

Mr. N.R. Panicker holds 525,986 equity shares of the company.

Name of the Companies	Nature of interest
1. Accel Limited	Promoter & Director
2. Accel Frontline Limited	Chairman and Managing Director

3. Accel Tele.net Limited — Director
4. Accel IT Resources Limited — Director
5. Accel Frontline Services Ltd. — Director
6. Accel Systems Group Inc., USA — Director
7. ACL Systems & Technologies Pte Ltd. Singapore — Director
8. Accel Infotech FZE, Dubai — Director
9. Network Programs USA Inc., USA — Director
10. Network Programs Japan Inc., USA — Director
11. Network Programs Kabushiki Kaisha, Japan — Director

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

(a) For routine matters:

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

(b) For Redressal of Complaints and Grievances :

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

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

Received	9
Replied	9

General Body Meeting

Location and time of General Meetings

Year	Type	Date	Venue	Time
2002 – 03	AGM	30.09.2003	Lakshmi Chambers, III Floor, Vazhuthacaud, Trivandrum	12.30 pm
2003 – 04	EGM	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	11.00 am
2003 – 04	Court Convened General meeting	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	02 pm to 4 pm.
2003 – 04	AGM	14.03.2005	Lakshmi Chambers, II Floor, Vazhuthacaud, Trivandrum	11.30 am
2004 – 05	AGM	19.08..2005	USHESTECH,311, Technopark, Trivandrum	02.00 pm
2005-06	AGM	15.09.2006	Conference Room, comfort Inn Grand, Statue, Thiruvananthpuram	02.00 pm
2006-07	AGM	24.09.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2007-08	AGM	27.09.2008	Malabar Hall, Park Centre, Technopark, Trivandrum	11.00 am
2007-08	EGM	04.12.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2008-09	AGM	27.07.2009	Malabar Hall, Park Centre, Technopark, Trivandrum	12.00 Noon
2009-10	AGM	27.09.2010	Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum 695 585	11.00 am
2009-10	EGM	17.12.2010	Conference Room, Ushus Technologies, III Floor 311 NILA, Technopark, Trivandrum	11.30 am
2010-11	AGM	27.09.2011	Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Trivandrum 695 585	11.30 am

Other disclosures

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

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

Compliance with mandatory requirements:

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

Means of communication

(i) Financial results and annual reports etc :

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board of Directors of the Company are published during the year under review in leading national newspaper in English and regional newspaper in Malayalam and are also sent immediately to the Stock Exchange in 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 and email addresses as and where provided to the company.

(ii) Management discussion and analysis report :

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

Non mandatory requirements

Revised sebi guidelines on corporate governance

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

The Company is fully compliant with the revised SEBI Guidelines.

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

Code of conduct

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

Compliance certificate of the auditors

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

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

General shareholder information

1.Annual General Meeting

Date and Time : Tuesday, 14th August 2012 at 12.00 Noon
Venue : Conference Hall, Park Centre
KINFRA Film & Video Park
Kazhakootam
Thiruvananthapuram – 695 585.

2. Financial Calendar
Financial Year : 01st April 2011 to 31st March 2012

Results for the Quarter ;

30th June	Before 15th August
30th September	Before 15th November
31st December	Before 15th February
31st March	Before 31st May (Audited figures) as per Stock Exchange guidelines

3. Book Closure Dates : 6th August 2012 to 14th August 2012 (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 2012 – 2013.

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-11	25.30	17.90	50,485
May-11	22.00	17.30	41,092
Jun-11	20.45	14.00	98.574
Jul-11	19.90	17.00	43,378
Aug-11	19.70	13.45	48,661
Sep-11	18.50	13.01	33,508
Oct-11	18.85	13.15	1,19,125
Nov-11	17.40	11.90	1,87,208
Dec-11	14.74	11.11	39,393
Jan-12	14.50	11.00	29,898
Feb-12	13.50	11.41	36,365
Mar-12	12.77	9.08	24,350

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@iepindia.com

8. Distribution of shareholding and categories of shareholders

	March 31, 2012				March 31, 2011			
Category	No. of Share holders	% of Share Holders	No. of Shares	% of total equity	No. of Share holders	% to Share Holders	No. of Shares	% of total equity
1 – 500	6154	89.77	628951	5.70	6279	90.02	647844	5.87
501 –1000	269	3.92	224279	2.03	265	3.80	223118	2.02
1001 – 2000	190	2.77	289948	2.63	197	2.82	306647	2.78
2001 – 3000	64	0.93	168322	1.53	62	0.89	163506	1.48
3001 – 4000	29	0.42	104110	0.94	26	0.37	94751	0.86
4001 – 5000	37	0.54	173473	1.57	36	0.52	170666	1.55
5001 – 10000	46	0.67	355201	3.22	41	0.59	306070	2.77
10001 & above	67	0.98	9093117	82.38	69	0.99	9124799	82.67
TOTAL	**6856**	**100.00**	**11037401**	**100.00**	**6975**	**100.00**	**11037401**	**100.00**

9. Share holding Pattern as on 31st March 2012

Category Code	Category of Shareholder	No of Share holders	Total Number of Shares	Number of shares held in dematerialized form	Total share holding as a percentage of total number of shares		Shares Pledges or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/ (IV) *100
(A)	Shareholding of Promoter and Promoter Group2							
(a)	Individuals / Hindu Undivided Family	1	525,986	525,986	4.76	4.76	-	-
(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	300,000	300,000	2.72	2.72	-	-
	Sub-Total (A)(1)	5	6,455,986	6,455,986	58.49	58.49	1,300,000	20.14
(2)	Foreign							
(a)	Individuals (Non Resident Individuals) /Foreign Individuals	-	-	-	-	-		
(b)	Bodies Corporate	-	-	-	-	-		
(c)	Institutions	-	-	-	-	-		
(d)	Any Other (Specify)	-	-	-	-	-		
	Sub-Total (A)(2)	-	-	-	-	-		
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+((A)(2)	5	6,455,986	6,455,986	58.49	58.49	1,300,000	20.14
(B)	Public Shareholding							
(1)	Institutions							
(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)	-	-	-	-	-		
(d)	Venture Capital Funds	-	-	-	-	-		
(e)	Insurance Companies	-	-	-	-	-		
(f)	Foreign Institutional Investors	-	-	-	-	-		
(g)	Foreign Venture Capital Investors	-	-	-	-	-		
(h)	Any Other (Specify)	-	-	-	-	-		

	Sub-Total (B)(1)	8	2,664	400	0.02	0.02		
(2)	Non-Institutions							
(a)	Bodies Corporate	98	468,562	463,962	4.25	4.25		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh.	6,664	1,846,764	1,552,246	16.73	16.73		
	ii. Individual shareholders holding nominal share capital excess of Rs.1 lakh.	57	2,106,308	2,047,808	19.08	19.08		
(c)	Any Other (Trust / Clearing Member-details enclosed)	5	352	352	0.01	0.01		
1	Clearing members							
2	Corporate CM/TM - Client Margin A/c	4	3,139	3,139	0.03	0.03		
3	Corporate CM/TM - Client Beneficiary A/c	14	16,546	16,546	0.15	0.15		
4	Trust	1	1,37,080	1,37,080	1.24	1.24		
	Sub-Total (B(2)	6843	4,578,751	4,221,133	41.49	41.49		
	Total Public Share holding (B)=(B)(1)+(B)(2)	6851	4,581,415	4,221,133	41.51	41.51		
	Total (A) + (B)	6856	11,037,401	10,677,519	100.00	100.00	1,300,000	11.78
	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-		-		
	GRAND TOTAL (A)+(B)+(C)	6856	11,037,401	10,677,519	100.00	100.00	1,300,000	11.78

Note : As approved by the Board of Directors of the company on a request received from Mr. T. Ravindran, an erstwhile Promoter and as intimated to the Stock Exchange, Mr. T. Ravindran has been considered as a Non-Promoter and added in the Public Holding category.

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 2011 – 2012:

Nature of Queries	Received	Replied
Non receipt of Certificate after transfer/capital reduction	NIL	NIL
Procedure for Transmission	NIL	NIL
Correction in Certificate	NIL	NIL
Non receipt of Inter/Dividend Warrant/Cheque/DD	NIL	NIL
General queries	2	2
Change of address / Bank Mandate	5	5
Procedure for loss of share certificate	2	2
Total	9	9

As at 31st March 2012, NIL investor complaints were pending. As at 31st March 2012, NIL share transfers and NIL demat requests were pending.

The Aggregate Promoters and Non – promoter shareholding of the Company as at 31st March 2012 is as shown below:

Category	No. of Shares	% to total paid up capital	Shares held in Demateri-alized Form	Shares held in Physical Form
Promoters	6,455,986	58.49	6,455,986	NIL
Non Promoters	4,581,415	41.51	4,221,533	359,882
Total	11,037,401	100.00	10,677,519	359,882

13. Dematerilisation of shares and liquidity

As on 31st March 2012, 96.74% 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 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to procedures and implementation there of, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

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

Place : Chennai — P.R. Prasanna Varma F.C.A
Date : May 29, 2012 — Membership No : 25854
Partner.

Annexure V to the Director's report

Directors responsibility statement

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

(a) That in the preparation of the annual accounts for the year ended March 31, 2012, 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 2012 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 the Director's report

Certification to the board by the Chairman and the Company Secretary

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

1. 1. We have reviewed the financial statements for the year ended 31.03.2012, 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 have indicated to the auditors and to the audit committee:

   a) Significant changes in internal control over financial reporting during the year.

   b) Significant changes in accounting policies during the year;

   c) Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

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

N R Panicker
Chairman

S T Prabhu
Company secretary

Place : Chennai
Date : 29.05.2012

Annexure VIII to the Director's report

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

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

Auditors' report

To,
The Members,
Accel Transmatic Limited.

1. We have audited the attached Balance Sheet of Accel Transmatic Limited as at 31st March 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order;

4. Without qualifying our opinion attention is invited to Note No. 2. As stated therein, the Company has suffered cash loss from its operations during the year, without considering the profit on transfer of its Software Division. The accumulated loss is more than 50% of its Net worth. This 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.

5. Further to our comments stated above, we report that:

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

(c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 201 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on the accounts attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012;

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

and

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

For Varma & Varma
Chartered Accountants
F.R.N. 004532S

Place: Chennai
Date : 29.05.2012

P.R. Prasanna Varma F.C.A
M No: 25854
Partner

Annexure referred to in paragraph 3 of our audit Report of even date

1)

a. The company is maintaining records showing full particulars, including quantitative details of fixed assets.

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

c. There has not been any disposal of any substantial portion of fixed assets of the company during the year, which would affect the status of the company as a going concern, *except as stated in Note No.23 attached to the Accounts.*

2) The inventory of the Company at the year end consists of Digital Assets value Rs. Nil (Intangible Assets) under contract/co - production only and hence, the question of physical verification of inventory does not arise. Hence the Paragraph 4(ii)(a), 4(ii)(b) & 4(ii)(c) of Companies (Auditor's Report) (Amendment) Order are not commented upon by us.

3)

a. As explained to us, the Company has not advanced any amounts to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 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	12,93,94,333/-	7,86,73,333/-

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 payment of principal amount and interest thereon is as stipulated.

4) In our opinion and according to the information and explanations

given to us, the internal control system for the purchase of fixed assets and for the sale of services are generally commensurate with the size of the company and nature of its business. There are no major weaknesses in internal control of a continuing nature.

5)

a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 with the aforesaid parties exceeding value of Rupees Five Lakhs in respect of each such party which have been entered into during the financial year are at prices which are reasonable having regard to the prevailing market prices at the relevant time

6) In our opinion and according to the information and explanation furnished to us, the company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 with regard to the deposits accepted from the public.

7) The Internal audit of the company was conducted during the year, by a firm of Chartered Accountants, the scope and coverage of which is commensurate with the size of the Company and nature of its business.

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

9.)

a. *There were delays in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Service Tax & Sales Tax with the appropriate authorities during the year.* According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth tax, Service tax, Sales tax, Excise duty, Customs Duty, Cess and other statutory dues which were outstanding at the year end for a period of more than six months from the date they became payable, *other than as stated below :-*

(Amount in Rupees)

Particulars	Outstanding at the end of the year	Payable for more than 6 months
Professional Tax	927,718/-	887,498/-
Employees State Insurance	361,494/-	265,157/-
Provident fund	173,752/-	18,348/-
Tax Deducted at Source	6,056,305/-	2,853,040/-

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*

Sl No:	Particulars	Amount involved (Rs)	Forum where Dispute is pending
1	Income tax Demands	13,595,330	Income Tax Appellate Tribunal Kochi
2	Customs Duty	3,388,000	Honorable High Court Of Kerala
3	PF & Others	2,171,000	Honorable High Court Of Kerala – Rs.10.59 lacs, Registrar – EPF Appellate Tribunal - Rs.7.77 lacs, Suit in Civil Court Chennai – Rs.0.64 lacs, Suit in civil court Kerala – Rs.2.71 lacs.

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

11) As per the information and explanations furnished to us and on our verification of records of the company, there have been no delays in repayment of dues to financial institutions or banks.

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) In our opinion and according to the information and explanations given to us, Term Loans availed during the year has been utilised for the purpose for which they have been availed.

17) According to the information and explanations given to us and on an overall verification of the attached Balance Sheet of the company, we report that the funds raised by the company on short-term basis have not been used to finance long-term assets except to the extent of Rs.8,54,52,739/-.

18) During the year, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

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

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

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

For Varma & Varma
Chartered Accountants
F.R.N. 004532S

Place: Chennai
Date : 29.05.2012

P.R Prasanna Varma F.C.A
M No: 25854
Partner

Balance Sheet as at

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

Particulars	Note	March 31,2012	March 31,2011
Equity and liabilities			
1. Shareholders' fund			
a. Share capital	3	110,374,010	110,374,010
b. Reserves and surplus	4	(63,664,602)	(66,495,339)
c. Money received against share warrants	3	4,166,250	4,166,250
		50,875,658	**48,044,921**
2. Non - current liabilities			
a. Long-term borrowings	5	96,951,912	160,412,266
b. Long-term provisions	6 (a)	1,449,470	13,633,788
		98,401,382	**174,046,054**
3. Current liabilities			
a. Short-term borrowings	7	25,026,859	47,285,593
b. Trade payables	8	13,586,262	40,557,928
c. Other current liabilities	9	75,976,839	84,101,088
d. Short term provisions	6 (b)	620,685	303,312
		115,210,645	**172,247,921**
Total		**264,487,685**	**394,338,896**
B. Assets			
Non - current assets			
a. Fixed assets	10		
(i) Tangible assets	10 (I)	69,784,705	108,787,542
(ii) Intangible assets	10 (II)	134,817,812	61,427,125
(iii) Capital work-in-progress	10 (III)	-	4,332,746
(iv) Intangible assets under development	10 (III)	-	80,825,603
b. Non - current investments	11	50,396	6,466,543
c. Trade receivables	13	23,674,553	-
d. Long term loans and advances	15 (a)	4,850,225	17,165,559
		233,177,691	**279,005,118**
2. Current assets			
a. Inventories	12	-	4,442,705
b. Trade receivables	13	5,055,065	66,362,333
c. Cash and bank balances	14	4,538,141	2,972,235
d. Short-term loans and advances	15(b)	20,926,486	10,624,987
e. Other current assets	15(c)	790,302	30,931,518
		31,319,994	**115,333,778**
Total		**264,487,685**	**394,338,896**

Summary of significant accounting policies and notes to accounts 01-24
The accompanying notes are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date

Varma and Varma
Firm registration No. 4532S
Chartered Accountants

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

Place: Chennai
Date: 29th May 2012

For and on behalf of the board of directors

N R Panicker
Chairman

A Mohan Rao
Director

Philip John
Whole time Director

S T Prabhu
Company Secretary

Profit and loss statement for the year ended

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

	Note	March 31, 2012	March 31, 2011
A. Continuing operations			
1. Income			
a. Revenue from operations	16	20,925,838	192,154,238
b. Other income	17	2,971,907	4,530,838
2. Total revenue		**23,897,745**	**196,685,076**
3. Expenses			
a. Cost of services	18	12,789,494	3,762,269
b. Changes in digital inventory (increase)/decrease	19	4,442,705	(395,700)
c. Employee benefit expenses	20	23,171,898	97,729,166
d. Other expenses	21	57,364,354	70,743,990
4. Total expenses		**97,768,451**	**171,839,725**
Earning before interest, tax, depreciation ,amortisation and exceptional items (EBITDA) (1- 4)		**(73,870,706)**	**24,845,351**
5. Depreciation & amortisation	10	50,593,347	45,116,515
Less: recoupment from revaluation reserve		58,455	58,455
Net depreciation & amortisation		50,534,892	45,058,060
6. Finance cost	22	29,848,089	22,302,815
7. Add : Exceptional items (Income)	23	140,554,776	6,000,000
8. Profit/(loss) before tax		**(13,698,911)**	**(36,515,524)**
9. A. Tax expenses			
Current tax		-	-
Defered tax		-	-
Total tax expenses		**-**	**-**
10 Profit/(loss) for the year from continuing operations (A)		**(13,698,911)**	**(36,515,524)**
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**	**(36,515,524)**
Profit/(Loss) for the period (A - B)		**2,889,203**	**(36,515,524)**
Basic Earning per equity share (nominal value of share Rs.10 (31st March 2011 Rs.10)			
Computed on the basis of profit from continuing operations		(1.24)	(3.31)
Computed on the basis after excluding exceptional items		(12.47)	(3.85)
Computed on the basis of total profit for the year		0.26	(3.31)
Diluted			
Computed on the basis of profit from continuing operations		(1.23)	(3.27)
Computed on the basis after excluding exceptional items		(12.32)	(3.80)
Computed on the basis of total profit for the year		0.26	(3.27)

Summary of significant accounting policies and notes to accounts 01-24
The accompanying notes are an integral part of the financial statements.
This is the Profit & loss statement referred to in our report of even date

Varma and Varma
Firm registration No. 4532S
Chartered Accountants

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

Place: Chennai
Date: 29th May 2012

For and on behalf of the board of directors

N R Panicker
Chairman

A Mohan Rao
Director

Philip John
Whole time Director

S T Prabhu
Company Secretary

Cash flow statement for the year ended	March 31, 2012	March 31, 2011
Cash flow from operating activities		
Profit before tax from continuing operations	(13,698,911)	(36,515,524)
Profit before tax from discontinuing operations	16,588,114	-
Profit before tax	**2,889,203**	**(36,515,524)**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization on continuing operation	50,534,892	45,058,060
Depreciation/ amortization on discontinuing operation	1,436,159	-
Other write off on tangible/ intangible assets pertaining to continuing operation	27,419,881	2,646,026
Loss/ (profit) on sale of fixed assets	6,366,029	13,236
Interest expense	30,906,383	22,302,815
Interest (income)	(203,681)	(459,115)
Dividend (income)	(3,550)	(3,195)
Operating profit before working capital changes	**119,345,317**	**33,042,303**
Movements in working capital :		
Increase/ (decrease) in trade payables	(31,785,038)	22,592,989
Increase / (decrease) in long-term provisions	(12,184,318)	8,520,892
Increase / (decrease) in short-term provisions	317,373	-
Increase/ (decrease) in other current liabilities	(8,124,249)	22,936,562
Decrease / (increase) in trade receivables	37,632,715	(8,413,235)
Decrease / (increase) in inventories	4,442,705	(395,700)
Decrease / (increase) in long-term loans and advances	12,315,334	(8,697,464)
Decrease / (increase) in short-term loans and advances	(10,301,499)	34,919,403
Decrease / (increase) in other current assets	30,141,204	(7,975,688)
Cash generated from /(used in) operations	**141,799,544**	**96,530,062**
Direct taxes paid (net of refunds)	-	-
Net cash flow from/ (used in) operating activities (A)	**141,799,544**	**96,530,062**
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(61,548,291)	(69,827,830)
Proceeds from sale of fixed assets	30,258,451	-
Proceeds of non-current investments	6,416,147	-
Interest received	203,681	459,115
Dividends received	3,550	3,195
Net cash flow from/ (used in) investing activities (B)	**(21,777,259)**	**(105,881,044)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (Share application Money)	-	4,166,250
Repayment of long-term borrowings	(63,460,354)	(11,599,845)
Repayment of short-term borrowings	(22,258,734)	-
Interest paid	(29,848,089)	(22,302,815)
Net cash flow from/ (used in) in financing activities (C)	**(115,567,177)**	**(29,736,410)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	1,565,906	(2,571,869)
Cash and cash equivalents at the beginning of the year	2,972,235	5,544,104
Cash and cash equivalents at the end of the year	**4,538,141**	**2,972,235**

	March 31, 20112	March 31, 2011
Components of cash and cash equivalents		
Cash on hand	17,477	78,574
With banks- on current account	2,463,893	244,959
- on deposit account	1,885,864	2,477,723
- unpaid dividend accounts	170,907	170,979
Total cash and cash equivalents	**4,538,141**	**2,972,235**

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. 4532S

Chartered Accountants

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

Place: Chennai
Date: 29th May 2012

For and on behalf of the board of directors

N R Panicker
Chairman

A Mohan Rao
Director

Philip John
Whole time Director

S T Prabhu
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. The company had demerged its technology business to its group company M/s Accel Frontline Limited (AFL) effective August 15, 2011 (refer note 23)

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 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 as 12 months.

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 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) Software services

Software services are either provided on a time & material basis or on a fixed price basis. IT Services provided on a time & material basis are recognized in / for the period in which the services are performed. IT Services provided on a fixed price basis are recognized based on the milestones as specified in the contracts. Unbilled revenue included under Other Current Assets represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

(iii) 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.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

(ii) Leased assets

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

(iii) Intangible assets

(a) 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.

(b) Goodwill on merger included under fixed assets, is amortized over a period of 5 years.

(c) Intangible assets in the nature of digital assets is capitalized as and when it is completed and ready for commercialization and amortized over a period of revenue earning potential as estimated by the management. Cost of own / co production of animation products and not ready for commercialization as at the year end is carried forward as capital work in progress in the balance sheet as at the 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 as 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 a 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 , if a legally enforceable right exists to set-off current tax assets against current tax liabilities and where deferred tax assets and deferred taxes 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.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

1.8 Segment reporting:

Segment accounting policies

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

i. Segment revenue includes sales, service and other income directly identifiable with / allocable to the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. The expenses, which relate to the company as a whole and not allocable to segments, are included under "other unallocable expenditure".

iii. Income, which relates to the company, as a whole and not allocable to segments is included in "unallocable corporate income".

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

v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment. Unallocable assets mainly comprise of investments in subsidiaries and others. Unallocable liabilities include provisions for employee retirement benefits & Taxation.

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

1.9 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.

1.10 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

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

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

2.1 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.

2.2 Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Note : 03 Share Capital

	As at 31.03.2012	As at 31.03.2011
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

	31/03/2012		31/03/2011	
Equity Shares	**Number**	**Rs**	**Number**	**Rs**
At the beginning of the year	11037401	110,374,010	11037401	110,374,010
Issued During the year	Nil		Nil	
Outstanding at the end of the year	11037401	110,374,010	11037401	110,374,010
3.2 Shares held by holding company		**Rs**		**Rs**
		31/03/2012		**31/03/2011**
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	51.01
Equity Share of Rs. 10 each each fully paid				
3.4 Money received against Share Warrants (See Note –3.5)		4,166,250		4,166,250

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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of an interim dividend. 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. In case the subscriber does not exercise the option for such conversion within the prescribed period, the amount paid for, will be forfeited. The option has to be exercised on or before June 30, 2012.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Note : 04 Reserves & Surplus

	As at 31/03/2012	As at 31/03/2011
Capital reserve	10,197,500	10,197,500
Capital redemption reserve	2,100,000	2,100,000
Revaluation reserve - opening balance	12,222,112	12,280,567
Less: Additional depreciation on revaluation	(58,466)	(58,466)
Revaluation reserve - closing balance	12,163,646	12,222,112
	24,461,146	**24,519,612**
Surplus / (deficit) in Profit and Loss statement		
Balance as per the last financial statements	(91,014,951)	(54,499,424)
Add: profit / (loss) for the year	2,889,203	(36,515,527)
Sub total - closing balance	(88,125,748)	(91,014,951)
Total	**(63,664,602)**	**(66,495,339)**

4.1 Going concern

The company has suffered cash losses from its operations during the year, without considering the profit on transfer of its technologies division. 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**	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
	Rs	**Rs**	**Rs**	**Rs**
Term loans from banks (in INR)				
Secured (See Note " 5.1 " below)	15,353,157	58,106,605	28,800,000	29,400,000
Hire purchase loans	-	144,585	75,518	542,292
Other loans and advances :				
From related parties	72,598,755	97,111,076	6,600,000	3,600,000
Deposits from public	9,000,000	5,050,000	1,000,000	5,700,000
	96,951,912	160,412,266	36,475,518	39,242,292

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

	As at 31.03.2012	**As at 31.03.2011**
Accel Limited	55,630,653	49,869,418
Accel Frontline Services Limited	73,613,680	60,349,608
Accel Media Ventures Limited	-	674,194

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 13.75% p.a. and are repayable in monthly installments of Rs. 500,000 , beginning October 2012 . 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 lakhs . Hire purchase loans carry an interest of 9% p.a and the amount outstanding as on the date of balance sheet is repayable in 4 monthly installments of Rs. 21,991 each. Public deposit carries interest @11% pa (P.Y 10%), and are repayable after 3 years from the respective dates of acceptance of deposits.

5.3. During the year the company has sold its technology division to Accel Frontline Limited (AFL) with effect from 15/08/2011. 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. 2,12,59,363/- 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.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Note 06 (a) : Long term Provisions

	As at 31.03.2012	As at 31.03.2011
Gratuity	953,040	7,870,937
Leave Encashment	496,430	5,762,851
	1,449,470	13,633,788

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. 17,79,131 lacs (Previous Year Rs.32,60,373) on account of defined contribution towards Provident Fund and Rs. 4,56,035 lacs (Previous Year 6,49,235) towards Employees State Insurance Scheme.

Note 06 (b): Short term Provisions

	As at 31.03.2012	As at 31.03.2011
Gratuity	580,433	
Leave Encashment	40,252	303,312
	620, 685	303,312

2. **Defined benefit plans**
Gratuity – Funded Obligation

I Actuarial Assumption	31.03.12	31.03.11
Discount Rate (per annum)	8%	8%
Salary escalation rate *	5%	10%
Expected average remaining lives of working employees (year)	25.65	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

		31.03.2012	31.03.2011
II	**Reconciliation of present value of obligations**	**Rs.**	**Rs.**
	Present value of obligation at beginning of the year	9,077,514	4,265,296
	Current services cost	316,454	2,151,364
	Interest cost	738,859	427,278
	Actuarial (gain)/loss	(7,342,286)	2,806,624
	Benefits paid	(979,315)	(573,048)
	Present value of obligation at the end of the year	1,811,226	9,077,514
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	1,811,226	9,077,514
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	1,533,473	7,870,937
IV	**Expenses recognized in the Profit and Loss Account**	**Rs.**	**Rs.**
	Current service cost	316,454	2,151,364
	Interest cost	738,859	427,278
	Actuarial (gain) / loss recognized in the period	(7,392,777)	2,680,513
	Settlement cost / (credit)	2,708,561	
	Past service cost		-
	Total expenses recognized in the Profit and Loss Account for the year	(3,628,903)	5,259,155

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	31.03.12	31.03.11
	Discount Rate (per annum)	8%	8%
	Salary escalation rate *	6%	10%
	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.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

		31.03.2012	31.03.2011
t	**Reconciliation of present value of obligations**	**Rs.**	**Rs.**
	Present value of obligation at beginning of the year	6,066,163	2,804,426
	Current services cost	422,862	4,135,444
	Interest cost	502,208	389,772
	Actuarial (gain)/loss	(6,454,551)	(1,263,479)
	Benefits paid	-	-
	Present value of obligation at the end of the year	536,682	6,066,163
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	536682	6,066,163
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	536682	6,066,163
Iv	**Expenses recognized in the Profit and Loss Account**	**Rs.**	**Rs.**
	Current service cost	422,862	4,135,444
	Interest cost	502,208	389,772
	Actuarial (gain) / loss recognized in the period	(6,454,551)	(1,263,479)
	Settlement cost / (credit)	4,237,126	
	Past service cost		-
	Total expenses recognized in the Profit and Loss Account for the year	(1,292,355)	3,261,737

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 31.03.2012	As at 31.03.2011
a. Cash Credit from The State Bank Of India	10,136,048	10,064,669
b. Pre Shipment Finance From State Bank Of India	14,890,811	37,220,924
	25,026,859	**47,285,593**

The Cash Credit limits, Term Loan Limits and Non Funded Limits (The Limits) are secured by hypothecation of Intellectual property rights and receivables and hypothecation of assets created out of bank finance 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 31.03.2012	As at 31.03.2011
Dues to micro , small enterprises (See note 8.1)	-	-
Others	1,355,915	7,351,390
Expenses payable	12,230,347	33,206,538
	13,586,262	40,557,928

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 2012, 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 31/03/2012	As at 31/03/2011
a. Other Payables		
(i) Statutory remittances	8,831,052	11,335,780
(ii) unclaimed dividend (see note 9.2 below)	170,907	170,979
iii) Advances received (see note 9.1 below)	25,736,625	6,084,785
(iii) Dues towards fixed asset purchases	4,762,737	7,267,252
(iv) Current maturity in Long Term Borrowings (See Note No.5)	36,475,518	39,242,292
	75,976,839	**84,101,088**

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. 25,268, 776 (P.Y Rs. 22,936,562) .

9.2 Unclaimed dividend will be transferred to the Investor Protection and Education Fund if remains unclaimed, in the year 2012-13 & 2013-14 respectively.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

10.1 Fixed Assets - Tangible

		Gross Block Stated at Cost				Depreciation				Net Block	
Sl. No.	Particulars	Cost as on 01.04.2011	Additions/ Adjustments	Sale Transfer	Total as on 31.03.2012	Upto 01.04.2011	For the Year	Adjustment	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
		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	2,119,804	195,668	-	2,315,472	3,542,858	3,738,526
3	Plant and equipment	23,847,655	478,381	7,101,332	17,224,704	12,951,030	3,946,873	5,725,746	11,172,157	6,052,547	10,896,625
4	Furnitures and fixtures	28,384,055	-	11,808,613	16,575,442	13,202,788	2,537,740	6,652,994	9,087,534	7,487,908	15,181,267
5	Vehicle	3,447,205	-	1,313,847	2,133,358	1,831,576	251,032	684,541	1,398,067	735,290	1,615,629
6	Office equipments	3,914,902	-	1,732,812	2,182,090	1,629,094	162,061	1,409,582	381,573	1,800,517	2,285,808
7	Lease hold improvements	6,146,680	-	6,146,680	-	2,074,274	54,649	2,128,923	-	-	4,072,406
8	Electrical fittings	16,834,096	157,780	5,990,169	11,001,707	5,624,071	1,536,689	2,286,198	4,874,550	6,127,155	11,210,025
9	Computers & computer software	94,490,688	8,600	24,077,720	70,421,568	53,743,910	11,752,635	20,072,926	45,423,619	24,997,949	40,746,778
	TOTAL (A)	**201,964,090**	**644,761**	**58,171,173**	**144,437,678**	**93,176,547**	**20,437,347**	**38,960,910**	**74,652,972**	**69,784,704**	**108,787,542**
	Previous year	**198,022,324**	**3,941,766**	**-**	**201,964,090**	**70,263,133**	**22,913,415**	**-**	**93,176,548**	**108,629,747**	**127,601,398**

10.2 Fixed Assets – Intangible

		Gross Block Stated at Cost				Depreciation				Net Block	
Sl. No.	Particulars	Cost as on 01.04.2011	Additions/ Adjustments	Sale Transfer	Total as on 31.03.2012	Upto 01.04.2011	For the Year	Adjustment	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
		Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
1	Software Licenses	23,337,898	-	7,486,474	15,851,424	14,245,220	3,329,139	6,125,776	11,448,583	4,402,841	9,092,678
2	Intangible Assets – Intellectual Property Rights	70,601,334	106,343,542	-	176,944,876	18,266,886	28,263,019	-	46,529,905	130,414,971	52,334,448
	TOTAL (B)	**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**
	Previous year	**91,904,211**	**2,035,021**	**-**	**93,939,232**	**10,308,995**	**22,203,111**	**-**	**32,512,107**	**61,427,125**	**81,595,216**

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

10.3 Capital Work In Progress

Amount in Rs.

Particulars	as at 31.03.2012	as at 31.03.2011
Balance as at the beginning of the period	85,316,149	23,506,629
Additions during the period	44,311,775	61,809,520
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	-	**85,316,149**

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. 130,414,971 (Previous year Rs.13,160,051)

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 estimates, of the cash generation unit of the company.

Note 11: Investments	**As at**	**As at**
Unquoted (Trade) at cost	**31.03.2012**	**31.03.2011**
In Subsidiaries		
Accel North America , California Inc	-	6,416,147
[Nil (155000) Shares of USD 1 Each]		
In Others Quoted [Non-Trade] at cost		
Rajashree Sugars and Chemicals Ltd	1,575	1,575
[65 (65) Equity shares of Rs.10/- each fully paid up]		
State Bank of India	20,900	20,900
[60 (60) Equity shares of Rs.10/- each fully paid up]		
ICICI Bank Limited	25,756	25,756
[125 (125) Equity Shares of Rs.10/- each fully paid up]		
Pittsburgh Iron and Steels Ltd (Formerly S & Y Mills Limited)	2,165	2,165
[500 (500) Equity Shares of Rs.10/- each fully paid up]		
	50,396	**6,466,543**

	Book Value as at		**Market Value as at**	
	31-Mar-12	**31-Mar-11**	**31-Mar-12**	**31-Mar-11**
Quoted	50,396	50,396	244,511	313,934
Unquoted	-	6,416,147	-	-

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Note 12: Inventories

	As at 31.03.2012	As at 31.03.2011
Work in Progress (refer note 10.6)	-	4,442,705
	-	**4,442,705**

Note 13: Trade Receivables

	Non - Current portion		Current Maturities	
	As at 31/03/2012	As at 31/03/2011	As at 31/03/2012	As at 31/03/2011
(Unsecured Considered Good)				
Outstanding for more than 6 months			13,648,695	17,493,490
Less: Provision	-	-	(8,593,630)	(2,100,000)
	-	-	**5,055,065**	**15,393,490**
Outstan	23,674,553		-	50,968,843
	23,674,553	**-**	**-**	**50,968,843**
	23,674,553	**-**	**5,055,065**	**66,362,333**

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 31.03.2012	As at 31.03.2011
Cash & Cash Equivalents		
a. Cash on hand	17,477	78,574
b. Balances with banks		
In current accounts	2,463,893	244,959
	2,481,370	323,533
Other Bank Balances		
(i) In unpaid Dividend account	170,907	170,979
(ii) Margin Money (Liquid Deposit towards Public Deposit)	1,885,864	2,477,723
	2,056,771	2,648,702
	4,538,141	**2,972,235**

Note 15 (a): Long term loans and advances

	As at 31/03/2012	As at 31/03/2011
(Unsecured considered good)		
(a) Security deposits	4,850,225	17,165,559
	4,850,225	**17,165,559**

Note 15 (b): Short term loans and advances

	As at 31/03/2012	As at 31/03/2011
(Unsecured considered good)		
(a) Loans and advances to employees	203,016	625,895
(b) Prepaid expenses	128,285	954,349
(c) Balances with government authorities	6,289,901	5,408,200
(d) Other advances	14,305,284	-
(e) Advance to suppliers	-	3,636,543
	20,926,486	**10,624,987**

Note 15 (c): Other current assets

	As at 31.03.2012	As at 31.03.2011
(a) Unbilled revenue	790,302	30,931,518
	790,302	**30,931,518**

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.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Note 16: Revenue from operations

	For the Year ended 31.03.2012			Year Ended
	Total	**Discontinued Operations**	**Continuing Operations**	**31.03.2011**
Services – exports	80,673,892	71,634,224	9,039,668	184,643,973
Services – domestic	5,121,580	-	5,121,580	7,086,160
Product sales	3,950	-	3,950	121,250
	85,799,422	71,634,224	14,165,198	191,851,383
Other operating income				
Foreign Exchange Gain/Loss (Net)	3,159,099	1,319,717	1,839,382	302,855
Provision no longer required	4,921,258		4,921,258	-
	8,080,357	1,319,717	6,760,640	302,855
	93,879,779	**72,953,941**	**20,925,838**	**192,154,238**

Note 17 : Other income

	For the Year ended 31.03.2012			Year Ended
	Total	**Discontinued Operations**	**Continuing Operations**	**31.03.2011**
Interest income	203,681	13,494	190,187	459,115
Dividend income	3,550	-	3,550	3,195
Other non operating Income	2,778,170	-	2,778,170	4,068,528
	2,985,401	**13,494**	**2,971,907**	**4,530,838**

Note 18 : Cost of services

	For the Year ended 31.03.2012			Year Ended
	Total	**Discontinued Operations**	**Continuing Operations**	**31.03.2011**
Subcontracting and Outsourcing cost	12,789,494	-	12,789,494	3,762,269
	12,789,494	**-**	**12,789,494**	**3,762,269**

Note 19: Changes in inventory

	For the Year ended 31.03.2012			Year Ended
	Total	**Discontinued Operations**	**Continuing Operations**	**31.03.2011**
Closing stock of WIP and finished goods	-			4,442,705
Less : Opening stock of WIP and finished goods	4,442,705			4,047,005
	4,442,705	**-**	**-**	**(395,700)**

Note 20: Employee benefit expenses

	For the Year ended 31.03.2012			Year Ended
	Total	**Discontinued Operations**	**Continuing Operations**	**31.03.2011**
Salaries and allowances	51,892,665	32,026,980	19,865,685	81,229,419
Contribution to Provident and other welfare funds	3,828,069	1,694,942	2,133,127	11,472,768
Staff welfare expenses	2,979,600	1,806,514	1,173,086	5,026,979
	58,700,334	**35,528,436**	**23,171,898**	**97,729,166**

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Note 21: Other expenses

	For the Year ended 31.03.2012			Year Ended
	Total	**Discontinued Operations**	**Continuing Operations**	**31.03.2011**
Rent	10,089,440	1,753,243	8,336,197	12,155,912
Power and fuel	4,642,666	503,916	4,138,750	4,605,414
Insurance	800,259	573,234	227,025	1,865,858
Rates & taxes	825,433	-	825,433	1,050,065
Repair and maintenance				
Repair to building	541,168	541,168	-	993,235
Repair to machinery	1,070,405	745,137	325,268	1,702,872
Others	1,183,364	311,763	871,601	1,030,684
Traveling & conveyance	11,583,401	10,586,734	996,667	30,076,853
Printing and stationery	639,962	54,446	585,516	589,303
Postage, telegram & telephone	1,989,006	1,014,075	974,931	3,693,440
Legal and professional	2,465,605	922,453	1,543,152	5,166,169
Business promotion ,advertisement and publicity	2,972,013	-	2,972,013	-
Payment to auditors				
as Statutory Audit fees	337,080	-	337,080	330,900
as reimbursement of expenses	5,536	-	5,536	17,835
Loss on sale of fixed assets	6,366,029	-	6,366,029	13,236
Miscellaneous expenses	726,829	273,531	453,298	1,551,166
Packing and forwarding	394,258	38,098	356,160	191,096
Irrecoverable / doubtful debts and advances	27,419,881	-	27,419,881	2,646,026
Marketing & distribution expenses	1,668,451	1,038,634	629,817	3,063,929
	75,720,786	**18,356,432**	**57,364,354**	**70,743,993**

Miscellaneous expenses include, directors sitting fees Rs. 1,20,000 (PY 1,10,000)

Note 22: Finance cost

	For the Year ended 31.03.2012			Year Ended
	Total	**Discontinued Operations**	**Continuing Operations**	**31.03.2011**
Interest Expenses				
On working capital	4,955,700	764,263	4,191,437	5,759,051
On term loans	12,871,760	204,196	12,667,564	15,181,234
On other loans	12,905,098	15,604	12,889,494	827,078
Bank charges and commission	173,825	74,231	99,594	535,452
	30,906,383	**1,058,294**	**29,848,089**	**22,302,815**

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Obligation on Long Term non-cancelable finance lease

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

Particulars	2011-12	2010-11
Minimum Lease Payment		
Not Later than 1 Year	Nil	Nil
Later Than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Present Value of Minimum Lease Payments		
Not Later than 1 Year	Nil	Nil
Later Than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Finance Charges Recognized in the P & L A/c	Nil	5,19,713

Note 23 : Exceptional items

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. As per the terms of the above said BTA, the company is eligible for an additional amount upto Rs. 2 Crores as incentive if the said division achieves an EBITDA of Rs. 5 crores for the twelve months period ended 31st March 2012 as finalized by the audited accounts of the said division. Since the audit of the accounts and approval /adoption of the same by the Board of Directors of Accel Frontline Limited has not been completed as on date of finalization of this company's accounts, the company has not recognized any amounts towards the incentive for the year ended 31st March 2012 .

During the previous year , the company divested 100000 equity shares of Rs. 10 each representing 10% of Share Capital of Accel IT Resources Limited (Formerly Accel Academy Limited) for a consideration of Rs. 120 Lakhs. The profit on sale of investments of Rs.60 Lacs was credited to Profit and Loss account as exceptional item.

23.1 Disclosure of discontinued operations(as per AS-24)

The details of the Assets & Liabilities of the transferred division as at the close of 14.08.2011 is given below

PartIculars	Amount
Fixed assets net, Including Capital work in progress.	30,258,451
Investments in Accel North America Inc.	6,416,147
Current assets loans & advances	
Sundry Debtors	56,860,525
Cash and bank balances	247,692
Other Current Assets	11,147,497
Loans and Advances	12,986,146
	81,241,860
Less: Current Liabilities & Provisions	
Liabilities	24,569,622
Provisions	7,691,384
	32,261,006
Net Current Assets	48,980,854
Total for Current assets, Fixed assets & investments	**85,655,452**
Less: bank liability relating to the discontinued operations – See Note: 5.3	26,510,226
Net Business Value as on 14.08.2011	**59,145,224**

The difference between the consideration and the net business value is disclosed as profit on sale of business under exceptional items

24.2 The profit & loss statement of the discontinued business considered in the financial statements for the period is as follows

	Particulars	Note	Amount in Rs.
1	Revenue from operations	16	72,953,941
2	Other Income	17	13,494
3	Total Revenue (I)		**72,967,435**
4	Expenses		
	a. Employee Benefit Expenses	20	35,528,436
	g. Other Expenses	21	18,356,432
	e. Finance Cost	22	10,58,294
	f. Depreciation	10	1,436,159
5.	Total Expenses		**56,379,321**
6	**Profit/(Loss) before Tax (3-5)**		**16,588,114**

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

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.

Particulars	31 March 2012	31 March 2011
Salaries, wages and bonus	9,881,352	20,133,073
Operating expenses	6,973,658	10,145,531
Finance costs	3,150,076	11,146,230
	20,005,086	**41,424,834**

Earnings per share (Basic and diluted):

Sl.No	Particulars	31.03.2012	31.03.2011
01	Profit / (Loss) after taxation Profit available to Equity Shareholders	28,89,203	(3,65,15,524)
02	Less: Exceptional Item	140,554,776	60,00,000
03	Profit Without Extra Ordinary Item	(137,665,577)	(4,25,15,524)
04	Weighted average number of equity shares	11,174,901	1,10,71,682
05	Basic earnings per share with Exceptional Item	0.26	(3.30)
06	Basic earnings per Share without Exceptional Item	(12.02)	(3.84)
07	Diluted earnings per share with Extraordinary Item	0.25	(3.31)
08	Diluted earnings per Share without Extraordinary Item	(12.02)	(3.85)
09	Total Nominal Value of Shares	11,03,74,010	11,03,74,010

Deferred Tax Asset (Net)

Particulars	Deferred tax Asset / (Liability) as on 31.03.2012	Deferred tax Asset / (Liability) as on 31.03.2011
Liability		
Difference between book and tax depreciation	1,11,98,542	1,79,50,802
Others	-	-
Total	**1,11,98,542**	**1,79,50,802**
Assets		
Carried forward Depreciation / business Loss	1,89,48,960	2,52,54,923
Others	7,03,646	41,79,003
Total	**1,96,52,606**	**2,94,33,926**
Net deferred Tax Asset / (Liability)	**84,54,064**	**1,14,83,124**

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 for the income arising out of the discontinued business 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 substantively enacted by the Balance Sheet date The net Deferred Tax Asset at the yearend amounts to Rs 84,54,064/- (Previous Year Asset Rs.1, 14,83,124) and is not recognized as a matter of prudence.

Related Party Disclosures
Controlling Company – Accel Limited

Subsidiaries & Associates under common control :
Accel Frontline Limited
Accel Frontline Services Limited
Accel IT Resources Limited
Accel Media Ventures Limited
Accel North America Inc - Subsidiary Upto 15.08.2011
Accel Systems Group Inc.

Key Management Personnel:

N R Panicker	Non Executive Chairman
Philip John	Whole time Director

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars of transactions with related parties	Controlling Company	Companies Under Common Control	Key Management Personnel
Rendering of Services / Sales	-	3,86,70,590	-
	-	(106,720,279)	-
Receiving of Services / Purchases	-	20,70,476	-
	-	(1,265,798)	-
Remuneration to Whole time Directors	-		3,015,360
	-	-	(3,009,360)
Rent receipts	-	12,14,880	-
	-	(1,214,880)	-
Guarantee Commission received	-	Nil	-
	-	(350,000)	-
Sale of Investments / Business Undertaking	-	19,97,00,000	-
	(12,000,000)	-	-
Interest Received	-	Nil	-
	-	(137,500)	-
Interest Paid	27,61,478	1,20,22,538	22,425
	(4,411,561)	(5,038,555)	(14,959)
Finance (including loans & equity contributions in cash or in kind)	2,19,59,839	5,72,38,916	1,50,000
	(49,869,418)	(50,841,658)	(150,000)
Trade Payables		2,71,51,197	
		(52,15,098)	
Trade Receivables		Nil	
		(44,818,260)	

Amounts in brackets represents previous year data.

Derivatives

Sl.No	Particulars	31.03.2012	31.03.2011
01	Category wise quantitative data about Derivative instruments outstanding at the Balance sheet date	Nil	Nil
02	Purpose of Hedging	Not Applicable	Not Applicable
03	Foreign Currency Exposure that are not hedged by a derivative Instrument or otherwise:		
	Due to creditors	EURO 25,000	EURO 25,000
	Due from Debtors	US$1100	US$12,40,398
		EUROS 304,609	JPY17,37,145
		JPY 750,000	GBP4,334

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Segment Information

In terms of the Accounting Standard 17, 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006, the company's operations are classified into two business segments as described in the accounting policy and the information on the same is as under:

Particulars	**Corporate (Un allocated)**	**Technology Services**	**Animation Services**	**Total**
Segment Revenue				
External Sales Net of Taxes & Duties				
Current year	-	71,634,224	14,165,198	85,799,422
Previous Year	*-*	*140,744,808*	*51,505,575*	*192,250,383*
Total Revenue				
Current year	147,074,254	72,953,941	17,188,080	237,216,275
Previous Year	*7,667,408*	*141,132,348*	*53,426,205*	*202,225,961*
Segment Result				
Current year	139,824,460	17,632,914	(93,295,853)	64,161,521
Previous Year	*(2,474,687)*	*19,929,995*	*(29,481,106)*	*(12,025,798)*
Interest Expense (Net)				
Current year	963,184	1,044,800	31,844,794	33,852,778
Previous Year	*964,187*	*2,763,618*	*18,115,895*	*21,843,700*
Non Operational Expenses				
Current year	6,180,389	-	21,239,492	27,419,881
Previous Year	*-*	*2,287,361*	*358,665*	*2,646,026*
Net profit / (Loss)				
Current year	132,681,229	16,588,114	(146,380,139)	2,889,203
Previous Year	*(3,438,874)*	*14,879,017*	*(47,955,666)*	*(36,515,523)*
Other Information				
Segment Assets				
Current year	368,682,472	16,588,114	(32,657,141)	352,613,445
Previous Year	*241,714,458*	*63,515,667*	*180,201,870*	*485,431,995*
Segment Liabilities				
Current year	238,890,447	-	113,722,998	352,613,445
Previous Year	*208,242,108*	*48,636,651*	*228,553,235*	*485,431,994*
Capital Expenditure				
Current year	-	-	106,988,313	106,988,313
Previous Year	*-*	*3,064,066*	*2,912,721*	*5,976,787*
Depreciation				
Current year	412,540	1,436,159	50,122,352	51,971,051
Previous Year	*412,521*	*4,885,244*	*39,760,295*	*45,058,060*
Non Cash Expenses				
Other than Depreciation				
Current year	6,180,389	-	21,239,492	27,419,881
Previous Year	-	2,287,361	358,665	2,646,026

The Company has only the Domestic Geographic Segment.

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Contingencies and commitments

(Rupees in Lacs)

	March 31, 2012	March 31, 2011
Outstanding bank guarantees / letter of Credits	1.10	29.71
Corporate Guarantee to a bank on behalf of an Associate Company @	350.00	385.00
Sales tax Demands	-	6.28
Income Tax Demands	135.95	135.95
Customs	33.87	33.87
PF & Others	26.87	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.144.68 Lacs)

It is not practicable for the company to estimate the timings of cash outflows, 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.

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, 2012**	**March 31, 2011**
Raw Material & Components	Nil	Nil
Capital goods	Nil	Nil

(b) Earnings in foreign currency - accruals	**March 31, 2012**	**March 31, 2011**
Towards income from services	7,21,22,770	15,23,93,875

(c) Expenditure in foreign currency	**March 31, 2012**	**March 31, 2011**
Services	62,44,988	73,24,123
Towards Foreign Travel	73,05,946	2,17,37,019

(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. 4532S
Chartered Accountants

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

Place: Chennai
Date: 29th May 2012

For and on behalf of the board of directors

N R Panicker
Chairman

A Mohan Rao
Director

Philip John
Whole time Director

S T Prabhu
Company Secretary

Summary of significant accounting policies & practices, forming part of the financial statements for the year ended March 31, 2012
(All amounts are in Indian Rupees, unless otherwise stated)

Balance sheet abstract and company's general business profile

I Registration Details

Registration Number	09-4485
Balance Sheet Date	31st March, 2012

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

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

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

Total Liabilities	297425	Total Assets	297425

Sources of Funds

Paid -Up Capital	114540	Reserves & Surplus	24461
Secured Loans	69225	Unsecured Loans	89199

Application of Funds

Net Fixed Assets	204603	Investments	50
Net Current Assets	4677	Misc. Expenditure	-
Accumulated Losses	88125	Deferred Tax Asset (Net)	-

IV Performance of Company (Amount in Rs.Thousands)

Turnover	237420	Total Expenditure	234531
Profit/(Loss) before Tax	2889	Profit/(Loss) After Tax	2889
Earnings/Share in Rs.	0.26	Dividend @ %	NIL

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

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