

Notice of Annual General Meeting

Notice is hereby given that the Twenty Third Annual General Meeting of the members of Accel Transmatic Limited will be held at Malabar Hall, Park Centre, Technopark, Trivandrum – 695 581 on Monday, 27th July 2009 at 11 a.m. 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 2009 and the audited Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M.R. Narayanan who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. M.R. Narayanan has been given in the Corporate Governance section of the Directors' Report.

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

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

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

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

"RESOLVED THAT Mr. Philip John, be and is hereby re-appointed a Director of the company."

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

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

SPECIAL BUSINESS:

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

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

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

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

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

Item 5

Mr. Philip John was the Wholetime Director, in-charge of Technologies Division from 25.02.2004 on the terms and conditions approved by the Shareholders at the Annual General Meeting held on 14.03.2005.

Mr. Philip John was re-appointed as the Wholetime Director of the Company for a period of two years from 01.04.2007 on the terms and conditions approved by the Shareholders at the Annual General Meeting held on 24.09.2007.

The Board of Directors have further extended his appointment as Wholetime Director vide its resolution dated 25.05.2009, for a further period of three years with effect from 01.04.2009 to 31.03.2012 on the remuneration recommended by the Remuneration Committee of Directors.

An abstract of the terms of Mr. Philip John's appointment are set out below.

1. Period

Three years with effect from 01.04.2009.

2. Emoluments

Subject to the overall limits approved by the members and as laid down in Sections 198 and 309 of the Act.

(a) Salary and Allowances

Such amount for Mr. Philip John in the scale of Rs.100,000 to Rs.250,000 per month as may be decided by the Board based on the recommendations of the Remuneration Committee with liberty to the Board to decide about the quantum of annual increment which will be effective from 01st of April every year.

The Board may review and determine from time to time and make necessary changes in the salary and / or allowances during the tenure of his appointment.

(b) Commission

As may be approved by the Board for each financial year based on the net profit of Technologies division for that year, computed in the manner laid down in Section 309(5) of the Act and after taking into account the relevant factors and circumstances.

(c) Perquisites and Allowances

The following perquisites would be provided to Mr. Philip John by the Company, subject to tax as applicable.

- (i) **Medical Benefits** – Reimbursement of expenses actually incurred for self and family not exceeding one month basic salary.
- (ii) **Leave and Leave travel** – Leave on full pay and allowances, as per rules of the Company, not exceeding thirty days for every twelve months' service. Leave travel allowance, equivalent to one month basic salary.
- (iii) **Accommodation** – Furnished residential accommodation or House Rent allowance in lieu thereof.
- (iv) **Car and Telephone** – Provision of car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone shall be billed by the Company.
- (v) **Personal Accident / Medical Insurance** – As per Company policy.
- (vi) **Encashment of Leave** – At the end of tenure of office in accordance with the Company's rules.
- (vii) **Contribution to Retiral Benefit Funds**
 - (a) Mr. Philip John will be a member of the Provident Fund with the Regional Provident Fund Commissioner, Trivandrum and the company will contribute upto Rs.780/- per month towards PF contribution.
 - (b) Mr. Philip John will be entitled to Gratuity in accordance with the Gratuity Fund Rules applicable to the Company's Management Staff at a rate not exceeding half a month's salary for each completed year of service with the Company.
 - (viii) The Board may review and determine from time to time any revision and / or modification in the above perquisites during the tenure of his appointment.

3. Limit of Commission and Perquisites

(a) The aggregate monetary value of the Commission shall not exceed one year Basic salary.

(b) The aggregate monetary value of the Perquisites shall not exceed 100% of the Salary (i.e. Basic salary + Allowances) referred to in 2(a) above. For calculating the monetary value of the perquisites, they shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

For the purpose of calculating the ceiling as above, expenses on account of car and telephone for official duties and Company's contribution to Retiral Benefits Funds to the extent not taxable under the Income Tax Act, shall not be taken into account.

The Board, while approving any change in the remuneration of Mr. Philip John's salary, allowances, commission and perquisites, may take into account the recommendations of the Remuneration Committee.

4. Minimum remuneration

Where in any financial year during the tenure of Mr. Philip John, the Company incurs loss or its profits are inadequate, the Company shall pay to Mr. Philip John the above remuneration by way of salary, commission and perquisites as a minimum remuneration, subject to the limits specified under Section 11 of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be presented by the Government from time to time as minimum remuneration.

5. Termination

The Agreement provides that either party by giving to the other six months' previous notice in writing, may terminate the appointment.

6. Duties and Obligations

(a) The Agreement also sets out the duties and various obligations of Mr. Philip John. The appointment of Mr. Philip John as a Whole-time Director and the remuneration payable to him as aforesaid, are required to be approved by the members at this Annual General Meeting in terms of section 269 of the Act. The Resolution at item 5 of Special Business is intended for this purpose. The terms of Mr. Philip John's appointment are more fully set out in the draft Agreement which will be available for inspection by any member at the registered office of the company between 10 am to 12 noon on any working day (excluding Saturdays) prior to the date of the Annual General Meeting as well as at the Meeting.

(b) The appointment of Mr. Philip John is by virtue of his employment in the company and is subject to the provisions of Section 283 (1) of the Companies Act, 1956.

(c) If at any time Mr. Philip John ceases to be a Director of the company for any cause whatsoever, he shall also cease to be the Whole-time Director of the company.

(d) Mr. Philip John shall not be entitled to supplement his earnings with any buying or selling commission. Mr. Philip John also shall not become interested or otherwise concerned directly or through his relatives in any selling agency of the company without requisite approvals as may be necessary.

The Board recommends the resolution. Except Mr. Philip John, no other Director has any interest or concern in the resolution.

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

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

Mr. Philip John is also a Director in two of the Company's subsidiaries, namely, Accel Solutions Japan Corporation and Accel North America Inc.

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

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

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. General Information

(1) Nature of Interest

The Company is a provider of Information Technology and Media Solutions.

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

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

(4) Financial performance based on given indicators. (Amount in Rupees Lacs)

	31.03.2009	31.03.2008	31.03.2007
Sales (Gross)	3820.26	4134.15	4178.11
Profit Before Tax	(451.06)	396.43	517.39
Profit After Tax	(442.83)	300.34	431.81
Shareholders' Funds	970.27	1435.05	1054.09
Rate of Dividend on equity shares (%)	NIL	NIL	6%

(5) Export performance

The Company's exports for the past three years are as follows : (Amount in Rupees Lacs)

	31.03.2009	31.03.2008	31.03.2007
Income from services	1552.49	1191.65	1093.68

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

II. Information about the appointee

(i) Background details

Mr. Philip John is a engineer and a M.Tech from IIT, Chennai, with 32 years of experience in organizations like ER&DC, Thiruvananthapuram, as the President of Software division. NEST group of companies and Managing Director of Ushus Technologies Private Limited.

(ii) Past Remuneration

For the financial year, 2008 – 2009, Mr. Philip John's total remuneration was Rs.24.54 lacs.

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

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

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

(iv) Remuneration proposed

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

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

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

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

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

III. Other Information

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

By Order of the Board of Directors

Chennai.
25th May 2009

N.R. PANICKER
CHAIRMAN

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



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER, A PROXY MAY NOT VOTE EXCEPT ON A POLL. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, SHOULD BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members / Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance, duly signed. A blank format is appended to the Annual Report.
3. Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 13th July 2009 to Friday, 24th July 2009) both days inclusive).
4. Members holding more than one share certificate in the same name or joint names in same order but under different Ledger folios, are requested to apply for consolidation of such Folios and send the relevant share certificates to the Registrars and Share Transfer Agents to enable them to consolidate all such holdings into one single account.
5. Members holding shares in the physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrars and Share Transfer Agents, M/s. Integrated Enterprises (India) Limited, 2nd floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017.
6. Members who wish to obtain any information on the Company or the accounts may visit Company's website www.acceltransmatic.com or may send their queries at least 10 days before the date of the Meeting to the Company at the Corporate office at III Floor, 75, Nelson Manickam Road, Chennai – 600 029 or at the Company's Registered office at T.C 17/27, Jagathy, Trivandrum – 695 014 or email to sp Prabhu@transmaticsystems.com.
7. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days, except Public Holidays between 11 am and 1 pm upto the date of Annual General Meeting.
8. In case the mailing address mentioned on this Annual Report is without Pin-code, Members are requested to kindly notify their Pincodes immediately.
9. 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.
10. Members are requested to bring their Annual Report copies and the duly filled in attendance slips sent herewith while coming for attending the Annual General Meeting.

By Order of the Board of Directors

N.R. PANICKER
CHAIRMAN

Chennai.
25th May 2009.

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

Director's Report

To the Members.

Your Directors have pleasure in presenting the Twenty Third Annual Report of your Company together with the Audited Statements of Accounts for the year ended 31st March 2009.

1. PERFORMANCE OF THE COMPANY

1.1 Results

The Company's performance during 2008 – 2009 is summarized below :

(Figures in Rs. Millions)

Particulars	Current Year 2008 – 2009	Previous Year 2007 - 2008
Net income from operations	382.026	382.816
Profit / (Loss) before tax	(38.255)	12.851
Tax on profits - Current	--	5.032
Deferred (Credit)	(2.353)	2.712
F B T	1.530	1.014
Exceptional Items – (Expenses)/Income	(6.851)	25.942
Net profit/(loss)	(44.283)	30.034
Preference Dividend	0.036	0.294

1.2 Turnover

Despite the downturn in the economy which affected some of our divisions, the company managed to achieve a similar turnover compared to last year. The details of sales and other revenues by segment is given below:

(Figures in Rs. Millions)

Particulars	Current Year 2008 – 2009	Previous Year 2007 – 2008
Systems & Services	209.11	257.44
Software Services	112.45	103.99
Animation Services	60.47	21.38
Sub Total	382.03	382.81
Exceptional items	--	30.60
TOTAL TURNOVER	382.03	413.41

2. BUSINESS PERFORMANCE

The Systems and Services division had a set back due to deferment of capital purchase by many clients due to the slow down in the economy. The other two divisions have improved the sales performance even under the trying market conditions. A detailed business analysis is given elsewhere.

3. MANAGEMENT DISCUSSION AND ANALYSIS

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

4. CORPORATE GOVERNANCE

Your company has been practicing the principles of good corporate governance over the years. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. Please refer the Annexure B for details.

Your company has been in compliance with all the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with stock exchanges, and a certificate from the auditors to this effect is enclosed as a part of the corporate governance report as Annexure C

In terms of sub-clause (v) of Clause 49 of the listing agreement, certificate of the CEO/CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as Annexure D.

5. RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, and based on the representations received from the management, the Responsibility Statement from the Directors is enclosed as Annexure E.

6. SUBSIDIARIES

The company's subsidiaries in Japan and USA continue to carry out their role as business development entities. These operations have resulted in developing some good prospects and the company is hopeful of converting these prospects to orders in the coming years. Statement as required under Section 212(1) of the Companies Act is attached as Annexure F.

7. CONSOLIDATED ACCOUNTS

The Consolidated Accounts present a complete picture of the financial results of the company and its subsidiaries. As per the requirements under the Listing Agreement, the consolidated financial statement of the Company is prepared as per the applicable accounting standards AS-21 and consolidated financial statements and accounting standards AS 23. The consolidated statements have also been included as a part of this Annual Report.

8. FINANCE

The company has established good track record with its Bankers and thereby enjoy their confidence fully. The Bankers have provided the requisite funding for its capital expenditure and working capital needs.

The company also had issued preferential warrants convertible into shares and have received 10% of the subscription amounting to Rs.84.15 lacs, during the last financial year. The allottees have not yet exercised their options to convert the warrants into equity till 31st March 2009.

9. DIVIDENDS

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

The redeemable cumulative preference shares have been redeemed during the year and the applicable dividend @ 12% for the broken period up to the date of redemption, have been paid to eligible shareholders.

10. DIRECTORS

Mr. M.R. Narayanan and Mr. Philip John, retires by rotation and are eligible for re-appointment.

Mr. T. Ravindran and Mr. S.T. Prabhu resigned from the Board and the Board has accepted their resignations. The Board wishes to place on record the appreciation of the good services rendered by them and their rich contribution in developing this company for its faster turnaround.

Mr. Philip John is being reappointed as a whole time director for a further period of three years.

11. AUDITORS

The Members will be requested at the Annual General Meeting to appoint Auditors for the current year and attention of Members is drawn to Item No.4 of Notice.

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

12. INTERNAL CONTROL SYSTEMS

Your company has adequate internal control procedures commensurate with the size and nature of its operations. The audit committee constituted by the Board of Directors is functioning effectively. Internal audit for the year 2008 – 2009 was carried out by M/s. Vijayakumar & Easwaran covering all areas of operations. All significant observations were discussed in the audit committee, which met 5 times during the year under review.

13. DEPOSITORY SYSTEM

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

14. REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Out go is given in the Annexure attached to this report.



15. PERSONNEL

Information required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is attached to this Report as Annexure G.

16. APPRECIATION

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

17. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all investors, clients, vendors, financial institution, bankers, business associates, regulatory and government authorities and stock exchanges, for their continued support for Company's growth. Your Directors also wish to place on record their appreciation of the contribution made by our business partners / associates at all levels.

For and on behalf of the Board of Directors

Chennai.
Date : 25th May 2009

N.R. PANICKER
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

Our manufacturing process is not power intensive, being an electronic equipment manufacturing unit.

Continuous efforts to improve energy efficiency, resulted in general improvement in energy consumption, across businesses divisions.

Technology Absorption

Specific areas in which R & D is being carried out in the company:

The Resources consists of Engineers ,Technicians and Artists who work on Hardware design, Embedded system , software development and animation content. The company has introduced in the country (one of first of its kind) performance capture technology for developing 3D animation content.

This allows us to enhance quality, productivity and customer satisfaction through continuous innovation.

Benefits derived as a result of R & D

The company has been able to cater to the emerging needs of its clients, especially who are implementing IT in their operation by providing solutions based on in-house R&D.

Future Plan of Action

The Company will continue to improve upon the present range of products and bring in variations based on the requirement of clients.

Technology Absorption

The Company continues its efforts in technology absorption at all levels.

Foreign Exchange Earnings and Outgo

(Amount in Rupees Millions)

		Year ended 31.03.2009	Year ended 31.03.2008
(a)	Foreign exchange earnings	139.905	90.048
(b)	CIF value of Imports	32.752	53.176
(c)	Expenditure in foreign currency	14.766	19.231

For and on behalf of the Board of Directors

Chennai.
Date : 25th May 2009

N.R. PANICKER
CHAIRMAN.

Annexure A to Directors Report

MANAGEMENT DISCUSSION AND ANALYSIS .

The company's operations are carried out under three divisions, namely, Systems and Services Division, Technologies Division and Animation Division.

A. Systems and Services Division (www.transmaticsyatems.com)

Product Range

- (i) Automated Payment Collection Systems
- (ii) Queue Management Systems
- (iii) Power Conditioning Systems

The Product Range of the division is a combination of custom built hardware and application software

The Products being essentially Custom Built, need a higher order booking and order execution cycle time and also an enhanced level of field support.

Automated payment collections system and Que management system

Market

The major market segments for these products are:

- (i) Utilities
- (ii) Banking and Financial Services
- (iii) E-Governance

The Products are in the Automation, Value Enhancement or CRM areas. Which are not necessarily the high priority item during the time of a recession. This results in a longer cycle time for requirement identification, investment decision and procurement. Even after the investment decision, there are several factors contributing to delays in the final procurement action. All these result in a high level of un-predictability in order booking.

The slowdown of the economy in the second half of 2008 – 09 adversely impacted the performance of the division. Very few orders were received. Most of the expected orders have been deferred. The perception of a difficult emerging financial situation appears to have persuaded even organizations with good financial standing to postpone capital investment. Some other organizations which traditionally had been following the Capital expenditure model for IT infrastructure are considering fully out-sourced models.

Present situation

We have a very healthy funnel of prospective orders. Many of these can be converted for execution in the first half of the current year.

Products like ATM Kiosk for SBI (also for other Banks), Kiosk ATVM with cash acceptance & return, QMS for smaller CSCs, Cash Envelop Acceptance Machine (CEAM) for ICICI Bank, Enterprise Web-based QMS, Cash (Bundle) Acceptance Machine, Integration of Debit/ Credit Card use in Kiosks etc. are in various stages of development.

Automated Kiosks for transactions like Bill Payment, Ticketing, Re-charging of credit for various services etc. have become highly popular and very successful business proposition in most of the developed countries. In the former CIS Countries over 2,00,000 such Kiosks have been installed in the last three years and 1,15,000 of them are operated by a single company. The prediction is that India is now on the verge of a very large scale deployment of Self Service Kiosks for various applications, like BFSI, Utilities and Public Service. Eols / RFPs from LIC, DMC, SBI etc. are indicators in this direction. The active presence in India of vendors from abroad for specialized peripherals for Transaction Kiosks is also another indication on the fast emergence of the market for Self Service Kiosks.

Power Conditioning Systems

In respect of the power conditioning products, the major developments during the year are as given below :

- Successfully conducted the trials of replacing Conventional Copper transformers with Aluminum Foil Transformers (AFT) in the indigenous products and started supplying in the lower range capacities (upto 10kva) of indigenous models. Improved internal heat conduction and lower price (a reduction of 10% in production cost) are giving us the edge in product quality and competitive pricing.
- Developed and supplied BATTERY CHARGERS to support the additional charger requirements of other MNC brands.
- Developed and supplied higher capacity (Upto 40KVA) Emergency Power Supplies to support electrical equipments like CFL lamps, Air-conditioner, Lifts and Motors in large IT / Commercial Establishments and Hospitals.
- The company could improve its business operations through channel partners and double its sales through this channel.

During the year, the division could also increase its services income considerably.



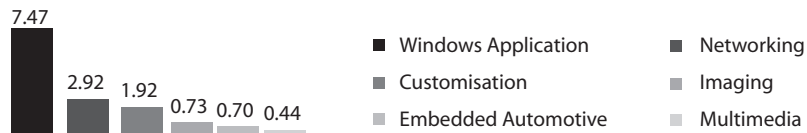
B. Technologies Division (www.ushustech.com)

This division continued its good performance and achieved its targeted revenues.

It had taken steps to create and nurture new technology focused areas like process automation and conceived few innovative technology ideas and have built proof of concept for the same.

This Division not only retained its client-base, but also added few new clients in United States of America and Japan.

The company's performance across various domains (in Rs. Crores) are as given below :



Business Development

The company has taken initiatives to improve its business development activities by appointing business associates in Israel and European Region.

Business in Israel

The Networking and Multimedia clients are spread across the geographies of Japan, Israel and UK / Europe respectively. Considering the present recession and tough market conditions, Israel market seems to be one of the least affected across the globe. The high-technology companies in Israel focus on R&D, and there exist an opportunity for companies like us to offer services in an offshore model. This will help the native companies to improve their profitability by off-shoring some of their R&D services.

Business in Europe

The economic downturn might have affected the Indian IT players in varying degrees. A refocus, if not a paradigm shift is imminent. De-risking in terms of geographical spread to Europe is a strategy.

The company has identified a strong partner based in Italy and who has contacts across Europe.

Business in India

Looking inwards is also another sensible way to generate business, especially to the engineering enterprises in India and the public sector. Working with partners who already are experienced in working in the similar space will help in generating business from the domestic market.

C. Animation Division (www.accelanimation.com)

In a short span of two years Accel Animation Studios a business division of the company has established itself as one of the leading 3D animation / VFX studios in India which offers a single window solution for creation of 3D animated content for home video, TV broadcast and theatrical feature segment. Its international business model gives local and remote clients the opportunity to produce and co-produce and distribute content anywhere in the world.

Of late, the popularity of Indian made content in the global arena has increased manifold and it has gone overseas to shores beyond South Asia into other regions like Africa, United States of America, United Kingdom and Australia. India has signed bilateral co-production treaties with United Kingdom, Italy, Germany and France, which will help Indian companies to associate and also promote its products and service to these countries.

The Animation Division has completed its investment in the facilities in Chennai and Thiruvananthapuram. Accel Animation Studios – India's first full-fledged integrated animation studio has added another niche to its service line. The company has mastered the performance capture technique (Motion Capture) which is now the talking point in the animation space. The company plans to utilise this expertise both for client work and develop own IPs (Intellectual Properties). The usage of performance capture enables photo realistic human characters to life and the film director get the best result on screen. It is more often used now-a-days to capture complex movements in a human face and capture high degree of human emotions. The Motion Capture Studio is equipped with over 32 Eagle-4 Cameras and housed in 7000 SFT area in the company's SEZ unit in the Kinfra film and video park in Thiruvananthapuram. Accel Animation Studio is in the final stages of completing one of the prestigious 3D animation film (Alibaba and Forty One Thieves) for a leading Mumbai based media house. It has also completed several HD ready 3D animated TV episodes for Raju The Rickshaw (Kahani World, Canada) and South India Fables (Accel's own IPs for world wide distribution being completed as 26 episodes of 11 minutes each for TV broadcast) and VFX work for Feature Films and TV serials.

The company has recently installed 3D stereo playback and a D-Cinema projector in the post production facility. This will enable the company to offer high quality previews for our clients. We have also established a high capacity render farm to reduce the time from the completion of Animation to the final out put. The company also offers a secure, technical environment for clients who can be part of the creative process remotely anywhere in the world.

**Business Development and Future prospects**

Even though the company has not been actively pursuing opportunities abroad for our services other than participating few of trade shows we are having a healthy prospect base comprising of several movie projects and TV series from India and Abroad. We have received very good response for South India Fables, barring unforeseen circumstances we will close the contract for global distribution of this IP during the third quarter of FY 2009 – 2010.

Opportunities, Treats and Risks

While the industry segments in which Accel Transmatic is operating is in a robust growth environment, our operations could not be scaled up during the past three quarters due to the sudden fear of slow down gripping the industry. However the stable political environment and global economic recovery has created a new found positive trend in the confidence level. The company can scale new heights provided adequate working capital is available. Our existing business also suffer from high man power attrition faced by the industry in general. Various actions are being initiated to keep employee motivation and morale high, so that we can expand our existing businesses without much difficulty.

Outlook

The outlook for the coming year is bright considering that all the divisions have sufficient pipeline for enhanced business during the current year.

Human Resources

Industrial relations remained normal at all locations.

The staff on rolls in the company as on 31st March 2009 were 613 as compared to 488 as on 31st March 2008. The development of human capital is a key strategic challenge for the knowledge industry.

The company is investing in recruitment and training of manpower as a priority activity.

Various steps are initiated to keep the motivation level high in the organization.

Technology

We are using contemporary technologies for all our software and systems development activities. We do have sufficient manpower resources to absorb latest technologies.

Financing Strategy

The key objectives of the future financing strategy of the Company are as follows:

- (i) To raise cost efficient funds for the growth plans.
- (ii) To comply with expectations of various lenders in terms of financial covenants.
- (iii) To Develop funding strategy to focus on EPS accretion.
- (iv) To provide financial flexibility in the Balance sheet for contingencies.
- (v) To take necessary hedging for current year fluctuations related risks.

The company's funding philosophy for its expansion is largely focused on internal generation and debt.

Maintenance of accounting records and Internal Controls

The Company has taken proper and sufficient care for the maintenance of adequate accounting records as required by various statutes.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

Risk Management

Details of contingent liabilities are given in note 21.7 of the Notes to Accounts.

Going Concern

In the opinion of the Directors, the Company will be in a position to carry on its existing activities and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

Cautionary Statement

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

Thus the Company should and need not be held responsible, if, which is not unlikely, the future turns to be something quite different. Subject to this management disclaimer, this discussion and analysis should be perused.

Annexure B 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 conduct 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 Wholetime Directors during 2008 – 2009 is given below:

	Mr. T. Ravindran Rs. Lacs (Upto 30.03.2009)	Mr. Philip John Rs. Lacs
Salary	1,113,000	1,200,000
Allowances & Perquisites	910,228	1,244,582
Contribution to Retiral Funds	NIL	9,360

Details of Remuneration / Sitting Fees paid to Directors

The Company does not pay any remuneration to any non-executive directors. No stock options have been granted to any of the non-executive directors. The sitting fees paid to non-executive Directors is as under :

Name of Director	Sitting Fees	
	Board Meetings	Committee Meetings
Mr. M.R.Narayanan	25,000	15,000
Mr. Mohan Rao	25,000	15,000
Total	50,000	30,000

Board Meeting

During the year under review, Five board meetings were held on 09.06.2008, 28.07.2008, 29.09.2008, 31.10.2008 and 27.01.2009 and maximum interval between any two meetings 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 2008-2009 Attendance at		As on 31.03.2009		
		BM	Last AGM	No. of Directorship in Domestic Public Companies (including this company)	Committee Position	
					Member	Chairman
N.R. Panicker	Non Executive Chairman, Promoter	5	YES	05	2	1
M.R. Narayanan	Non Executive, Independent	5	YES	01	2	1
A.Mohan Rao	Non Executive, Independent	5	YES	01	1	1
Philip John	Executive	5	YES	NIL	NIL	NIL
T Ravindran *	Executive Promotor	5	YES	NIL	NIL	NIL
S T Prabhu *	Company Secretary	5	YES	02	NIL	NIL

* Mr.T.Ravindran and Mr.S.T.Prabhu resigned from the Board of the Company as Directors with effect from 30th March 2009.

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.
- 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 29th September 2008.

Postal Ballots

The company had obtained approval from shareholders by way of Postal Ballots as detailed below :

1. Ordinary Resolution for transfer of training division to its Subsidiary Company :

Notice – 29.01.2007

Report – 17.03.2007

2. Special Resolution under section 372A of the Companies Act, 1956 towards increase in amount upto which the company can invest, give loans and give guarantees.

Notice – 28.07.2008

Report – 29.09.2008.

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, Five Audit Committee Meetings were held on 09.06.2008, 28.07.2008, 31.10.2008, 27.01.2009 and 18.02.2009.

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

Composition	A. Mohan Rao	N.R. Panicker	M.R. Narayanan
Number of meetings attended	05	05	05

The scope of the Committee includes:-

- Overseeing the company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;
- Approving fees for non-audit consulting/ services provided by the firms of statutory auditors;
- Reviewing with the management the periodic financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices;
 - Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - Compliance with accounting standards;
 - Compliance with Stock Exchange and legal requirements concerning financial statements;
 - Any related party transactions i.e. transactions of the company of material nature, with the promoters or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the company at large;
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- Discussing with internal auditor any significant findings and follow-up thereon.
- Discussing with statutory auditors before the audit commences, the nature and scope of audit, as well as conduct post-audit discussions to ascertain any areas of concern;

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

Remuneration and Compensation Committee

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

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

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

Composition	N.R. Panicker	M.R. Narayanan	A. Mohan Rao
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. M.R. NARAYANAN – Director

A serial entrepreneur and founder of Transmatic Systems Limited. An engineer with 30 years of entrepreneurial and managerial experience. He serves as Chairman of Adtech Systems Limited, Transdot Electronics Pvt Limited and Floatels India Pvt Limited.

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

Mr. M.R. Narayanan holds NIL equity shares of the company.

1.	Adtech Systems Limited	Chairman
2.	Floatels India Private Limited	Managing Director
3.	Transdot Electronics Private Limited	Director
4.	Transmed Systems Private Limited	Director
5.	Floatels Hospitalities Private Limited	Managing Director
6.	Transcom Systems Private Limited	Director
7.	Pelldrive Power Controls Pvt Ltd.	Managing Director
8.	Apt Micro Systems Pvt Ltd.	Director

Committee Position : Accel Transmatic Limited

Audit Committee	Member
Remuneration Committee	Member

2. Mr. PHILIP JOHN – Director

An engineer and a M.Tech from IIT, Chennai, with 32 years of experience in organizations including ER&DC, Thiruvananthapuram, and NEST group of companies, where he served as the President of Software division.

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

Mr. Philip John holds 152,721 equity shares of the company.

1.	Accel Solutions Japan Corporation	Director
2.	Accel North America Inc.	Director

Committee Position : Accel Transmatic Limited - NIL

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

(a) For routine matters :

Trivandrum

T.C. 17 / 27, Jagathy
Trivandrum – 695 014.
Tel. No.: (0471) 234 2215 / 234 2265
Fax No.: (0471) 234 2208
E-Mail : stprabhu@transmaticsystems.com

**(b) For Redressal of Complaints and Grievances :
Chennai**

Third Floor,
Accel House,
75, Nelson Manickam Road,
Aminjikarai, Chennai – 600 029.
Tel. No. : (044) 4225 2200
Fax No.: (044) 2374 1271
E-Mail : stprabhu@accel-india.com

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

Received	46
Replied	46

General Body Meeting

Location and time of General Meetings

Year	Type	Date	Venue	Time
2002 – 2003	AGM	30.09.2003	Lakshmi Chambers, III Floor, Vazhuthacaud, Trivandrum	12.30 pm
2003 – 2004	EGM	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	11.00 am
2003 – 2004	Court Convened General meeting	09.07.2004	Salvation Army, Red Shield Guest House, Kowdiar, Trivandrum	02 pm to 4 pm.
2003 – 2004	AGM	14.03.2005	Lakshmi Chambers, II Floor, Vazhuthacaud, Trivandrum	11.30 am
2004 – 2005	AGM	19.08.2005	USHESTECH, 311, Technopark, Trivandrum	02.00 pm
2005 - 2006	AGM	15.09.2006	Conference Room, comfort Inn Grand, Statue, Thiruvananthapuram	02.00 pm
2007 – 2008	AGM	24.09.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2007 – 2008	EGM	04.12.2007	Malabar Hall, Park Centre, Technopark, Trivandrum	03.00 pm
2008 – 2009	AGM	27.07.2009	Malabar Hall, Park Centre, Technopark, Trivandrum.	12.00 Noon

Other Disclosures

- 1) The company has not entered into any materially significant transactions during the year, which could have a potential conflict of interest between the company and its promoters, Directors, management and / of their relatives, etc other than the transactions entered into in the normal course of business. Details of related party transactions entered into in the normal course of business are given in Notes on Accounts.
- 2) During the year under review, no penalties or strictures were imposed on the company by the stock exchange where the company's shares are listed, SEBI or any statutory authority, on any matter relating to capital markets.

COMPLIANCE WITH MANDATORY REQUIREMENTS:

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



Means of Communication

(i) Financial Results and Annual Reports etc :

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

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

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

(ii) Management Discussion and Analysis Report :

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

NON MANDATORY REQUIREMENTS

REVISED SEBI GUIDELINES ON CORPORATE GOVERNANCE

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

The Company is fully compliant with the revised SEBI Guidelines.

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

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 as Annexure C.

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 : 27th July 2009, Monday, 11 a.m.
 Venue : Malabar Hall, Park Centre, Technopark,
 Trivandrum – 695 581.

2. Financial Calendar

Financial Year : 01st April 2008 to 31st March 2009
 Results for the Quarter :
 30th June End of July
 30th September End of October
 31st December End of January
 31st March End of April or end June
 (Audited figures) as per
 Stock Exchange guidelines

3. Book Closure Dates : 13th July to 24th July 2009.

(Both days inclusive)

4. Listing of Shares

The Shares of the Company are presently listed on Bombay Stock Exchange Limited at Mumbai.
 The Annual Listing Fees have been paid to the Stock Exchange for Financial Year 2009 – 2010.

5. Stock Market Codes

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

6. Stock Market Data

Month & Year	High Price (Rs.)	Low Price (Rs.)	Volume (Nos)
April 2008	36.50	22.70	217,025
May 2008	40.90	31.20	549,540
June 2008	39.60	30.00	284,079
July 2008	33.95	25.50	130,723
August 2008	36.25	27.55	109,901
September 2008	30.00	20.50	123,193
October 2008	26.00	15.10	127,614
November 2008	19.30	15.00	150,744
December 2008	18.00	13.55	65,926
January 2009	18.90	10.30	53,648
February 2009	14.05	10.01	72,414
March 2009	12.30	9.38	51,295

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 – 600 017.
 Tel.: 044 - 2814 0801 – 0803
 Email: corpser@iepinidia.com

8. Distribution of shareholding and categories of Shareholders

Category	March 31, 2009				March 31, 2008			
	No. of Share holders	% to Share Holders	No. of Shares	% of total equity	No. of Share holders	% to Share Holders	No. of Shares	% of total equity
1 – 500	6634	89.31	696,906	6.31	6880	88.74	744,424	6.74
501 – 1000	310	4.17	268,531	2.43	366	4.73	311,647	2.82
1001 – 2000	211	2.84	329,992	2.99	224	2.89	354,322	3.21
2001 – 3000	69	0.93	179,784	1.63	69	0.89	182,986	1.66
3001 – 4000	28	0.38	101,440	0.92	33	0.43	115,461	1.05
4001 – 5000	37	0.50	177,302	1.61	40	0.52	191,695	1.74
5001 – 10000	58	0.78	423,112	3.83	58	0.75	430,463	3.90
10000 & above	81	1.09	8,860,334	80.28	82	1.05	8,706,403	78.88
TOTAL	7428	100.00	11,037,401	100.00	7752	100.00	11,037,401	100.00

Category Code	Category of Shareholder	Number of Share holders	Total Number of Shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledges or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV) *100
(A)	Shareholding of Promoter And Promoter Group							
(1)	Indian							
(a)	Individuals / Hindu Undivided Family	2	1,133,719	1,133,719	10.27	10.27		
(b)	Bodies Corporate	1	5,122,082	5,122,082	46.41	46.41	800,000	15.619
(c)	Any Other (Specify) Relatives of Promoters / Subsidiary	4	335,651	330,575	3.04	3.04		
	Sub-Total (A)(1)	7	6,591,452	6,586,376	59.72	59.72	800,000	12.137
(2)	Foreign		-					
	Sub-Total (A)(2)	0	-					
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	6,591,452	6,586,376	59.72	59.72	800,000	12.137
(B)	Public Shareholding ³							
(1)	Institutions						NA	NA
(a)	Mutual Funds / UTI	4	2,144		0.02	0.02		
(b)	Financial Institutions / Banks	4	520	400	0.00	0.00		
	Sub-Total (B)(1)	8	2,664	400	0.02	0.02		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	121	228,888	224,768	2.07	2.07		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh.	7208	2,075,148	1,762,223	18.80	18.80		
	ii. Individual shareholders holding nominal share capital excess of Rs.1lakh.	63	1,966,455	1,871,847	17.82	17.82		
(c)	Any Other (Trust / Clearing Member-details enclosed)	21	172,794	172,794	1.57	1.57		
	Sub-Total (B)(2)	7413	4,443,285	4,031,632	40.26	40.26		
	Total Public Share holding (B)=(B)(1)+(B)(2)	7421	4,445,949	4,032,032	40.28	40.28	NA	NA
	Total (A) + (B)	7428	11,037,401	10,618,408	100.00	100.00		
C	Shares held by Cutodians and against which Depository Receipts have been issued	0	-	-	NA	-	NA	NA
	GRAND TOTAL (A)+(B)+(C)	7428	11,037,401	10,618,408	100.00	100.00		

10. Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all relevant particulars as required under the Companies act, 1956 and allied Acts and Rules, the Securities and Exchange Board of India (SEBI) Regulations and the Listing Agreements with Stock Exchanges.

11. Share Transfer System

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

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 number to effect the Share Transfers.

12. Investor Services

(i) Investor complaints received and replied during the year 2008 – 2009:

Nature of Queries	Received	Replied
Non receipt of Certificate after transfer/capital reduction	13	13
Non receipt of Annual Report		
Correction in Certificate		
Non receipt of Inter/Dividend Warrant/Cheque/DD	5	5
General queries	3	3
Change of address	18	18
Procedure for loss of share certificate	1	1
Revalidation Int. / Div. Wrnt.	6	6
TOTAL	46	46

As at 31st March 2009, NIL investor complaints were pending. As at 31st March 2009, NIL share transfers and NIL demat requests were pending.

(ii) The Aggregate Promoters and Non-promoter shareholding of the Company as at 31st March 2009 is as shown below:

Category	No. of Shares	% to total paid up capital	Shares held in Dematerialized Form	Shares held in Physical Form
Promoters	6,591,452	59.72	6,586,376	5,076
Non - Promoters	4,445,949	40.28	4,032,032	413,917
Total	11,037,401	100.00	10,618,408	418,993

(iii) The Promoters, M/s. Accel Limited have pledged 8,00,000 equity shares held by them in the company, in favour of Bankers for facilities extended to this company and another company, Subsidiary of M/s. Accel Limited.

13. Dematerialization of shares and Liquidity

As on 31st March 2009, 96.204% of the company's Equity Capital is 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 – 600 017.
 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@accel-india.com, acceltransmatic@gmail.com

15. Company Website

For any further information on the Company, please visit Company's websites www.acceltransmatic.com; www.ushustech.com and www.accelanimation.com.

ANNEXURE – C to Directors 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, Chennai for the year ended 31st March 2009 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

Place : Chennai
Date : 25th May 2009

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

ANNEXURE – D to Directors Report

CERTIFICATION BY CHAIRMAN AND CHIEF FINANCIAL OFFICER TO THE BOARD.

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept overall responsibility for the company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the auditors and to the audit committee:
 - a) Significant changes in internal control over financial reporting during the year.
 - b) Significant changes in accounting policies during the year;
 - c) Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

N.R. PANICKER
CHAIRMAN

S.T. PRABHU
CHIEF FINANCIAL OFFICER

25th May 2009
Chennai

ANNEXURE – E to Directors Report

DIRECTORS RESPONSIBILITY STATEMENT

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

- (a) That in the preparation of the annual accounts for the year ended March 31, 2009, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (b) That such accounting policies as mentioned in Note 21 of the Notes to the Accounts have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 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 - F

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

	Name of the Subsidiary Company	Accel North America, INC	Accel Solutions Japan Corporation
1	The financial year of the subsidiary Companies ended on	March 31, 2009	March 31, 2009
2.A	Number of shares held by Accel Transmatic Limited with its nominees in the subsidiary at the end of the Financial year of the subsidiary company	155000	60
2.B	Extent of interest of holding company at the end of the financial year of the subsidiary company	100% Paid up capital \$155000	75 % - JPY 30 lacs. Paid up capital - JPY 40 lacs.
2.C	Face Value	\$1	JPY 50,000
3	The net aggregate amount of the subsidiary company Profit / (Loss) so far as it concerns the members of the holding company		
A.	Not dealt with in the holding company's accounts		
(i)	For the Financial year ended 31st March 2009	(\$66,333) INR (3,082,794)	JPY (275,969) INR (128,799)
(ii)	For the previous financial years of the subsidiary	(\$128,424) INR (5,158,786)	JPY 376,790 INR 133,704
B.	Dealt with in holding company's accounts		
(i)	For the financial year ended 31st March 2009	NIL	NIL
(ii)	For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	NIL	NIL

Place : Chennai
Dated : 25th May 2009

For and on behalf of the Board
N.R. PANICKER
CHAIRMAN

Annexure G to Directors' Report

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

(Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009.

S. No.	Name	Age (Years)	Designation	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualification	Experience (years)	Date of Joining	Previous Employment
1	PHILIP JOHN	55	Wholetime Director	2,453,942	1,763,995	B.E., M.TECH	32	25.02.2004	Managing Director of Ushus Technologies Private Limited

Note :

1. The Gross Remuneration shown above is subject to tax and comprises salary, allowances, monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Professional Tax.
2. In addition to the above remuneration, Philip John is entitled to gratuity, medical benefits, etc in accordance with the Company's Rules.
3. The net remuneration is arrived at by deducting from the Gross Remuneration, Income Tax, Company's contribution to Provident Fund, Professional Tax and the monetary value of non-cash perquisites, wherever applicable.

AUDITORS' REPORT

To,
The Members,
Accel Transmatic Limited.

1. We have audited the attached Balance Sheet of Accel Transmatic Limited as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order;
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009, 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 2009;
 - ii. in the case of the Profit and Loss Account, of the Loss for the year ended on that date;
and
 - iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place : Chennai

Date : 25th May 2009

For Varma & Varma
Chartered Accountants

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

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDIT REPORT OF EVEN DATE

- 1 (a) The company is maintaining records showing full particulars, including quantitative details of fixed assets, which, *however, requires to be updated.*
- (b) The fixed assets of the company have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the company and the nature of assets and no material discrepancies have been noticed on such verification.
- (c) There has not been disposal of any substantial portion of fixed assets of the company during the year, which would affect the status of the company as a going concern.
- 2 (a) We are informed that the inventory have been physically verified by the management during the year, the frequency of which, in our opinion is reasonable, having regard to the size of the company and the nature of its business.
- (b) In our opinion and according to the explanations given to us, the procedures of physical verification of inventory followed by the management were found to be adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory , and as informed to us, the discrepancies noticed on verification, between the physical stocks and book records, are not material;
- 3 (a) As explained to us, the Company has not advanced any amounts to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 except to the extent mentioned below.

Number of Parties	Maximum Amount outstanding.	Balance as on 31.03.2009
1	Rs. 94,51,892/-	Rs. 65,20,287/-

- (b) In our opinion , the rate of interest and other terms and conditions on which the above loan given to a company listed in the register maintained under section 301 of the Companies Act, 1956 are not , prima facie, prejudicial to the interest of the company.
- (c) As per the information and explanations given to us, the receipt of Principal and Interest thereon is as stipulated.
- (d) The Company has taken unsecured loans from parties / companies in which Directors are interested covered in the register maintained under Section 301 of the Companies Act, 1956. The number of parties and the amount involved are given below:

Number of Parties	Maximum Amount outstanding	Balance as on 31.03.2009
3	Rs. 62,694,202/-	Rs. 62,694,202/-

- (e) In respect of unsecured loans taken as above, in our opinion and according to the information and explanation furnished to us, the rate of interest, where applicable, and other terms and conditions of loans are not prima facie prejudicial to the interest of the company.
- (f) As per the information and explanations given to us, the payment of principal amount and interest thereon is as stipulated.
4. In our opinion and according to the information and explanations given to us, the internal control system for the purchase of inventory and fixed assets and for the sale of goods and services are generally commensurate with the size of the company and nature of its business. There are no major weaknesses in internal control of a continuing nature.
5. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 with the aforesaid parties exceeding value of Rupees Five Lakhs in respect of each such party which have been entered into during the financial year are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation furnished to us, the company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 with regard to the deposits accepted from the public.
7. The Internal audit of the company was conducted during the year, by a firm of Chartered Accountants, the scope and coverage of which is commensurate with the size of the Company and nature of its business.

8. We have broadly reviewed the cost records maintained by the company as prescribed under Section 209(1)(d) of the Companies Act, 1956, in respect of its Systems and Services division and are of the opinion that, prima-facie, the prescribed records have been made and maintained. We have however, not made any detailed examination of such records with a view to determine whether they are accurate or complete. As explained to us, the Central Government has not prescribed maintenance of cost records for the other products / services of the Company.
9. (a) *There have been delays in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Service Tax & Sales Tax with the appropriate authorities during the year.* According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth tax, Service tax, Sales tax, Excise duty, Customs Duty, Cess and other statutory dues which were outstanding at the year end for a period of more than six months from the date they became payable, other than a sum of Rs.5,72,363/- payable towards Professional Tax.
(b) As per the information and explanation furnished to us there were no dues of sales-tax, income-tax, wealth-tax, service tax, excise duty, customs duty and cess which have not been deposited on account of any dispute, as at the year end.
10. The company's accumulated loss at the end of the financial year is not more than fifty per cent of net worth of the company. The company has incurred cash loss during the year, but has not incurred cash loss during the immediately preceding financial year.
11. As per the information and explanations furnished to us and our verification of records of the company, while the company has delayed in repayment of dues to financial institutions or banks, there are no over dues as at the year end.
12. In our opinion and according to the information and explanations given to us, and based on the documents and records produced to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures or other investments, and accordingly, the relative reporting requirements of the order are not applicable to the company.
15. According to the information and explanations given to us, the company has given a corporate guarantee to a bank for a company in which the Directors are interested for Rs.200 Lacs for availing loan from the bank 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.
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 Act.
19. The company does not have any outstanding debentures as at the year end.
20. The company has not raised any money by way of public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Varma & Varma
Chartered Accountants

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

Place: Chennai
Date : 25th May 2009

Balance Sheet as at

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

	Sch No.	March 31, 2009	March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	1	110,374,010	112,474,010
Advance Received against Issue of Share Warrants		8,415,000	8,415,000
Reserves and Surplus	2	16,221,544	22,616,261
		135,010,554	143,505,271
Loan funds			
Secured	3	225,065,057	189,164,047
Unsecured	4	70,994,202	17,550,000
		296,059,259	206,714,047
Deferred Tax Liability (Net)		-	2,352,843
Total Liabilities		431,069,813	352,572,161
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	5	261,417,378	199,151,483
Less: Accumulated Depreciation		100,802,469	75,826,627
Net block		160,614,909	123,324,856
Capital Work In Progress		10,502,983	20,661,415
		171,117,892	143,986,271
Investments			
	6	37,025,465	35,891,519
Current Assets, Loans and Advances			
Inventories	7	100,745,388	63,057,253
Sundry Debtors	8	122,696,774	119,519,179
Cash and bank balances	9	4,315,274	6,343,362
Other Current Assets	10	16,459,373	14,465,187
Loans and advances	11	41,032,576	52,521,714
		285,249,385	255,906,695
Less: Current Liabilities and Provisions			
Liabilities	12	91,559,770	70,670,144
Provisions	13	8,745,956	12,542,180
		100,305,726	83,212,324
Net current assets			
		184,943,659	172,694,371
Profit and Loss Account – Debit Balance	14	37,982,797	-
Total assets		431,069,813	352,572,161

Significant Accounting Policies and Notes Attached to Accounts 21

Vide our report of Even Date

M/s Varma & Varma

Chartered Accountants

N.R. Panicker
Chairman

Philip John
Whole time Director

K M Sukumaran F.C.A

Membership No: 15707

Partner

Place : Chennai

Dated 25th May 2009

A. Mohan Rao
Director

S.T. Prabhu
Company Secretary

Profit and loss account for the year ended

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

	Sch No.	March 31, 2009	March 31, 2008
Income			
Income from Operations	15	386,324,866	401,362,844
Less: Excise Duty		12,642,830	24,666,252
Net Income from Operations	16	373,682,036	376,696,592
Other income		8,344,222	6,118,933
Profit on Sale of Investments		-	30,600,000
		382,026,258	413,415,525
Expenditure			
Materials Consumed	17	56,879,596	96,313,018
(Increase) / Decrease in Stock	17-A	(21,742,901)	(23,211,884)
Cost of Sales (Traded Goods)	17-B	57,708,217	62,097,586
Employee costs and benefits	18	160,918,205	103,256,339
Manufacturing & Operating Expenses	19	106,542,000	95,053,329
		360,305,117	333,508,388
Profit before Depreciation, Interest and Tax		21,721,141	79,907,137
Interest & Finance costs	20	34,940,595	22,411,866
Profit / (Loss) before Depreciation and Tax		(13,219,456)	57,495,271
Depreciation	5	25,035,929	14,043,370
Profit / (Loss) before tax and Write off of Obsolete inventory / irrecoverable debts / Advances		(38,255,385)	43,451,901
Obsolete Inventory / Irrecoverable Debts / Advances Written Off		6,850,544	3,809,042
Profit / (Loss) before tax		(45,105,929)	39,642,858
Less: Taxation for the Year			
- Current tax		-	5,032,766
- Fringe Benefit Tax		1,529,612	1,014,752
- Deferred Tax		(2,352,843)	2,712,401
- Income Tax of earlier years		-	848,399
Profit / (Loss) for the year after tax available for Appropriation		(44,282,698)	30,034,541
Less: Appropriation			
Proposed Dividends			
- On Preference Shares		31,068	252,000
Tax on Dividend		5,282	42,840
Balance of Profit / (Loss) carried to Balance Sheet	2 & 14	(44,319,048)	29,739,701
Basic Earnings per share		(4.02)	2.69

Significant Accounting Policies and Notes Attached to Accounts 21

Vide our report of Even Date

M/s Varma & Varma
Chartered Accountants

N.R. Panicker
Chairman

Philip John
Whole time Director

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 25th May 2009

A. Mohan Rao
Director

S.T. Prabhu
Company Secretary

Indian Operations - CASH FLOW STATEMENT

[Figures for the previous period have been rearranged to confirm with the revised presentation]

	2008-2009		2007-2008	
	Amount	Amount	Amount	Amount
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation from Operations		(45,105,928)		39,642,858
ADJUSTMENTS FOR:				
Depreciation	25,035,929		14,043,370	
Irrecoverable Debts/Advances Written off	6,850,544		3,809,043	
Interest – Net	34,209,435		20,360,786	
Dividends Received	(5,703)	66,090,205	(5,566)	38,207,633
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL ADJUSTMENT		20,984,277		77,850,491
ADJUSTMENTS FOR:				
Sundry Debtors	(3,177,596)		(21,842,011)	
Inventories	(37,688,135)		(29,266,075)	
Loans and Advances	15,823,069		36,340,675	
Payment of Dividends	(331,190)		(7,748,256)	
Trade Payables	17,388,244	(7,985,608)	4,131,557	(18,384,110)
CASH GENERATED FROM OPERATIONS		12,998,669		59,466,381
Income Tax Paid		1,529,612		6,895,917
Exceptional Items (Write off of Debts & Advances)		6,850,544		3,809,043
NET CASH FLOW FROM OPERATING ACTIVITIES		4,618,513		48,761,421
B CASH FLOW FROM INVESTING ACTIVITIES				
Sale / (Purchase) of Fixed Assets Net	(58,986,495)		(87,479,002)	
Purchase / Sale of Investments	(1,092,870)		(34,649,176)	
Interest Received	731,160		2,051,080	
Dividends Received	5,703		5,566	
NET CASH FLOW FROM INVESTING ACTIVITIES		(59,342,502)		(120,071,532)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Share capital (Share Application)	(2,100,000)		8,415,000	
Proceeds from Long Term Borrowings	70,090,483		60,110,355	
Net Increase of Cash Credit and other short Term borrowings	19,254,727	87,245,210	29,329,801	97,855,156
Interest Paid		(34,940,595)		(22,411,866)
NET CASH FLOW FROM FINANCING ACTIVITIES		52,304,615		75,443,290
NET INCREASE IN CASH/CASH EQUIVALENTS		(2,419,374)		4,133,179
CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		6,734,647		2,601,468
CLOSING CASH AND CASH EQUIVALENTS		4,315,273		6,734,647
Cash As per Financial Statements		4,315,273		6,734,647

Notes:

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

Significant Accounting Policies and Notes Attached to Accounts 21

Vide our report of Even Date

M/s Varma & Varma
Chartered Accountants

N.R. Panicker
Chairman

Philip John
Whole time Director

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 25th May 2009

A. Mohan Rao
Director

S.T. Prabhu
Company Secretary

ACCEL TRANSMATIC LTD.

Annual Report 2008-09


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

	March 31, 2009	March 31, 2008
1 Share capital		
Authorised		
19750000 (19750000) Equity Shares of Rs.10/- each	197,500,000	197,500,000
250000 (250000)12% Cumulative Redeemable Preference shares of Rs. 10/- each	2,500,000	2,500,000
	200,000,000	200,000,000
Issued, Subscribed and Paidup :		
11037401 (11037401) Equity Shares of Rs.10/- each Fully Paid up	110,374,010	110,374,010
Nil (210000) 12% Cumulative Redeemable Preference Shares of Rs. 10/- each Fully Paid up – redeemed during the year.	-	2,100,000
	10,374,010	112,474,010
2 Reserves and surplus		
Capital Reserve	1,782,500	1,782,500
Revaluation Reserve	12,397,510	12,455,976
Less: Additional Depreciation On Revaluation	(58,466)	(58,466)
	12,339,044	12,397,510
Capital Redemption Reserve – Transfer from P & L Account Profit & Loss Account	2,100,000	-
Opening Balance	8,436,251	-
Less : Transfer to Capital Redemption reserve	2,100,000	-
Balance of Profit in Profit & Loss Account	6,336,251	29,739,701
Less: Balance Transferred to Profit & Loss Account - as per Contra Sch:14	6,336,251	21,303,450
Balance of Profit	-	8,436,251
	16,221,544	22,616,261
3 Secured loans		
From a Bank		
- Cash Credit	113,255,155	94,000,428
- Term Loan	95,620,479	68,144,439
Hire Purchase Loans	16,189,423	27,019,180
	225,065,057	189,164,047
4 Un Secured loans		
Public Deposits	9,800,000	17,550,000
Inter Corporate loans	61,194,202	-
	70,994,202	17,550,000

Schedule forming part of Financial Statements as at

5 Fixed Assets

Sl. No	Particulars	Gross Block Stated at Cost			Depreciation		Net Block				
		Cost as on 01.04.2008	Additions/ Adjustments	Sale / Transfer	Total as on 31.03.2009	Upto 01.04.2008	For the Year	Disposals/ Adjustments	Upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
1	Land	12,280,000 (12,280,000)	-	-	12,280,000 (12,280,000)	-	-	-	-	12,280,000 (12,280,000)	12,280,000 (12,280,000)
2	Factory Building (refer note:1)	4,531,390 (4,531,390)	-	-	4,531,390 (4,531,390)	1,589,933 (1,602,586)	-	-	1,761,889 (1,602,586)	2,769,501 (2,928,434)	2,928,434 (3,089,020)
	Lease Hold Building (T.Park)	227,083 (227,083)	-	227,083	-	66,059	-	66,059	-	-	161,024 (161,024)
	Building Modification	6,146,680 (5,730,578)	(416,102)	-	6,146,680 (6,146,680)	192,141 (379,989)	-	-	1,736,135 (1,543,994)	4,410,545 (4,602,686)	4,602,686 (4,566,573)
3	Plant and Machinery	25,993,011 (25,993,011)	13,813,834	-	39,806,845 (25,993,011)	2,700,900 (1,029,030)	52,494	-	21,002,325 (18,353,919)	18,804,520 (7,639,092)	7,639,092 (8,668,122)
4	Data Processing Machines	75,205,264 (42,396,509)	30,742,001	-	105,947,265 (75,205,264)	12,467,174 (7,475,596)	-	(1,780,414)	44,832,101 (32,364,926)	61,115,164 (42,840,338)	42,840,337 (15,726,765)
5	Computer Software	78,104 (78,104)	267,909	-	346,013 (78,104)	200,276 (27,294)	-	-	278,380 (78,104)	67,633	-
6	Furnitures and Fixtures	27,393,126 (12,173,407)	6,623,871	24,30,589	34,016,997 (27,393,126)	3,639,162 (1,825,015)	-	(1,738,396)	10,869,322 (7,230,160)	23,147,675 (20,162,966)	20,162,966 (5,029,866)
7	Testing Equipments	2,123,642 (1,657,095)	335,919	-	2,459,561 (2,123,642)	88,751 (66,162)	-	-	956,000 (867,249)	1,503,561 (1,256,393)	1,256,393 (856,008)
8	Office Equipments	8,952,946 (7,879,587)	529,703	1,080,838	9,482,649 (8,952,946)	384,930 (413,929)	-	-	2,449,675 (2,064,746)	7,032,973 (6,888,200)	6,888,201 (5,893,033)
9	Electrical Fittings	9,676,987 (2,978,010)	6,842,211	-	16,519,198 (9,676,986)	1,081,935 (219,882)	-	-	2,468,317 (1,386,382)	14,050,881 (8,290,604)	8,290,605 (1,811,428)
10	Library Books	371,042 (371,042)	-	-	371,042 (371,042)	5,207 (5,207)	-	-	349,901 (344,694)	21,141 (26,348)	26,348 (31,555)
11	Water Supply System	49,761 (49,761)	-	-	49,761 (49,761)	1,577 (1,577)	-	-	40,678 (39,101)	9,083 (10,660)	10,660 (12,237)
12	Prototype Development	2,299,428 (2,206,204)	313,762	-	2,613,190 (2,299,428)	249,551 (115,722)	-	-	1,462,198 (1,212,647)	1,150,992 (1,086,781)	1,086,781 (1,109,279)
13	Vehicle	3,464,498 (1,744,500)	(93,224)	(709,349)	3,464,498 (3,464,498)	351,518 (287,914)	-	(532,396)	1,203,953 (852,435)	2,260,545 (2,612,063)	2,612,063 (647,583)
14	Time Share Property - Building	(35,820)	-	(35,820)	-	-	-	(35,820)	-	-	-
15	Computers on Lease	-	-	-	-	-	-	-	-	-	-
16	Boat	-	-	-	-	-	-	-	-	-	-
17	Goodwill	(44,000)	-	(44,000)	-	-	(44,000)	-	-	(17)	899,833
18	Softwares	6,216,964 (6,216,964)	-	-	6,216,964 (6,216,964)	899,850 (1,199,800)	-	-	6,216,981 (5,317,131)	(899,833)	(2,099,633)
19	Temporary Partitions	12,910,479 (2,300,683)	3,023,767	-	15,934,246 (12,910,479)	2,672,490 (809,568)	-	-	3,943,535 (1,231,079)	11,990,711 (11,639,434)	11,639,434 (1,839,206)
	TOTAL	199,151,484 (130,040,180)	62,492,977	227,083	261,417,378 (199,151,483)	25,094,395 (14,101,836)	118,553	4,466,763	100,802,469 (75,826,627)	160,614,909 (123,324,856)	123,324,859 (63,848,626)
	Previous Year		75,169,596	6,058,293	199,151,483	14,101,836			75,826,627		

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

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

	March 31, 2009	March 31, 2008
6 Investments -- Long Term		
Unquoted at cost		
In Subsidiaries		
Accel Solutions Japan Inc (Trade) [60 (60) Shares of Y 50,000 Each]	1,158,923	1,158,923
Accel North America , California Inc (Trade) [155000 (130000) Shares of USD 1 Each]	6,416,147	5,192,200
In Others		
Accel Academy Limited [Trade] [490000 (490000) Equity shares of Rs.10/- each fully paid up]	29,400,000	29,400,000
Unit Trust of India - 6.75% Tax free US-64 Bonds [Non-trade] [Nil (900)Units of Rs.100/- each fully paid up]	-	90,000
Quoted [Non-Trade] at cost		
Rajashree Sugars and Chemicals Ltd [65 (65) Equity shares of Rs.10/- each fully paid up]	1,575	1,575
State Bank of India [60 (60) Equity shares of Rs.10/- each fully paid up]	20,900	20,900
ICICI Bank Limited [125 (125) Equity Shares of Rs.10/- each fully paid up]	25,756	25,756
Pittsburgh Iron and Steels Ltd (Formerly S & Y Mills Limited) [500 (500) Equity Shares of Rs.10/- each fully paid up]	2,165	2,165
[Aggregate market value of quoted shares as on the date of Balance Sheet is Rs.111,559/- (Previous year Rs.195,713/-)]		
	37,025,466	35,891,519
7 Inventories		
Raw Materials - Components	23,458,562	17,503,820
- Stores & Spares	12,502,763	9,381,326
Finished Goods / Semi Finished goods	14,468,382	11,598,206
Work In Progress	50,315,681	24,573,901
	100,745,388	63,057,253
8 Sundry Debtors (Unsecured)		
Debts exceeding six months		
Considered good	40,494,307	38,741,920
Considered doubtful	-	-
Other debts, considered good	82,202,467	80,777,259
	122,696,774	119,519,179
Provision for doubtful debts	-	-
	122,696,774	119,519,179
9 Cash and Bank balances		
Cash in hand and remittances in transit (Including Cheques in Hand)	89,560	682,472
Balances with scheduled banks:		
in Current Accounts	457,782	968,306
in Deposit Accounts	3,595,825	4,517,743
Unclaimed Dividend Accounts	172,107	174,841
	4,315,274	6,343,362

ACCEL TRANSMATIC LTD.

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

	March 31, 2009	March 31, 2008
10 Other Current Assets		
Accrued Interest / Income	738,703	391,285
Unbilled Revenue	15,720,670	14,073,902
	16,459,373	14,465,187
11 Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	17,139,454	32,749,324
Deposits	18,917,234	18,409,118
Advance Income Tax / Tax Deducted at Source	4,975,888	1,363,272
	41,032,576	52,521,714
12 Current liabilities		
Sundry Creditors for Goods Supplied		
- Due to Micro ,Small & Medium Enterprises (See Note No.21.11)	-	-
- Due to Others	47,158,537	32,535,607
Creditors for Expenses	30,694,727	22,133,326
Other Liabilities	7,185,557	7,790,132
Advances Received from Customers for Supply of Goods & Services	6,348,842	8,014,588
Investor Education Protection Fund shall be credited by		
Unclaimed Dividend	172,107	174,841
Unclaimed Public Deposit	-	20,000
Unclaimed Interest on Public Deposit	-	1,650
{ to be transferred to Investor Education & Protection Fund in the respective years if remaining Unpaid }		
	91,559,770	70,670,144
13 Provisions for		
Current Tax	-	5,032,766
Fringe Benefit Tax (net of Advance Tax)	420,958	392,169
Employee Benefits	8,069,585	6,383,892
Warranty	255,413	438,513
Dividend	-	252,000
Tax on Dividend	-	42,840
	8,745,956	12,542,180
14 Profit & Loss Account - Debit Balance		
Opening Balance	-	21,303,450
Transfer from Profit & Loss Account	44,319,048	21,303,450
Less : Opening balance of Profit Transferred from Profit & loss account - as per Contra (Sch:2)	6,336,251	21,303,450
	37,982,797	-

ACCEL TRANSMATIC LTD.

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

	March 31, 2009	March 31, 2008
15 Income from Operations		
Sales Income		
Manufacturing Sales	102,165,355	175,405,225
Trading Sales	77,150,442	71,499,527
Export Sales	-	92,434
	179,315,797	246,997,186
Service Income		
Maintenance and repair services	34,011,229	28,990,905
Training & Educational Services	-	4,117,344
Software Services:		
Exports	172,997,840	121,257,409
	207,009,069	154,365,658
	386,324,866	401,362,844
16 Other Income		
Interest income (TDS: Rs.129,942 (Rs.4,22,560))	731,160	2,051,081
Creditors No Longer payable written back	2,956,203	3,439,176
Miscellaneous income	215,899	5,566
Foreign Exchange Variation	4,440,960	-
Profit on sale of Assets	-	623,110
	8,344,222	6,118,933
17 Materials Consumed		
Opening stock of Materials	17,503,820	12,534,024
Purchases	65,981,866	101,282,814
	83,485,686	113,816,838
Closing stock of Materials	(26,606,090)	(17,503,820)
Materials Consumed	56,879,596	96,313,018
Less : Obsolete Inventory Written off	3,147,528	-
Closing Stock Carried to Inventory Schedule	23,458,562	17,503,820
17-A : (Increase) /Decrease in Stock [Finished Goods]		
Closing Stock	48,746,033	29,803,132
Less: Opening Stock	27,003,132	6,591,248
	(21,742,901)	(23,211,884)
Less : Obsolete Inventory Written off	860,661	-
Closing Stock Carried to Inventory Schedule	47,885,372	29,803,132
17-B : Cost of Sales (Traded goods) & Services		
Opening Stock	15,750,301	14,665,906
Purchases	66,882,513	63,181,981
	82,632,814	77,847,887
Closing stock of Materials	(24,924,597)	(15,750,301)
	57,708,217	62,097,586
18 Employee costs and benefits		
Salaries Allowances and Bonus	146,606,043	90,152,572
Contribution to Welfare Funds	9,013,815	6,986,527
Staff Welfare Expenses	5,298,347	6,117,240
	160,918,205	103,256,339
19 Manufacturing & Operating Expenses		
Rent	19,576,876	8,777,943
Electricity charges	6,385,820	2,418,280
Repairs and maintenance		
- Plant & Machinery	200,285	102,391
- Buildings	657,991	649,842
- Others	4,410,839	4,268,267
Printing and stationery	1,786,073	1,560,410
Rates & Taxes	10,723,488	14,316,454
Excise Duty Differentials	-	338,293
Communication costs	8,152,569	7,255,262
Travelling and conveyance	26,536,175	24,935,529
Insurance	2,695,126	2,101,690
General Expenses	12,909,379	7,198,460
Foreign Exchange Variation	-	1,573,114
Service Tax	3,649,306	4,216,904
Advertisement Charges	1,473,411	1,081,624
Sales Promotion Expenses	3,279,645	9,673,053
Warranty Provision	255,413	438,513
Packing and Forwarding Expenses	3,849,604	4,147,300
	106,542,000	95,053,329
20 Interest & Finance costs		
- On Fixed Loans	14,507,542	7,701,491
- Other Loans	18,877,395	13,638,884
Bank Charges & Commission	1,555,658	1,071,491
	34,940,595	22,411,866

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS (CONTINUED)

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

21.0 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation of financial statements**

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

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

(c) Fixed Assets and Depreciation**(i) Fixed Assets**

Fixed assets are stated at cost or at replacement cost in case of revaluation, less accumulated depreciation and impairment, if any, in the value of the assets. Cost of Fixed Assets includes all incidental expenses and interest cost on borrowings where applicable, attributable to the acquisition of assets, up to the date of commissioning of the assets.

(ii) Leased Assets

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

(iii) Impairment of Assets

The carrying amounts of Fixed Assets of the cash generating units of the company are reviewed at the Balance Sheet date to assess whether they are recorded in excess of their recoverable amounts, and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

(iv) Depreciation

Depreciation on fixed assets is provided for from the date the asset is ready to be put to use, under straight-line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

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

(d) Borrowing Costs

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

(e) Intangible Assets

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

(f) Investments

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

(g) Cash Flow statement

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

(h) Inventories

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

(i) Revenue recognition**Income**

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

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

(i) Annual Maintenance Contracts

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

(ii) Software Services

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

(iii) Educational services.

The revenue in respect of sale of course materials as estimated by management is recognized at the time of enrollment since the course materials are not returnable, whereas revenue from educational activity is recognized over the period of course programme.

(iv) Animation Services

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

(j) Employee 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. Accruing Liability for gratuity as at the Balance Sheet date is ascertained on actuarial basis using projected unit credit method and balance in excess of fair value of the plan Assets as at the yearend is duly provided for.

iii) Compensated absences

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

(k) Warranty Provisions

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

(l) Taxes on Income

Provision for current tax and fringe benefit tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. In respect of undertakings the income of which is exempt under section 10B of the Income Tax Act, 1961, Deferred Tax liability on account of timing differences arising but getting reversed during the tax holiday period has not been recognized.

Deferred Tax assets are recognized and carried forward to the extent that there is a virtual certainty as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(m) Foreign currency transactions

i. Initial recognition – foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.

ii. Conversion – Foreign currency monetary items are reported using the closing rate. Non Monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii. Exchange Differences – Exchange Differences arising on the settlement or conversion of monetary items are recognized as income or as expenses in the period in which they arise.

(n) Earnings Per Share

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(o) Segment Accounting**Segment Accounting Policies**

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

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

ii. Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Result. The expenses, which relate to the company as a whole and not allocable to segments, are included under "Other Unallocable expenditure".

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

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

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

Inter Segment Transfer Pricing

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS**21.1 Impairment of Assets**

In the opinion of the Management based on estimates of the value in use of the various cash generating units of the company, there is no impairment in the value of the carrying cost of fixed assets of the company within the meaning of Accounting Standard – 28 on Impairment of Assets issued under Companies (Accounting Standards) Rules 2006.

21.2 Current Assets, loans and advances

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

(b) In the opinion of the Directors, the current assets, loans and advances have the value in which they are stated in the balance sheet, if realized in the ordinary course of business.

21.3 Taxation

(A) Current Taxes

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

(ii) Provision for Fringe Benefit Tax is made as per the company's computation.

(B) Deferred Taxes

Break up of net Deferred Tax Asset / Liability at the year end amounting to Rs Nil/- (Previous Year Liability Rs.23,52,843) is as follows.

Particulars	Deferred tax Asset / (Liability) as on 31.03.2009	Deferred tax Asset / (Liability) as on 31.03.2008
Liability		
Difference between book and tax depreciation	14,151,408	7,732,458
Others	Nil	Nil
Total	14,151,408	7,732,458
Assets		
Carried forward Depreciation / Business Loss	14,609,594	2,869,876
Others	782,597	2,509,739
Total	15,392,190	5,379,615
Net deferred Tax Asset / (Liability)	1,240,782	(2,352,843)

Net Deferred tax asset as on 31.03.2009 on account of Business Losses is not recognized as a matter of prudence.

21.4 Investments

Provision has been made for the diminution in the value of long-term investments to the extent considered doubtful by the management. In the opinion of the management the diminution in net worth in Japanese/ United States of America subsidiaries and in the Associate Concern M/s Accel Academy Limited is considered to be temporary in nature on account of the future business potential of these companies and hence no provision is considered necessary at this stage.

21.5 Preferential warrants

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

21.6 Secured loans

A. The Federal Bank Limited:

The Unexpired Bank Guarantees issued by the bank is secured by a counter guarantee of the company and a corporate guarantee of Accel Limited and also pledge of shares of Accel Transmatic Limited held by Accel Limited.

B. The State Bank of India:

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

C. Hire Purchase Loans

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

21.13 Segmental reporting

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

1. Hardware Products / Services
2. Software Services
3. Animation

(Rupees in Lacs)

Particulars	Corporate (Unallocated)	Hardware Products / Services	Software Services	Education & Training	Animation	Total
Segment Revenue						
External Sales Net of Taxes & Duties						
Current year	-	1863.83	1124.56	-	604.70	3593.09
<i>Previous Year</i>	-	2347.97	1039.91	41.17	161.26	3590.30
Total Revenue						
Current year	2.64	1880.14	1161.97		624.48	3669.22
<i>Previous Year</i>	312.29	2382.36	1039.91	41.17	161.26	3936.98
Segment Result						
Current year	(139.45)	117.90	224.19	-	(243.10)	(40.46)
<i>Previous Year</i>	174.30	346.43	141.24	-	(23.26)	638.71
Interest Expense (Net)						
Current year	35.25	83.76	37.46	-	185.63	342.09
<i>Previous Year</i>	13.39	93.79	24.00	-	72.43	203.61
Non Operational Expenses						
Current year	2.94	59.33	5.19	-	1.05	68.51
<i>Previous Year</i>	8.48	30.69	7.40	-	-	46.57
Net profit / (Loss)						
Current year	(177.63)	(25.19)	181.54	-	(429.78)	(451.06)
<i>Previous Year</i>	151.84	221.95	109.84	-	(95.69)	387.94
Other Information						
Segment Assets						
Current year	535.98	1284.57	759.38	-	2354.51	4934.44
<i>Previous Year</i>	439.37	1580.36	703.83	-	1634.28	4357.84
Segment Liabilities						
Current year	1896.06	953.29	360.18	-	1724.91	4934.44
<i>Previous Year</i>	1890.17	899.71	392.24	-	1175.72	4357.84
Capital Expenditure						
Current year	-	23.86	36.34	-	576.96	637.16
<i>Previous Year</i>	-	24.60	113.90	-	665.11	803.61
Depreciation						
Current year	8.42	33.03	53.04	-	155.87	250.36
<i>Previous Year</i>	11.42	29.79	48.75	-	50.47	140.43
Non Cash Expenses Other than Depreciation						
Current year	2.94	59.33	5.19	-	1.05	68.51
<i>Previous Year</i>	8.48	30.69	7.40	-	-	46.57

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

- A. In India.
- B. Outside India.

Particulars	In India	Out side India	Total
Segment Revenue			
<i>Current year</i>	2,116.73	1,552.49	3,669.22
<i>Previous Year</i>	2,745.33	1,191.65	3,936.98
Segment Asset			
<i>Current year</i>	4,155.58	778.86	4,934.44
<i>Previous Year</i>	3,888.73	469.11	4,357.84
Capital Expenditure			
<i>Current year</i>	624.93	12.23	637.16
<i>Previous Year</i>	751.69	51.92	803.61

21.14 Related party transactions

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

	31.03.2009	31.03.2008
Accel Solution Japan Inc.	73,90,441	70,47,235
Accel North America Inc.	1,91,24,033	Nil
Accel Systems Group Inc.	(70,793)	17,99,370
Accel Academy Limited	65,20,087	93,05,961
Accel Limited	Nil	4,92,445
Accel Frontline Limited	15,99,373	35,27,559

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

Accel Frontline Limited	42,19,791	58,68,245
Accel Investments Private Limited	7,00,000	Nil

C) Loan Funds include amount due to Associates:

Accel Limited	5,14,27,562	Nil
Accel Investments Private Limited	97,66,640	Nil

Maximum amount outstanding at any time during the year:

Accel Limited	5,14,27,562	2,33,94,059
Accel Investments Private Limited	97,66,640	Nil

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

Subsidiaries & Associates:

1. Accel Solutions Japan Inc.- Subsidiary
2. Accel North America Inc - Subsidiary
3. Accel Academy Limited - \$
4. Accel Limited - \$
5. Accel Systems Group Inc. - \$
6. Accel Frontline Limited – Group Company

\$ Entities controlled by Directors.

E) Key Management Personnel:

N R Panicker	Chairman
T Ravindran	Whole time Director (Resigned as a Director from 30.03.2009)
Philip John	Whole time Director
ST Prabhu	Director & Company Secretary (Resigned as a Director from 30.03.3009)

F) Transactions with related parties

Particulars	Subsidiaries / Associates	KMP*	Relatives of KMP	Total
Rendering of Services	9,84,33,497			9,84,33,497
Receiving of Services	45,90,163			45,90,163
Remuneration to Whole time Directors		44,77,170		44,77,170
Finance (including loans & equity contributions in cash or in kind)	6,31,94,202	15,00,000		6,46,94,202
Cost of Shared services	39,81,613			39,81,613
Interest Received	4,26,452			4,26,452
Interest Paid	45,89,670	2,41,027	85,657	49,16,354

*KMP = Key Managerial Personnel

21.15 Earnings per Share

Calculation of EPS both (Basic and Diluted)

Sl.No	Particulars	31.03.2009	31.03.2008
01	Profit after taxation		
	Profit available to Equity Shareholders	(4,43,19,048)	2,97,39,701
02	Less: Extra Ordinary Item	-	3,06,00,000
03	Profit Without Extra Ordinary Item	(4,43,19,048)	(8,60,299)
04	Weighted average number of equity shares	1,12,92,401	1,11,18,917
05	Basic & Diluted earnings per share with Extraordinary Item	(4.02)	2.67
06	Basic & Diluted Earnings per Share without Extraordinary Item	(4.02)	(0.07)
06	Basic earnings per share with Extraordinary Item	(4.02)	2.69
07	Basic Earnings per Share without Extraordinary Item	(4.02)	(0.07)
08	Total Nominal Value of Shares	11,03,74,010	110,374,010

21.16 Derivatives

Sl.No	Particulars	31.03.2009	31.03.2008
01	Category wise quantitative data about Derivative instruments outstanding at the Balance sheet date		
	Purpose of Hedging	Nil	Nil
	Foreign Currency Exposure that are not hedged by a derivative Instrument or otherwise:	Not Applicable	Not Applicable
02	Due to creditors	US\$ 80,546	US\$ 101,647
03	Due from Debtors	US\$ 8,13,032	US\$ 6,06,924
		JPY 1,44,14,747	JPY 2,12,80,435
		CA\$ 3,20,000	CA\$ 201,661
		GBP 4,334	GBP 8,668

21.17 Employee Benefits

- a) Consequent to Accounting Standards 15 of Companies (Accounting Standards) Rules, 2006 becoming effective, the company has adopted the said standard with effect from 1st April 2007. In the absence of balance in Reserves and Surplus as on that date, the difference in opening liability computed in accordance with the revised standard amounting to Rs.21.15 lacs is being expensed on a straight line basis over a period of five years from that date. The balance amount remaining unrecognized as on 31st March 2009 is Rs.12.69 lacs. The Amount recognized in the accounts of the current year is Rs.4.23 lacs.

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

1. Defined Contribution Plan

During the year, the company has recognized in the Profit and Loss Account, an amount of Rs.48.28 lacs (Previous Year Rs.32.58 lacs) on account of defined contribution towards Provident Fund and Rs.8.84 lacs (Previous Year 5.14 lacs) towards Employees State Insurance Scheme.

2. Defined Benefit Plans

Gratuity – Funded Obligation

I	Actuarial Assumption	31.03.09	31.03.08
	Discount Rate (per annum)	7%	8%
	Salary escalation rate *	5%	8%
	Expected average remaining lives of working employees (year)		

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

II	Reconciliation of present value of obligations	Rs. in '000	Rs. in '000
	Present Value of Obligation at the beginning of the year	5,110.00	4,043.00
	Current Services Cost	1,574.26	1,949.00
	Interest Cost	412.79	299.00
	Actuarial (gain)/loss	(122.26)	(560.00)
	Benefits Paid	(627.52)	(621.00)
	Present value of obligation at the end of the year	6,347.27	5,110.00

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	Rs. in '000	Rs. in '000,s
	Present value of obligations at the end of the year	6,347.27	5,110.00
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	4,788.94	4,491.00

IV	Expenses recognized in the Profit and Loss Account	Rs. in '000	Rs. in '000,s
	Current Service Cost	1,574.26	1,949.00
	Interest Cost	412.79	299.00
	Actuarial (gain) / loss recognized in the period	(155.38)	(636.00)
	Past Service Cost	-	(308.00)
	Total expenses recognized in the Profit and Loss Account for the year	1831.67	1,304.00

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

3. Long Term Employee benefits

Compensated absences (Leave encashment) – Unfunded Obligation

I	Actuarial Assumption	31.03.09	31.03.08
	Discount Rate (per annum)	7%	8%
	Salary escalation rate *	5%	8%
	Expected average remaining lives of working employees (year)		

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

II	Reconciliation of present value of obligations	Rs. In '000	Rs. In '000
	Present Value of Obligation at beginning at the beginning of the year	3,588.00	2,118.00
	Current Services Cost	2,441.08	1,537.00
	Interest Cost	336.59	169.00
	Actuarial (gain)/loss	(1,816.04)	(236.00)
	Benefits Paid	-	-
	Present value of obligation at the end of the year	4,549.63	3,588.00

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	Rs. In '000	Rs. in '000
	Present value of obligations at the end of the year	4,549.63	3,588.00
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	4,549.63	3,588.00

IV	Expenses recognized in the Profit and Loss Account	Rs. In '000	Rs. in '000
	Current Service Cost	2,441.08	1,537.00
	Interest Cost	336.59	169.00
	Actuarial (gain) / loss recognized in the period	(1,816.04)	(236.00)
	Past Service Cost	423.00	423.00
	Total expenses recognized in the Profit and Loss Account for the year	1,384.63	1,893.00

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

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

i) Particulars of Capacity

Installed Capacity	March 31, 2009 In Numbers	March 31, 2008 In Numbers
TSL Products		
<i>Point of Sale Terminal</i>	504	504
<i>Multi Function Kiosks</i>	192	192
<i>Intelligent message terminal</i>	300	300
<i>Cheque Deposit Machines</i>	266	192
<i>Queue Management System</i>	192	192
<i>Ticketing Machines</i>	6	Nil
UPS Products		
<i>UPS</i>	360	360
<i>Inverters</i>	120	120

ii) Production Details:

Particulars	March 31, 2009	March 31, 2008
TSL Products	In Qty	In Qty
<i>Point of sale / collection terminals</i>	1	45
<i>Multi function kiosks</i>	53	397
<i>Intelligent message terminal</i>	150	50
<i>L C R</i>	1	41
<i>Cheque deposit machines</i>	266	233
<i>Queue management system</i>	106	330
<i>Ticketing Machines</i>	6	13
UPS Products		
<i>UPS</i>	1366	1343

iii) Particulars of Stock

Opening Stock				
Particulars	April 1, 2008		April 1, 2007	
TSL Products	In Qty	In Values	In Qty	In Values
<i>Point of sale / collection terminals</i>		Nil	02	262,653
<i>Information Kiosks</i>		Nil	02	107,320
<i>Others</i>		1,57,23,752		
UPS Products				
<i>UPS</i>	58	27,16,463	05	2,99,206
<i>Others</i>		42,92,836		
Traded Goods				
<i>UPS & Batteries</i>	721	33,99,384	238	3,527,290
<i>Others</i>		1,23,50,917		24,719,949
Total		3,84,83,352		28,916,418

Closing Stock				
Particulars	March 31, 2009		March 31, 2008	
	In Qty	In Values	In Qty	In Values
TSL Products				
Point of sale / collection terminals		Nil		Nil
Information Kiosks		Nil		Nil
Others		1,74,00,299		1,57,23,752
UPS Products				
UPS		Nil	58	27,16,463
Others		1,42,76,837	-	42,92,836
Traded Goods				
UPS & Batteries	2126	1,45,33,285		33,99,384
Others		42,19,286		1,23,50,917
Work In Progress – Animation & Software Units				
		5,03,15,681		2,45,73,901
Total		10,07,45,388		6,30,57,253

Purchases		
Particulars	March 31, 2009	March 31, 2008
	In Values	In Values
Traded Goods		
UPS & Batteries	5,55,83,277	4,12,20,745
Others	1,12,99,236	2,19,61,236
Total	6,68,82,513	6,31,81,981

Turnover				
Particulars	March 31, 2009		March 31, 2008	
	In Qty	In Values	In Qty	In Values
TSL Products				
Point of sale / collection terminals		Nil	45	33,80,158
Multi function kiosks	53	1,34,00,685	397	5,31,64,342
Intelligent message terminal	150	28,44,768	50	9,57,554
Cheque deposit machines	62	1,91,98,198	129	3,89,33,262
Queue management system	106	61,43,984	330	2,34,68,769
Cheque Drop Machines	204	1,34,30,930	104	70,81,959
Ticketing Machine	6	64,895		
Others		75,95,969		84,11,580
UPS Products				
UPS & Inverters	1375	4,78,46,168	1290	4,00,07,601
Traded Goods				
UPS & Batteries		4,74,26,436		4,12,20,745
Others		2,13,63,764		3,03,71,216
Total		17,93,15,797		24,69,97,186

Material Consumption				
Particulars	March 31, 2009		March 31, 2008	
	In Qty	In Values	In Qty	In Values
Hardware Products				
Monitors	160	940186	733	3,867,706
CPU & Assemblies	133	2694636	326	5,868,000
VFD Display		Nil	45	1,41,634
Mechanisms		Nil	83	2,51,454
LCD Display	312	165199	484	2,63,687
Slip Printers	176	1665146	153	14,89,128
Display Counters		Nil	-	-
Cash Acceptors	131	9,45,813	149	10,52,715
Barcode Scanner	110	3,44,469	148	8,39,986
Thermal Printers	463	26,76,954	989	92,50,604
Touch Screen	225	8,21,665	561	23,54,186
Card Reader	122	3,61,228	535	22,85,639
MICRS	385	21,28,101	263	17,87,720
Coin Validators	56	2,57,789	11	46,573
PCB Assembly	208	3,49,788	304	1,66,259
Transformers		Nil	41	23,376
Rabbit cores	280	7,38,653	293	7,08,900
Thin Clients		Nil	384	71,43,316
GSM Modems	209	7,19,599	102	3,53,640
Cabinets	867	27,74,843		Nil
TSL Others		1,53,91,149		2,25,12,565
Others UPS		2,39,04,379		3,59,05,930
Total		5,68,79,597		9,63,13,018

(b) Consumption of Stores & Spare parts

Particulars	2008-2009	Percentage	2007-2008	Percentage
Imported	1,61,78,927	28.44	2,64,14,748	27.42
Indigenous	4,07,00,670	71.56	6,98,98,270	72.58

(c) CIF Value of Imports

	March 31, 2009	March 31, 2008
Raw Material & Components	2,81,29,400	3,10,86,839
Capital goods	46,22,964	2,20,89,518

(d) Earnings in foreign currency

	March 31, 2009	March 31, 2008
Towards income from services	13,99,05,402	9,00,47,942

(e) Expenditure in foreign currency

	March 31, 2009	March 31, 2008
Services	14,31,859	69,78,858
Towards Foreign Travel	1,33,34,199	1,22,52,351

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

Particulars	Number of Share Holders	Dividend Paid
Non Resident Indians	33	Nil

21.19 Comparative financial information

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

Vide our report of Even Date
M/s Varma & Varma
Chartered Accountants

N.R.Panicker
Chairman

Philip John
Whole time Director

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 25th May 2009

A. Mohan Rao
Director

S.T.Prabhu
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration Number	09 - 4485
Balance Sheet Date	March 31, 2009

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	431,070	Total Assets	431,070
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Sources of Funds

Paid -Up Capital	118,789	Reserves & Surplus	16,222
Secured Loans	225,065	Unsecured Loans	70,994

Application of Funds

Net Fixed Assets	171,118	Investments	37,025
Net Current Assets	184,944	Misc.Expenditure	-
Accumulated Losses	37,983	Deferred Tax Asset (Net)	-

IV Performance of Company (Amount in Rs.Thousands)

Turnover	382,026	Total Expenditure	427,132
Profit/(Loss) before Tax	(45,106)	Profit/(Loss) After Tax	(44,283)
Earnings/Share in Rs.	(4.02)	Dividend @ %	NIL

V Generic Names Of Three Principal Products/Services Of Company (as per Monetary Terms)

Item Code No.(ITC Code)	Product description
8471.00	Point of Sale Terminals
8471.00	Cheque Deposit Machines
8504.40	Power Conditioning Products
	Service of Equipments
	Animation Services
	Software Development

ACCEL NORTH AMERICA, INC



Directors Report

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

The Directors have pleasure in presenting their Report and the financial statements of the company for the year ended 31st March 2009.

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

Performance

During the year, the company procured contracts for provision of software development and services in line with its plans. The Directors are satisfied with the results of the year, which are in line with the expectations.

Considering the initial year of operations, the operations have resulted in a loss of INR 30.82 Lacs (USD 66,333). The company achieved a turnover from provision of software development and services of INR 889.80 Lacs (USD 1,914,722).

Funding

During the year, the company received equity contribution of USD 25,000 from its holding company, Accel Transmatic Limited. The company had also availed a loan of USD 140,000 from Accel Systems Group Inc, Atlanta during the year and after partial repayment has a loan balance payable of USD 121,833 as on 31.03.2009.

Future prospects

The company is continuing to market its resources and services for the provision of software development and services to its existing clients as well as the prospective clients with a view to increase the revenue from this source.

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

The Directors who served the company during the year are Mr. David Kumar, Mr. P.B. Nair, Mr. Philip John and Mr. N.R. Panicker. Mr. N.R. Panicker resigned from the Directorship of the company and in lieu, Mr. Philip John was co-opted as the Director.

Considering there is no requirement to get the accounts audited and published under the laws of United States of America, the Balance Sheet and Profit and Loss Account are not audited and are furnished herein as certified by the Management.

Date : 25th May 2009
Place : Chennai.

PHILIP JOHN
DIRECTOR.



Balance Sheet as at

	In INR March 31, 2009	In USD March 31, 2009	In INR March 31, 2008	In USD March 31, 2008
SOURCES OF FUNDS				
Shareholders' funds:				
Share capital	8,087,017	155,000	5,187,000	130,000
Reserves & Surplus - Foreign Currency Translation Reserve	(1,135,330)	-	34,686	-
	6,951,687	155,000	5,221,686	130,000
Loan funds:				
Secured	6,356,533	121,833	1,436,400	36,000
Total Liabilities	13,308,220	276,833	6,658,086	166,000
APPLICATION OF FUNDS				
Current assets, loans and advances:				
Sundry debtors	13,789,192	264,292	-	-
Cash and bank balances	2,946,673	56,477	1,155,384	28,957
Loans and advances	2,141,321	41,042	343,916	8,619
	18,877,186	361,811	1,499,300	37,576
Less: Current liabilities and provisions				
Current Liabilities	14,825,741	284,158	-	-
Net current assets	4,051,445	77,653	1,499,300	37,576
Profit and loss Account (Loss)	9,256,775	199,180	5,158,786	128,424
Total assets	13,308,220	276,833	6,658,086	166,000

Date: 25th May 2009
Chennai.

for and on behalf of the Board of Directors
Philip John
Director

Profit and loss account for the year ended

	In INR March 31, 2009	In USD March 31, 2009	In INR March 31, 2008	In USD March 31, 2008
Income				
Income from Operations	88,984,619	1,914,705	-	-
Other income	(2,435)	17	-	-
	88,982,184	1,914,722	-	-
Expenditure				
Cost of Sales (Traded Goods) & Services	71,925,373	1,547,637	-	-
Employee costs and benefits	14,281,544	307,300	2,418,493	60,206
Manufacturing & Operating Expenses	5,094,940	109,629	2,679,402	66,702
	91,301,857	1,964,565	5,097,895	126,908
Profit before Depreciation, Interest and Tax	(2,319,673)	(49,844)	(5,097,895)	(126,908)
Interest & Finance costs	63,152	14,338	60,891	1,516
Profit / (Loss) before Taxation	(2,982,825)	(64,182)	(5,158,786)	(128,424)
Less: Provision for Taxation				
Current year tax	99,969	2,151	-	-
Profit for the year carried to Balance Sheet	(3,082,794)	(66,333)	(5,158,786)	(128,424)

Date: 25th May 2009
Chennai.

for and on behalf of the Board of Directors
Philip John
Director

Notes to the Financial Statements – 31.03.2009

(i) Basis of presentation :

Accel North America Inc. (ANAI) is a California Corporation formed on 02nd February 2007 and is based in San Jose, California.

ANAI is the marketing arm of company's IT and Animation services.

Accel Transmatic Limited, a Corporation based in India, owns all the shares of ANAI.

ANAI provides services throughout United States to various private companies and other institutions.

ANAI also has a branch in Japan established on 04th January 2008.

(ii) Fiscal Year

ANAI operates and reports using a fiscal year ending on the last day of March.

(iii) Cash and Cash equivalents

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

(iv) Accounts and Receivables

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

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

(v) Uses of estimates

The Management makes estimates and assumptions while preparing the financial statements. Actual results could differ from these estimates.

(vi) Costs and Expenses

Costs and Expenses are recognised while incurred.

**ACCEL SOLUTIONS JAPAN,
CORPORATION**



Directors Report

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

The Directors have pleasure in presenting their Report and the financial statements of the company for the year ended 31st March 2009.

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

Performance

During the year, the company procured contracts for provision of software development. Considering the economic slowdown the performance has not been in line with the expectations.

The operations have resulted in a loss of INR 1.29 Lacs (JAP Y 275,969). The company achieved a turnover from provision of software development and services of INR 196.54 Lacs (Jap Y 42,110,355).

Equity

The Holding Company Accele Transmatic Limited hold 75% of the Equity and 25% is held by Mr. Muto San who runs the Japanese operations.

Future prospects

The company is continuing to market its resources and services for the provision of software development and services to its existing clients as well as the prospective clients with a view to increase the revenue from this source.

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

The Directors who served the company during the year are Mr. Muto San, Mr. Philip John and Mr. S.T. Prabhu.

Considering there is no requirement to get the accounts audited and published under the laws of Japan, the Balance Sheet and Profit and Loss Account are not audited and are furnished herein as certified by the Management.

PHILIP JOHN
DIRECTOR.

Date : 25th May 2009
Place : Chennai.

Balance Sheet as at

	In INR March 31, 2009	In JPY March 31, 2009	In INR March 31, 2008	In JPY March 31, 2008
SOURCES OF FUNDS				
Shareholders' funds:				
Share capital	2,145,600	4,000,000	1,609,200	4,000,000
Reserves & Surplus - Foreign Currency Translation Reserve	(342,578)	-	(220,175)	-
	1,803,022	4,000,000	1,389,025	4,000,000
Loan funds:				
Secured	7,088,387	13,214,741	4,439,357	11,034,941
Unsecured	407,174	759,087	57,022	141,740
	7,495,561	13,973,828	4,496,379	11,176,681
Total Liabilities	9,298,583	17,973,828	5,885,404	15,176,681
APPLICATION OF FUNDS				
Current assets, loans and advances:				
Sundry debtors	3,043,626	5,674,174	8,249,346	20,505,458
Cash and bank balances	9,690,576	18,065,950	1,810,419	4,500,171
Loans and advances	217,242	405,000	421,037	1,046,575
	12,951,444	24,145,124	10,480,802	26,052,204
Less: Current liabilities and provisions				
Current Liabilities	5,947,299	11,087,433	6,241,962	15,515,691
Net current assets	7,004,145	13,057,691	4,238,840	10,536,513
Profit and loss Account (Loss)	2,294,438	4,916,137	1,646,564	4,640,168
Total assets	9,298,583	17,973,828	5,885,404	15,176,681

Date: 25th May 2009
Chennai.

for and on behalf of the Board of Directors
Philip John
Director

Profit and loss account for the year ended

	In INR March 31, 2009	In JPY March 31, 2009	In INR March 31, 2008	In JPY March 31, 2008
Income				
Income from Operations	19,641,256	42,083,990	14,917,476	42,038,823
Other income	12,305	26,365	2,547	7,178
	19,653,561	42,110,355	14,920,023	42,046,001
Expenditure				
Cost of Sales (Traded Goods) & Services	13,263,936	28,419,738	9,010,309	25,391,882
Employee costs and benefits	4,421,297	9,473,214	4,018,206	11,323,675
Manufacturing & Operating Expenses	1,898,952	4,068,756	1,737,152	4,895,454
	19,584,185	41,961,708	14,765,667	41,611,011
Profit before Depreciation, Interest and Tax	69,376	148,647	154,356	434,990
Interest & Finance costs	165,908	355,480	-	-
Profit / (Loss) before Taxation	(96,532)	(206,833)	154,356	434,990
Less: Provision for Taxation				
Current year tax	32,267	69,136	20,652	58,200
Profit for the year carried to Balance Sheet	(128,799)	(275,969)	133,704	376,790

Date: 25th May 2009
Chennai.

for and on behalf of the Board of Directors
Philip John
Director

Notes to the Financial Statements – 31.03.2009

(i) Basis of presentation :

Accel Solutions Japan Corporation (ASJ) is a Yokohama Corporation formed on 06-02-2007 and is based in Azuma Bldg, 5F, 1-7 Honcho, Naka-ku, Yokohama, Japan.

ASJ is the marketing arm of company's software services and provides software development and services to overseas clients.

ASJ provides services throughout Japan to various private companies and other institutions.

(ii) Fiscal Year

ASJ operates and reports using a fiscal year ending on the last day of March.

(iii) Cash and Cash equivalents

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

(iv) Accounts and Receivables

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

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

(v) Uses of estimates

The Management makes estimates and assumptions while preparing the financial statements. Actual results could differ from these estimates.

(vi) Costs and Expenses

Costs and Expenses are recognised while incurred.

CONSOLIDATED ACCOUNTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
Accel Transmatic Limited.

1. We have audited the attached Consolidated Balance Sheet of Accel Transmatic Limited ("The Company"), its subsidiaries M/s Accel Solutions Japan Inc and M/s Accel North America Inc and its associate M/s Accel Academy Limited as at 31st March 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the separate financial statement of the subsidiary companies, M/S Accel Solutions Japan Inc and M/S Accel North America Inc whose unaudited financial statements reflect total assets of Rs. 129.51 Lacs and 188.77 Lacs respectively, total liability of Rs 152.46 lacs and Rs 281.34 lacs respectively as at 31st March 2009, net loss of Rs. 1.29 lacs and Rs 30.83 lacs respectively and net Cash inflow amounting to Rs. 78.81 lacs and Rs 17.91 lacs respectively for the year ended on that date. The said financial statements have been furnished to us duly certified by the said companies' directors, and our opinion in so far as it relates to amounts included in respect of the subsidiaries are based solely on this certificate.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006.

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

i. in the case of the Consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as at 31st March 2009;

ii. in the case of the Consolidated Profit and Loss Account, of the Consolidated results of the company and its subsidiaries for the year ended on that date;

and

iii. in the case of the Consolidated Cash Flow statement, of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

Place: Chennai
Date : 25th May 2009

For Varma & Varma
Chartered Accountants
K.M. Sukumaran, F.C.A
Membership No: 15707
Partner

Consolidated Balance Sheet as at

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

	Sch No.	March 31, 2009	March 31, 2008
SOURCES OF FUNDS			
Shareholders' funds:			
Share Capital	1	110,374,010	112,474,010
Advance Received against Issue of Share Warrants		8,415,000	8,415,000
Reserves and Surplus	2	16,864,783	14,001,420
Minority Interest		(37,209)	(9,340)
		135,616,584	134,881,090
Loan funds:			
Secured	3	232,153,443	193,603,405
Unsecured	4	77,757,910	19,043,422
		309,911,353	212,646,827
Deferred Tax Liability (Net)		-	2,352,843
Total Liabilities		445,527,937	349,880,760
APPLICATION OF FUNDS			
Fixed assets:			
Gross Block	5	262,349,327	199,275,949
Less: Accumulated Depreciation		100,802,469	75,826,628
Net block		161,546,858	123,449,321
Capital Work In progress		10,502,982	20,661,414
		172,049,840	144,110,735
Investments	6	25,636,905	25,269,069
Current Assets, Loans and Advances:			
Inventories	7	100,745,388	63,057,253
Sundry Debtors	8	113,015,119	120,721,289
Cash and bank balances	9	16,952,523	9,309,165
Other Current Assets	10	16,459,373	14,465,187
Loans and advances	11	42,459,192	53,121,124
		289,631,595	260,674,018
Less: Current Liabilities and Provisions			
Liabilities	12	85,818,335	69,864,869
Provisions	13	8,745,956	12,542,180
		94,564,291	82,407,049
Net current assets		195,067,304	178,266,969
Profit and Loss Account – Debit Balance	14	52,773,888	2,233,987
Total assets		445,527,937	349,880,760

Significant Accounting Policies and Notes Attached to Accounts

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Vide our report of Even Date

M/s Varma & Varma

Chartered Accountants

N.R. Panicker
Chairman

Philip John
Whole time Director

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 25th May 2009

A. Mohan Rao
Director

S.T. Prabhu
Company Secretary

Consolidated Profit and loss account for the year ended

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

	Sch No.	March 31, 2009	March 31, 2008
Income			
Income from Operations	15	416,399,557	487,839,203
Less: Excise Duty		12,642,830	24,666,251
Net Sales		403,756,727	463,172,952
Other income	16	10,260,586	6,305,951
Profit on Sale of Investments		-	34,962,935
		414,017,313	504,441,838
Expenditure			
Materials Consumed	17	56,879,597	96,313,018
(Increase) / Decrease in Stock	17-A	(21,742,901)	(23,211,884)
Cost of Sales (Traded Goods)	17-B	66,252,835	67,037,557
Employee costs and benefits	18	179,621,046	136,399,413
Manufacturing & Operating Expenses	19	117,349,383	138,060,788
Miscellaneous Expenses Written Off.		-	235,000
		398,359,960	414,833,892
Profit before Depreciation, Interest and Tax		15,657,353	89,607,946
Interest & Finance costs	20	35,769,655	24,984,330
Profit before Depreciation and Tax		(20,112,302)	64,623,616
Depreciation	5	25,035,927	25,972,658
Profit / (Loss) before tax and write off of obsolete stock / Irrecoverable debts / Advances		(45,148,229)	38,650,958
Obsolete inventory / Irrecoverable Debts / Advances Written Off		6,850,544	3,809,040
Profit / (Loss) before tax		(51,998,773)	34,841,918
Less: Taxation for the Year			
- Current tax		132,236	5,053,418
- Fringe Benefit Tax		1,529,612	1,248,298
- Deferred Tax		(2,352,843)	6,958,873
- Income Tax of earlier years		-	848,399
Profit / (Loss) after tax (Before Minority Interest)		(51,307,778)	20,732,930
Less : Minority Interest		(32,200)	33,426
Profit / (Loss) for the year after tax available for Appropriation		(51,275,578)	20,699,504
Less: Appropriations			
Proposed Dividends			
- On Preference Shares		31,068	252,000
Tax on Dividend		5,282	42,840
Balance of Profit / (Loss) carried to Balance Sheet	14	(51,311,928)	20,404,664
Basic and Diluted Earnings per share		(4.54)	1.84

Significant Accounting Policies and Notes Attached to Accounts 21

Vide our report of Even Date

M/s Varma & Varma
Chartered Accountants

N.R. Panicker
Chairman

Philip John
Whole time Director

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 25th May 2009

A. Mohan Rao
Director

S.T.Prabhu
Company Secretary

Consolidated Cash Flow Statements

[Figures for the previous period have been rearranged to confirm with the revised presentation]

	Amount	2008-09 Amount	Amount	2007-08 Amount
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation from Operations		(51,998,773)		34,841,920
ADJUSTMENTS FOR:				
Depreciation	25,035,927		25,972,655	
Irrecoverable Debts/Advances Written off	6,850,544		3,809,043	
Creditors Written Back				
Miscellaneous Exp. Written off	-		235,000	
Interest - Net	33,120,137		22,834,282	
Dividend Received	(5,703)		(5,566)	
Loss on sale of Fixed Assets	-		-	
Exchange Fluctuation in Value of Investments	-		-	
Profit on sale of Investments	-	65,000,905	-	52,845,415
OPERATING PROFIT/[LOSS] BEFORE WORKING CAPITAL ADJUSTMENT		13,002,132		87,687,335
ADJUSTMENTS FOR:				
Sundry Debtors	7,706,170		(22,766,075)	
Inventories	(37,688,135)		(22,546,950)	
Loans and Advances	8,667,747		(42,489,060)	
Payment of Dividends	(331,190)		(7,748,256)	
Trade Payables	11,826,051	(9,819,358)	(5,386,999)	(100,937,340)
CASH GENERATED FROM OPERATIONS		3,182,774		(13,250,005)
Income Tax Paid		690,995		(11,756,146)
Exceptional Items (Write off of Debts & Advances)		(6,850,544)		(3,809,043)
NET CASH FLOW FROM OPERATING ACTIVITIES		(2,976,775)		(28,815,194)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(53,000,144)		(22,882,401)	
Sale of Fixed Assets				
Sale of Investments				
Purchase of Investments	(367,836)		(25,144,573)	
Interest Received	2,649,519		2,150,048	
Dividend Received	5,703		5,566	
NET CASH FLOW FROM INVESTING ACTIVITIES		(50,712,758)		(45,871,362)
C CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Share capital	(2,100,000)		8,415,000	
Adjustment on Account of Amalgamation				
Proceeds from Long Term Borrowings	78,009,799		104,273,836	
Net Increase of Cash Credit and other short Term borrowings	19,254,727		(15,178,627)	
Adjustment on Account of Consolidation (Minority Interest)	1,938,021		(10,616)	
Interest Paid	(35,769,655)		(24,984,330)	
NET CASH FLOW FROM FINANCING ACTIVITIES		61,332,891		72,515,263
NET INCREASE IN CASH/CASH EQUIVALENTS		7,643,358		(2,171,293)
D CASH AND CASH EQUIVALENTS				
OPENING CASH AND CASH EQUIVALENTS		9,309,165		11,480,458
CLOSING CASH AND CASH EQUIVALENTS		16,952,523		9,309,165
Cash As per Financial Statements		16,952,523		9,309,165

Notes:

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

Vide our report of Even Date

M/s Varma & Varma
Chartered Accountants

N.R. Panicker
Chairman

Philip John
Whole time Director

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 25th May 2009

A. Mohan Rao
Director

S.T. Prabhu
Company Secretary

Schedules forming part of the Consolidated financial statements as at

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

	March 31, 2009	March 31, 2008
1 Share capital		
Authorised		
19750000 (19750000) Equity Shares of Rs.10/- each	197,500,000	197,500,000
250000 (250000)12% Cumulative Redeemable Preference shares of Rs. 10/- each	2,500,000	2,500,000
Issued, Subscribed and Paidup :		
11037401 (11037401) Equity Shares of Rs.10/- each Fully Paid up	110,374,010	110,374,010
Nil (210000) 12% Cumulative Redeemable Preference Shares of Rs. 10/- each Fully Paid up – redeemed during the year	-	2,100,000
	110,374,010	112,474,010
2 Reserves and surplus		
Capital Reserve	1,782,500	1,782,500
Capital Redemption Reserve - Transferred from P & L Account	2,100,000	-
Revaluation Reserve	12,397,510	12,455,976
Less: Additional Depreciation On Revaluation	(58,466)	(58,466)
	12,339,044	12,397,510
Foreign Currency Translation Reserve	643,239	(178,590)
	16,864,783	14,001,420
3 Secured loans		
From a Bank		
- Cash Credit	113,255,155	94,000,428
- Term Loan	102,708,866	72,583,796
Hire Purchase Loans	16,189,422	27,019,181
	232,153,443	193,603,405
4 Un Secured loans		
Public Deposits	10,207,174	17,607,022
Term Loans - from Financial Institution / Others	6,356,534	1,436,400
Inter Corporate loans	61,194,202	-
	77,757,910	19,043,422

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

Sl. No.	Particulars	Gross Block Stated at Cost			Total as on 31.03.2009	Depreciation For the Year		Disposals/ Adjustments	Net Block	
		Cost as on 01.04.2008	Additions/ Adjustments	Sale Transfer		Upto 01.04.2008	Upto 31.03.2009		As on 31.03.2009	As on 31.03.2008
5	Fixed Assets									
1	Land	12,280,000	-	-	12,280,000	-	-	-	12,280,000	12,280,000
2	Factory Building (refer note: 1)	(12,280,000)	-	-	(12,280,000)	1,589,931	-	-	(12,280,000)	(12,280,000)
		4,531,390	-	-	4,531,390	(160,586)	-	-	2,928,434	2,928,434
		(4,531,390)	-	-	(4,531,390)	66,059	-	-	(3,089,020)	(3,089,020)
	Lease Hold Building (T.Park)	227,083	-	227,083	227,083	-	-	66,059	-	161,024
		(227,083)	-	-	(227,083)	-	-	-	(161,024)	(161,024)
	Building Modification	6,146,680	-	-	6,146,680	192,141	-	-	4,410,545	4,602,686
		(5,730,578)	(416,102)	-	(6,146,680)	(379,989)	-	-	(4,602,686)	(4,602,686)
3	Plant and Machinery	25,993,011	13,813,834	-	39,806,845	2,700,900	52,476	-	18,804,502	7,639,092
		(25,993,011)	(17,324,889)	-	(43,317,900)	(1,029,030)	-	-	(43,317,900)	(43,317,900)
		75,329,730	31,549,485	-	106,879,215	12,467,174	-	-	62,047,111	42,964,802
4	Data Processing Machines	(49,661,309)	(41,232,426)	(15,564,005)	(106,457,740)	(11,451,070)	(5,755,887)	-	(42,964,802)	(22,991,565)
5	Computer Software	78,104	267,909	-	346,013	200,276	-	-	67,633	-
		(78,104)	-	-	(78,104)	(27,294)	-	-	-	(27,294)
6	Furnitures and Fixtures	27,393,126	6,623,871	-	34,016,997	3,639,162	-	-	23,147,676	20,162,967
		(14,962,507)	(21,544,632)	(9,114,013)	(45,621,152)	(2,974,694)	(2,888,075)	-	(48,595,846)	(48,595,846)
7	Testing Equipments	2,123,642	335,919	-	2,459,561	88,751	-	-	1,503,561	1,256,393
		(1,657,095)	(466,547)	-	(2,123,642)	(66,162)	-	-	(1,256,393)	(1,256,393)
8	Office Equipments	8,952,946	529,703	-	9,482,649	384,930	-	-	7,032,973	6,888,199
		(8,364,988)	(2,388,270)	(1,800,311)	(12,553,569)	(1,485,066)	(406,874)	-	(14,038,635)	(14,038,635)
9	Electrical Fittings	9,676,986	6,842,211	-	16,519,197	1,386,382	-	-	14,050,880	8,290,604
		(4,284,910)	(7,916,738)	(2,524,662)	(14,726,310)	(442,662)	(2,228,62)	-	(15,168,972)	(15,168,972)
10	Library Books	371,042	-	-	371,042	5,207	-	-	21,141	26,348
		(371,042)	-	-	(371,042)	(5,207)	-	-	-	(5,207)
11	Water Supply System	49,761	-	-	49,761	1,577	-	-	9,083	10,660
		(49,761)	-	-	(49,761)	(1,577)	-	-	(10,660)	(10,660)
12	Prototype Development	2,299,428	313,762	-	2,613,190	249,551	-	-	1,150,992	1,086,781
		(2,206,204)	(93,224)	-	(2,299,428)	(115,722)	-	-	(2,415,150)	(2,415,150)
13	Vehicle	3,464,498	-	-	3,464,498	351,518	-	-	2,260,545	2,612,063
		(1,744,500)	(2,429,347)	(709,349)	(4,878,147)	(287,914)	(532,396)	-	(5,166,461)	(5,166,461)
14	Time Share Property - Building	(35,820)	-	-	(35,820)	-	-	-	-	-
15	Computers on Lease	-	-	-	-	-	-	-	-	-
16	Boat	-	-	-	-	-	-	-	-	-
17	Goodwill	6,216,964	-	(44,000)	6,216,964	899,850	(44,000)	-	(899,832)	899,833
		(70,308,850)	-	(64,091,887)	(134,400,737)	(7,481,139)	(6,281,339)	-	(140,681,876)	(140,681,876)
18	Softwares	12,910,479	3,023,767	-	15,934,246	2,672,490	-	-	11,990,711	11,639,434
		(2,954,483)	(11,121,136)	(1,165,140)	(15,235,142)	(1,038,365)	(2,287,97)	-	(16,523,477)	(16,523,477)
19	Temporary Partitions	1,231,079	-	-	1,231,079	-	-	-	-	-
		(1,146,432)	(84,647)	-	(1,231,079)	(84,647)	-	-	-	-
	TOTAL	199,275,949	63,300,461	227,083	262,349,327	25,094,393	118,552	118,552	161,546,858	23,449,321
	Previous Year	206,632,067	87,693,069	95,049,187	199,275,949	26,031,124	16,396,050	16,396,050	123,449,321	40,440,513

Note:

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

2. Figures in brackets represents Previous year figures

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

	March 31, 2009	March 31, 2008
6 Investments -- Long Term		
Unquoted at cost		
Accel Academy Limited [Trade] [490000 (490000) Equity shares of Rs.10/- each fully paid up]	25,586,509	25,128,670
Unit Trust of India - 6.75% Tax free US-64 Bonds [Non-trade] [Nil (900)Units of Rs.100/- each fully paid up]	-	90,000
Quoted [Non-Trade] at cost		
Rajashree Sugars and Chemicals Ltd [65 (65) Equity shares of Rs.10/- each fully paid up]	1,575	1,575
State Bank of India [60 (60) Equity shares of Rs.10/- each fully paid up]	20,900	20,900
ICICI Bank Limited [125 (125) Equity Shares of Rs.10/- each fully paid up]	25,756	25,756
Alsa Constructions Limited [1250 (1250) Equity Shares of Rs.10/- each fully paid up]	-	-
Pittsburgh Iron and Steels Ltd (Formerly S & Y Mills Limited) [500 (500) Equity Shares of Rs.10/- each fully paid up]	2,165	2,165
[Aggregate market value of quoted shares as on the date of Balance Sheet is Rs.111,559/- (Previous year Rs.195,713/-)]		
	25,636,905	25,269,066



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

	March 31, 2009	March 31, 2008
7 Inventories		
Raw Materials - Components	23,458,562	17,503,820
- Stores & Spares	12,502,763	9,381,326
Finished Goods / Semi Finished goods	14,468,382	11,598,206
Work In Progress	50,315,681	24,573,901
	100,745,388	63,057,253
8 Sundry debtors		
(Unsecured)		
Debts exceeding six months		
Considered good	39,823,265	35,869,491
Considered doubtful	-	-
Other debts, considered good	73,191,854	84,851,798
	113,015,119	120,721,289
Provision for doubtful debts	-	-
	113,015,119	120,721,289
9 Cash and bank balances		
Cash in hand and remittances in transit (Including Cheques in Hand)	89,560	82,472
Balances with scheduled banks :		
in Current Accounts	13,095,031	4,534,109
in Deposit Accounts	3,595,825	4,517,743
Unclaimed Dividend Accounts	172,107	174,841
	16,952,523	9,309,165

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

	March 31, 2009	March 31, 2008
10 Other Current Assets		
- Accrued Interest / Income	738,703	391,285
- Unbilled Revenue	15,720,670	14,073,902
	16,459,373	14,465,187
11 Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	23,381,038	34,448,306
Deposits	19,078,154	18,672,818
	42,459,192	53,121,124
12 Current liabilities		
Sundry Creditors for Goods Supplied		
- Due to Micro , Small & Medium Enterprises	-	-
- Due to Others	41,063,731	31,730,335
Creditors for Expenses	31,048,099	22,133,326
Other Liabilities	7,185,556	7,790,129
Advances Received from Customers for Supply of Goods & Services	6,348,842	8,014,588
Investor Education Protection Fund - Unclaimed		
- Dividend	172,107	174,841
- Public Deposit	-	20,000
- Interest on Public Deposit	-	1,650
{ to be transferred to Investor Education & Protection Fund in the respective years if remaining Unpaid }		
	85,818,335	69,864,869
13 Provisions for		
- Current Tax	-	5,032,766
- Fringe Benefit Tax (net of Advance Tax)	420,958	453,780
- Employee Benefit Plans	8,069,585	6,322,281
- Warranty	255,413	438,513
- Dividend	-	252,000
- Tax on Dividend	-	42,840
	8,745,956	12,542,180
14 Profit & Loss Account - Debit Balance		
Opening Balance	(638,040)	22,638,651
Less :Transfer to Capital Redemption Reserve	2,100,000	-
	1,461,960	22,638,651
Less :Profit / (Loss) for the year carried from Profit & loss account	(51,311,928)	20,404,664
Balance in Profit & Loss A/c	52,773,888	2,233,987

Note :The closing balance in P & L for the year 2007-2008 includes loss relating to erstwhile subsidiary Accel Academy Limited

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

	March 31, 2009	March 31, 2008
15 Income from Operations		
Sales Income		
Manufacturing Sales	102,165,355	175,405,225
Trading Sales	77,150,442	71,499,527
Export Sales	-	92,434
	179,315,797	246,997,186
Service Income		
Maintenance and repair services	34,011,229	28,990,904
Training & Educational Services	-	85,315,876
Software Services		
Domestic	-	-
Exports	203,072,531	126,535,237
	237,083,760	240,842,017
	416,399,557	487,839,203
16 Other Income		
Interest income (TDS: Rs.129,942 (Rs.4,22,560))	2,649,519	2,150,048
Creditors No Longer payable written back	2,956,203	3,439,177
Miscellaneous Income	217,111	93,616
Foreign Exchange Variation	4,437,753	-
Profit on sale of Assets	-	623,110
	10,260,586	6,305,951
17 Materials Consumed		
Opening stock of Materials	17,503,820	12,534,024
Purchases	65,981,867	101,282,815
	83,485,687	113,816,838
Closing stock of Materials	(26,606,090)	(17,503,820)
Materials Consumed	56,879,597	96,313,018
Less : Obsolete Inventory Written off	3,147,528	-
Closing Stock Carried to Inventory Schedule	23,458,652	17,503,820
17-A : Increase/Decrease in Stock [Finished Goods]		
Closing Stock	48,746,033	29,803,132
Less: Opening Stock	27,003,132	6,591,248
	(21,742,901)	(23,211,884)
Less : Obsolete Inventory Written off	860,661	-
Closing Stock Carried to Inventory Schedule	47,885,372	29,803,132
17-B : Cost of Sales (Traded goods) & Services		
Opening Stock	15,750,301	21,165,906
Purchases	75,427,131	69,574,306
Closing stock of Materials	(24,924,597)	(23,702,655)
	66,252,835	67,037,557
Closing Stock Carried to Inventory Schedule	24,924,597	23,702,655

Note : Closing Stock of 2007-2008 includes course material inventory of Erstwhile subsidiary Accel Academy Limited Rs.79.52 Lacs



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

	March 31, 2009	March 31, 2008
18 Employee costs and benefits		
Salaries Allowances and Bonus	164,317,853	118,737,459
Contribution to Welfare Funds	9,013,815	9,023,778
Staff Welfare Expenses	6,289,378	8,638,176
	179,621,046	136,399,413
19 Manufacturing & Operating Expenses		
Rent	21,958,781	21,615,178
Electricity charges	6,385,820	4,303,962
Repairs and maintenance		
Plant & Machinery	200,285	225,621
Buildings	657,991	649,842
Others	4,410,839	6,203,472
Printing and stationery	1,914,381	2,610,142
Rates & Taxes	10,899,663	14,543,904
Excise Duty Differentials	-	338,293
Communication costs	8,291,040	9,825,857
Travelling and conveyance	28,122,546	27,501,451
Insurance	2,894,834	2,344,222
Research & development	-	-
General Expenses	14,555,653	10,112,037
Foreign Exchange Variation	-	1,578,314
Service Tax	3,649,306	13,120,962
Advertisement Charges	1,510,260	8,091,063
Sales Promotion Expenses	3,766,930	10,246,709
Warranty Support Charges	255,413	438,513
Packing and Forwarding Expenses	4,062,150	4,231,755
Share of loss in Associate	3,813,491	79,491
	117,349,383	138,060,788
20 Interest & Finance costs		
On Fixed Loans	14,507,542	7,933,813
Other Loans	19,706,455	15,979,026
Bank Charges & Commission	1,555,658	1,071,491
	35,769,655	24,984,330

Schedules forming part of the financial statements (Continued)

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

21.0 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Consolidation**

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

Subsidiary Companies :

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

Associate Company:

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

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

The consolidated financial statements are prepared on the following basis:

- (i) The financial statements of the holding company and its Subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses except as stated below based on unaudited accounts of the subsidiaries duly certified by the management.
- (ii) The intra group balances, intra group transactions, thereon have been fully eliminated.
- (iii) The financial statements of the two overseas subsidiaries used in the consolidation are drawn up to the same reporting date as of the holding company.
- (iv) The Proportionate share of loss in Associate Company for the year ended 31st March 2009 has been included in consolidated results.

(b) Basis of preparation of financial statements

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

(c) Use of Estimates

The preparation of Consolidated financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities of the Consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

(d) Fixed Assets and Depreciation**(i) Fixed Assets**

Fixed assets are stated at cost or at replacement cost, in case of revaluation, less accumulated depreciation and impairment, if any, in the value of the assets. Cost of Fixed Assets includes all incidental expenses and interest cost on borrowings, where applicable attributable to the acquisition of assets, up to the date of commissioning of the assets..

(ii) Leased Assets

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

(iii) Impairment of Assets

The carrying amounts of Fixed Assets of the cash generating units of the companies are reviewed at the Balance Sheet date to assess

whether they are recorded in excess of their recoverable amounts, and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

(iv) Depreciation / 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.

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

(e) Borrowing Costs

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

(f) Intangible Assets

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

(g) Investments

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

(h) Cash Flow statement

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

(i) Inventories

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

(j) Revenue recognition**Income**

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

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

(i) Annual Maintenance Contracts

Income from Annual maintenance contracts is recognized proportionately over the period of the respective contracts. Accrued income shown under Other current assets represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

(ii) Software Services

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

(iii) Educational services.

The revenue in respect of sale of course materials as estimated by management is recognized at the time of enrollment since the course materials are not returnable, whereas revenue from educational activity is recognized over the period of course programme.

(iv) Animation Services

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

(k) Employee benefits – Holding Company & Indian Associate**i) Defined Contribution Plan:****Provident Fund / Employee State Insurance Scheme**

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

ii) Defined Benefit Plan:**Gratuity**

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

iii) Compensated absences

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

Employee benefits – Overseas Subsidiary Companies

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

(l) Warranty Provisions

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

(m) Taxes on Income

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

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. In respect of undertakings of the holding company the income of which is exempt under section 10B of the Indian Income Tax Act, 1961, Deferred Tax liability on account of timing differences arising but getting reversed during the tax holiday period has not been recognized.

Deferred Tax assets are recognized and carried forward to the extent that there is a virtual certainty as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

i. Initial recognition – foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.

ii. Conversion – Foreign currency monetary items are reported using the closing rate. Non-Monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii. Exchange Differences – Exchange Differences arising on the settlement or conversion of monetary items are recognized as income or as expenses in the period in which they arise.

For Foreign Operations

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

(o) Earnings Per Share

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(p) Segment Accounting**(i) Segment Accounting Policies**

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

- i. Segment Revenue includes Sales, Service and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- ii. Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Result. The expenses, which relate to the company as a whole and not allocable to segments, are included under "Other Unallocable expenditure".
- iii. Income, which relates to the Company, as a whole and not allocable to segments is included in "Unallocable Corporate Income".
- iv. Segment Result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.
- v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment. Unallocable assets mainly comprise of investments in Subsidiaries and Others. Unallocable liabilities include provisions for employee retirement benefits & Taxation.

(ii) Inter Segment Transfer Pricing

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

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

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

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

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

Notes to the Consolidated financial Statements**21.1 Impairment of Assets**

In the opinion of the Management based on estimates of the value in use of the various cash generating units of the companies, there is no impairment in the value of the carrying cost of fixed assets of the company within the meaning of Accounting Standard – 28 on Impairment of Assets issued under Indian Companies (Accounting Standards) Rules 2006.

21.2 Current Assets, loans and advances

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

(b) In the opinion of the Directors, the current assets, loans and advances have the value in which they are stated in the balance sheet, if realized in the ongoing course of business.

21.3 Taxation

(A) Current Taxes

(i) In respect of Holding company and Indian Associate, provision for current taxes have been made on the basis of completed assessments and in other cases on the basis of return filed / management computation . In respect of overseas subsidiaries, provision for tax has been made as per applicable tax laws of the respective countries as estimated by the management.

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

(B) Deferred Taxes

Break up of net Deferred Tax Asset / Liability as on March 31, 2009 amounting to Rs.Nil /- (Previous Year Rs.23,52,843) is as follows..

Particulars	Deferred tax Asset / (Liability) as on 31.03.2009	Deferred tax Asset / (Liability) as on 31.03.2008
Liability		
Difference between book and tax depreciation	1,41,51,408	77,32,458
Others	Nil	Nil
Total	1,41,51,408	77,32,458
Assets		
Carried forward Depreciation / Business lossz	1,46,09,594	28,69,876
Others	7,82,597	25,09,739
Total	1,53,92,190	53,79,615
Net deferred Tax Asset	12,40,782	(23,52,843)

Net Deferred tax asset as on 31.03.2009 on account of Business Losses is not recognized as a matter of prudence.

21.4 Investments

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

21.5 Preferential warrants

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

21.6 Secured loans

A. The Federal Bank Limited:

The Unexpired Bank Guarantees issued by the bank is secured by a counter guarantee of the company and a corporate guarantee of Accel Limited and also pledge of shares of Accel Transmatic Limited held by Accel Limited.

B. The State Bank of India:

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

C. Hire Purchase Loans – Holding company

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

21.7 (A) Contingencies and commitments

	(Rupees in Lacs)	
	March 31, 2009	March 31, 2008
Outstanding bank guarantees	129.19	105.29
Corporate Guarantee to a bank on behalf of an Associate Concern *	200.00	200.00
Claims against the company not acknowledged as debts	4.20	Nil
Sales Tax Demands	Nil	102.28
Others	13.76	10.50

* Also counter guaranteed by M/s Accel Limited

(B) Estimated amount of Contracts remaining to be executed on Capital account and not Provided for (Net of Advances) is Rs. (Previous year Rs. 25,04,1031)

21.8 Details of Payment to Auditors included under General expenses

	March 31, 2009	March 31, 2008
Statutory audit	4,96,350	487,080
Tax audit (On Payment Basis)	80,805	56,180
Other Services (On Payment Basis)	67,416	67,416

21.9 Movement of Provisions

The entire provision on account of Warranty created in the books of accounts of the holding company last year has been utilized this year and a fresh provision of Rs 2,55,413 (Previous Year Rs.4, 38,513) has been created based on management estimation.

21.10 Obligation on Long Term non-cancelable finance lease

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

Obligation on leases

Particulars	2008-2009	2007-2008
Minimum Lease Payment		
Not Later than 1 Year	95,06,489	63,55,988
Later Than one year but not later than five years	55,40,870	95,33,882
Later than five years	Nil	Nil
Present Value of Minimum Lease Payments		
Not Later than 1 Year	76,62,417	56,74,989
Later Than one year but not later than five years	51,47,661	71,20,296
Later than five years	Nil	Nil
Finance Charges Recognized in the P & L A/c	32,74,228	14,23,247

21.11 Segmental reporting

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

1. Hardware Products / Services
2. Software Services
3. Education & Training
4. Animation

Particulars	Corporate (Unallocated)	Hardware Products / Services	Software Services	Education & Training	Animation	Total
Segment Revenue						
External Sales Net of Taxes & Duties						
<i>Current year</i>	-	1864.74	1426.31	-	604.70	3895.75
<i>Previous Year</i>	-	2347.97	1116.79	778.21	161.26	4404.23
Total Revenue						
<i>Current year</i>	3.55	1892.91	1467.04	-	604.70	3968.20
<i>Previous Year</i>	306.77	2382.36	1116.79	779.10	161.26	4746.28
Segment Result						
<i>Current year</i>	(139.45)	117.90	183.73	-	(243.10)	(80.92)
<i>Previous Year</i>	174.30	346.43	85.55	13.96	(23.26)	617.13
Interest Expense (Net)						
<i>Current year</i>	35.25	83.76	25.56	-	185.63	331.20
<i>Previous Year</i>	13.39	93.79	43.21	24.42	72.43	228.60
Non Operational Expenses						
<i>Current year</i>	2.94	59.33	5.19	-	1.05	68.51
<i>Previous Year</i>	8.48	30.69	7.40	2.36	-	48.93
Net profit / (Loss)						
<i>Current year</i>	(177.63)	(25.19)	112.62	-	(429.78)	(519.98)
<i>Previous Year</i>	192.64	221.95	61.44	(40.74)	(95.69)	339.60
Other Information						
Segment Assets						
<i>Current year</i>	535.98	1284.57	698.12	-	2354.51	4873.18
<i>Previous Year</i>	392.43	1580.36	693.46		1634.28	4300.53
Segment Liabilities						
<i>Current year</i>	1896.06	953.29	298.92	-	1724.91	4873.18
<i>Previous Year</i>	1766.94	899.71	458.16		1175.72	4300.53
Capital Expenditure						
<i>Current year</i>	-	23.86	24.11	-	576.96	624.93
<i>Previous Year</i>	-	24.60	63.23	-	665.11	752.94
Depreciation						
<i>Current year</i>	8.42	33.03	53.04	-	155.87	250.36
<i>Previous Year</i>	11.42	29.79	48.75	119.29	50.47	259.72
Non Cash Expenses Other than Depreciation						
<i>Current year</i>	2.94	59.33	5.19	-	1.05	68.51
<i>Previous Year</i>	8.48	30.69	7.40	2.36	-	48.93

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

- A. In India.
B. Outside India.

Particulars	In India	Out side India	Total
Segment Revenue			
<i>Current year</i>	1,927.76	2,040.44	3,968.20
<i>Previous Year</i>	3,619.06	1,127.22	4,746.28
Segment Asset			
<i>Current year</i>	2,390.87	2,482.31	4,873.18
<i>Previous Year</i>	3,745.50	555.03	4,300.53
Capital Expenditure			
<i>Current year</i>	616.85	8.08	624.93
<i>Previous Year</i>	751.97	0.97	752.94

21.12 Related party transactions

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

	31.03.2009	31.03.2008
Accel Frontline Limited	42,19,791	35,27,559
Accel Systems Group Inc.	(70,793)	17,99,370
Accel Limited	Nil	4,92,445
Accel Academy Limited	65,20,087	93,05,961

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

Accel Frontline Limited	42,18,834	58,68,245
Accel Investments Private Limited	7,00,000	Nil

C) Loan Funds include amount due to Associates:

Accel Limited	5,14,27,562	Nil
Accel Investments Private Limited	97,66,640	Nil

Maximum amount outstanding at any time during the year:

Accel Limited	5,14,27,562	2,33,94,059
Accel Investments Private Limited	97,66,640	Nil

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

Associates:

1. Accel Limited
2. Accel Frontline Limited
3. Accel Systems Group Inc.
4. Accel Academy Limited

E) Key Management Personnel:

N R Panicker	Chairman
T Ravindran	Whole time Director (Resigned as a Director from 30.03.2009)
Philip John	Whole time Director
S T Prabhu	Director & Company Secretary (Resigned as a Director from 30.03.3009)
Muto San	Director of Japanese Subsidiary

F) Transactions with related parties

Particulars	Associates	KMP*	Relatives of KMP	Total
Rendering of Services	2,06,89,591			2,06,89,591
Receiving of Services	45,90,163			45,90,163
Remuneration		71,37,449		71,37,449
Finance (including loans & equity contributions in cash or in kind)	6,31,94,202	15,00,000		6,46,94,202
Cost of Shared services	39,81,613			39,81,613
Interest Received	4,26,452			4,26,452
Interest Paid	45,89,670	2,41,027	85,657	49,16,354

*KMP = Key Managerial Personnel

20.13 Earnings per Share**Calculation of EPS both (Basic and Diluted)**

Sl.No	Particulars	31.03.2009	31.03.2008
01	Profit after taxation Profit available to Equity Shareholders	(5,13,11,928)	2,06,99,507
02	Less: Extra Ordinary Item	Nil	3,49,62,932
03	Profit Without Extra Ordinary Item	(5,13,11,928)	(1,42,63,425)
04	Weighted average number of equity shares *	1,12,92,401	1,11,18,917
05	Basic & Diluted earnings per share with Extraordinary Item	(4.54)	1.84
06	Basic & Diluted Earnings per Share without Extraordinary Item	(4.54)	(1.31)
07	Basic earnings per share with Extraordinary Item	(4.54)	1.85
08	Basic earnings per share without extraordinary Item	(4.54)	(1.32)
09	Total Nominal Value of Shares	11,03,74,010	11,03,74,010

21.14 Derivatives

Sl.No	Particulars	31.03.2009	31.03.2008
01	Category wise quantitative data about Derivative instruments outstanding at the Balance sheet date	Nil	Nil
02	Purpose of Hedging	Not Applicable	Not Applicable
03	Foreign Currency Exposure that are not hedged by a derivative Instrument or otherwise: Due to creditors Due from Debtors	US\$ 80,546 US\$ 8,13,032 JPY 1,44,14,747 CA\$ 3,20,000 GBP 4,334	US\$ 1,01,647 US\$ 6,06,924 JPY 2,12,80,435 CA\$ 2,01,661 GBP 8,668

20.15 Employee Benefits – Holding Company

- a) Consequent to Accounting Standards 15 of Companies (Accounting Standards) Rules, 2006 becoming effective, the company has adopted the said standard with effect from 1st April 2007. In the absence of balance in Reserves and Surplus as on 1st April 2007, the difference in opening liability computed in accordance with the revised standard amounting to Rs.21.15 lacs is being expensed on a straight line basis over a period of five years from that date. The balance amount remaining unrecognized as on that 31st March 2009 is Rs.12.69 lacs. The Amount recognized in the accounts of the current year is Rs.4.23 lacs.
- b) Disclosure required under AS15 – “Employee Benefits” (Revised 2005)
1. Defined Contribution Plan
During the year, the company has recognized in the Profit and Loss Account, an amount of Rs.48.28 lacs (Previous Year Rs.41.48 Lacs) on account of defined contribution towards Provident Fund and Rs.8.84 Lacs (Previous Year Rs. Lacs) towards Employees State Insurance Scheme.
 2. Defined Benefit Plans
Gratuity – Funded Obligation

I	Actuarial Assumption	31.03.09	31.03.08
	Discount Rate (per annum)	7%	8%
	Salary escalation rate *	5%	8%
	Expected average remaining lives of working employees (year)		

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

II	Reconciliation of present value of obligations	Rs.in 000's	Rs.in 000's
	Present Value of Obligation at the beginning of the year	5,110.00	4,043.00
	Current Services Cost	1,574.26	1,847.00
	Interest Cost	412.79	301.00
	Actuarial (gain)/loss	(122.26)	(457.00)
	Benefits Paid	(627.52)	(619.00)
	Present value of obligation at the end of the year	6,347.27	5,110.00

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	Rs.in 000's	R s.in 000's
	Present value of obligations at the end of the year	6,347.27	5,110.00
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	4,788.94	4,491.00

IV	Expenses recognized in the Profit and Loss Account	R s.in 000's	R s.in 000's
	Current Service Cost	1,574.26	2,074.00
	Interest Cost	412.79	338.00
	Actuarial (gain) / loss recognized in the period	(155.38)	(835.00)
	Past Service Cost	-	-
	Total expenses recognized in the Profit and Loss Account for the year	1,831.67	1,577.00

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

3. Long Term Employee benefits

Compensated absences (Leave encashment) – Unfunded Obligation

I	Actuarial Assumption	31.03.09	31.03.08
	Discount Rate (per annum)	7%	8%
	Salary escalation rate *	5%	8%
	Expected average remaining lives of working employees (year)		

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

II	Reconciliation of present value of obligations	R s.in 000's	R s.in 000's
	Present Value of Obligation at the beginning of the year	3,588.00	2,488.00
	Current Services Cost	2,441.08	1,733.00
	Interest Cost	336.59	169.00
	Actuarial (gain)/loss	(1,816.04)	(83.00)
	Benefits Paid / transferred	-	(719.00)
	Present value of obligation at the end of the year	4,549.63	3,588.00

III	Net (Asset) / Liability recognized in the Balance Sheet as at year end	R s.in 000's	R s.in 000's
	Present value of obligations at the end of the year	4,549.63	3,588.00
	Net Present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	4,549.63	3,588.00

IV	Expenses recognized in the Profit and Loss Account	R s.in 000's	R s.in 000's
	Current Service Cost	2,441.08	1,632.00
	Interest Cost	336.59	199.00
	Actuarial (gain) / loss recognized in the period	(1816.04)	(98.00)
	Past Service Cost	423	498.00
	Total expenses recognized in the Profit and Loss Account for the year	1,384.63	2,231.00

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

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

Vide our report of Even Date

M/s Varma & Varma
Chartered Accountants

K M Sukumaran F.C.A
Membership No: 15707
Partner
Place : Chennai
Dated 25th May 2009

N.R. Panicker
Chairman

A. Mohan Rao
Director

Philip John
Whole time Director

S.T. Prabhu
Company Secretary

ACCEL TRANSMATIC LIMITED
Regd. Office: T.C.17/27, Jagathy, Trivandrum 695 014

PROXY FORM

Reg Folio No./Demat Account No & DP ID: _____

I/We _____

Of _____ in the district of _____ being a member / members
of the above named company hereby appoint _____ of _____ in
the district of _____ of failing him / her _____ of _____

_____ in the district of _____ as my / our proxy to vote for me / us on my / our behalf of
the TWENTY THIRD ANNUAL GENERAL MEETING of the company to be held on 27th July, 2009 and at any
adjournment(s) thereof.

Signed this _____ day of _____ 2009.

Signature _____

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the company, not less than 48 hours before the meeting.



ACCEL TRANSMATIC LIMITED
Regd. Office: T.C.17/27, Jagathy, Trivandrum 695 014

ATTENDENCE SLIP

Reg Folio No./Demat Account No & DP ID: _____

I certify that I am a member / proxy of the member of the company.

I hereby record my present at the TWENTY THRID ANNUAL GENERAL MEETING of the Company on 27th July,
2009 at 11 a.m. at _____

Member's/Proxy's name in Block Letters

Member's / Proxy's Signature

Note: Please fill up this attendance slip and hand it over at the entrance of the Meeting hall.