ACCEL

ACCEL FRONTLINE

GLOBAL IT SERVICES

17th Annual Report

2011 - 12

ACCEL FRONTLINE
GLOBAL IT SERVICES

Forward looking statement

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

Contents

BOARD OF DIRECTORS

N R Panicker
Chairman & Managing Director

Steve Ting Tuan Toon
Director

A P Parigi
Director

K R Chandrasekaran
Director & CFO

Suresh K Sharma
Director

Alok Sharma
Director

Sam (S) Santhosh
Director

R Ramaraj
Director

COMPANY SECRETARY

Sweena Nair

STATUTORY AUDITORS

K S Aiyar & Co.,
Chartered Accountants
#54/2, Paulwells Road,
St. Thomas Mount, Chennai - 600 016

INTERNAL AUDITORS

Grant Thornton
Arihant Nitco Park, 6th floor,
No. 90, Dr.Radhakrishnan Salai,
Mylapore, Chennai - 600 014, India.

SOLICITORS

S Ramasubramaniam & Associates
6/1, Bishop Wallers Avenue (West)
Mylapore, Chennai 600 004.

REMUNERATION COMMITTEE

Sam (S) Santhosh

Steve Ting Tuan Toon

Alok Sharma

AUDIT COMMITTEE

R Ramaraj
A P Parigi
Sam (S) Santhosh

SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE

R Ramaraj

A P Parigi

Alok Sharma

NOMINATION COMMITTEE

Alok Sharma

Sam (S) Santhosh

A P Parigi

BANKERS

State Bank of India
IDBI Bank Limited
ICICI Bank Limited
Axis Bank Limited
Citibank NA

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bandup West,
Mumbai - 400 078
Tel. : +91.22.25963838
Email : mumbai@linkintime.co.in

REGISTERED OFFICE

75, Nelson Manickam Road
Aminjikarai,
Chennai - 600 029.
Tel : +91.44.4225 2000
Fax : +91.44.2374 1271
Email : info@accelfrontline.in
Website : www.accelfrontline.in

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of Accel Frontline Limited will be held on Wednesday the 19th day of December 2012 at Hotel "THE FORTUNE PARK ARUNA CHENNAI", 144-145, Sterling Road, Chennai -600 034 at 3.00 P.M to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited balance sheet of the company as at March 31, 2012 and the profit & loss account for the financial year ended on that date and the reports of the Directors and Auditors thereon.

2. To declare final dividend for the financial year ended March 31, 2012.

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

   "RESOLVED that Mr. K.R.Chandrasekaran, a Director liable to retire by rotation, who does not seek re-election, is not reappointed a Director of the Company.

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

   RESOLVED further that Mr. K R Chandrasekaran , also ceases to be a whole-time Director of the Company as at the close of office hours as on December 19, 2012 .

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

   "RESOLVED that Mr. Suresh Sharma, a Director liable to retire by rotation, who does not seek re-election, is not reappointed a Director of the Company.

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

5. To appoint a director in place of Mr. Steve Ting Tuan Toon, who retires by rotation and being eligible has offered himself for re-appointment . Accordingly, to consider and, if thought fit to pass with or without modification, the following resolution as an ordinary resolution.

   Resolved that Mr. Steve Ting Tuan Toon, be and is hereby re-appointed a Director of the Company.

6. To appoint M/s K S Aiyar & Co, Chartered Accountants (Registration Number 100186W) as statutory Auditors of the company and to fix their remuneration and for this purpose to consider and, if thought fit, pass with or without modifications, the following resolution as an ordinary resolution. Provided that in the event of the provisions of Section 224(A) of the Companies Act, 1956, becoming applicable to the company on the date of holding this meeting, the same will be proposed as a special resolution.

   RESOLVED THAT M/s K S Aiyar & Co, Chartered Accountants, Chennai having Registration Number as 100186W who retired at the conclusion of this meeting, be and are hereby appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board/Audit Committee, in consultation with the Auditors.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution.

   RESOLVED THAT Mr. A.P.Parigi, who was appointed by the Board of Directors as an Additional Director of the company with effect from September 29, 2011 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

8. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution.

   RESOLVED THAT Mr. Alok Sharma, who was appointed by the Board of Directors as an Additional Director of the company with effect from February 01, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

9. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution.

   RESOLVED THAT Mr. Sam (S) Santhosh, who was appointed by the Board of Directors as an Additional Director of the company with effect from May 02, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

10. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution.

    RESOLVED THAT Mr. R. Ramaraj, who was appointed by the Board of Directors as an Additional Director of the company with effect from October 31, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

11. To consider and if thought fit to pass, with or without modifications, the following resolutions a special resolution.

    "RESOLVED that pursuant to the provisions of sections 269, 198, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and pursuant to the approval of the remuneration committee of the Board and the Board of Directors at their meeting held on August 01, 2012, approval of the Company be accorded to the re-appointment of Mr. N.R.Panicker as Managing Director of the Company for a period of 3 (Three) years with effect from November 01, 2012 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.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to vary, or increase the remuneration including the salary, commission, perquisites, allowances etc within the prescribed limits or ceiling in Schedule XIII to the Companies Act 1956, and the agreement between the company and Mr. N.R.Panicker be suitably amended to give effect to such modification or variation without any further reference to the members of the company in general meeting.

FURTHER RESOLVED that notwithstanding anything to the contrary contained herein, wherein any financial year during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, the company will pay Mr. N.R.Panicker, the Managing Director, remuneration by way of Salary, allowances and perquisites within the limits specified in part II of the schedule XIII of the Companies Act or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Company Secretary of the company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

As required by Section 173 of the Companies Act, 1956, the following explanatory statement set out the material facts relating to the business mentioned under Item 3, 4, 5 and 7, 8 ,9,10,11 of the accompanying notice dated October 31, 2012.

Item No.3

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

Mr. K.R.Chandrasekaran is a Wholetime Director of the company since April 28, 2004. Mr K R Chandrasekaran also ceases to be a Wholetime Director of the company at the close of Business hours as on December 19, 2012.

The Board wishes to place on record its appreciation for the contribution made by him to the company.

Item No.4

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

Mr. Suresh K Sharma is a Director of the company since April 11, 2006. The Board wishes to place on record its appreciation of the contribution made by him to the company.

Item no. 7

Mr. A P Parigi, 63 years, joined Accel Frontline Limited's board on September 29, 2011. He has 35 years of experience spanning across several sectors including telecommunications and Media & Entertainment. He serves on the Board of several Times of India Group companies including Times Innovative Media Limited (out-of-home), Times Internet Limited (internet), Times Now (television), and Worldwide Media (a joint venture with the BBC). Mr. Parigi has held a number of key positions including that of the CEO of BPL Mobile Communications (a joint venture with France Telecom), Mumbai and MD & Group CEO - India operations, Eros International Media Limited. Mr Parigi is member, The Oxford University, Said Business School, Business Advisory Council since June 2010. In July 2010, he was elected to the Advisory Board, Fordham Graduate Business School, New York. Mr Parigi is an alumnus of the Delhi School of Economics and Faculty of Management Studies, University of Delhi.

Mr. A P Parigi was co-opted as an Additional Director by the Board of Directors of the company with effect from September 29, 2011. Pursuant to Section 260 of the Companies Act 1956, Mr. A.P.Parigi will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director.

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

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. A P Parigi.

Item No.8:

Mr. Alok Sharma, 45 years, has joined Accel Frontline Limited's board on February 01, 2012. He had diverse experience of 21 years in IT & Consumer Electronics industry, which spans across consumer markets, direct account sales, industry development, developer programs, channel management, retail management, brand and business management. He has been credited in building businesses for some of the top global technology companies in India. Alok turned an entrepreneur in 2009, and has co-founded and invested in four companies namely, PC Visor focused on Automated Managed Services; Allgreen Ecotech focussed on Energy Management; Cartridge Cafe providing managed print solutions, and Vittal Innovation City, a 300 acre innovation led city. Prior to turning an entrepreneur, he had served as the Managing Director for Apple India, wherein he grew the revenue from less than $10M to over $100M in 5 years. He is credited with setting up the retail, distribution and enterprise business for Apple in India, and built a balanced revenue portfolio across IT, consumer electronics and telecom businesses. Prior to Apple, he was the Director, Partner Development (India & South Asia) for Sun Microsystems based out of India and later at Singapore. He was credited for building the Sun channel structure in India, and later helped bring the best practices across South Asia. Prior to Sun, Alok was the driving the education industry for Apple in India and the Regional Sales Manager at Wipro, responsible for a line of business for Northern India. He is recognized as an expert on building strategic alliances and distribution in the technology sector in India. He serves as an independent director on Glodyne Technoserve. He is on the jury of the EMPI Indian Express Innovation Awards. He supports multiple projects in the social sector and education sector in the non-profit area

Mr. Alok Sharma was co-opted as an Additional Director by the Board of Directors of the company with effect from February 01, 2012 . Pursuant to Section 260 of the Companies Act 1956, Mr. Alok Sharma will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director.

Due notice under Section 257 of the Act has been received from a Member , proposing the appointment of Mr. Alok Sharma as director of the company at the ensuing Annual general meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. Alok Sharma.

Item No. 9

Mr. Sam (S) Santhosh, 50 years, has joined Accel Frontline Limited's Board on May 02, 2012. He is the Promoter & CEO of SciGenom Inc. - a Genomics R & D organization that conducts research work aimed at understanding the role of DNA sequence variation in human health and disease.

Mr. Sam (S) Santhosh was the CEO and Managing Director of California Software Limited (Calsoft) in the years 1992 to February 2012.

He founded Calsoft in 1992 and under Sam's vision Calsoft rapidly grew from a niche player in the Silicon Valley to a global player with over 1200 employees and presence in 8 countries. Sam took Calsoft Public in 1996 and the company is listed in the Indian Stock Exchanges. Sam oversaw the growth of Calsoft in all key areas - Finance, Strategy, Customer acquisition and inorganic growth through eight acquisitions including companies in U.S, UK, Japan and India.

Sam is passionate about science and technology and believes that harnessing the power of science is critical to innovation and wealth creation. Just as technology was the key driver of business in the 20th century, he believes that Science will directly drive economic development as well as social and environmental well-being in the 21st century. It is this strong belief that has led him to make the move from Software Services where he spent the last 20 years of his career to a future that blends Science and Technology with Business.

He has been constantly retooling himself and has attended various training programs in different U.S universities including MIT. In 2010, he completed the Executive Education program at the Singularity University in Sunnyvale, California. Sam has an engineering degree and an MBA (majoring in Management Information Systems) from India's premier institute, IIM Calcutta.

Mr. Sam (S) Santhosh was co-opted as an Additional Director by the Board of Directors of the company with effect from May 02, 2012. Pursuant to Section 260 of the Companies Act 1956, Mr. Sam (S) Santhosh will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director.

Due notice under Section 257 of the Act has been received from a Member , proposing the appointment of Mr. Sam (S) Santhosh as director of the company at the ensuing Annual general meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. Sam (S) Santhosh.

Item No.10:

Mr. R Ramaraj, 62 years, has joined Accel Frontline Limited's Board on October 31, 2012. He was the Co-Founder and CEO of Sify Limited. Sify was the first Indian Internet Company to be listed on the Nasdaq National Market in the US (NASDAQ:SIFY).

Mr. R Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000. And in 2001, in a CNET.com poll in India, Mr.R. Ramaraj was voted the IT Person of the Year 2000.

Currently Mr. R Ramaraj is the Senior Advisor at Sequoia Capital. Mr. R Ramaraj is the first Indian to be invited to the Board of Directors of ICANN (Internet Corporation for Assigned Names and Numbers). He was a member of the Global Board of Trustees of TiE. (The Indus entrepreneurs).

Mr. R Ramaraj is a Member of the Board of Governors of the Indian Institute of Management, Calcutta.

In 2010, CII recognized Mr. R Ramaraj with a Life Time Achievement Award for nurturing the Spirit of Entrepreneurship and inspiring and mentoring numerous entrepreneurs.

Mr. R Ramaraj is on the board of Olympic Gold Quest (OGQ) a Not for Profit organization. OGQ is committed to bridging the gap between the best athletes in India and the best athletes in the world thus helping Indian athletes to win Olympic Gold medals.

Mr. R Ramaraj is the Co-founder and Director of Coaching Foundation of India, an organization that trains and certifies CEO Coaches.

Mr. R Ramaraj worked in Johnson & Johnson in Sales & Marketing for over 7 years and subsequently co-founded Computer Point & Microland.

Mr. R Ramaraj holds a B.Tech in Chemical Engineering from the University of Madras and a M.B.A from the Indian Institute of Management, Calcultta.

Mr. R Ramaraj was co-opted as an Additional Director by the Board of Directors of the company with effect from October 31, 2012. Pursuant to Section 260 of the Companies Act 1956, Mr. R Ramaraj will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director. Due notice under Section 257 of the Act has been received from a Member , proposing the appointment of Mr. R Ramaraj as director of the company at the ensuing Annual General Meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. R Ramaraj.

Item No.11:

The shareholders had re-appointed Mr. N R Panicker as a Managing Director of the company at the Annual General Meeting held on September 06, 2007 for a period of five years from November 01, 2007 to October 31, 2012 as an ordinary resolution. The company had passed a resolution in Annual General Meeting held on September 22, 2010 revising the remuneration payable to Mr. N R Panicker as a Managing Director for the remaining period of his appointment (ie April 01, 2010 to October 31, 2012 as a special Resolution to enable paying minimum remuneration in case of loss or inadequate profits during any financial Year.

The Board of Directors upon recommendation of the Remuneration committee have re-appointed him vide resolution dated August 01, 2012, for a further period of three years with effect from November 01, 2012 to October 31, 2015.

An abstract of the terms of Mr. N R Panicker's appointment is set out below.

The Board recommends the resolution.

Mr. N R Panicker is interested in the resolution, as it is relates to his appointment and payment of remuneration to him.

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

Mr. N R Panicker holds 10,72,500 shares in the Company.

Mr. N R Panicker also holds Directorship in the following companies;

Accel Limited
Accel Transmatic Limited
Accel Tele.Net Limited
Accel Systems and Technologies Pte. Ltd., Singapore
Accel Frontline JLT, Dubai
Accel IT Resources Limited
Network Programs USA INC, USA
Network Programs Japan INC, USA
Network Programs, KK, Japan
Accel Media Ventures Limited

Mr. N R Panicker 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.N.R. Panicker 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.11 of the Notice relating to re-appointment and Remuneration of Mr. N R Panicker as Managing Director of the Company.

I. General Information

(1) Nature of Interest
The Company is a provider of IT Services.

(2) Date or expected date of commencement of commercial production.
The Company has been in business for about 17 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.

			(INR in million)
	31.03.2012	**31.03.2011**	**31.03.2010**
Sales (Gross)	4235.25	3320.15	2569.21
Profit Before Tax	113.84	89.21	63.06
Profit After Tax	93.86	63.79	47.46
Shareholders' Fund	926.64	1047.60	1028.84
Rate of Dividend on equity Shares (%)	15.00	20.00	15.00

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

			(INR in million)
	31.03.2012	**31.03.2011**	**31.03.2010**
Income from Services	300.04	42.26	68.47

(6) Foreign investments or collaborators, if any.
Accel Systems Group Inc., USA has 1.99% shareholding in the Company

II. Information about the appointee

Background details

Mr. N R Panicker is a technocrat with over 34 years of experience in the IT industry. He is the founder of the Accel group of companies, head quartered at Chennai. He graduated in Electronics and Communication Engineering from the University of Kerala in 1976. He held various positions in HCL Limited (now known as HCL Infosystems Limited), from 1977 to 1990. Dataquest has ranked Mr.Panicker among the Top 10 Key Influencers in the Indian IT industry in 2005. He is an active participant in The Indus Entrepreneurs and Computer Society of India.

(ii) Past Remuneration
For the financial year, 2011-12, Mr. N.R. Panicker's total remuneration was Rs.6,586,072.

(iii) Recognition or awards / Job profile and his suitability.
Mr. N.R. Panicker has managed the company ably over the last few years. In the opinion of the Board, he is eminently suited for the position he holds.
(iv) Remuneration proposed
The remuneration of Mr. N.R.Panicker 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. N.R. Panicker 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.

Mr. N.R.Panicker is the promoter of the company and founder of the Accel Group of Companies, He has equity holdings in the company. He is not related to any other managerial personnel.

III. Other Information –

The Agreement also sets out the duties and various obligations of Mr. N.R.Panicker. The appointment of Mr. N.R.Panicker as a Managing 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 11 of Special Business is intended for this purpose.

NOTES:

1) A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing a proxy should however be deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.

2) Revenue stamp should be affixed on the proxy from. Forms, which are not stamped, are liable to be considered as invalid. Further for the purposes of identification, it is advised to affix the signature of the proxy also in the proxy form.

3) Corporate members are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the AGM.

4) Members/ proxies are requested to bring the attendance slips duly filled in and signed for attending the meeting.

5) In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6) Members who hold shares in electronic form are requested to write their client Id and DP ID number and those who hold shares in physical form are requested to write their folio numbers in the attendance slip for attending the meeting to facilitate identification of membership at the meeting. Members are requested to bring their attendance slip along with their copy of the annual report to the meeting.

7) Members who wish to obtain any information on the company or the accounts may send their queries at least 10 days before the date of the Meeting to the company at No.75, Nelson Manickam Road, Aminjikarai, Chennai 600029, or e-mail at sweena.nair@accelfrontline.in, addressed to the Company Secretary.

8) Members having shares registered in the same name or in the same of order of names but in several folios may please write to the RTA so that the folios can be consolidated. A copy of the letter may please be marked to the company secretary.

9) Members holding shares in physical form, who are desirous of making nomination as permitted under section 109A of the Companies Act, 1956 in respect of the shares held by them in the Company, may write to the RTA for the prescribed form.

10) All documents referred to in the accompanying notice and explanatory statements are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 AM and 1.00 PM up to the date of AGM.

11) The Company has notified closure of the Register of Members and the Share Transfer Books from December 13, 2012 to December 19, 2012 (both days inclusive).

12) Dividend on approval will be paid on or before January 18, 2013 to the members whose names appear in the Register of Members as on December 12, 2012. In respect of shares held in demat form , the dividend will be paid to be beneficial owners as on the closing hours of December 12, 2012 as per the details forwarded by the RTA for this purpose.

13) Members are requested to notify immediately of any change in their address to the Registrars. Members holding shares in electronic form are advised to notify any change in their address with the concerned Depository Participant.

14) Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance (Circular No. 17/2011 dated April 21, 2011) allowing paperless compliances by Companies through Electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered email address of the shareholders. The Company has communicated to the shareholders on July 18, 2011 about its decision to implement this initiative. Shareholders are requested to update their email addresses with the respective depository participants. Shareholders holding shares in physical mode, are requested to kindly provide your e-mail address and send it to our Registrar, Link Intime India Pvt. Ltd.

15) 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..

16) Members are hereby informed that Dividend which remains unclaimed / un-encashed over a period of 7 years, has to be transferred as per the provisions of Section205A of the Companies Act, 1956 by the Company to "The Investor Education and Protection Fund" (IEPF) constituted by the Central Government under Section 205C of the Companies Act, 1956.

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

Dividend for the Financial Year	Date of Declaration of Dividend	Due date of transfer to the Central Government
2006 – 2007	May 14, 2007	June 16, 2014
2007 – 2008	May 12, 2008	June 17, 2015
2008 – 2009	October 29, 2008	December 04, 2015
2009 – 2010	March 10, 2010	April 14, 2017
2010 – 2011	September 29, 2011	November 03, 2018

Registered Office
75, Nelson Manickam Road
Chennai 600 029
Date: October 31, 2012

For and on behalf of the Board
Sweena Nair
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 17th annual report together with the audited accounts of the company for the year ended March 31, 2012.

Financial results **INR in lakhs**

	Standalone		Consolidated	
	2012	**2011**	**2012**	**2011**
Sales, services & other income	42,352.47	33,201.49	48,614.07	39,604.92
Profit before interest, depreciation & tax	3,652.67	2,106.40	3,342.41	2,527.38
Finance cost	1,719.15	629.47	1,773.86	666.00
Depreciation and amortization expense	795.08	584.82	991.25	587.80
Provision for tax (Net)	199.84	254.17	199.84	254.17
Profit after tax	938.60	637.94	377.46	1,019.41
Balance brought forward from previous year	2414.74	2,277.11	3,433.72	2,989,26
Profit available for appropriation	**3,497.44**	**2,989.69**	**3,955.28**	**4,008.67**
Appropriations				
Transfer to general reserve	100.00	50.00	100.00	50.00
Proposed dividend on equity shares	363.93	450.18	363.93	450.18
Security premium cancelled on account of merger	1,925.29	-	1,925.29	-
Tax on dividend	59.04	74.65	59.04	74.77
Balance carried to balance sheet	1,049.18	2,414.74	1,507.02	3,433.72
Total	**3,497.44**	**2,989.69**	**3,955.28**	**4,008.67**

Review of operations

The year under review was eventful wherein a major shareholding change happened between promoters. The company also went through a major transformation with the alignment of various IT related service businesses in the Accel group as detailed below:

1. Accel Frontline Services Limited (AFSL), a leading provider of warranty management services in India got merged with the company vide the scheme of arrangement of amalgamation approved by the Honorable High Court of Madras (hereinafter referred as AFSL merger). This merger was effective April 1, 2011 and the financial statements of the company for the year under review include the results of AFSL.

2. During the year under review, the company acquired the technology software services business of Accel Transmatic Ltd, an associate company, with effect from August 16, 2011 for a total purchase consideration of Rs.2,197 lakhs.

3. The company also acquired the 100% shareholding of Accel IT Resources Limited (AITRL), a company engaged in the business of training IT professionals for a total consideration of Rs.590.00 lakhs.

With the above mentioned amalgamation and acquisitions, the company has strengthened its IT services portfolio with negligible reliance on the IT Hardware related businesses which has been contributing to a major portion of the turnover and a very less contribution to the bottom line.

The turnover grew on a standalone basis to Rs. 42,352,47 lakhs for the year ended March 31, 2012 as compared to Rs 33,201.49 lakhs for the corresponding period last year. This turnover includes Rs.6,683.42 lakhs from AFSL, the amalgamating company and Rs.1,399.57 lakhs from the acquired software business for the 7 months period. On a standalone basis, the EBITDA was Rs.3,652.67 lakhs as compared to Rs.2,106.40 lakhs during the previous year. The consolidated net turnover for the year under review was Rs 48,614.07 lakhs with a profit after tax of Rs 377.46 lakhs.

Consolidated financial statements

Consolidated financial statements, prepared in accordance with Accounting Standard AS 21, issued by the Institute of Chartered Accountants of India, and as required by the Listing Agreement are attached and forms part of the Annual Report and Accounts.

Report

Report on conservation of energy, technology absorption etc.

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

Management discussion and analysis

The management discussion and analysis and various initiatives and future prospects of the company are enclosed, separately as annexure II to this report.

Report of Corporate Governance

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

Auditors Certificate on corporate governance

The certificate issued by the auditors of the company on corporate governance is given as Annexure IV to this report.

Directors responsibility statement

The directors responsibility statement pursuant to sub section 2 AA of Section 217 of the Companies Act 1956 is given as Annexure V to this report.

CEO /CFO Certification

The Chairman and Managing Director and the Chief Finance Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Clause 49 (V) of the Listing Agreement. This is provided as Annexure VI to this report.

Particulars of Employees

The particulars regarding employees of the company pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given as annexure VII to the Director's Report. However, in terms of sec 219 (1) (b) (iv) of the Companies Act 1956 the Directors Report (excluding annexure VII) is being sent to all the shareholders of the company. Any shareholder interested in obtaining a copy of the said annexure may write to the company secretary at the registered office of the company.

Financial Statements of Subsidiary companies:-

The statement pursuant to sub-section 3 of Section 212 of the Companies Act 1956 is given as annexure VIII to this Report. Pursuant to the exemption granted by the department of Company Affairs, Government of India, the parent company is publishing the consolidated and standalone financial statements of Accel Frontline Limited and its subsidiaries. The financial statements and auditors' report of the individual subsidiaries are available for inspection by the shareholders at the registered office. The information in aggregate on capital, reserves, total assets, total liabilities, details of investments, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend for each subsidiary are given as annexure VIII.

Dividend

The Board of Directors have recommended a dividend of 15% (Rs.1.50 per equity share of Rs 10/-) for the year ended March 31, 2012.

Directors

Mr.K R Chandrasekaran and Mr.Suresh K Sharma, retire by rotation and have not offered themselves for re-appointment and accordingly, they will cease to be the directors of the company with effect from the conclusion of the ensuing Annual General Meeting. Mr. K.R.Chandrasekaran will also cease to be the Whole time Director of the Company. The Board places on record its deep appreciation and gratitude for their guidance and contribution to the company during their tenure

Mr.A P Parigi, Mr.Alok Sharma and Mr.Ramaraj were appointed as additional directors during the year and their appointment is being recommended for confirmation in the ensuing annual general meeting. The necessary resolution is being placed before the shareholders for approval.

Quality Management

The company's quality policy is to enhance customer satisfaction through continued improvement of skills, processes and technologies. During the year the company continued to invest in technologies, infrastructure and processes in order to keep our quality management systems updated.

Auditors

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

Extension of time to hold annual general meeting

The company has obtained necessary approvals from the Ministry of Corporate Affairs to hold the annual general meeting before December 31, 2012 vide its approval dated August 17, 2012 since the merger process was pending approval from Honorable High Court of Madras and was not completed as on September 30, 2012.

Internal control systems

The company has adequate internal control procedures commensurate with the size and nature of its operations. The internal control systems were further strengthened by internal audit carried by an independent firm of Chartered Accountants and a periodical review by the management. The Audit Committee of the board addresses issues raised by internal auditors and the statutory auditors.

Acknowledgement

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

	For and on behalf of the board
Chennai,	N.R. Panicker
October 31, 2012	Chairman & Managing Director

Annexure I to the Director's Report

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

The company's operations involve minimum required energy consumption to run its various offices and equipments and therefore the scope of energy conservation is limited. The company is constantly monitoring the consumption of electricity in various offices to reduce consumption, wherever possible.

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

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

Annexure II to the Director's Report

Management Discussion and Analysis

The IT services industry scenario

The domestic IT industry continues to be under stress. After witnessing a rapid downslide from 24% growth in the FY08 to 18% in FY09 to 8% in FY 10, the revenues had grown at an encouraging rate of 26% in FY11. But, before the industry could continue its upward trend, it witnessed another slowdown FY12 mainly due to the domestic issues. During the year under review, the IT industry could not keep up the growth as the entire country was reeling under various pressures like Inflation, rapid currency devaluation, shrinking GDP, political instability etc. The growth rate of domestic IT industry has shown a decline, dropping to 9% during the current year from 23% in FY11. It is expected that the slowdown will continue in the year 2012-13 also as the overall business environment has not changed and the industry has been hit from various fronts. Most of the large enterprise has slowed down its investment in IT and are not coming up with any new tech initiatives. However, Indian IT exports have grown by 29% during this fiscal year as compared to 22% last year, indicating the resilience of the Indian IT industry and its ability to hold on its own in spite of turbulent world markets. IT companies like ours that were focused on domestic market faced challenges due to slow decision making and delays in government projects and lack of big initiatives from enterprise customers.

The Year in Brief

On a consolidated basis, the net turnover was Rs. 48,614.07 lakhs for the year ended March 31st, 2012 (previous year - Rs. 39,604.93 lakhs) The EBIDTA for the year was Rs. 3,342.41 lakhs for the year ended March 31st 2012 (previous year Rs. 2,527.38 lakhs) The company reported a profit before tax of Rs. 577.30 lakhs (previous year Rs.1,273.58 lakhs).

During the year, the company acquired the technology software services business from Accel Transmatic Limited (ATL), one of its associate company for a total purchase consideration of Rs.2,197 lakhs as a slump sale transaction effective from August 16, 2011. As a part of this transaction, the investment holding of ATL in its wholly owned subsidiary Accel North America Inc (ANA) also got transferred to the company. ANA had a turnover of Rs.2,521.88 lakhs with a profit before tax of Rs.65.77 lakhs for the year ended March 31, 2012. This acquisition was done as part of the initiative to expand our software operations focusing on the North American markets. The company has initiated various steps to rapidly expand its technology services business using ANA as its base.

During the year, the company acquired the 100% shareholding of Accel IT Resources Limited (AITRL), a company engaged in the business of training IT professionals for the past several years, for a total consideration of Rs.590.00 lakhs This company reported a turnover of Rs.860.29 lakhs and a loss before tax of Rs.251.37 lakhs. This loss was mainly due to a non recurring amortization expense of Rs.131.58 lakhs and a slowdown in the training industry. This company is expected to turn around in the coming year.

Our wholly owned subsidiary company in Dubai continued to perform well. It a turnover of Rs. 4,186.44 lakhs (AED 319.51 lakhs) and a profit of Rs. 193.20 lakhs for the year under review.

As part of our growth initiative, the company revived its operations in its Singapore subsidiary by venturing into IT Security Services practice which is witnessing huge demand in the Far East region. The company has invested SGD 16 Lakhs in this subsidiary during the year 2012-13 to augment its resources.

Our subsidiary company in Japan has witnessed improvement in its performance, though incurring an operating loss. The order position has improved significantly and the company is hopeful of a smart turnaround during the current financial year.

Business Model

Our business model continues to be IT Services. However, with the new transformation process in place, the focus has shifted to high value added services such as Embedded systems and software, remote infrastructure management (RIM) and enterprise application services. The traditional business of System Integration where the company has been struggling to make profits is being replaced with high value added services. We have a strong IT Infrastructure services portfolio which has been contributing to the major portion of our profits. The company has national presence to deliver onsite services. With the introduction of our RIM facility, the company would be in a position to offer new services to our existing customers in India and open up avenues in the overseas markets. The warranty management services business which is focused in the Indian market and providing support to more than 30 IT and telecom product vendors now will be expanding the geographical footprint to Srilanka during the current year to take advantage of our existing relationship with the vendors. The major focus during the current year and going forward, will be to focus on overseas markets with our software and technology services business. We have set up our subsidiary company in United Kingdom during the current year to focus embedded software services with the technology companies in Europe.

Delivery Model

True to our mission to provide world class products and services with lower cost of ownership, we have set up our offshore delivery centres at strategic locations like Technopark in Trivandrum, Infopark in Kochi and DLF SEZ in Chennai.

The domestic IT services operations are controlled from 8 regional offices and over 100+ direct service locations across India in a hub-and-spoke model to help deliver our services on a pan India basis.

We have the requisite strategic partnerships with international technology providers such as Oracle, IBM, and Microsoft to deliver solutions and services that are leading edge and industry oriented.

Marketing

The business is organized as four strategic business units namely IT Infrastructure Solutions, Software Services, Infrastructure Management Services and Warranty Management Services. The SBUs are headed by competent senior professionals with independent P&L responsibility.

Competitive Strength

We have, over the years, created our own niche markets for the various services. Our service centric approach has resulted in having majority of our customer continuing with us for many years. Many of our projects are annuity based and hence giving us predictability of future billing. Our nationwide presence with multiple offices and over two decades of experience in the customer service industry gives us the edge over our competitors. The warranty management services and embedded software services are businesses where we enjoy substantial competitive advantage due to our experience and expertise in serving very demanding customers with stringent service level agreements. We have a stable management team, several of them serving the company since its inception.

Human Resource Management

As on 31st March 2012, the company had employee strength of about 3,000 constituting of regular and contract employees. The multicultural workforce is drawn from different disciplines and domain backgrounds. We have an established employee recruitment and retention policy, which involves identifying right talents through campus recruitment as well as lateral recruitment and providing them with appropriate training and induction. We have implemented various employee retention and performance improvement plans which include periodic appraisals, training and development, incentive schemes.

Quality

The company has benefited immensely from its policy of making Quality an integral part of its processes. The Accel Quality Framework (AQF) initiative has set guidelines and procedures to ensure quality standards across the organisation. The company has been successfully assessed for various maturity levels in quality standards including CMMI level 3, ISO 9001-2008, ISO 27001:2005, ISO 20000:2005 etc. An employee portal has been set up for knowledge management and sharing within the Company. Regular knowledge and skill upgradation training programs are conducted by internal as well as external knowledge management experts.

Infrastructure

Our registered and corporate office is located at Chennai. The company occupies approximately 200,000 square feet of office space across various locations in India. All the major offices and software development centres are well equipped with all necessary infrastructure facilities.

Usage of Information Technology

All the strategic business units of the company are fully automated by using Oracle applications and customized softwares. There is a constant effort to upgrades these applications to suit the business requirements.

Finance, Accounts and Operational Controls

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

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

Revenues

Consolidated revenues have been mentioned at the beginning of this report. On a standalone basis, the company posted net revenues of Rs.42,352.47 lakhs for the year ended March 31, 2012, (previous year Rs. 33,201.49 lakhs). The EBITDA for the year ended March 31, 2012 was Rs.3,652.67 lakhs (previous year Rs. 2,106.40 lakhs).

Sales from geographies

During the year under review 85 % of the revenue was from domestic operations and 15% of the revenue was from subsidiary operations in India, Singapore, Dubai, USA and Japan.

Customer concentration

During the year, our top 10 customers contributed 30% of the revenue and top 20 customers contributed 41% of the revenue.

Working capital utilisation 2011-12

The company had an increased working capital utilization during the year as the company had to use its own cash generation to fund the various acquisitions, investments made during the year. The company had an overall working capital utilization of Rs.12,654.54 lakhs as on March 31, 2012 including an amount of Rs.2,148.64 lakhs utilized by AFSL which is now included in the company due to the AFSL merger. The company generates adequate profits to service these borrowings.

Receivables management

The company continues to have challenges with receivable management, due to the nature of industry it operates in, the profile of large clientele in the public sector undertakings with multi location presence and complex technologies and processes involved in execution and delivery. The company had a sundry debtors amounting to Rs. 17,676.78 lakhs net of provision for doubtful debts amounting to Rs. 51.24 lakhs as on March 31, 2012 (previous year Rs. 16,694.99 lakhs).

A large portion of these receivables are from turnkey projects, which have a longer gestation to implement and the payment terms are generally on commissioning and acceptance and hence the longer duration of the receivable cycle. The company has been consciously improving its processes to select customers with good credit worthiness to mitigate risks and to improve collection cycle.

Margins

During the year under review, the gross margin was 35% as compared to 27%in the previous year, showing an increase of 800bps on the turnover. The increase is mainly due to change in the revenue mix of system integration business and IT/software services business. During the year, the system integration business contributed 57% as compared to 69% in the previous year. The services business grew by 11%.

Reserves and surpluses

During the year under review, the company transferred Rs 100 lakhs from the retained earnings to the General Reserves. The General Reserves stood at Rs 858.70 lakhs as on March 31, 2012 after adjusting Rs.119.37 lakhs representing goodwill arising out of AFSL merger . During the year, an amount of Rs.1,925.29 was reduced from the profit and loss account balance representing the premium portion on the shares held by AFSL in the company which had to get cancelled in the AFSL merger process. The Reserves and Surplus as on March 31, 2012 was at Rs 6,439.36 lakhs, out of which the securities premium was Rs. 4932.34 lakhs and the balance in Profit & Loss Account was Rs 1,507.02 lakhs. The Reserves and Surplus got increased by Rs. 18.71 lakhs during the year due to currency fluctuation for adjustment in the values of Investments and Loans & Advances with respect to subsidiaries. The company has not revalued any of its assets and hence does not have any Revaluation Reserve.

Loan profile

As on March 31, 2012 the company had a working capital facility of Rs 22,900 lakhs from the company's bankers, out of which Rs 1,000 lakhs was working capital term loan repayable over a period of three years, Rs.8,700 lakhs fund based facilities and Rs.13,200 lakhs was non-fund based facilities. During the year, the company increased its working capital facilities by Rs.6,000 lakhs to support its business operations.

Fixed Assets

During the year, the company's subsidiary acquired a commercial space on ownership basis in the free zone situated at Jumerah Lake Towers , Dubai to grow its business presence in the Middle East.

During the year, the company had removed Rs 176.64 lakhs from the gross fixed assets and accumulated depreciation on account of assets put out of use due to technology up gradation and end of life.

Goodwill

During the year, the company acquired the technology software services business for a total consideration of Rs.2,197 lakhs. The net tangible assets taken over was Rs.588.45 lakhs and the balance amount of Rs.1,608.55 lakhs were recognized as goodwill. This goodwill will get amortized over a period of ten years considering the matching of value addition to be generated out of the acquired business. This goodwill represents the value for various non monetary and competitive assets in the form of technologies, human resource, certifications/IPRs and processes which has been built up by this business over the past ten years.

The excess of cost to the company over its investments in the subsidiaries acquired overseas, over and above the company's portion of equity, as at the date of making investment is recognized in the financial statements as Goodwill on consolidation. The value of goodwill recognized on consolidation as at March 31, 2012 was Rs. 1,118.65 lakhs including Rs.414.17 lakhs of goodwill arising out of the investment in AITRL and Rs.68.38 lakhs arising out of the investment in ANA during the current year. This goodwill will be reviewed every year considering the performance of various investments as going concerns and adjustments will be effected as and when necessary.

Depreciation and Amortization

The company has been following straight-line basis of depreciation and has depreciated assets based on the rates mentioned in the Companies Act. In respect of application software, estimated useful life of the assets is taken as 7 years and has accordingly amortized the value of the software assets capitalized. Intangible assets in the form of goodwill are being amortized over a period of ten years.

Investments

As at March 31, 2012, the Company had an aggregate investment of Rs 1,478.14 lakhs in its subsidiaries During the current year, the company invested Rs.64.17 lakhs in ANA as a part of the acquisition of the technology software service business. The company acquired the 100% shareholding of AITRL from Accel Limited for a value of Rs.590 lakhs. The company further increased its investment in this company by Rs.200 lakhs as part of the restructuring process.

Loans and advances

The loans and advances stood at Rs. 2,109.48 lakhs as at the end for the year under review. This includes an amount of Rs. 606.72 lakhs lying as security deposits offered for various leased premises taken by the company, Rs. 199.23 lakhs offered as security earnest money deposits for various contracts and tenders as performance security, Rs.102.94 lakhs as deposits placed with various government and statutory authorities.

Interest outflow

The company had an increased working capital utilization during the year as the company had to use its own cash generation to fund the various acquisitions, investments made. This, together with upward revisions in interest rates several times by the banks increased the interest expense of the company. The company incurred an expense of Rs. 1,773.86 lakhs as Interest and Financial charges. This included an amount of Rs. 1,487.11 lakhs towards interest for working capital facilities and Rs. 286.75 lakhs towards other financial charges like Bank charges, Bank Guarantee commissions, Letter of credit discounting charges, etc. The company plans to take necessary steps to bring down the borrowings thereby reducing the interest outgo in the coming year.

Taxation

We have provided for the tax liability under the MAT rate for the current year. The company had started its software services operations in two Special Economic Zones (SEZ) in the current year and the profits out of these SEZs were eligible as a deduction and after considering these deduction, the income tax liability under the present corporate tax rate of 32.45% was lesser than the MAT liability. There is no tax liability for the Dubai subsidiary and we have unabsorbed losses in Singapore, Japan and USA subsidiaries. During the year under review, the company has provided an amount of Rs 205.42 lakhs towards income tax liability. The company carries forward an amount of Rs. 2,643.75 lakhs as advance tax and tax deducted at source net of provisions and has claimed refunds from the income tax department. The company is contesting certain demands raised by the Income Tax department as disclosed in the Auditors Report and the notes to the financial statements. The company has received some of the refunds during 2012-13.

Forex

We have availed buyer's credit for our imports in foreign currencies from banks. During the year, we have made a net loss of Rs. 234.01 lakhs mainly due to exchange and forward premium fluctuations. The company had substantially covered the foreign exchange exposure and continues with the practice in the current year.

Risk management

We operate in highly competitive and fast changing market environment. Our competition includes large system integrators and IT service providers. We face challenges due to the fast changing technology and shortage of technically competent professionals and the high attritions that are faced in the industry. We have mitigated these risks through a diversified business portfolio comprising of IT infrastructure management, Warranty management and Software services. We operate in multiple geographies including USA, Japan, UK, Singapore, UAE, India and Australia. We believe that we have the requisite management and HRD capabilities to recruit, train and deploy IT professionals on an ongoing basis in order to make available sufficient manpower for these various business disciplines and geographies. The company is constantly reviewing various business risks and taking appropriate measures to mitigate the same.

Room for optimism

The company is in existence for over 2 decades and has been successful in creating a loyal base of over 1,000 customers, most of them giving us repeat business. The company focus in future will be on value added services to large clients. The company expects the margin to improve during the coming years after the current business transformation shifting focus from predominantly domestic business to export oriented software and infrastructure services business.

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 company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which the company operates, change in Government regulations, tax laws, interest costs, other statutes and other incidental factors.

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

Annexure III to the Director's Report

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

1) Philosophy on Corporate Governance

Accel Frontline Limited (AFL) is respected for its professional management and good business practices amongst its Clientele. Integrity, emphasis on quality service and transparency in its dealing with all stakeholders are its core values.

AFL believes that good governance generates goodwill among business partners, customers and investors, earns respect from society, brings about a consistent sustainable growth for the Company and generates competitive returns for the investors. Your Company is committed to the principles of good governance.

2) Board of Directors

a) Composition of the Board

The Board of Directors consists of professionals drawn from diverse fields. The Board currently comprises two Executive Directors and Six non-executive Directors. One of the Executive Directors will continue only till this AGM to be held on December 19, 2012. Of the non-executive directors, four are independent which is equal to 50% of the size of the Board. The objective judgment of the independent and non-executive directors on corporate affairs and their collective experience and contributions are valuable to the company.

i) Executive Directors

Managing Director	N.R.Panicker
Whole time Director	K.R.Chandrasekaran (Upto 19.12.2012)

ii) Non-Executive Directors

Independent	Suresh K Sharma (Upto 19.12.2012)
	Alok Sharma (w.e.f. 01.02.2012)
	Sam (S) Santhosh (w.e.f. 02.05.2012)
	R. Ramaraj (w.e.f. 31.10.2012)
Non Independent	A.P. Parigi Steve Ting Tuan Toon

b) Details of Equity Shares held by the Directors – 31.10.2012

Name of the Director	No of shares
N.R.Panicker, Chairman & Managing Director	10,72,500
K.R.Chandrasekaran, Whole time Director	28,172

C) Details in regard to attendance of Directors at Board Meetings/Shareholders Meetings, the Number of Directorship/(s) held in Indian Pubic Limited Companies and the position of Membership/Chairmanship of Audit Committee / Remuneration Committee / Shareholder's and Investor Grievance Committee.

Name of the Director	Category as at 31.10.12	No. of Board meetings Attended Out of 10 Meetings Held as on 31.10.12	Attendance At the last AGM held On 29.09.11	No. of Director Ship held in Indian Public Limited Companies (excluding Accel Frontline Limited)	Committee/s position as on 31.10 .2012 (All companies excluding Accel Frontline Limited)	
					Member	Chair-man
N.R. Panicker	Executive Chairman & M.D.	10	Yes	06	02	01
Steve Ting Tuan Toon	Non Executive Non Independent Director	10	yes	Nil	Nil	Nil
K.R. Chandrasekaran	Wholetime Director	10	Yes	03	Nil	Nil
Suresh K Sharma	Non-executive Independent Director	07	No	01	Nil	Nil
*Lakshmi G Menon	Non-executive Independent Director	03	No	Nil	Nil	Nil
*Harrison Wang Hong She	Non-executive Independent Director	03	No	Nil	Nil	Nil
R. Sinnakaruppan*	Non-executive Independent Director	02	No	Nil	Nil	Nil
$ A.P. Parigi	Non-executive Non Independent Director	07	No	11	04	Nil
$$ Alok Sharma	Non-executive Independent Director	04	No	01	01	Nil
$$$ S.(Sam)Santhosh	Non-executive Independent Director	03	No	Nil	Nil	Nil
**Sudhir Narang	Non-Executive promoter Director	02	NA	Nil	Nil	Nil
##Mr.R.Ramaraj	Non-executive Independent Director	NA	NA	Nil	Nil	Nil

** Resigned from the Board with effect from 05.08.2011.
* Resigned from the Board with effect from 30.09.2011
$ Appointed with effect from 29.09.2011
$$ Appointed with effect from 01.02.2012
$$$ Appointed with effect from 02.05.2012
Appointed with effect from 31.10.2012

d) Board's functioning & Procedure

The AFL Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs long term sustainable growth that translates itself into progress, prosperity and the fulfillment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behavior and ensures ethical behavior at all times and strict compliance with laws and regulations.

The items placed at the Meetings of the Board include the following:

- Report on operations of the company.
- Opportunities for organic and inorganic growth;
- Business Plans and analysis of variances periodically as compared to the plans.
- The audited quarterly/half yearly financial results and the audited annual account of the company, both consolidated and on standalone for consideration for approval;
- Financial statements such as cash flow, inventories, sundry debtors and/or other liabilities or claims of substantial nature;
- Status of borrowings and details of material foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if any;
- Delegation of powers to the operational management;
- Any material default in financial obligations to any by the company including substantial non-receipt of monies due to the company.
- Review compliance of all laws applicable to the company including the requirements of listing agreement signed with the stock exchanges and steps taken by the company to rectify instances of non-compliances, if any;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;
- Sale of material nature, of investments, subsidiaries assets, which is not in normal course of business, if any;

- Information on senior appointments below the board level including the appointment/ removal of the Chief Financial Officer (CFO) and the Company Secretary;
- Proposals for joint ventures/collaborations;
- Material communication from government including show cause notices, demand, prosecution, notices and penalty notices, if any, which are materially important;
- Communication to Stock Exchanges, the shareholders and the press regarding company's performance, future plans and other decision/changes of significant importance or of price sensitive nature.

All the items on the Agenda are accompanied by notes giving information on the related subject. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

The Minutes of the meetings of the Board are individually given to all Directors and confirmed at the subsequent Board Meeting. The Minutes of the various committees of the Board are also individually given to the Board and thereafter tabled for discussion at the subsequent Board Meeting.

e) Details of Board Meetings held during the financial year and the number of Directors present

Sr.No.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors Present
1.	15.04.2011	08	08
2.	27.07.2011	08	07
3.	03.08.2011	08	06
4.	29.09.2011	05	04
5	17.10.2011	05	05
6	10.11.2011	05	04
7	01.02.2012	06	06
8	02.05.2012	07	07
9	01.08.2012	07	07
10	31.10.2012	08	07

f) Attendance of Last Annual General Meeting.

Three directors of the company attended the last Annual General Meeting held on September 29, 2011.

3. Committees of the Board

a) Audit Committee

The committee was originally constituted on April 28, 2004. It was reconstituted on April 11, 2006, and on September 29, 2011 and again on October 31, 2012 with the terms of reference as specified in clause 49 of the listing agreement with the stock exchanges and also fully confirms to the requirements of section 292A of the Companies Act, 1956. It addresses itself, to matters pertaining to adequacy of internal controls, reliability of financial statements/ others management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statues and other facets of the company's operations that are of vital concern to the company.

The re-constituted Audit Committee comprises of the following persons:

Name of the Member	Category	Capacity
Mr.R. Ramaraj	Non Executive Independent	Chairman
Mr. A.P. Parigi	Non Executive Non Independent	Member
Mr. Sam (S) Santhosh	Non Executive Independent	Member

The Chief Financial Officer, The General Manger (Finance & Accounts), the Internal Auditor and the representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary is the Secretary of the Committee.

The dates on which the Audit Committee Meetings were held and the attendance of the Members at the said meetings are as under:

Upto 28.09.2011

Sr.No		Attendance record of the Members			
	Dates of Meetings	*Lakshmi G Menon (appointed as Chairman with effect from 11.04.06)	Steve Ting Tuan Toon (appointed as Member with effect from 11.04.06)	Suresh K Sharma (appointed as Member with effect from 11.04.06)	*Harrison Wang Hong She (appointed as Member with effect from 11.04.06)
01	15.04.2011	Yes	Yes	yes	Yes
02	27.07.2011	Yes	yes	No	Yes

From 29.092011

Sr.No	Date of Meetings	Attendance record of the Members		
		Suresh K Sharma (appointed as Chairman with effect from 29.09.2011)	Steve Ting Tuan Toon (appointed as Member with effect from 11.04.2006)	A.P. Parigi (appointed as Member with effect from 29.09.2011)
01	10.11.2011	Yes	Yes	Yes
02	01.02.2012	Yes	Yes	Yes
03	02.05.2012	Yes	Yes	Yes
04	01.08.2012	Yes	Yes	Yes

* Mrs. Lakshmi G Menon and Dr. Harrison Wang Hong She resigned with effect from September 29, 2011.

On 31.10.2012

Sr.No	Dates of Meeting	Attendance record of the Members			
		Suresh K Sharma (Chairman for the meeting held on 31.10.2012	A.P. Parigi (appointed as Member with effect from 29.09.2011	Sam (S) Santhosh (appointed as Member with effect from 31.10.2012	R.Ramaraj (Appointed as Chairman with effect from 31.10.2012
01	31.10.2012	Yes	Yes	Yes	No

Internal Auditors

The company has appointed a firm of Chartered Accountants M/s Grant Thornton as Internal Auditors to review the Internal Controls systems of the company and to report thereon. The audit committee reviews the report of the Internal Auditors.

b) Shareholders' / Investors' Grievance Committee

The re-constituted committee comprises of the following persons:

Name of the Member	Category	Capacity
Mr. R. Ramaraj	Non Executive Independent	Chairman
Mr. Alok Sharma	Non Executive Independent	Member
Mr. A.P. Parigi	Non Executive Non Independent	Member

The Shareholders'/Investors' Grievances Committee deals with various matters relating to: -

- Transfer / transmission / consolidation of shares
- Issue of Duplicate Share Certificates
- Review of shares dematerialized / rematerialized and all other related matters.
- Monitors expeditious redressal of Investors' grievances
- Non receipt of Annual Report and declared dividend
- All other matters related to shares
- Reviewing the performance of the Company's Registrars

The dates on which share transfer / Investor grievance comittee were held and the attendance of members at the said meetings are as under.

Upto 28.09.2011

Sr.No	Date of Meetings	Attendance record of the Members		
		*Lakshmi G Menon (appointed as Chairman with effect from 11.04.06	*R. Sinnakaruppan (appointed as Member with effect from 11.04.06	K.R. Chandrasekaran (appointed as Member with effect from 11.04.06
01	15.04.2011	Yes	Yes	yes
02	27.07.2011	Yes	yes	Yes

* Mrs. Lakshmi G Menon and Mr. R Sinnakaruppan resigned with effect from September 29, 2011.

From 29.09.2011

Sr.No	Date of Meetings	Attendance record of the Members		
		Suresh K Sharma (appointed as Chairman with effect from 29.09.2011)	Mr. K R Chandrasekaran (appointed as Member with effect from 11.04.2006)	A.P. Parigi (appointed as Member with effect from 29.09.2011)
01	10.11.2011	No	Yes	Yes
02	01.02.2012	Yes	Yes	Yes
03	02.05.2012	Yes	Yes	Yes
04	01.08.2012	Yes	Yes	Yes

On 31.10.2012

Sr.No	Dates of Meeting	Attendance record of the Members			
		Suresh K Sharma (Chairman for the meeting held on 31.10.2012	A.P. Parigi (appointed as Member with effect from 29.09.2011	Alok Sharma (appointed as Member with effect from 31.10.2012	R.Ramaraj (Appointed as Chairman with effect from 31.10.2012
01	31.10.2012	Yes	Yes	No	No

c) Remuneration Committee

The committee was originally constituted on April 28, 2004. It was reconstituted on April 11, 2006 again on September 29, 2011 and again on October 31, 2012. The re-constituted committee comprises of the following persons.

Name of the Member	Category	Capacity
Mr. Sam (S) Santhosh	Non Executive Independent	Chairman
Mr. Steve Ting Tuan Toon	Non Executive Non Independent	Member
Mr. Alok Sharma	Non Executive Independent	Member

The terms of reference of the Remuneration Committee are given below.

1. To review the remuneration of Managing Director/ Whole time Director, including annual increment and commissions, after reviewing their performance.
2. Review the remuneration policy followed by our Company, taking into consideration the performance of senior executives on certain parameters.
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

The committee's goal is to ensure that the company attracts and retains qualified employees in accordance with its business plans, that our company fulfils its ethical and legal responsibilities to its employees.

Upto 28.09.2011

Date of Meetings	Attendance record of the Members		
	Steve Ting Tuan Toon (appointed as Chairman with effect from 11.04.06)	*R Sinnakaruppan (appointed as member with effect from 11.04.06)	Suresh K Sharma (appointed as member with effect from 11.04.06)
15.04.2011	yes	Yes	Yes
27.07.2011	yes	Yes	No

* Mr. R. Sinnakaruppan Member resigned with effect from September 29, 2011.

From 29.09.2011

Date of Meetings	Attendance record of the Members		
	Steve Ting Tuan Toon (appointed as Chairman with effect from 11.04.06)	A.P. Parigi Member(appointed as Member with effect from 29.09.11)	Suresh K Sharma (appointed as member with effect from 11.04.06)
10.11.2011	yes	Yes	No
01.02.2012	yes	Yes	Yes
02.05.2012	yes	Yes	Yes
01.08.2012	yes	Yes	Yes

On 31.10.2012

Sr.No	Dates of Meeting	Attendance record of the Members		
		Sam (S) Santhosh Appointed as Chairman with effect from 31.10.2012	Steve Ting Tuan Toon (appointed as Member with effect from 31.10.2012	Alok Sharma (appointed as Member with effect from 31.10.2012
01	31.10.2012	Yes	Yes	Yes

Remuneration Policy:

The Remuneration committee has the powers to determine and recommend to the Board the amount of remuneration, including performance- linked bonus and perquisites , payable to the managing Director and whole-time directors. In terms of guidelines the company ensures that the remuneration payable to the executive director by way of salary including other allowances and monetary value of perquisites should be within the overall limit as stipulated under the companies Act 1956 and approved by the shareholders. The remuneration structure of the Managing / Wholetime Director comprises of salary, performance incentive, perquisites and allowances, contributions to Provident Fund and Gratuity.

(i) The details of salary and perquisites (including contributions to Provident Fund/Superannuation Fund) paid/payable to the Managing Director / Whole time Director for the year ended March 31, 2012 is as under:

Name	N.R. Panicker, Managing Director	K.R. Chandrasekaran Wholetime Director
Salary	3,640,000	1,960,000
Perquisites	1,560,000	840,000
Commission	861,672	-
Contribution to Provident Fund / Superannuation Fund	524,400	282,369
Total	**6,586,072**	**3,082,369**

(ii) Remuneration to The Non-Executive Directors.

Apart from the sitting fees, which were paid at the rate of Rs.20,000/- for Non-Executive Director for each meeting of the Board and Rs.10000/- for each Director for each committee of the Board attended by them, all the Non Executive Directors are entitled for a commission calculated at the rate of 1% of the net profits, subject to the overall limits prescribed under the Companies Act, 1956. The total amount of remuneration paid during the financial year ended 31st March 2012 is as follows:

(Amounts in Rs.)			
Name	**Commission**	**Sitting Fees**	**Total**
Mrs. Lakshmi G Menon	171,833	100,000	271,833
Mr.R.Sinnakaruppan	171,832	80,000	251,832
Dr.Harrison Wang Hong She	171,832	80,000	251,832
Mr. Suresh K Sharma	343,665	130,000	473,665
Mr.Steve Ting Tuan Toon	229,110	120,000	349,110
Mr. A.P. Parigi	171,832	140,000	311,832
Mr .Alok Sharma	57,277	20,000	77,277
Total	**1,317,381**	**670,000**	**1,987,381**

Nomination Committee:

The Board of Directors of the Company in the Meeting held on 01st February 2012 has decided to adopt the voluntary guidelines prescribed by Naresh Chandra Committee to ensure better corporate Governance.

Based on the decision taken in the Board meeting , the company has formed a Nomination committee comprising of following three directors.

Name of the Member	Category	Capacity
Mr. Steve Ting Tuan Toon	Non Executive Independent	Chairman
Mr. A.P. Parigi	Non Executive Non Independent	Member
Mr. Alok Sharma	Non Executive Independent	Member

The Nomination Committee was reconstituted on 31.10.2012 with following as members.

Sr. No	Dates of Meeting	Attendance record of the Members		
		Alok Sharma (appointed as Chairman with effect from 31.10.2012	A P Parigi (appointed as Member with effect from 01.02.2012	Sam (S) Santhosh (appointed as Member with effect from 31.10.2012
01	31.10.2012	Yes	Yes	Yes

The purpose of the committee ('the committee') of the Board of Directors ('the Board') is to oversee the Company's nomination process for the top level management and specifically to identify, screen and review individuals qualified to serve as executive directors, non-executive directors and independent directors consistent with criteria approved by the Board and to recommend, for approval by the Board, nominees for election at the annual meeting of shareholders. The committee also to make recommendations to the Board regarding candidates for :

- nomination for election or re-election by the shareholders; and
- any Board vacancies that are to be filled by the Board.

The committee may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairperson of the Board of Directors. The committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for nomination to the Board. The committee also will coordinate and oversee the annual self-evaluation of the Board's performance and of individual directors in the governance of the Company.

4. Subsidiary Companies

The Company has subsidiaries operating from Singapore, Dubai, Japan, North America and UK which are not listed in India or abroad as of date. The company also has an unlisted Indian Subsidiary.

The Statutory Audit Report of the Subsidiary Companies for every financial year are placed before and reviewed by the Audit Committee.

5. 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/Committee Memberships are given below:

Mr. Steve Ting Tuan Toon:

Steve Ting is a veteran in the information communication technology industry with more than 25 years of experience. He is currently a Partner at Gryphus Capital. Steve was Executive Chairman and Director of BT Frontline from 2008 till 2010. Prior to that, Steve was the Founder and Executive Chairman of Frontline Technologies Corporation Limited. He has held several management positions in various multi-national corporations such as Hewlett Packard and Mentor Graphics Inc, USA. Steve has served in various committees and boards in tertiary institutions, government organizations, and listed and private companies in Asia Pacific. Mr.Ting holds a Bachelor of Engineering degree from the National University of Singapore, and was conferred Doctor of Philosophy in Business Administration by Wisconsin International University, USA in 2002 in recognition of his entrepreneurial achievements. In the same year, Steve was also awarded the prestigious Ernst and Young's Entrepreneur of the Year Awards Singapore (Business Services & Technology).

6. General Body Meetings

a) Details of location & time of holding the last three Annual General Meetings.

Year	Location	Date & Time
14th AGM - 2009	Narada Gana Sabha Trust Mini Hall, 314, T.T.K. Road, Chennai 600018	September 29, 2009 11.00 AM
15th AGM – 2010	Narada Gana Sabha Trust Mini Hall. 314, T.T.K. Road, Chennai 600018	September 22, 2010 11.00 AM
16th AGM – 2011	"Rajah Sir Annamalai Chettiar Memorial Trust Hall (Rani Seethai Hall), Mount Road, Chennai	September 29, 2011 3.00 PM

b). A court convened meeting of the shareholders of the company was held on the March 22, 2012 to approve the scheme of arrangement of amalgamation of Accel Frontline Services Limited with Accel Frontline Limited.

c) Special resolutions passed at the last three Annual General Meetings.

During the AGM 22.09.2010, following special resolutions were passed.

- To appoint Mr. N.R.Panicker, Chairman & Managing Director from 01.04.2010 for the reminder of the current five-year term of his office ending on 31.10.2012, on the terms, conditions including remuneration and perquisites as approved by the shareholders in the Annual General Meeting held on 06.09.2007.

- To re-appoint Mr. K.R.Chandrasekaran, whole-time director for a period of one year with effect from April 27, 2010.

- To remunerate the Non –Executive Directors of the company, in addition to the sitting fees for attending Board / committee meetings, by way of payment of commission on net profits of the company of an amount not exceeding 1% of the net profits of the company, subject to the provisions of the Companies Act, 1956 for five financial years commencing April 01, 2009.

During the AGM 29.09.2011, following special resolutions were passed.

To re-appoint Mr. K.R.Chandrasekaran, whole-time director for a period of two years with effect from April 27, 2011

To appoint Ms. Shruthi Panicker daughter of Mr. N.R. Panicker as an Executive with effect from 13.09.2010 under the provisions of section 314(1)(b) of the Companies Act, 1956.

7. Code of Conduct

The Board of Directors has adopted the Code of Conduct for Directors and senior management personnel. The said code has been communicated to the Directors and members of the senior management. The code of Conduct has been displayed on the company's website and the Directors and Senior Management Personnel have confirmed their adherence to the same.

8. Insider Trading:

As per the amended SEBI (Prevention of Insider Trading) Regulations 1992, the company is required to have a Compliance Officer who is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Board has appointed Ms. Sweena Nair, Company Secretary as the Compliance Officer from 2nd January 2008. The Company had adopted a Code of Conduct for all the Directors on the Board as well as Senior level employees at all locations of the Company, who have affirmed the adherence of the same.

9. Disclosure's

a) Disclosure on materially significant related party transaction that may have potential conflict with the interests of the company at large.
The particulars of transactions between the Company and its related parties as per the Accounting Standard 18 "Related Party Disclosures" referred under section 211(3(c) of the Companies Act, 1956 are set out in the notes to Accounts for the Annual Report. There have been no materially significant related party transactions, which may have potential conflicts with the interest of the company.

b) Disclosures of Accounting treatment

In the preparation of the financial statements, the company has followed the Accounting Standards referred to under section 211(3)(c) of the companies act 1956. The significant accounting policies that are consistently applied have been set out in the Notes to the Accounts.

c) Risk management

Business risk evaluation and management is on ongoing process within the Organization. During the period under review an exercise on Business Risk Management (BRM) was carried out covering the entire gamut of business operations and the Board was informed about the same.

d) Details of non- compliance by the company, penalties etc

No strictures/penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets after the listing of shares on 30th October 2006 to 31st March, 2012.

e) Mandatory and Non –mandatory requirements

The Company has complied with all the applicable mandatory requirements as provided in Revised clause 49 of the Listing Agreement entered into with the stock Exchanges where company's shares are listed.

The extent of implementation of the non- mandatory requirements is as under:

The Board:

The requirement regarding the non executive is not applicable, since the chairman of the company is the executive chairman.

Remuneration Committee

The company has a Remuneration committee. A detailed note on this committee is provided in the annual report.

Shareholder right

The company is yet to comply with the same.

Audit Qualifications.

There are no Audit qualifications in the financial statements of the company for the year 2011-2012

Whistle blower policy:

The company has a whistle blower policy. This policy is to enable employees to report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of company's code of conduct of ethics policy. This mechanism provided safeguards against victimization of employees, who avail of the mechanism . This also provides for direct access to the Chairman of the Audit committee in exceptional cases. The same has put on the company's website www.accelfrontline.in.

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 here declared adequate upto March 31, 2005 (since extended upto to

December 31, 2005). The revised Guidelines came into effect from January 01, 2006.

The Company is fully compliant with the revised SEBI Guidelines.

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

Corporate Governance – Voluntary Guidelines 2009

The Ministry of Corporate Affairs has issued the 'Corporate Governance – Voluntary Guidelines 2009', for voluntary adoption by the Corporate Sector for further improvement of corporate governance standards and practices. These guidelines intend to provide corporate sector a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Board has decided to adopt the voluntary guidelines. In this reference, the company has authorized Nomination committee to determine and set the criteria for induction of new directors on the Board of the Company, review the strength, structure, size and composition of the board and such other matter related to appointment of Directors. The company has also put in place a mechanism for whistle blowing. The other clauses of the said voluntary Guidelines are being reviewed by the management and will be implemented in a phased manner.

10. Means of Communication

The unaudited quarterly / half yearly results are announced within forty five of the end of the quarter as stipulated under the Listing Agreement with the Stock Exchanges. The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the Stock Exchange has been intimated, these results are published in two leading daily newspapers.

The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the share holders and subsequently issues a press release on the said matters.

The quarterly/half yearly annual results as well as the press releases of the company are put on the company's website: www.accelfrontline.in.

11. Investor Services

(i) Investor Complaints received and replied during the year 2011 - 2012

Nature of queries	Received	Redressed	Pending
Non-Receipt of warrant Dividend/ Interest/ redemption warrant	02	02	0
Issue of Duplicate Dividend Warrants	09	09	0
Change of Address	05	05	0
Registration of Bank Details	02	02	0
Stop Transfer / Procedure for Duplicate Certificates	01	01	0
Others	01	01	0
Total	**20**	**20**	**0**

As at March 31, 2012 NIL investor complaints were pending. Also as at March 31, 2012, NIL Share Transfers and NIL Demat requests were pending.

(ii) The Aggregate Promoters and Non-Promoters shareholding of the Company as at March 31, 2012 is as shown below.

Category	No. of Shares	% to total paid up capital
Promoters	16730751	68.96
Non-Promoters	7531122	31.04
Total	**24261873**	**100.00**

12. General Information for Shareholders

a) Annual General Meeting

Date	December 19, 2012
Time	3.00 P.M
Venue	Hotel "The Fortune Park Aruna Chennai", 144-145, Sterling Road, Chennai 600 034.

b) Financial Year : April to March

Financial Calendar (Tentative)

Results for quarter ending 30th June 2013	End July 2013
Results for quarter ending 30th September 2013	End October 2013
Results for quarter ending 31st December 2013	End January 2014
Results for year ending 31st March 2014	End July 2014
18th Annual General Meeting (i.e. next year)	September 2014

c) Date of Book Closure: The Register of Members and Share Transfer Books of the Company shall remain closed from 13.12.2012 TO 19.12.2012 (Both days inclusive)

d) Dividend payment Date: on or before January 18, 2013

e) Listing on Stock Exchanges and Stock Code / Symbol

Name of Stock Exchange	Stock Code / Symbol
The National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051	AFL
The Bombay Stock Exchange Ltd Phiroze Jeejebhoy Towers, Dalal Street, Mumbai 400001	532774
ISIN Number – INE020G01017	

The Annual Listing fees for the year 2012-2013 have been paid to the concerned stock exchanges.

The Company has also paid the annual custody fee for the year 2012-2013 to both the Depositories namely National Securities Depository Limited (NSDL) and Central Depository Limited (CDSL).

Details of shareholding in Demat suspense Account titled" Accel Frontline Limited' opened for shares lying unclaimed in the Escrow Account.

Aggregate No. of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	No. of shareholders who approached issuer for transfer of shares from suspense account during the year	No. of Shareholders to whom shares were transferred from suspense account during the year	Aggregate No. of shareholders and the outstanding shares in the suspense account during the year	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares
(i)	(II)	(III)	(IV)	(V)
6 shareholders holding 894 shares	Nil	Nil	6 shareholders holding in aggregate 894 shares	The company ensures that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares

f) Market Price

Month	B S E		N S E	
	High	**Low**	**High**	**Low**
April 2011	53.00	41.80	54.00	41.05
May 2011	48.50	42.25	49.75	42.20
June 2011	47.00	39.55	45.95	41.00
July 2011	50.40	35.25	49.80	40.20
August 2011	46.45	37.00	46.50	37.20
September 2011	41.00	36.15	41.50	36.95
October 2011	43.50	34.00	43.50	33.05
November 2011	44.00	33.00	44.75	34.00
December 2011	43.00	32.00	41.00	32.55
January 2012	39.90	36.25	41.90	35.50
February 2012	40.00	34.20	39.00	34.35
March 2012	38.20	30.10	37.70	32.25

g) Distribution of Shareholding

Share or Debenture holding of nominal value

Share or Debenture holding of nominal value	Share/ Debenture Holders		Share/ Debenture Amount	
Rs.	**Number**	**% to total**	**Rs.**	**% to total**
(1)	**(2)**	**(3)**	**(4)**	**(5)**
Upto 5000	5690	89.72	7474100	3.09
5001-10000	306	4.83	2582750	1.06
10001-20000	141	2.22	2184050	0.90
20001-30000	69	1.09	1805340	0.74
30001-40000	26	0.41	921850	0.38
40001-50000	23	0.36	1088050	0.45
50001-100000	37	0.58	2642700	1.09
100001 and above	48	0.79	223919890	92.29
Total	**6340**	**100.00**	**242618730**	**100.00**

h) Shareholding Pattern under clause 35

Scrip Code, Name of the scrip, class of security: BSE- 532774 , NSE- AFL ; Equity

As On: 31st october 2012

Category Code	Category of shareholder	Number of share-holders	Total number of shares	Number of shares held in demateri-alised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage	As a percentage of	Number of shares	As a percent-age
					of (A+B)	(A+B+C)		(IX) =
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(VIII)/ (IV)*100
(A)	Promoter and Promoter Group							
1	Indian							
(a)	Individuals/Hindu Undivided Family	1	1072500	1072500	4.42	4.42	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	15175166	15175166	62.55	62.55	4,177,200	27.53
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub Total (A)(1)	2	16247666	16247666	66.97	66.97	4,177,200	25.71
2	Foreign							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	1	483085	483085	1.99	1.99	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investors	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub Total (A)(2)	1	483085	483085	1.99	1.99	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	3	16730751	16730751	68.96	68.96	4,177,200	24.97
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00	-	-
(b)	Financial Institutions / Banks	1	229971	229971	0.95	0.95	-	-
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	-	-
(d)	Venture Capital Funds	0	0	0	0.00	0.00	-	-
(e)	Insurance Companies	0	0	0	0.00	0.00	-	-
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00	-	-
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	-	-
(h)	Qualified Foreign Investors	0	0	0	0.00	0.00	-	-
(I)	Any Other (specify)	0	0	0	0.00	0.00	-	-
	Sub Total (B) (1)	1	229971	229971	0.95	0.95		

2	Non-institutions							
(a)	Bodies Corporate	141	3409065	3409065	14.05	14.05	-	-
(b) (i)	Individuals - shareholders holding nominal share capital up to Rs 1 Lakh	6071	1648618	1563267	6.80	6.80	-	-
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	32	1100224	1066224	4.53	4.53	-	-
(c)	Qualified Foreign Investors	0	0	0	0.00	0.00	-	-
(d)	Any Other							
i	Non Resident Indians (Repat)	38	1098770	1088070	4.53	4.53	-	-
ii	Non Resident Indians (Non Repat)	4	16302	16302	0.07	0.07	-	-
iii	Foreign Companies	0	0	0	0.00	0.00	-	-
iv	Clearing Member	49	28072	28072	0.12	0.12	-	-
v	Trusts	1	100	100	0.00	0.00	-	-
	Sub Total (B)(2)	6336	7301151	7171100	30.09	30.09	-	-
	Total Public Share-holding Public Group (B)=(B)(1)+(B)(2)	6337	7531122	7401071	31.04	31.04	NA	NA
	Total (A)+(B)	6340	24261873	24131822	100.00	100.00	4,177,200	17.22
(C)	Shares held by custodians and against which Depository Receipts have been issued							
i	Promoter and Promoter group	0	0	0	0.00	0.00	0	0.00
ii	Public	0	0	0	0.00	0.00	0	0.00
	Sub Total (C)	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	6340	24261873	24131822	100.00	100.00	4,177,200	17.22

i) Dematerialization of Shares and liquidity as on October 31, 2012

The Shares of the company are compulsorily traded in Dematerialized form and are available for trading on both the depositories in India i.e. NSDL & CDSL. As on October 31, 2012, 99.46% equity shares of the company are held in Dematerialized form.

The company's shares are regularly traded on the NSE and BSE in electronic form.

j) Address for Correspondence
Shareholders desiring to communicate with the company on any matter relating to the shares of the company may either visit in person or write quoting their folio / demat account number at the following address:

Registrars & Share Transfer Agents	Company
Link Intime (India) Pvt. Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400078 Telephone: 022 25963838 Email: mumbai@linkintime.co.in	The Company Secretary Accel Frontline Limited 75, Nelson Manickam Road Aminjikarai, Chennai 600029 Telephone: 044-42252000 Email: sweena.nair@accelfrontline.in

Share holders who hold shares in Dematerialized form should correspond with the Depository participant with whom they have opened Demat Account/s, for their queries relating to shareholding, change of address, ECS facility for dividend, etc. However for enquiries relating to non-receipt of dividend, Annual Reports, Notices, etc. the shareholders should communicate with the Registrar / Company.

k) Share Transfer System and other related matters

i) Share Transfer
The Share Transfer in physical form is presently processed and the share certificates are generally returned to the respective holders with 30 days from the date of receipt.

ii) Nomination facility for shareholding
As per the provisions of the amended Companies Act, 1956, facility for making nomination is available for shareholders in respect of shares held by them. Nomination forms can be obtained from the Registrars and Transfer Agents or from the Company.

13. 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 Directors' report and management Discussions & Analysis.

DECLARATION

As provided under Clause 49 of the listing agreement with the stock exchanges, all Board members & Senior Management Personnel have affirmed compliance with Accel Frontline Limited's Code of Conduct for the year ended March 31, 2012.

For Accel Frontline Limited
N .R.Panicker
Chairman & Managing Director

Place: Chennai
Date: October 31, 2012

Annexure IV to the Director's Report

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Accel Frontline Limited.
75, Nelson Manickam Road
Aminjikarai
Chennai-600029

We have examined the compliance of conditions of Corporate Governance by Accel Frontline Limited for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance conditions of the corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of the corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For and behalf of
K.S. Aiyar & Co.
Chartered Accountants
S.Kalyanaraman
Partner
(M. No. 200565)

Place: Chennai
Date: October 31st , 2012

Annexure V to the Director's Report

Directors' Responsibility Statement

Pursuant to Sub-Section 2AA of section 217 of the Companies Act 1956, the Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed.

2. Appropriate Accounting Policies have been selected and applied consistently by the company and that the judgments and the estimates made thereat are prudent and reasonable so as to give a true and fair view of the state of affairs of the company as at March 31, 2012and of the profit of the company for the year ended March 31, 2012

3. Proper and sufficient care has been taken in maintaining adequate accounting records of the company 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 and

4. The Annual Accounts of the company as aforesaid have been prepared on a going concern basis.

Annexure VI to the Director's Report

Certification by managing director and chief financial officer to the board.

We, N.R.Panicker, Chairman & Managing Director and K.R.Chandrasekaran, Chief Financial Officer of Accel Frontline Limited, certify that:

1. We have reviewed the financial statements and cash flow statement 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 together present a true and fair view of the state of affairs of the Company and are in compliance with the existing 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 responsibility for the Company's internal control system for financial reporting. We have periodically evaluated the effectiveness of the internal control systems of the company and have disclosed to the auditors and the audit committee deficiencies in the designs or operation of the Internal controls, if any. We have also take effective steps to rectify those deficiencies, if any.

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 & Managing Director

K.R.Chandrasekaran
Chief Financial Officer

Date: October 31, 2012
Place: Chennai

Annexure VIII to the Director's Report

2. Statement pusruant to section 212 of the Companies Act, 1956 relating to Company's interest in subsidiary companies.

	Name of Subsidiary Company	Accel Systems & Technologies Pte Ltd., Singapore	Accel Frontline JLT, Dubai	Network Programs Japan Inc.	Network Programs USA Inc.	Network Programs Japan KK	Accel North America, Inc	Accel IT Resources Limited
1	The Financial Year of Subsidiary Companies ended on	April 2011 to March 2012	April 2011 to March 2012	April 2011 to March 2012	April 2011 to March 2012	April 2011 to March 2012	April 2011 to March 2012	April 2011 to March 2012
2A	No. of shares held by Accel Frontline Ltd with its nominee in the subsidiary at the end of the Financial Year of the Subsidiary Companies.	3,000,000 shares of SGD 0.10 per share.	1 share of 1 million AED	1,500 equity shares without par value	1,000 equity shares of USD 1 each .	212 shares of 50,000 JY each.	155,000 shares of USD 1 each.	10,000,000 shares of Rs.10 each
2B	Extent of interest of holding company at the end of the financial year of the subsidiary companies	100%	100%	100%	100%	100%	100%	100%
3	The net aggregate of the Subsidiary companies (profit/loss) so far as it concerned the members of the holding company							
A	Not dealt with in the Holding company's account							
I	For the financial year ended 31st March 2012	SGD 4,541	AED 1,474,537	USD NIL	USD 21,192	JPY (14,760,029)	USD 136,637	INR (25,137,395)
		INR 1,100,674	INR 19,320,113	INR NIL	INR 1,020,072	INR (8,993,872)	INR 6,576,840	INR (25,137,395)
II	For the previous financial year of the subsidiary company's subsidiaries	SGD 4,541	AED 3,800,155	USD (148,453)	USD 7,596	JPY (5,191,212)	-	-
		INR 155,576/-	INR 47,186,527	INR (6,773,387)	INR 346,476	INR (2,767,955)	-	-
B	Dealt within holding company's account							
I	For the financial year ended 31st March, 2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
II	For the previous financial year of the subsidiary companies they become the holding company's subsidiaries.	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Pursuant to the general exemptions granted by the Ministry of Corporate Affairs, Government of India, the parent company is publishing the consolidated and standalone financial statements of Accel Frontline Limited and its subsidiaries. The financial statements and Auditor's Report of the Individual subsidiaries are available for inspection by the shareholders at the registered office and that of the subsidiary companies concerned. The information in aggregate on capital, reserves, total assets, total liabilities, details of investment, turnover, Profit Before Taxation, Profit After Taxation and proposed dividend for each subsidiary are as follows.

Particulars	Accel Systems & Technologies Pte Ltd., Singapore	Accel Frontline JLT, Dubai	Network Programs Japan Inc.	Network Programs USA Inc.	Network Programs Japan KK	Accel North America, Inc	Accel IT Resources Limited
Share Capital (including share applicable money)	12,371,550	14,114,400	7,777,815	2,592,605	18,195,677	8,037,076	10,000,000
Reserves & Surplus / Profit & Loss Account(Debit Balance)	(11,951,836)	52,236,291	(1,341,009)	(14,177,742)	(17,456,647)	(1,373,686)	(17,554,532)
Total Assets (Fixed Assets + Capital WIP + Current Assets	91,125,998	195,749,809	7,223,190	14,648,800	17,398,215	83,079,618	74,266,504
Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	8,229,285	129,399,118	786,385	26,233,937	16,659,185	76,416,228	61,821,034
Turnover	10,989,752	418,644,406		18,733,414	26,529,539	252,188,864	86,029,149
Profit / (Loss) before taxation	1,100,674	19,320,113		1,020,072	(8,993,872)	6,576,840	(25,137,395)
Profit / (Loss) after Taxation	1,100,674	19,320,113		1,020,072	(8,993,872)	6,576,840	(25,137,395)
Exchange rate							
a. P&L items average rate	38.35	13.10	48.13	48.13	0.61	48.13	1.00
b. Balance sheet items closing rate	41.24	14.11	51.85	51.85	0.63	51.85	1.00

Auditors' Report

To
The Board of Directors of
Accel Frontline Ltd.,
Chennai
On the consolidated financial statements of Accel Frontline Ltd. and Its subsidiaries -

1.We have examined the attached Consolidated Balance Sheet of Accel Frontline Ltd., and its subsidiaries as at March 31, 2012, the consolidated Statement of Profit and Loss for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year on that date, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. We did not audit the financial statement of subsidiaries, whose financial statements reflect total assets (Net) of Rs.16,39,46,961/- as of March 31, 2012, Total Revenue of Rs.81,31,15,124/- and net cash flows from operating activity amounting to Rs.(1,27,72,105) /- These Financial Statements and other financial information have been audited by other Auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other Auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Accel Frontline Ltd's management in accordance with the requirements of Accounting Standard (AS) 21, consolidated financial statements, Accounting Standard 23, Accounting for investment in Associates in Consolidated financial Statements.

5. Based on our audit and on the consideration of the reports of the other auditors on separate Financial Statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion, that the attached Consolidated Financial statements 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 consolidated state of affairs of Accel Frontline Ltd. and its subsidiaries as at March 31, 2012.

ii. In case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of Accel Frontline Ltd. 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 Accel Frontline Ltd. and its subsidiaries for the year ended on that date.

K.S.AIYAR & Co.
(Firm Regn No: 100186W)
Chartered Accountants

(S.Kalyanaraman)
Partner
(M No: 200565)

Place: Chennai - 16
Date : October 31, 2012

Consolidated balance sheet as at

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Notes	Mar 31,2012	Mar 31,2011
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	2,426.19	2,250.90
Reserves and surplus	2.2	7,325.43	9,252.79
		9,751.62	**11,503.69**
Non-current liabilities			
Long-term borrowings	2.3	965.05	13.78
Deferred tax liability	2.4	327.72	286.94
Long-term provisions	2.5	328.10	148.06
		1,620.87	**448.78**
Current liabilities			
Short-term borrowings	2.6	8,734.26	3,209.14
Trade payables	2.7	10,882.92	11,745.96
Other current liabilities	2.8	2,926.64	2,008.60
Short-term provisions	2.9	422.97	524.95
		22,966.79	17,488.65
TOTAL		**34,339.28**	**29,441.12**
Assets			
Non-current assets			
Fixed assets	2.10		
Tangible assets		2,240.49	1,010.36
Intangible assets		2,342.92	988.84
		4,583.41	1,999.20
Capital work-in-progress		234.76	-
Intangible assets on consolidation		1,118.65	649.24
Non-current investments	2.11	30.00	30.00
Long-term loans and advances	2.12	431.13	166.29
Trade receivables	2.13	2,276.32	2,929.20
		8,674.27	**5,773.93**
Current assets			
Inventories	2.14	3,975.12	2,696.88
Trade receivables	2.15	15,400.46	13,765.79
Cash and bank balances	2.16	1,171.15	2,893.35
Short-term loans and advances	2.17	1,678.35	2,341.90
Other current assets	2.18	3,439.93	1,969.27
		25,665.01	23,667.19
TOTAL		**34,339.28**	**29,441.12**

Significant Accounting Policies	1
Notes to the Balance Sheet	2
Other Notes	4

As per our report of even date
For **K.S.AIYAR AND Co**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

Statement of consolidated profit and loss account for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Notes	Mar 31,2012	Mar 31,2011
Continuing operations			
Income			
Revenue from operations	3.1	48,405.83	39,481.32
Other income	3.2	208.24	123.60
Total revenue (I)		**48,614.07**	**39,604.92**
Expenses			
Cost of raw material and components consumed	3.3	569.80	-
Purchase of traded goods	3.4	24,874.17	26,232.82
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	3.5	(255.63)	(697.53)
Employee benefits expense	3.6	7,611.87	4,628.60
Other expenses	3.7	12,471.45	6,913.65
Total (II)		**45,271.66**	**37,077.54**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		**3,342.41**	**2,527.38**
Depreciation and amortization expense	3.8	991.25	587.80
Finance costs	3.9	1,773.86	666.00
Profit/(loss) before tax		**577.30**	**1,273.58**
Tax expenses			
Current tax		246.37	450.81
MAT credit entitlement		(40.95)	-
Deferred tax		(5.58)	(196.64)
Total tax expense		**199.84**	**254.17**
Profit/(loss) for the year from continuing operations (A)		**377.46**	**1,019.41**
Profit/(loss) after tax from discontinuing operations (B)		-	-
Profit/(loss) for the year (A+B)		**377.46**	**1,019.41**
Earnings per equity share:			
(1) Basic		1.56	4.53
(2) Diluted		1.56	4.53

Significant Accounting Policies	1
Notes to the Statement of Profit and Loss Account	3
Other Notes	4

As per our report of even date
For **K.S.AIYAR AND Co**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

Consolidated Cash flow statement for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Mar 31,2012	Mar 31,2011
A. Cash flow from operating activities		
Profit before tax	**577.30**	**1,273.58**
Adjustment for :	-	
Depreciation/ amortization on continuing operations	991.25	587.80
Loss/ (profit) on sale of fixed assets	4.96	4.99
Unrealized foreign exchange loss	-	53.48
Net (gain)/ loss on sale of current investments		
Interest expense	1,487.11	666.00
Interest income	(47.77)	-
Operating profit before working capital changes	**3,012.85**	**2,585.85**
Changes in working capital :		
Increase/ (decrease) in trade payables	(863.04)	-
Increase / (decrease) in long-term provisions	180.04	81.01
Increase/ (decrease) in other current liabilities	1,315.60	1,478.63
Decrease / (increase) in trade receivables	(981.81)	(5,767.13)
Decrease / (increase) in inventories	(1,278.24)	(697.17)
Decrease / (increase) in long-term loans and advances	(264.84)	17.26
Decrease / (increase) in short-term loans and advances	60.58	-
Decrease / (increase) in other current assets	(1,470.66)	(1,321.11)
Cash generated from /(used in) operations	(3,302.37)	(6,208.51)
Direct taxes paid (net of refunds)	-	(835.65)
Net cash flow from/ (used in) operating activities (A)	**(289.52)**	**(4,458.31)**
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(3,303.25)	(183.98)
Fixed assets acquired on merger	(519.15)	-
Proceeds from sale of fixed assets	7.23	7.09
Purchase of non-current investments	(469.41)	-
Interest received	47.77	-
On account of mergers & acquistions	(1,678.91)	-
Net cash flow from/ (used in) investing activities (B)	**(5,915,72)**	**(176.88)**
C. Cash flows from financing activities		
Proceeds from long-term borrowings	951.27	-
Proceeds from short-term borrowings	5,525.12	4,639.44
Interest paid	(1,487.11)	(687.44)
Dividend paid on equity shares	(450.18)	-
Tax on equity dividend paid	(74.77)	-
Net cash flow from/ (used in) in financing activities (C)	**4,464.33**	**3,952.00**

Consolidated Cash flow statement for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Mar 31,2012	Mar 31,2011
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(1,740.91)**	**(683.20)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	18.71	-
Cash and cash equivalents at the beginning of the year	2,893.35	3,576.55
Cash and cash equivalents at the end of the year	**1,171.15**	**2,893.35**
Components of cash and cash equivalents		
Cash on hand	33.54	7.31
With banks		
- on current account	591.96	1,162.19
- on deposit account	517.79	1,418.06
- unpaid dividend accounts*	6.07	4.79
- unpaid matured deposits*	21.79	301.00
Total cash and cash equivalents	**1,171.15**	**2,893.35**

* The company can utilize these balances only toward settlement of the respective unpaid dividend, unpaid matured deposits.

For **K.S.AIYAR AND Co.**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

1. Significant accounting policies

1.01 Background

Accel Frontline Limited ("Accel" or the Company) was incorporated in Chennai in 1995. The Company's principal lines of business in IT services includes, providing system integration solutions comprising network design, hardware and software, IT Infrastructure management solutions, warranty management solutions for imported and indigenous equipments, development, implementation and maintenance of software applications. The company has the following wholly owned subsidiaries

Name	Holding	Country of incorporation/ origin
Accel Systems & Technologies Pte. Ltd., Singapore.	100%	Incorporated under the laws of Singapore.
Accel Frontline JLT, Dubai	100%	Established as a wholly owned subsidiary as per the license by Jumerah Lake Towers,Dubai
Network Programs (USA), Inc. USA	100%	Incorporated under the laws of the State of Delaware, USA..
Network Programs (Japan), Inc. USA	100%	Incorporated under the laws of the State of Delaware, USA.
Network Programs KK . Japan	100%	Incorporated under the law of Japan in Tokyo.
Accel North America, Inc. USA	100%	Incorporated under the laws of the State of California, USA.
Accel IT Resources Ltd.,	100%	Incorporated in India.

1.02 Statement of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with generally accepted accounting principles (GAAP) in India. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rule, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affects the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes the estimates are prudent and reasonable. Future results could differ from these estimates.

(b) Non Current - Tangible assets

Fixed assets are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met as per Accounting standards 16 and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes all expenses attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on tangible assets

Depreciation on fixed assets is calculated for on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.,

Asset	Rate of depreciation / amortization (%)
Plant and machinery	4.75
Office equipment	4.75
Furniture and fixtures	6.33
Computer hardware (except computers on lease)	16.21
Vehicles	9.5
Lease hold improvements	Over the lower of estimated useful lives of the assets or the primary period of the lease.

Fixed assets individually costing Rs 5,000 or less are fully depreciated on purchase during the relevant year.

Intangible assets

Intangible assets acquired separately, are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Measurement subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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

Goodwill arising out of Consolidation is not amortised. The movement in the value of Goodwill is on account of exchange fluctuation recognized during the current year.

A summary of amortization policies applied to the company's intangible assets is as below:

	Rates (SLM)
Goodwill	10%
Brands/trademarks	10%
Patents and intellectual property rights (IPR)	10%
Technical know how	10%
Computer software	14.30%

(c) Leases

Where the company is lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other intitial direct costs of leases are capitalized.

A leased asset is depreciated on a straight line basis over the useful life of the asset or the useful life envisaged in the Schedule XIV to the Companies Act, 1956, whichever is higher. However if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(d) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(e) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments.

All other investments are classified as non current long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(f) Inventories
Inventories include raw materials, components, stock in trade, finished goods, stores and spares and work-in progress.

Inventories of raw material, stock-in-trade are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes all charges in bringing the goods to the point of sale.

Inventories of stores and spares are valued at cost, net of provision for diminution in the value. Cost is determined on weighted average cost basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value.Cost includes direct material and labour and a portion of the manufacturing overheads. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and estimated cost necessary to make the sale.

(g) Revenue recognition
Revenue is recognized to the extent that it is probable tht the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods
Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services
Revenues from maintenance contracts are usually recognized as the service is performed ,by the proportionate completion method. pro-rata over the period of the service as and when services are rendered. The company collects service tax on behalf of the government and remit the same to the government, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

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 recognized based on services performed in advance of billing in accordance with contractual terms.

Interest
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividends
The company recognizes dividend as income only when the right to receive the same is established by the reporting date.

(h) Foreign currency transactions
A foreign currency transaction recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used, for example, an average rate for a week or a month might be used for all transactions in each foreign currency occurring during that period.

Transactions denominated in foreign currencies are recorded at the exchange rate specified by customs authorities on a monthly basis. Current assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the date of the balance sheet. All exchange differences arising on the Conversion/ settlement of foreign currency transactions are accounted for in the profit and loss account, except in the cases where they relate to the acquisition of fixed assets, in which case they are adjusted to the cost of the corresponding asset.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding periodically. The premium or discount on all such contracts arising at the inception of the contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the year. The exchange difference is calculated and recorded in accordance with AS-11

(i) Retirement and employee benefits
Retirement benefit in the form of provident fund is a defined contribution scheme. The company's contribution towards the Provident Fund is charged to the Profit and Loss Account. The interest rate payable to the members of the Trust formed by the company for managing the provident fund shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the short fall, if any, shall be made good by the Company.

The Company also provides for retirement benefits in the form of gratuity as per the provisions of "The Payment of Gratuity Act, 1972", which is a defined benefit plan. The Liability in respect of contribution to the gratuity fund is provided for based on actuarial valuation carried out in accordance with revised Accounting Standard AS -15 as at the end of the year.

The Company's policy towards leave for their employees stipulates that the employees can only carry forward their earned leave to the extent allowed as per policy from time to time, without any encashment options. As per revised Accounting Standard AS 15, the Company has provided for compensated absences that are expected to be availed. The liability for compensated absences is determined on the basis of actuarial valuation at the end of the financial year. Any gain or loss arising out of such valuation is recognized in the Profit and Loss Account, as the case may be.

(j) Taxation

Provision for income tax is made for both current and deferred taxes. Provision for current income tax is made at current tax rates based on assessable income.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specific period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income tax Act 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and wrties down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

(k) Earnings per share

The earnings considered in ascertaining the company's basic and diluted earnings per share comprise of the net profit/loss after tax. 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.

(l) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

(m) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it 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 current management estimates.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Amalgamation accounting

The company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the company to recognize any non-cash element of the consideration at fair value. The company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the general reserve. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

(p) Measurement of EBITDA

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

For **K.S.AIYAR AND Co.**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker Chairman & Managing Director	**Suresh K Sharma** Director
K.R. Chandrasekaran Director & CFO	**Sweena Nair** Company Secretary

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

Presentation Of Accounts:-

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

2.1 Share Capital	As at March 31, 2012	As at March 31, 2011
Authorised Capital		
33,000,000 (March 31, 2011: 30,000,000) equity shares of `10/- each	3,300.00	3,000.00

2.1.1 The authorised capital of the company has increased from Rs.30 crores to Rs.33 Crores vide the scheme of arrangement of amalgamation of Accel Frontline Services Limited with the company approved by the Honourable High Court of Madras *(hereinafter referred as merger scheme)*

Issued, Subscribed & Paid up		
24,261,873 (March 31, 2011: 22,509,000) equity shares of `10/- each	2,426.19	2,250.90
Total	**2,426.19**	**2,250.90**

2.1.2 Reconciliation Of the equity shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As At March 31, 2012		As At March 31, 2011	
	Number	Amount	Number	Amount
Balance at the beginning of the year	22,509,000	2,250.90	22,509,000	2,250.90
Shares Issued during the year	7,500,000	750.00		
Shares cancelled during the year	5,747,127	574.71	-	-
Balance at the end of the year	**24,261,873**	**2,426.19**	**22,509,000**	**2,250.90**

Consequent to the merger scheme, the company had the following changes in the shareholding

a) Issued 7,500,000 equity shares of Rs.10 each to the shareholders of Accel Frontline Services Limited (Refer note 4.5)
b) Cancelled 5,747,127 shares of Rs.10 each which was held by Accel Frontline Services Limited (Refer note 4.5)
c) Out of the new shares as mentioned in (a) above, 1,875,000 shares will be locked in for a period of three years from the date of listing

2.1.3.- Rights, preferences and restrictions attached to shares
The Company has one class of equity shares having a par value of Rs.10 per share. Each share holder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

2.1.4 Shares Held By Holding Company and Subsidiary / Associates of Holding Company

Equity Shares	As at March 31, 2012	As at March 31, 2011
Accel Limited, the Holding Company	15,175,166	4,375,390
Accel Systems Group Inc, an associate company	1,283,085	Nil
BT Frontline Pte Ltd , the erstwhile Holding Company	Nil	11,478,488

The company was a subsidiary of M/s. BT Frontline Pte Ltd (BTF), who held 114,78,488 (51%) shares in the company. Accel Limited (AL) and its associates acquired the entire holding on August 5, 2011 from BTF whereby the company became a subsidiary of AL.

2.1.5 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

SR NO	Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Accel Limited	15,175,166	62.55%	4,375,390	19.44%
2	Accel Systems Group Inc	1,283,085	5.29%	-	-
3	Mega Resources Limited	3,063,642	12.63%	3,063,642	13.61%
4	BT Frontline Pte Ltd	-	-	11,478,488	51.00%

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.2 Reserves & Surplus	As at March 31, 2012	As at March 31, 2011
A . Currency transalation Reserve		
Balance as at the beginning of the year	8.65	(30.61)
Add : Reserve Credited during the year	18.71	39.25
Less : Reserve Utilised during the year	-	-
Balance as at the end of the year	27.36	8.65
B. Securities Premium Account		
Balance as at the beginning of the year	4,932.34	4,932.34
Add : Securities premium credited on Share issue	-	-
Balance as at the end of the year	**4,932.34**	**4,932.34**
C. General Reserve		
Balance as at the beginning of the year	878.08	828.08
Add : Reserve Credited During the year	100.00	50.00
Less : Reserve Utilised During the year	(119.37)	-
Balance as at the end of the year	**858.71**	**878.08**
D. Surplus/ (Deficit) for the year		
Balance as at the beginning of the year	3,433.72	2,989.26
Add: Dividend added back to reserves (Refer note 2.2.C.1)	144.10	-
Profit /(Loss) For The Year	377.46	1,019.41
Less: Appropriations		
Proposed final equity dividend (amount per share Rs.1.50) (Previous year : amount per share Rs.2.00)	(363.93)	(450.18)
Tax on proposed equity dividend	(59.04)	(74.77)
Premium on shares cancelled as per merger scheme (Refer note 2.2.C.2)	(1,925.29)	-
Transfer to General Reserve	(100.00)	(50.00)
Total appropriations	(2,448.26)	(574.95)
Balance as at the end of the year	**1,507.02**	**3,433.72**
Total	**7,325.43**	**9,252.78**

2.2.C.1 Dividend added back to reserves include Rs.114.94 lakhs representing dividend received by Accel Frontline Services Limited from the company which got cancelled as per the merger scheme and Rs.29.16 lakhs representing write back of dividend proposed in Accel Frontline Services Limited for the year 2010-11, but not approved later in the AGM.

2.2.C.2 To give effect to the merger scheme, 5,747,127 shares of the company held by Accel Frontline Services Ltd was cancelled. The value of the shares was Rs.2,500 lacs, out of this, Rs.574.71 lacs was deducted from the issued, subscribed & paid up capital and the balance of Rs.1,925.29 lacs is being deducted from Profit & Loss account.

2.3 Long term borrowings	As at March 31, 2012	As at March 31, 2011
Secured		
Term loan from banks (refer note 2.3.1)	700.00	-
Hire purchase/hypothecation loans (refer note 2.3.2)	172.53	13.78
Loan against keyman insurance (refer note 2.3.3)	92.52	-
Total	**965.05**	**13.78**

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.3.1 The loan is secured by a pari passu charge by way of hypothecation of current assets and the moveable assets of the company.The loan carries an interest rate of 14% per annum.The loan is repayable over a period of three years in ten quaterly instalments (including current maturities) in the below mentioned repayment pattern

Financial year	Repayment pattern	Amount (Rs.lakhs)
2012-13	75 lakhs * 4 quarters	300.00
2013-14	75 lakhs * 4 quarters	300.00
2014-15	200 lakhs * 2 quarters	400.00

2.3.2 The loans have been availed for acquiring certain fixed assets and are secured by hypothecation of specific assets purchased out of such loans . The loans are repaid in accordance to the repayment schedule agreed with the lender.

2.3.3 This loan is availed from the Life Insurance Coproation of India and is secured against the keyman insurance policy placed with them.

2.4 Deferred Tax Liability	**As at March 31, 2012**	**As at March 31, 2011**
Deferred Tax (Asset)		
On impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purpose on payment basis	(111.63)	(128.18)
Deferred Tax Liability		
On difference between book balance and tax balance of fixed assets	439.35	415.12
Total	**327.72**	**286.94**

2.5 Long-term provisions	**As at March 31, 2012**	**As at March 31, 2011**
Provision for gratuity	232.52	85.67
Provision for leave benefits	95.58	62.39
Total	**328.10**	**148.06**

The non-current portion of Provision for Gratuity and Leave Encashment are based on information certified by the Life Insurance Corporation of India (in the case of gratuity) and independent actuary (in the case of leave benefits) and relied upon by the auditors

2.6 Short term borrowings	**As at March 31, 2012**	**As at March 31, 2011**
Secured		
Cash credit facility from banks (refer note 2.6.1)	8,709.27	2,938.24
Loan against Fixed Deposits	-	270.90
Un Secured		
Loan From Related Parties (Refer Note No.2.6.2)	24.99	-
Total	**8,734.26**	**3,209.14**

2.6.1 Nature of Security and terms of repayment for short term secured borrowings

Type of Borrowing	Nature Of Security	Interest Rate	Terms Of Repayment
Cash credit facility from banks	Secured by a pari passu charge by way of hypothecation of current assets and the moveable properties of the company. In respect to Rs.1,800 lakhs of cash credit facilities utilised by Accel Frontline Services Limited, the same was also secured by an equitable mortgage of certain immoveable properties of the holding company Accel Limited, corporate guarantee of Accel Limited and personal guarantee of Mr.N.R.Panicker. Cash credit includes an amount of Rs.212.59 lakhs being the amount taken over as a part of acquisition of the technology software division. The necessary documentation and the transfer of limits to the company is pending	12-14%	Repayable on Demand

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.6.2 Nature of Security and terms of repayment for short term Unsecured borrowings from Related Parties

Related Party	Nature of Security	Interest Rate	Terms of Repayment
Accel Limited	Unsecured	10%	Repayable on Demand
Accel Transmatic Limited	Unsecured	NIL	Repayable on Demand

Related Parties	Amount Due		Maximum Amount Due at any time during the year	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Accel Limited (Holding Company of AITRL upto 21.12.2011)	24.99	10.25	24.99	221.51
Accel Transmatic Limited		0.79	5.79	44.27

2.7 Trade Payables

	As at March 31, 2012	As at March 31, 2011
-Outstanding dues to trade creditors	10,678.75	10,528.86
Advances form customers	78.48	1,217.10
Advances refundable	125.69	-
Total	**10,882.92**	**11,745.95**

2.8 Other Current Liabilities	**As at March 31, 2012**	**As at March 31, 2011**
(a) Current maturities of long-term debt		
Term Loans (Refer Note No.2.3.1)	300.00	-
Hire purchase/hypothecation loans (Refer note no.2.3.2)	81.11	24.97
(b) Unearned services revenue	292.53	486.72
(c) Unpaid dividends	6.07	4.79
(d) Statutory Dues including Provident Fund, Service Tax and Tax Deducted at Source	834.45	457.81
(e) Liability for expenses	1,412.48	1,034.31
Total	**2,926.64**	**2,008.60**

2.9 Short Term Provisions	**As at March 31, 2012**	**As at March 31, 2011**
Proposed equity dividend	363.93	450.18
Provision for tax on proposed equity dividend	59.04	74.77
Total	**422.97**	**524.95**

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.10 Fixed Assets

Sl No	Particulars	Gross Block At Cost					Depreciation					Net Block	
		Cost as at 01.04.2011	On account of Acquisition	Addition	Deletion/ Adjustment	As at 31.03.2012	As at 01.04.2011	On account of Acquisition	For the year	Deletion/ Adjust-ments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Tangible Assets (A)												
1	Office Equipment	268.95	8.29	53.24	0.55	329.93	79.66	2.02	15.97	0.55	97.10	232.83	156.02
		(214.27)	-	(11.38)	(2.39)	(223.26)	(58.57)	-	(10.78)	(2.11)	(67.24)	(156.02)	(155.70)
2	Computers	844.30	312.03	486.25	101.14	1,541.44	424.91	165.02	214.35	101.14	703.14	838.30	378.07
		(759.61)	-	(103.19)	(119.80)	(743.00)	(367.14)	-	(117.59)	(119.80)	(364.93)	(378.07)	(392.47)
3	Furniture and Fixtures	288.21	198.20	98.42	11.16	573.67	164.40	58.35	40.01	1.57	261.19	312.48	99.13
		(252.72)	-	(7.06)	(1.37)	(258.41)	(145.57)	-	(15.08)	(1.37)	(159.28)	(99.13)	(107.15)
4	Plant and machinery	200.64	42.25	35.92	-	278.81	64.64	12.85	12.38	-	89.87	188.94	50.42
		(82.54)	-	-	-	(82.54)	(28.20)	-	(3.92)	-	(32.12)	(50.42)	(54.34)
5	Leasehold improvements	710.90	12.57	141.21	48.81	815.87	367.42	4.05	136.85	48.81	459.51	356.36	227.08
		(533.33)	-	(13.02)	(17.19)	(529.16)	(228.18)	-	(91.09)	(17.19)	(302.08)	(227.08)	(305.15)
6	Vehicles	245.55	-	51.48	21.80	275.23	77.30	-	26.35	13.56	90.09	185.14	98.16
		(126.88)	-	(46.20)	(25.26)	(147.82)	(50.22)	-	(12.89)	(13.45)	(49.66)	(98.16)	(76.66)
7	Buildings	-	-	119.69	-	119.69	-	-	0.97	-	0.97	118.72	-
		-	-	-	-	-	-	-	-	-	-	-	-
	Total of Tangible Assets	**2,558.55**	**573.34**	**986.21**	**183.46**	**3,934.64**	**1,178.33**	**242.29**	**446.88**	**165.63**	**1,701.87**	**2,232.77**	**1,008.88**
		(1,969.35)	**-**	**(180.85)**	**(166.01)**	**(1,984.19)**	**(877.88)**	**-**	**(251.35)**	**(153.92)**	**(975.31)**	**(1,008.88)**	**(1,091.47)**
	Exchange Adjustment	(16.91)	-	-	-	(8.25)	(18.39)	-	(0.57)	-	(15.95)	7.72	1.48
		(17.31)				(16.91)	(18.69)	-	0.03	-	(18.39)	(1.48)	(1.38)
	Adjusted value of tangible assets	**2,541.64**	**573.34**	**986.21**	**183.46**	**3,926.39**	**1,159.94**	**242.29**	**446.31**	**165.63**	**1,685.92**	**2,240.49**	**1,010.36**
		(1,952.04)	**-**	**(180.85)**	**(166.01)**	**(1,967.28)**	**(859.19)**	**-**	**(251.38)**	**(153.92)**	**(956.93)**	**(1,010.36)**	**(1,092.85)**
	Intangible Assets (B)												
8	Goodwill	50.00	640.40	1,608.56	-	2,298.96	49.00	512.31	185.87	-	747.18	1,551.78	1.00
		(50.00)	-	-	-	(50.00)	(39.00)	-	(10.00)	-	(49.00)	(1.00)	(11.00)
9	Computer Software	2,369.03	23.00	-	25.90	2,366.13	1,336.40	8.42	341.92	25.90	1,660.84	705.29	987.84
		(2,278.55)	-	(3.12)	(19.64)	(2,262.03)	(967.41)	-	(326.42)	(19.64)	(1,274.19)	(987.84)	(1,311.14)
10	Copy Rights/Technical Knowhow	171.70	-	-	-	171.70	68.68	-	17.17	-	85.85	85.85	-
		-	-	-	-	-	-	-	-	-	-	-	-
	Total of Intangible Assets	**2,590.73**	**663.40**	**1,608.56**	**25.90**	**4,836.79**	**1,454.08**	**520.73**	**544.96**	**25.90**	**2,493.87**	**2,342.92**	**988.84**
		(2,328.55)	**-**	**(3.12)**	**(19.64)**	**(2,312.03)**	**(1,006.41)**		**(336.42)**	**(19.64)**	**(1,323.19)**	**(988.84)**	
	GRAND TOTAL (A) + (B)	**5,132.37**	**1,236.74**	**2,594.77**	**209.36**	**8,763.18**	**2,614.01**	**763.02**	**991.27**	**191.53**	**4,179.74**	**4,583.41**	**1,999.20**
		(4,280.59)	**-**	**(183.97)**	**(185.65)**	**(4,279.31)**	**(1,865.60)**	**-**	**(587.80)**	**(173.56)**	**(2,280.12)**	**(1,999.20)**	

Note: Previous Year Figures are given in brackets & italics.
TThe amounts under gross block at cost and depreciation as at 01.04.2011 also includes value of assets and depreciation of the transferor company.

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.11 Non current investments	**As at March 31, 2012**	**As at March 31, 2011**
Investment in equity instruments		
Unquoted		
Telesis Global Solutions Limited	30.00	30.00
96,374 shares of Rs.10/- each fully paid		
(Previous year: 96,374 shares of Rs.10 each)		
Total	**30.00**	**30.00**

2.12 Long term loans and advances	**As at March 31, 2012**	**As at March 31, 2011**
Security Deposits	328.19	104.54
Deposits with statutory/government authorities	102.94	61.75
Total	**431.13**	**166.30**

2.13 Long-term trade receivables	**As at March 31, 2012**	**As at March 31, 2011**
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,276.32	2,929.19
Considered doubtful	51.24	179.84
	2,327.56	3,109.04
Less: Provision for doubtful receivables	(51.24)	(179.84)
Total	**2,276.32**	**2,929.20**

2.14 Inventories	**As at March 31, 2012**	**As at March 31, 2011**
Raw materials and components	160.27	-
Finished goods	1,414.89	-
Traded goods	237.77	997.64
Stores and spares	2,162.19	1,699.24
Total	**3,975.12**	**2,696.88**

2.15 Trade Receivables	**As at March 31, 2012**	**As at March 31, 2011**
Unsecured, considered good and outstanding for a period less than six months from the date they are due for payment		
Trade Receivables	13,533.93	12,807.93
Others	1,866.53	957.86
Total	**15,400.46**	**13,765.79**

2.16 Cash and Cash equivalents	**As at March 31, 2012**	**As at March 31, 2011**
Cash on Hand	33.54	7.31
Balances with Banks		
-on current accounts	591.96	1,162.19
-on unpaid dividend accounts	6.07	4.79
-on fixed deposits	21.79	301.00
	653.36	**1,475.29**
Other bank balances		
– on margin money deposits	517.79	1,418.06
Total	**1,171.15**	**2,893.35**

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.17 Short Term Loans And Advances:-	As at March 31, 2012	As at March 31, 2011
Advances to associate companies	286.33	96.24
Rent deposits	606.72	323.38
Other deposits	336.85	629.02
Other loans and advances	448.45	1,293.256
Total	**1,678.35**	**2,341.90**

2.18 Other Current Assets	As at March 31, 2012	As at March 31, 2011
Advance income tax, net of tax provisions (Refer note no.2.18.1)	2,643.75	1,969.27
MAT credit entitlement	40.95	
Prepaid expenses	755.23	
Total	**3,439.93**	**1,969.27**

2.18.1 Advance income tax represents tax deducted at source by customers out of the services income. The company will be receiving the tax refunds after the income tax assessments are completed by the income tax department

3. Notes to the Statement of Profit and Loss for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

3.1 Revenue from operations

	March 31, 2012	March 31, 2011
Revenue from operations		
Finished goods	852.18	-
Traded goods	28,697.38	28,769.90
Sale of services	21,749.17	12,767.59
Other operating revenue		
Scrap sales	2.26	-
Other	126.50	-
Revenue from operations (gross)	**51,427.49**	**41,537.49**
Less: Excise duty	92.87	-
Less: Value added tax	1,105.03	841.79
Less: Service tax	1,823.76	1,214.38
Revenue from operations (net)	**48,405.83**	**39,481.32**

3.2 Other income	March 31, 2012	March 31, 2011
Interest income on		
Bank deposits	47.77	95.90
Others	120.47	-
Other non-operating income	40.00	27.70
Total	**208.24**	**123.60**

3.3 Cost of raw material and components consumed	March 31, 2012	March 31, 2011
Inventory at the beginning of the year	171.07	-
Add: Purchases	555.54	-
	726.61	**-**
Less: inventory at the end of the year	156.81	-
Cost of raw material and components consumed	**569.80**	**-**

3. Notes to the Statement of Profit and Loss for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

3.4 Purchase of traded goods	**March 31, 2012**	**March 31, 2011**
Traded purchases less returns	24,874.17	26,232.82
Total	**24,874.17**	**26,232.82**

3.5 (Increase)/decrease in inventories	**March 31, 2012**	**March 31, 2011**
Inventories at the end of the year		
Traded goods	1,614.95	1,699.24
Spares	2,162.19	-
Finished goods	36.42	998.00
	3,813.56	**2,697.24**
Inventories at the beginning of the year		
Traded goods	1,410.03	1,618.28
Spares	2,132.92	29.85
Finished goods	14.98	351.58
	3,557.93	**1,999.71**
Total	**(255.63)**	**(697.53)**

3.6 Employee benefits expense	**March 31, 2012**	**March 31, 2011**
Salaries, wages and bonus	7,030.21	4,222.48
Contribution to provident and other funds	361.83	214.37
Employee stock option scheme	-	-
Gratuity expense	63.05	101.09
Leave encashment	0.80	-
Staff welfare expenses	155.98	90.66
Total	**7,611.87**	**4,628.60**

Disclosure required under AS – 15 (Revised) "Employee Benefits"

i. DEFINED CONTRIBUTION PLAN

Defined Contribution Plan, recognized as expenses for the year as under:

Particulars	**March 31, 2012**	**March 31, 2011**
Employer's Contribution to Provident fund	248.56	126.32
Employers' contribution to Employee State Insurance Corporation	52.80	51.40

ii. DEFINED BENEFIT PLANS

Gratuity – Funded Obligation

a) Actuarial Assumption for the year

Particulars	**March 31, 2012**	**March 31, 2011**
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate*	5.00%	5.00%
Attrition rate	1-3%	1-3%

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

3. Notes to the Statement of Profit and Loss for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

b) Reconciliation of present value of obligations

Particulars	March 31, 2012	March 31, 2011
Present Value of Obligation at beginning at the beginning of the year	210.90	160.54
Current Services Cost	63.05	31.17
Interest Cost	24.00	14.97
Benefits Paid	(28.10)	(23.26)
Present Value of Obligation at the end of the year	269.84	183.32

c) Net (Asset) / Liability recognized in the Balance Sheet as at year end

Particulars	March 31, 2012	March 31, 2011
Present value of obligations at the end of the year	422.15	231.40
Fair Value of Plan Assets	269.39	168.35
Net (Asset) / Liability recognized in Balance Sheet	152.76	63.05

d) Expenses recognized in the Profit and Loss Account

Particulars	March 31, 2012	March 31, 2011
Current Service Cost	83.87	101.09
Interest Cost	32.96	-
Expected Return on Plan asset	(24.00)	-
Actuarial (gain) / loss recognized in the period	(78.53)	-
Total expenses recognized in the Profit and Loss Account for the year	14.30	101.09

The above disclosures are based on information certified by the Life Insurance Corporation of India, and relied on by the auditors

iii. LONG TERM EMPLOYEE BENEFITS

Compensated absences (Leave encashment) – Unfunded Obligation

a) Actuarial Assumption for the year

Particulars	March 31, 2012	March 31, 2011
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate	5.00%	5.00%
Expected average remaining lives of working employees (year)	23.84	24.62

b) Reconciliation of present value of obligations

Particulars	March 31, 2012	March 31, 2011
Present Value of Obligation at the beginning of the year	86.09	137.02
Current Services Cost	163.25	88.58
Interest Cost	13.42	14.51
Actuarial (gain)/loss	(169.65)	(177.72)
Present Value of Obligation at the end of the year	93.11	62.39

c) Net (Asset) / Liability recognized in the Balance Sheet as at year end

Particulars	March 31, 2012	March 31, 2011
Present value of obligations at the end of the year	93.11	62.39
Net (Asset) / Liability recognized in Balance Sheet	93.11	62.39

d) Expenses recognized in the Profit and Loss Account

Particulars	March 31, 2012	March 31, 2011
Current Service Cost	163.25	88.58
Interest Cost	13.42	14.51
Actuarial (gain) / loss recognized in the period	(169.65)	(177.72)
Total expenses recognized in the Profit and Loss Account for the year	7.02	(74.63)

The above disclosures are based on information certified by the independent actuary and relied on by the auditors.

3. Notes to the Statement of Profit and Loss for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

3.7 Other expenses	**March 31, 2012**	**March 31, 2011**
Sub-contracting and outsourcing cost	6,133.51	3,539.62
Rent	1,307.72	536.04
Power and fuel	236.47	116.96
Repairs and maintenance		
Equipments	19.58	-
Leased premises	289.19	144.61
Others	128.64	58.72
Rates and taxes	170.60	23.82
Insurance	104.90	54.10
Travelling and conveyance	1,033.45	711.73
Communication costs	331.39	131.58
Printing and stationery	145.38	62.85
Freight and forwarding	1,005.07	220.20
Legal and professional fees	502.87	288.86
Directors' sitting fees	6.70	25.60
Payment to auditor (Refer 3.7.1)	29.81	21.90
Advertising and sales promotion	143.31	79.98
Brokerage and discounts	40.75	-
Sales Commission	31.70	2.65
Exchange differences	234.01	59.19
Bad debts / advances written off	185.64	281.09
Provision for doubtful debts and advances	25.01	154.31
Loss on sale of fixed assets (net)	4.96	4.99
Miscellaneous expenses	360.79	394.85
Total	**12,471.45**	**6,913.65**

3.7.1 Payment to auditors	**March 31, 2012**	**March 31, 2011**
As auditor:		
Audit fee	23.82	17.42
Limited review	3.31	3.31
Other services (certification fees)	1.99	0.65
Reimbursement of expenses	0.69	0.52
Total	**29.81**	**21.90**

3.8 Depreciation and amortization expense	**March 31, 2012**	**March 31, 2011**
Depreciation of tangible assets	446.30	251.38
Amortization of intangible assets	544.95	336.42
Total	**991.25**	**587.80**

3.9 Finance costs	**March 31, 2012**	**March 31, 2011**
Interest	1,487.11	471.56
Other finance charges	285.91	194.44
Exchange flactuation in foreign exchange	0.84	-
Total	**1,773.86**	**666.00**

4. Other notes forming part of the financial statements

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

4.1 Sundry debtors/sundry creditors/loans & advances

a) The balances stated at their values shown under sundry debtors, sundry creditors and loans & advances are subject to confirmation

b) During the year, a provision for doubtful debts was created for Rs.2,501,075 (previous year Rs. 15,431,428). A sum of Rs.18,563,556 (previous year Rs. 28,108,888) was written off as bad debts as the management felt that these are doubtful of recovery / irrecoverable.

4.2 Contingent liabilities

	2012	2011
Sales tax	6,113,923	5,911,755
Service tax	8,955,820	584,433
Provident fund	18,417,730	-
Employee state insurance	-	2,758,801
Income tax	95,160,050	56,349,070
Letters of credit outstanding	20,325,636	20,325,636
Bank Guarantees outstanding	314,934,395	224,088,820
Claims against the company not acknowledged as debt	21,915,411	21,915,411

Note : The contingent liability with respect to Income tax as mentioned above has been shown based on the various assessment orders received by the company. However, part of the disallowances as mentioned in the said orders has already been allowed in the subsequent assessment years. The adjustments (if any) will be made in the financials after our appeals before appropriate authorities are disposed off.

During the year 2010-2011, Accel IT Resources Limited hived off its outsourcing division for a total consideration of Rs.500 lacs based on independent valuation from a Chartered Accountant pursuant to the approval of the shareholders in their meeting held on February 04, 2011 w.e.f closing business hours of March 31, 2011. The amount of such consideration has been included under "Income from Sale of Business" in the year March 31, 2011. The transaction included transfer of all contracts, consents, commercial rights, know how, employees outsourced to different organizations, all rights, powers, liabilities relating to or connected with business of providing/ outsourcing IT manpower etc. There was no transfer of tangible assets of the company.

As per clause no.10.7. of the agreement for the sale of the outsourcing division of the company, dated March 15, 2011, in the unlikely event of the business getting reduced by the Group companies the company agrees to indemnify the purchaser an amount equivalent to the short fall in the yearly minimum service charges of Rs.1.25 crores as mentioned in clause no.10.5 of the said agreement. The shortfall amount would be paid back to the purchaser at the end of each subsequent financial year. If the short fall is not made good in the next financial year the company has the right to adjust any such refunds on any time before March 31, 2016.

4.3 Segment reporting

During the year under review, the company's operations predominantly relate to IT related services and accordingly this is the only primary reportable segment. The geographical segment is not relevant since export sales are less than 10% of the total sales.

4.4 Related party transactions

Related parties where control exists:

Name of the Party	Nature of relationship
Accel Limited, Chennai	Controlling company and holding company with effect from 05.08.2011
Accel IT Resources Limited	Subsidiary Company
Accel Systems & Technologies PTE Limited, Singapore	Subsidiary Company
Accel Frontline JLT, Dubai	Subsidiary Company
Network Programs USA Inc., USA	Subsidiary Company
Network Programs (Japan) Inc., USA	Subsidiary Company
Network Programs Japan KK, Japan	Subsidiary Company
Accel North America, Inc	Subsidiary Company

Other related parties with whom transactions have taken place during the year:

Name of the Party	Nature of relationship
Accel Systems Group, Inc. USA	Companies under common control
Accel Transmatic Limited, Chennai.	Companies under common control

Key Management Personnel

Mr. N R Panicker	Managing Director
Mr. K.R Chandrasekaran	Whole time Director

Relative of Key Management Personnel

Mrs. Sreekumari Panicker	Wife of the Managing Director
Mrs. Shanthi Chandrasekaran	Wife of Mr. K.R Chandrasekaran

4. Other notes forming part of the financial statements

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

Transactions with related parties

Particulars	Controlling company	Subsidiaries	Companies under common control	Key Management personnel
Sales and other income	-	126,107,446	-	
	(28,306)	(18,350,874)	(10,067,065)	-
Share of Expenses	-	-	-	-
	-	-	(735,736)	-
Purchases	-	10,847,562	1,703,542	-
	-	-	(143,582,546)	-
Rent	7,514,928	-	-	2,517,000
	(5,169,130)	-	-	(2,160,000)
Remuneration	-	-	-	7,268,441
	-	-	-	(6,713,095)
Dividend	-	50,000,000	-	-
	-	-	-	-
Balances outstanding as at the March 31, 2012 (March 31, 2011)				
Investments	-	144,813,587	-	-
	-	(59,397,440)	-	-
Payables	-	317,286	2,969	
	-	-	(16,437,799)	-
Receivables	-	86,156,115	45,800	
	(19,521)	(10,869,174)	(9,441,899)	-
Advance towards purchase	-	-	1,694,353	-
	-	-	-	-
Loans and advances	(8,995,383)	32,936,247	-	-
	(14,604)	(22,634,425)	(4,329,838)	-
Maximum amount outstanding at any time during the year	14,604	32,936,247	4,329,838	-
	(14,604)	(22,634,425)	(7,664,089)	-

Note: Item under parenthesis represent previous year figures

4.5 Scheme of Arrangement of Amalgamation – "The Scheme"

(i) Pursuant to the Scheme approved by the Members in the Court Convened General Meeting held on March 22, 2012 and sanctioned by the Honorable High Court of Madras , the entire business and all assets and liabilities of Accel Frontline Services Limited (AFSL) stand transferred and vested with the Company w.e.f April 01, 2011 (the transfer date) as detailed below.

High Court of	Name of Company	Nature of its Business	Date of Order of High Court
Madras	Accel Frontline Services Limited	IT Services	August 27, 2012

(ii) The Scheme, accordingly have been given effect to in the accounts, in terms of the Scheme, the business of transferor company is deemed to have been carried on by the Company with effect from the transfer date namely April 01, 2011. The current years accounts includes the Assets and Liabilities of the above company taken over at book value and Income and Expenditure of the said company for the year ended March 31, 2012. The assets and liabilities are consolidated under the Pooling of Interest Method of Amalgamation as prescribed in AS-14 as referred to in section 211 (3) (c) of the companies act 1956.

(iii) As per the scheme of arrangement of amalgamation, the Authorised Capital of the company has been increased to Rs.33 Crores 3,30,00,000 equity shares of Rs.10/- each.

(iv) Fresh Issue of 75,00,000 shares to the shareholders of Transferor Company as per the above the Scheme have been accounted.

4. Other notes forming part of the financial statements

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

(v) Cross holding elimination:

As per the scheme of arrangement of amalgamation, the company has eliminated the shareholding of Transferor in the company by extinguishing 57,47,127 shares so held by the Transferor.

(vi) As per the scheme of arrangement of amalgamation, all the staff, workmen and employees of the transferor company become the staff, workmen and employees of the Company on continuous basis, on the same terms and condit ions of service as exited before the transfer. The relative Provident Fund, Gratuity and Superannuation funds in the transferor company shall stand transferred to the Company/ Company Name.

(vii) The current year figures are hence not comparable with those of the previous year.

4.6 Comparative financial information

The previous year's balances have been regrouped/reclassified wherever necessary to conform to the current year's presentation in accordance with the revised schedule VI of the companies act 1956.

For **K.S.AIYAR AND Co.**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

Auditors' Report

The Members of M/s. Accel Frontline Limited, Chennai

We have audited the attached Balance Sheet of M/s. Accel Frontline Limited, Chennai as at 31st March, 2012, Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto incorporating the financial statements of M/s Accel Frontline Service Limited consequent to the merger on appointed date 01.04.2011 and Singapore branch of Accel Frontline Limited which were audited by the other auditors whose reports have been considered and our opinion is based on the other auditors. 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.

1. We conducted our audit in accordance with the 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.

2. As required by the Companies (Auditors Report) Order, 2003 (CARO) as amended by Companies (Auditor's Report)(Amendment) order, 2004 issued by the Government of India vide GSR No.766 (E) in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order..

3. Further to our comments in the Annexure referred to 2 above, we report that:

(i) 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;

(ii) 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

(iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.

(iv) 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.

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

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:

(a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;

(b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For K.S.Aiyar & Co.
Chartered Accountants
(Firm Regn No: 100186W)

(S. Kalyanaraman)
Partner
(M No.200565)

Place: Chennai - 16
Date: 31st October 2012

Annexure to the Auditors' Report
Of M/s. Accel Frontline Limited, Chennai

Referred to in paragraph 2 of our report of even date,

(i)(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(i)(b) The company has a phased programme of physical verification of fixed assets which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.

(i) (c) The fixed assets disposed off during the year were not substantial, According to the information and explanation given to us; we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the company.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(ii) (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. However the procedures need to be further strengthened.

(ii) (c) In our opinion and according to the explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stock has been properly dealt with in the books of account.

(iii) (a) The company has not granted or taken any loans secured/ unsecured to/from companies, firms or other parties covered under the register maintained under sec.301 of the Companies Act, 1956. Hence, comments on sub-clauses (b), (c), (d), (e), (f) & (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

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

(v) (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rs.5/- lakhs have been entered into during the financial year at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The company has not accepted any deposits from public and hence the provisions of sec 58A and 58AA or any other relevant provisions of the companies Act 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public is not applicable.

(vii) In our opinion, the company has an internal audit system, which is commensurate with the size and nature of its business.

(viii) Maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company.

(ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, sales tax, wealth tax, customs duty, excise duty have been regularly deposited with appropriate authorities. However in respect of service tax and income tax there were delays in depositing the tax with the appropriate authorities.

(ix) (b) According to the records of the company, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income-tax, wealth- tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(ix) (c) According to the records of the company the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

Name of the statute	Nature of Dispute	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Income tax Assessment year 2000-01, in connection with non-compete fee disallowance	65,82,000	FY 1999-00	DCIT, Co Cir.I (1) – Appeals
	Income tax Assessment year 2007-08, in connection with Capitalization of application software, IPO expenses, depreciation of leasehold improvement, allowance of STPI profits and allowance of goodwill	42,418,700	FY 2006-07	Commissioner of Income tax (Appeals), Chennai
	Income tax Assessment year 2006-07, in connection with depreciation claimed on temporary wooden structures.	7,348,370	FY 2005-06	Income tax Appellate Tribunal, Chennai Bench, Chennai
	Income Tax Assessment Year 2008-09 in connection with depreciation on application software and allocation of corporate expenses for STPI, Depreciation on goodwill, temporary structure. Dividend income and IPO expenses	3,88,10,980	FY 2008-09	Commissioner of Income tax (Appeals) Chennai
Sales Tax	Appeal filed on 14.10.04 for disputed turnover of Rs.10, 71,720.00 and interest of Rs.19786/-.	115,842	2001-02	Asst. Commissioner (Appeals)
	Levy of Tax for non-production of Form F for Rs.406821/= and Increase in taxable AMC Turnover from 10% to 20%. Under WBST ACT.	34,306	2003-04	Assistant Commissioner
	(f) Wrong imposition of Interest on late payment of Turnover Tax, Increase in Taxable AMC Turnover etc. under WBST ACT.	139,135	2004-05	Assistant Commissioner

	(g) The dispute relates to non-submission of Form F for interstate branch movement of stock, which the company has filed at the time of hearing with the appellate authorities. The Tribunal has remanded back the case to the assessing officer for fresh assessment	149,787	2002-03	Trade Tax Tribunal, Lucknow
	The dispute relates to delay in filing the tax return and Penalty was levied @50% until March 31, 2005 and @10% w.e.f.01.04.2006	418,413	2005-06	High Court, Bangalore
	Assessment order passed without proper hearing. Appeal filed before Sr. Joint Commissioner for reopening of Sales Tax Assessment	3,293,672	2006-07	Joint Commissioner
	Dispute with regard to tax rate on ATVM-KIOSK	607,938	2007-08	Deputy Commissioner (appeals)
	Additional VAT liability due to increase in turnover, purchase tax liability, disallowance of Input Tax Credit, imposition of interest and penalty under VAT Act.	293,929	2007-08	Joint Commissioner
	CST liability on account of non-production of Form F and consideration of High SEA Sale under CST Sale and imposition tax on it.	560,072	2007-08	Joint Commissioner
	Imposition of penalty for late submission of VAT Audit Report.	100,123	2007-08	Joint Commissioner
	Due to enhancement of sales turnover under VAT Act, the tax liability has been increased in addition to imposition of interest for delayed payment. CST liability has been increased for non production of FORM F and C during assessment time.	174,198	2008-09	Joint Commissioner
	Due to enhancement of sales turnover under VAT Act, the tax liability has been increased in addition to imposition of interest for delayed payment. CST liability has been increased for non production of FORM F and C during assessment time.	226,508	2008-09	Joint Commissioner
Service Tax	Penalty for belated payment of service tax	584,433	FY 2007-08	CESTAT, Chennai
	Service Tax demanding on Rental of computers under the head "Supply of tangible goods"	22,03,375	FY 2008-09 & 2009-10	Additional Commissioner Chennai
	Service Tax demanding on Rental of computers under the head "Supply of tangible goods"	16,41,097	FY 2010-11 & Apr'11 to June '11	Additional Commissioner, Chennai
	Service tax demanding on overriding commission	45,26,915	FY 2008-09 & 2009-10	Additional Commissioner Chennai

(x) The company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management the company has not defaulted in repayment of dues to banks.

(xii) According to the information and explanations given to us and based on the documents and records produced to us the company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) According to the records of the company, the company has availed the term loans and used the same for the intended purpose.

(xvii) According to the information and explanations given to us and on an overall examination of the utilization of funds, we report that the no funds raised on short-term basis have been used for long-term investment.

(xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
(xix) The company did not have any outstanding debentures during the year.

(xx) During the year the company has not raised any money from public by way of issue of shares.

(xxi) 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.

K.S.AIYAR & CO.
Chartered Accountants
(Firm Regn No: 100186W)
S.Kalyanaraman
Partner
M No: 200565

Place: Chennai- 16
Date: October 31, 2012

Balance sheet as at

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Notes	Mar 31,2012	Mar 31,2011
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	2,426.19	2,250.90
Reserves and surplus	2.2	6,840.23	8,225.15
		9,266.42	**10,476.05**
Non-current liabilities			
Long-term borrowings	2.3	948.58	10.36
Deferred tax liability	2.4	327.72	286.94
Long-term provisions	2.5	245.87	125.44
		1,522.17	**422.74**
Current liabilities			
Short-term borrowings	2.6	8,650.80	3,209.13
Trade payables	2.7	9,526.46	8,883.17
Other current liabilities	2.8	2,533.05	1,562.90
Short-term provisions	2.9	422.97	524.95
		21,133.28	**14,180.15**
TOTAL		**31,921.87**	**25,078.94**
Assets			
Non-current assets			
Fixed assets	2.10		
Tangible assets		1,722.21	962.25
Intangible assets		2,331.83	988.84
		4,054.02	1,951.09
Capital work-in-progress		234.75	-
Non-current investments	2.11	1,478.14	623.97
Long-term loans and advances	2.12	324.26	163.41
Long-term trade receivables	2.13	2,237.06	2,853.01
		8,328.25	5,591.48
Current assets			
Inventories	2.14	3,905.32	2,647.10
Trade receivables	2.15	13,599.79	10,980.77
Cash and bank balances	2.16	937.86	1,823.66
Short-term loans and advances	2.17	1,838.47	1,689.92
Other current assets	2.18	3,312.18	2,346.01
		23,593.62	**19,487.46**
TOTAL		**31,921.87**	**25,078.94**

Significant Accounting Policies	1
Notes to the Balance Sheet	2
Other Notes	4

As per our report of even date
For **K.S.AIYAR AND Co.**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

Statement of Profit and loss account for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Notes	Mar 31,2012	Mar 31,2011
Continuing operations			
Income			
Revenue from operations	3.1	41,705.77	33,083.85
Other income	3.2	646.70	117.64
Total revenue (I)		**42,352.47**	**33,201.49**
Expenses			
Cost of raw material and components consumed	3.3	569.79	-
Purchase of traded goods	3.4	22,213.86	21,160.02
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	3.5	(248.13)	(647.56)
Employee benefit expenses	3.6	6,055.85	4,092.37
Other expenses	3.7	10,108.43	6,490.26
Total (II)		**38,699.80**	**31,095.09**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		**3,652.67**	**2,106.40**
Depreciation and amortization expense	3.8	795.08	584.82
Finance costs	3.9	1,719.15	629.47
Profit/(loss) before tax		**1,138.44**	**892.11**
Tax expenses			
Current tax		246.37	450.81
MAT credit entitlement		(40.95)	-
Deferred tax		(5.58)	(196.64)
Total tax expense		**199.84**	**254.17**
Profit/(loss) for the year from continuing operations (A)		938.60	637.94
Earnings per equity share:			
(1) Basic		3.87	2.83
(2) Diluted		3.87	2.83

Significant Accounting Policies	1
Notes to the Statement of Profit and Loss Account	3
Other Notes	4

As per our report of even date
For **K.S.AIYAR AND Co.**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

Cash flow statement for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Mar 31,2012	Mar 31,2011
A.Cash flow from operating activities		
Profit before tax	**1,138.44**	**892.11**
Adjustments for :		
Depreciation/ amortization on continuing operation	795.08	584.82
Loss/ (profit) on sale of fixed assets	4.96	1.58
Unrealized foreign exchange loss	-	51.28
Interest expenses	1,718.31	632.93
Interest income	(47.77)	-
Dividend income	(500.00)	-
Operating profit before working capital changes	**3,109.02**	**2,162.72**
Changes in working capital :		
Increase/ (decrease) in trade payables	643.28	
Increase / (decrease) in long-term provisions	120.44	63.05
Increase/ (decrease) in other current liabilities	1,367.70	(1,550.24)
Decrease / (increase) in trade receivables	(2,003.07)	(3,253.26)
Decrease / (increase) in inventories	(1,258.22)	(647.56)
Decrease / (increase) in long-term loans and advances	(160.85)	
Decrease / (increase) in short-term loans and advances	(751.53)	(817.46)
Decrease / (increase) in other current assets	(966.15)	-
Cash generated from /(used in) operations	(3,008.40)	(6,205.47)
Direct taxes paid (net of refunds)	-	(995.67)
Net cash flow from/ (used in) operating activities (A)	**100.62**	**(5,038.42)**
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(2,623.65)	(132.95)
Fixed assets acquired on merger	(517.92)	-
Proceeds from sale of fixed assets	3.82	4.21
Purchase of non-current investments	(854.16)	(13.56)
Interest received	47.77	-
Dividends received from subsidiary company	500.00	-
On account of mergers & acquistions	(1,678.91)	-
Net cash flow from/ (used in) investing activities (B)	**(5,123.05)**	**(142.30)**
C. Cash flows from financing activities		
Proceeds from long-term borrowings	938.23	(3.80)
Proceeds from short-term borrowings	5,441.66	4,639.44
Interest paid	(1,718.31)	(654.36)
Dividend paid on equity shares	(450.18)	-
Tax on equity dividend paid	(74.77)	-
Net cash flow from/ (used in) in financing activities (C)	**4,136.63**	**3,981.28**

Cash flow statement for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

	Mar 31,2012	Mar 31,2011
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(885.80)**	**(1,199.44)**
Effect of exchange differences on cash & cash equivalents held in foreign currency		
Cash and cash equivalents at the beginning of the year	1,823.66	3,023.10
Cash and cash equivalents at the end of the year	**937.86**	**1,823.66**
Components of cash and cash equivalents		
Cash on hand	17.09	5.45
With banks		
- on current account	392.58	1,005.93
- on deposit account	500.33	807.49
- unpaid dividend accounts*	6.07	4.79
- unpaid matured deposits*	21.79	-
Total cash and cash equivalents	**937.86**	**1,823.66**

* The company can utilize these balances only toward settlement of the respective unpaid dividend and unpaid matured deposits.

For **K.S.AIYAR AND Co.**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

1 Significant accounting policies forming part of the financial statements

1.01 Background

Accel Frontline Limited ("Accel" or the Company) was incorporated in Chennai in 1995. The Company's principal lines of business in IT services includes, providing system integration solutions comprising network design, hardware and software, IT Infrastructure management solutions, warranty management solutions for imported and indigenous equipments, development, implementation and maintenance of software applications.

1.02 Statement of significant accounting policies

(a) Basis of preparation of financial statements
The financial statements have been prepared and presented in accordance with generally accepted accounting principles (GAAP) in India. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rule, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Use of estimates
The preparation of financial statements requires management to make certain estimates and assumptions that affects the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes the estimates are prudent and reasonable. Future results could differ from these estimates.

(b)Non Current - Tangible assets
Fixed assets are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met as per Accounting standards 16 and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes all expenses attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on tangible assets
Depreciation on fixed assets is calculated for on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.,

Asset	Rate of depreciation /amortization (%)
Plant and machinery	4.75
Office equipment	4.75
Furniture and fixtures	6.33
Computer hardware (except computers on lease)	16.21
Vehicles	9.5
Lease hold improvements	Over the lower of estimated useful lives of the assets or the primary period of the lease.

Fixed assets individually costing Rs 5,000 or less are fully depreciated on purchase during the relevant year.

Intangible assets
Intangible assets acquired separately, are measured on initial recognition at cost. The cost of intangible assets acquired as a consequence of amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Measurement subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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

A summary of amortization rates applied to the company's intangible assets is as below:

	Rates (SLM)
Goodwill	10%
Brands/trademarks	10%
Patents and intellectual property rights (IPR)	10%
Technical know how	10%
Computer software	14.30%

(c) Leases

Where the company is lessee
Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other intitial direct costs of leases are capitalized.

A leased asset is depreciated on a straight line basis over the useful life of the asset or the useful life envisaged in the Schedule XIV to the Companies Act, 1956, whichever is higher. However if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(e) Investments
Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(f) Inventories

Inventories include raw materials, components, stock in trade, finished goods, stores and spares and work-in progress.

Inventories of raw material, stock-in-trade are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes all charges in bringing the goods to the point of sale.

Inventories of stores and spares are valued at cost, net of provision for diminution in the value. Cost is determined on weighted average cost basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value.Cost includes direct material and labour and a portion of the manufacturing overheads. Cost of finished goods includes excise duty and is determined on a weighted average basis.
Net realizable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and estimated cost necessary to make the sale.

(g) Revenue recognition

Revenue is recognized to the extent that it is probable tht the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

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.

Revenues from maintenance contracts are usually recognized as the service is performed ,by the proportionate completion method. pro-rata over the period of the service as and when services are rendered. The company collects service tax on behalf of the government and remit the same to the government, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

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 recognized based on services performed in advance of billing in accordance with contractual terms.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividends

The company recognizes dividend as income only when the right to receive the same is established by the reporting date.

(h) Foreign currency transactions

A foreign currency transaction recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used, for example, an average rate for a week or a month might be used for all transactions in each foreign currency occurring during that period.

Transactions denominated in foreign currencies are recorded at the exchange rate specified by customs authorities on a monthly basis. Current assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the date of the balance sheet. All exchange differences arising on the Conversion/ settlement of foreign currency transactions are accounted for in the profit and loss account, except in the cases where they relate to the acquisition of fixed assets, in which case they are adjusted to the cost of the corresponding asset.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding periodically. The premium or discount on all such contracts arising at the inception of the contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the year. The exchange difference is calculated and recorded in accordance with AS-11

(i) Retirement and employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company's contribution towards the Provident Fund is charged to the Profit and Loss Account. The interest rate payable to the members of the Trust formed by the company for managing the provident fund shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the short fall, if any, shall be made good by the Company.

The Company also provides for retirement benefits in the form of gratuity as per the provisions of "The Payment of Gratuity Act, 1972", which is a defined benefit plan. The Liability in respect of contribution to the gratuity fund is provided for based on actuarial valuation carried out in accordance with revised Accounting Standard AS -15 as at the end of the year.

The Company's policy towards leave for their employees stipulates that the employees can only carry forward their earned leave to the extent allowed as per policy from time to time, without any encashment options. As per revised Accounting Standard AS 15, the Company has provided for compensated absences that are expected to be availed. The liability for compensated absences is determined on the basis of actuarial valuation at the end of the financial year. Any gain or loss arising out of such valuation is recognized in the Profit and Loss Account, as the case may be.

(j) Taxation

Provision for income tax is made for both current and deferred taxes. Provision for current income tax is made at current tax rates based on assessable income.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specific period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income tax Act 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and wrties down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

(k) Earnings per share

The earnings considered in ascertaining the company's basic and diluted earnings per share comprise of the net profit/loss after tax. 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.

(l) Impairment

i.The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

(m) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it 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 current management estimates.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Amalgamation accounting

The company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the company to recognize any non-cash element of the consideration at fair value. The company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the general reserve. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

(p) Measurement of EBITDA

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

For **K.S.AIYAR AND Co.**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

Presentation of accounts

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

2.1 Share capital	**As at March 31, 2012**	**As at March 31, 2011**
Authorised capital		
33,000,000 (March 31, 2011: 30,000,000) equity shares of `10/- each	3,300.00	3,000.00

2.1.1 The authorised capital of the company has increased from Rs.30 crores to Rs.33 Crores vide the scheme of arrangement of amalgamation of Accel Frontline Services Limited with the company approved by the Honourable High Court of Madras *(hereinafter referred as merger scheme)*

Issued, Subscribed & Paid up		
24,261,873 (March 31, 2011: 22,509,000) equity shares of `10/- each	2,426.19	2,250.90
Total	**2,426.19**	**2,250.90**

2.1.2.- Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As At March 31, 2012		As At March 31, 2011	
	Number	Amount	Number	Amount
Balance at the beginning of the year	22,509,000	2,250.90	22,509,000	2,250.90
Shares Issued during the year	7,500,000	750.00	-	-
Shares cancelled during the year	5,747,127	574.71	-	-
Balance at the end of the year	24,261,873	2,426.19	22,509,000	2,250.90

Consequent to the merger scheme, the company had the following changes in the shareholding

a) Issued 7,500,000 equity shares of Rs.10 each to the shareholders of Accel Frontline Services Limited (refer note 4.11)

b) Cancelled 5,747,127 shares of Rs.10 each which was held by Accel Frontline Services Limited (refer note 4.11)

c) Out of the new shares as mentioned in (a) above, 1,875,000 shares will be locked in for a period of three years from the date of listing

2.1.3.- Rights, preferences and restrictions attached to shares

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

2.1.4. - Shares held by holding company and subsidiary/ associates of holding company

Equity Shares	As at March 31, 2012	As at March 31, 2011
Accel Limited, the holding company	15,175,166	4,375,390
Accel Systems Group Inc, an associate company	1,283,085	-
BT Frontline Pte Ltd , the ersthwhile Holding Company	Nil	11,478,488

The company was a subsidiary of M/s. BT Frontline Pte Ltd (BTF), who held 114,78,488 (51%) shares in the company. Accel Limited (AL) and its associates acquired the entire holding on August 5, 2011 from BTF whereby the company became a subsidiary of AL.

2.1.5. - Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

SR NO	Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Accel Limited	15,175,166	62.55%	4,375,390	19.44%
2	Accel Systems Group Inc	1,283,085	5.29%	-	0.00%
3	Mega Resources Limited	3,063,642	12.63%	3,063,642	13.61%
4	BT Frontline Pte Ltd	-	-	11,478,488	51.00%

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.2 Reserves & surplus	**As at March 31, 2012**	**As at March 31, 2011**
A. Securities premium account		
Balance as at the beginning of the year	4,932.34	4,932.34
Add : Securities premium credited on Share issue	-	-
Balance as at the end of the year	**4,932.34**	**4,932.34**
B. General reserve		
Balance as at the beginning of the year	878.08	828.08
Add : Amount transferred from surplus balance in profit and loss account	100.00	50.00
Less : Goodwill adjustment on account of merger scheme	(119.37)	-
Balance as at the end of the year	**858.71**	**878.08**
C. Surplus/(deficit) in the profit and loss account		
Balance as at the beginning of the year	2,414.74	2,277.11
Profit /(Loss) For The Year	938.60	637.94
Add: Dividend added back to reserves (Refer note 2.2.C.1)	144.10	-
Add: Provision for compensated absence written back	-	74.64
Less: Appropriations		
Proposed final equity dividend (amount per share Rs.1.50) (Previous year : amount per share Rs.2.00)	(363.93)	(450.18)
Tax on proposed equity dividend	(59.04)	(74.77)
Premium on shares cancelled as per merger scheme (refer note 2.2.C.2)	(1,925.29)	-
Transfer to general reserve	(100.00)	(50.00)
Total appropriations	(2,448.26)	(574.95)
Balance as at the end of the year	**1,049.18**	**2,414.74**
Total	**6,840.23**	**8,225.15**

2.2.C.1 Dividend added back to reserves include Rs.114.94 lakhs representing dividend received by Accel Frontline Services Limited from the company which got cancelled as per the merger scheme and Rs.29.16 lakhs representing write back of dividend proposed in Accel Frontline Services Limited for the year 2010-11, but not approved later in the AGM.

2.2.C.2 To give effect to the merger scheme, 5,747,127 shares of the company held by Accel Frontline Services Limited was cancelled. The value of these shares was Rs.2,500 lakhs, out of this, Rs.574.71 lakhs was deduced from the Issued, Subscribed & Paid up capital and the balance of Rs.1,925.29 lakhs is being deducted from Profit and Loss account

2.3 Long term borrowings	**As at March 31, 2012**	**As at March 31, 2011**
Term loan from a bank (refer note 2.3.1)	700.00	-
Hire purchase/hypothecation loans (refer note 2.3.2)	156.06	10.36
Loan against keyman insurance policy (refer note 2.3.3)	92.52	-
Total	**948.58**	**10.36**

2.3.1 The term loan is secured by a pari passu charge by way of hypothecation of current assets and the moveable assets of the company. The loan carries an interest rate of 14% per annum.The loan is repayable over a period of three years in ten quaterly instalments (including current maturities) in the below mentioned repayment pattern

Financial year	Repayment pattern	Amount (Rs.lakhs)
2012-13	75 lakhs * 4 quarters	300.00
2013-14	75 lakhs * 4 quarters	300.00
2014-15	200 lakhs * 2 quarters	400.00

2.3.2 The loans have been availed for acquiring certain fixed assets and are secured by hypothecation of specific assets purchased out of such loans. The loans are repaid in accordance to the repayment schedule agreed with the lender

2.3.3 This loan is availed from Life Insurance Corporation of India and is secured against the keyman insurance policy placed with them

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.4 Deferred Tax Liability	**As at March 31, 2012**	**As at March 31, 2011**
Deferred Tax (Asset)		
On impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purpose on payment basis	(111.63)	(128.18)
Deferred Tax Liability		
On difference between book balance and tax balance of fixed assets	439.35	415.12
Total	**327.72**	**286.94**

2.5 Long-term provisions	**As at March 31, 2012**	**As at March 31, 2011**
Provision for gratuity	152.76	63.05
Provision for leave benefits	93.11	62.39
Total	**245.87**	**125.44**

The non-current portion of Provision for Gratuity and Leave Encashment are based on information certified by the Life Insurance Corporation of India (in the case of gratuity) and an independent actuary (in the case of leave benefits) and relied upon by the auditors

2.6 Short term borrowings	**As at March 31, 2012**	**As at March 31, 2011**
Secured		
Cash credit facility from banks (refer note 2.6.1)	8,650.80	2,938.23
Loan against fixed deposits	-	270.90
Total	**8,650.80**	**3,209.13**

2.6.1. Nature of security and terms of repayment for short term secured borrowings

Type of Borrowing	Nature Of Security	Interest Rate	Terms Of Repayment
Cash credit facility from banks	Secured by a pari passu charge by way of hypothecation of current assets and the moveable properties of the company. In respect to Rs.1,800 lakhs of cash credit facilities utilised by Accel Frontline Services Limited, the same was also secured by an equitable mortgage of certain immoveable properties of the holding company Accel Limited, corporate guarantee of Accel Limited and personal guarantee of Mr.N.R.Panicker. Cash credit includes an amount of Rs.212.59 lakhs being the amount taken over as a part of acquisition of the technology software division. The necessary documentation and the transfer of limits to the company is pending.	12-14%	Repayable on Demand

2.7 Trade payables	**As at March 31, 2012**	**As at March 31, 2011**
-Outstanding dues to micro & small enterprises (Refer Note 2.7.1)	-	-
-Outstanding dues other than above	9,322.29	8,623.01
Advances from customers	78.48	-
Advances refundable	125.69	260.16
	9,526.46	**8,883.17**

2.7.1 Dues to micro and small enterprises

The company has not received any intimation from " Suppliers " regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid for the year ended together with interest paid / payable as required under the said Act have not been furnished.

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.8 Other current liabilities		As at March 31, 2012	As at March 31, 2011
(a)	Current maturities of long-term debt:-		
	Term Loans from banks (Refer Note No.2.3.1)	300.00	-
	Hire purchase/hypothecation loans (Refer note no.2.3.2)	77.30	7.34
(b)	Unearned service revenue	292.53	486.72
(c)	Unpaid dividends	6.07	4.79
(d)	Statutory Dues including Provident Fund, Service Tax and Tax Deducted at Source	647.30	455.75
(e)	Liability for expenses	1,209.85	608.30
	Total	**2,533.05**	**1,562.90**

2.9 Short term provisions	As at March 31, 2012	As at March 31, 2011
Proposed equity dividend	363.93	450.18
Provision for tax on proposed equity dividend	59.04	74.77
Total	**422.97**	**524.95**

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.10 Fixed Assets

Sl No	Particulars	Gross Block At Cost				Depreciation				Net Block	
		Cost as at 01.04.2011	Addition	Deletion/ Adjust-ment	As at 31.03.2012	As at 01.04.2011	For the year	Deletion/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Tangible Assets (A)										
1	Office Equipment	263.64	45.44	0.55	308.53	77.94	15.26	0.55	92.65	215.88	152.40
		(208.05)	(10.72)	(1.98)	(216.80)	(55.78)	(10.53)	(1.92)	(64.40)	(152.40)	(152.27)
2	Computers	839.57	469.85	101.14	1,208.28	423.52	168.43	101.16	490.79	717.49	374.73
		(752.61)	(101.64)	(119.80)	(734.45)	(362.62)	(116.90)	(119.80)	(359.72)	(374.73)	(389.98)
3	Furniture and Fixtures	279.31	42.60	1.49	320.42	161.86	28.31	0.95	189.22	131.20	93.91
		(225.41)	(7.06)	(1.37)	(231.10)	(124.04)	(14.52)	(1.37)	(137.19)	(93.91)	(101.37)
4	Plant and machinery	200.64	29.75	-	230.39	64.64	10.90	-	75.54	154.85	50.42
		(82.54)	-	-	(82.54)	(28.20)	(3.92)	-	(32.12)	(50.42)	(54.35)
5	Leasehold improvements	710.90	141.21	48.81	803.30	367.42	136.36	48.81	454.97	348.33	227.08
		(533.33)	(13.02)	(17.19)	(529.16)	(228.18)	(91.09)	(17.19)	(302.08)	(227.08)	(305.15)
6	Vehicles	209.93	51.48	21.80	239.61	76.26	22.45	13.56	85.15	154.46	63.71
		(118.41)	(10.39)	(16.54)	(112.27)	(47.91)	(11.44)	(10.79)	(48.56)	(63.71)	(70.50)
	Total of Tangible Assets	**2,503.99**	**780.33**	**173.79**	**3,110.53**	**1,171.64**	**381.71**	**165.03**	**1,388.32**	**1,722.21**	**962.25**
		(1,920.35)	**(142.84)**	**(156.88)**	**(1,906.32)**	**(846.74)**	**(248.40)**	**(151.07)**	**(944.07)**	**(962.25)**	**(1,073.62)**
	Intangible Assets (B)										
7	Goodwill	50.00	1,608.55	-	1,658.55	49.00	57.79	-	106.79	1,551.76	1.00
		(50.00)	-	-	(50.00)	(39.00)	(10.00)	-	(49.00)	(1.00)	(11.00)
8	Computer Software	2,369.03	-	25.90	2,343.13	1,336.40	338.41	25.90	1,648.91	694.22	987.84
		(2,278.55)	(3.12)	(19.64)	(2,262.03)	(967.41)	(326.42)	(19.64)	(1,274.19)	(987.84)	(1,311.14)
9	Copy Rights/Technical Knowhow	171.70	-	-	171.70	68.68	17.17	-	85.85	85.85	-
		-	-	-	-	-	-	-	-	-	-
	Total of Intangible Assets	**2,590.73**	**1,608.55**	**25.90**	**4,173.38**	**1,454.08**	**413.37**	**25.90**	**1,841.55**	**2,331.83**	**988.84**
		(2,328.54)	**(3.12)**	**(19.64)**	**(2,312.03)**	**(1,006.41)**	**(336.42)**	**(19.64)**	**(1,323.19)**	**(988.84)**	**(1,322.13)**
	GRAND TOTAL (A) + (B)	**5,094.72**	**2,388.88**	**199.69**	**7,283.91**	**2,625.72**	**795.08**	**190.93**	**3,229.87**	**4,054.04**	**1,951.09**
		(4,248.90)	**(145.97)**	**(176.52)**	**(4,218.35)**	**(1,853.15)**	**(584.82)**	**(170.71)**	**(2,267.26)**	**(1,951.09)**	**(2,395.75)**

Note: Previous Year Figures are given in brackets & italics.
TThe amounts under gross block at cost and depreciation as at 01.04.2011 also includes value of assets and depreciation of the transferor company.

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.11 Non current investments	**As at March 31, 2012**	**As at March 31, 2011**
(i) Investments in subsidiaries (refer note 4.1)		
Accel Systems & Technologies Pte Limited	80.47	80.47
3,000,000 shares of Singapore ten cents each fully paid		
(Previous year - 300,000 shares of Singapore $ 1 each)		
Accel Frontline JLT,Dubai	120.46	120.46
1 share of AED 1,000,000 fully paid up		
(Previous year - 1 share of AED 1,000,000)		
Network Programs Kabhushaki Kaishai, Japan	118.32	118.32
(212 ordinary shares of JPY 50,000 each and JPY 15,855,000		
share application money pending allotment)		
(Previous year: 212 shares of JPY 50,000 each)		
Network Programs (Japan), Inc. USA	223.97	223.97
(1000 shares fully paid)		
(Previous year: 1000 shares fully paid)		
Network Programs (USA) Inc., USA	50.75	50.75
(1500 shares fully paid)		
(Previous year: 1500 shares fully paid)		
Accel North America Inc	64.17	-
(155,000 shares of $1 each)		
(Previous year: Nil)		
Accel IT Resources Limited	790.00	-
(1,000,000 shares of Rs.10 each)		
(Previous year: Nil)		
(ii) Other investments		
Investment in equity instruments		
Unquoted		
Telesis Global Solutions Limited	30.00	30.00
96,374 shares of Rs.10/- each fully paid		
(Previous year: 96,374 shares of Rs.10 each)		
Total	**1,478.14**	**623.97**

2.12 Long term loans and advances	**As at March 31, 2012**	**As at March 31, 2011**
Security deposits	223.28	101.66
Deposits with statutory/government authorities	100.98	61.75
Total	**324.26**	**163.41**

2. Notes to the balance sheet

(All amounts in Indian rupees lakhs, unless otherwise stated)

2.13 Long-term trade receivables	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,237.06	2,853.01
Considered doubtful	51.24	179.84
	2,288.30	3,032.85
Less:Provision for doubtful receivables	(51.24)	(179.84)
Total	**2,237.06**	**2,853.01**

2.14 Inventories	As at March 31, 2012	As at March 31, 2011
Raw materials and components	156.81	-
Finished goods	36.42	-
Traded goods	1,549.90	947.86
Stores and spares	2,162.19	1,699.24
Total	**3,905.32**	**2,647.10**

2.15 Trade receivables:	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good and outstanding for a period less than six months from the date they are due for payment		
Trade receivables	12,101.83	10,021.89
Other receivables	1,497.96	958.88
Total	**13,599.79**	**10,980.77**

2.16 Cash and Cash equivalents	As at March 31, 2012	As at March 31, 2011
Cash on Hand	17.09	5.45
Balances with Banks		
- on current accounts	392.58	1,005.93
- on unpaid dividend accounts	6.07	4.79
- on fixed deposits	21.79	-
	437.53	1,016.17
Other bank balances		
- on margin money deposits	500.33	807.49
Total	**937.86**	**1,823.66**

2.17 Short Term Loans And Advances	As at March 31, 2012	As at March 31, 2011
Advances to associate companies	857.54	269.79
Rent deposits	606.72	323.38
Other deposits	219.16	590.00
Other loans and advances	155.05	506.75
Total	**1,838.47**	**1,689.92**

2.18 Other current assets	As at March 31, 2012	As at March 31, 2011
Advance income tax, net of tax provisions (Refer note no.2.18.1)	2,577.00	1,969.27
MAT credit entitlement	40.95	-
Prepaid expenses	694.23	376.74
Total	**3,312.18**	**2,346.01**

2.18.1 Advance income tax represents tax deducted at source by customers out of the services income. The company will be receiving the tax refunds after the income tax assessments are completed by the income tax department

3. Notes to the Statement of Profit and Loss account for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

3. 1 Revenue from operations	**Mar 31,2012**	**Mar 31,2011**
Finished goods	852.18	-
Traded goods	24,958.31	23,054.55
Sale of services	18,704.75	11,978.68
Other operating revenue		
Scrap sales	2.26	-
Other	126.50	106.78
Revenue from operations (gross)	**44,644.00**	**35,140.01**
Less: Excise duty	92.87	-
Less: Value added tax	1,104.03	841.79
Less: Service tax	1,741.33	1,214.37
Revenue from operations (net)	**41,705.77**	**33,083.85**

3.2 Other income	**Mar 31,2012**	**Mar 31,2011**
Interest income on		
Bank deposits	47.77	95.90
Others	88.75	21.37
Dividend income on		
Investment in subsidiaries	500.00	-
Other non-operating income	10.18	0.37
Total	**646.70**	**117.64**

3.3 Cost of raw material and components consumed	**Mar 31,2012**	**Mar 31,2011**
Inventory at the beginning of the year	171.07	-
Add: Purchases	555.53	-
	726.60	-
Less: inventory at the end of the year	156.81	-
Cost of raw material and components consumed	**569.79**	-

3.4 Purchase of traded goods	**Mar 31,2012**	**Mar 31,2011**
Traded purchases less returns	22,213.86	21,160.02
Total	**22,213.86**	**21,160.02**

3.5 (Increase)/decrease in inventories	**Mar 31,2012**	**Mar 31,2011**
Inventories at the end of the year		
Traded goods	1,549.90	947.86
Stores and spares	2,162.19	1,699.24
Finished goods	36.42	-
	3,748.51	**2,647.10**
Inventories at the beginning of the year		
Traded goods	1,352.48	381.26
Stores and spares	2,132.92	1,618.28
Finished goods	14.98	-
	3,500.38	**1,999.54**
	(248.13)	**(647.56)**

3. Notes to the Statement of Profit and Loss account for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

3.6 Employee benefits expense	**Mar 31,2012**	**Mar 31,2011**
Salaries, wages and bonus	5,565.25	3,719.27
Contribution to provident and other funds	316.59	183.55
Gratuity expense	37.50	101.09
Compensated absence	0.80	-
Staff welfare expenses	135.71	88.46
Total	**6,055.85**	**4,092.37**

Disclosure required under AS – 15 (Revised) "Employee Benefits"

i. DEFINED CONTRIBUTION PLAN

Defined Contribution Plan, recognized as expenses for the year as under:

Particulars	**Mar 31,2012**	**Mar 31,2011**
Employer's Contribution to Provident fund	248.56	126.32
Employers' contribution to Employee State Insurance Corporation	52.80	51.40

ii. DEFINED BENEFIT PLANS

Gratuity – Funded Obligation

a) Actuarial Assumption for the year

Particulars	**Mar 31,2012**	**Mar 31,2011**
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate*	5.00%	5.00%
Attrition rate	1-3%	1-3%

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

b) Reconciliation of present value of obligations

Particulars	**Mar 31,2012**	**Mar 31,2011**
Present Value of Obligation at beginning at the beginning of the year	210.90	160.54
Current Services Cost	63.05	31.17
Interest Cost	24.00	14.97
Benefits Paid	(28.10)	(23.26)
Present Value of Obligation at the end of the year	269.84	183.32

c) Net (Asset) / Liability recognized in the Balance Sheet as at year end

Particulars	**Mar 31,2012**	**Mar 31,2011**
Present value of obligations at the end of the year	422.15	231.40
Fair Value of Plan Assets	269.39	168.35
Net (Asset) / Liability recognized in Balance Sheet	152.76	63.05

d) Expenses recognized in the Profit and Loss Account

Particulars	**Mar 31,2012**	**Mar 31,2011**
Current Service Cost	83.87	101.09
Interest Cost	32.96	-
Expected Return on Plan asset	(24.00)	-
Actuarial (gain) / loss recognized in the period	(78.53)	-
Total expenses recognized in the Profit and Loss Account for the year	14.30	101.09

The above disclosures are based on information certified by the Life Insurance Corporation of India, and relied on by the auditors

3. Notes to the Statement of Profit and Loss account for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

iii. LONG TERM EMPLOYEE BENEFITS

Compensated absences (Leave encashment) – Unfunded Obligation

a) Actuarial Assumption for the year.

Particulars	Mar 31,2012	Mar 31,2011
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate	5.00%	5.00%
Expected average remaining lives of working employees (year)	23.84	24.62

b) Reconciliation of present value of obligations

Particulars	Mar 31,2012	Mar 31,2011
Present Value of Obligation at the beginning of the year	86.09	137.02
Current Services Cost	163.25	88.58
Interest Cost	13.42	14.51
Actuarial (gain)/loss	(169.65)	(177.72)
Present Value of Obligation at the end of the year	93.11	62.39

c) Net (Asset) / Liability recognized in the Balance Sheet as at year end

Particulars	Mar 31,2012	Mar 31,2011
Present value of obligations at the end of the year	93.11	62.39
Fair Value of Plan Assets	-	-
Net (Asset) / Liability recognized in Balance Sheet	93.11	62.39

d) Expenses recognized in the Profit and Loss Account

Particulars	Mar 31,2012	Mar 31,2011
Current Service Cost	163.25	88.58
Interest Cost	13.42	14.51
Actuarial (gain) / loss recognized in the period	(169.65)	(177.72)
Total expenses recognized in the Profit and Loss Account for the year	7.01	(74.64)

The above disclosures are based on information certified by the independent actuary and relied on by the auditors.

3. Notes to the Statement of Profit and Loss account for the year ended

(All amounts in Indian rupees lakhs, unless otherwise stated)

3.7 Other expenses	**Mar 31,2012**	**Mar 31,2011**
Sub-contracting and outsourcing cost	4,839.82	3,326.08
Rent	999.06	501.50
Power and fuel	208.49	106.93
Repairs and maintenance		
Equipments	12.79	-
Leased premises	279.01	142.95
Others	91.96	50.52
Insurance	88.90	49.23
Rates and taxes	158.31	15.21
Communication costs	287.94	115.75
Travelling and conveyance	935.15	677.15
Printing and stationery	130.84	60.16
Freight and forwarding	898.66	220.20
Legal and professional fees	263.14	275.90
Directors' sitting fees	6.70	25.60
Payment to auditor (Refer 3.7.1)	26.96	17.15
Advertising and sales promotion	54.62	47.58
Brokerage and discounts	40.75	17.25
Sales Commission	6.93	-
Exchange differences (net)	232.59	51.29
Bad debts written off	172.89	405.85
Provision for doubtful debts and advances	25.01	-
Loss on sale of fixed assets (net)	4.96	1.58
Miscellaneous expenses	342.95	382.38
Total	**10,108.43**	**6,490.26**

3.7.1 Payment to auditors	**Mar 31,2012**	**Mar 31,2011**
As auditor:		
Audit fee	21.06	12.99
Limited review	3.31	3.31
Other services (certification fees)	1.99	0.72
Reimbursement of expenses	0.60	0.13
Total	**26.96**	**17.15**

The audit fee includes foreign branch auditor fees of Rs.1.96 lakhs (Previous year Rs.1.58 lakhs)

3.8 Depreciation and amortization expense	**Mar 31,2012**	**Mar 31,2011**
Depreciation of tangible assets	381.71	248.40
Amortization of intangible assets	413.37	336.42
Total	**795.08**	**584.82**

3.9 Finance costs	**Mar 31,2012**	**Mar 31,2011**
Interest	1,455.89	436.60
Other finance charges	262.42	192.87
Exchange Fluctuation in Foreign exchange	0.84	-
Total	**1,719.15**	**629.47**

4. Other notes forming part of the financial statements

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

4.1 Investments in subsidiaries

As at March 31, 2012, the Company had an aggregate investment of Rs 147,813,587 in its subsidiaries. During the current year, the company acquired 100% shareholding of Accel IT Resources Limited for a total value of Rs.59,000,000. The company further increased its investment in this company by Rs.20,000,000. During the current year, the company acquired 100% shareholding in Accel North America Inc for a value of Rs.6,416,147 as a part of the acquisition of the technologies business from Accel Transmatic Limited with effect from August 16, 2011

4.2 Sundry debtors/sundry creditors/loans & advances

a) The balances stated at their values shown under sundry debtors, sundry creditors and loans & advances are subject to confirmation

b) During the year, a provision for doubtful debts was created for Rs.2,501,075 (previous year Rs. 15,355,063/-). A sum of Rs.17,061,477 (previous year Rs. 25,230,230 /-) was written off as bad debts as the management felt that these are doubtful of recovery / irrecoverable.

4.3 Contingent liabilities

	2012	2011
Sales tax	6,113,923	5,911,755
Service tax	8,955,820	-
Employee state insurance	-	2,758,801
Income tax	95,160,050	56,349,070
Letters of credit outstanding	20,325,636	20,325,636
Bank Guarantees outstanding	314,934,395	224,088,820
Claims against the company not acknowledged as debt	21,915,411	21,915,411

Note : The contingent liability with respect to Income tax as mentioned above has been shown based on the various assessment orders received by the company. However, part of the disallowances as mentioned in the said orders has already been allowed in the subsequent assessment years. The adjustments (if any) will be made in the financials after our appeals before appropriate authorities are disposed off.

4.4 Segment reporting

During the year under review, the company's operations predominantly relate to IT related services and accordingly this is the only primary reportable segment. The geographical segment is not relevant since export sales are less than 10% of the total sales.

4.5 Related party transactions

Related parties where control exists:

Name of the Party	**Nature of relationship**
Accel Limited, Chennai	Controlling company and holding company with effect from 05-08-2011
Accel Systems & Technologies PTE Limited, Singapore	Subsidiary Company
Accel Frontline JLT, Dubai	Subsidiary Company
Accel North America, Inc	Subsidiary Company
Accel IT Resources Limited	Subsidiary Company
Network Programs USA Inc.,USA	Subsidiary Company
Network Programs (Japan) Inc.,USA	Subsidiary Company
Network Programs KK, Japan	Subsidiary Company

Other related parties with whom transactions have taken place during the year:

Name of the Party	**Nature of relationship**
Accel Systems Group, Inc. USA	Companies under common control
Accel Transmatic Limited, Chennai.	Companies under common control
Key Management Personnel	
Mr. N R Panicker	Managing Director
Mr. K.R Chandrasekaran	Whole time Director
Relative of Key Management Personnel	
Mrs. Sreekumari Panicker	Wife of the Managing Director
Mrs. Shanthi Chandrasekaran	Wife of Mr. K.R Chandrasekaran

4. Other notes forming part of the financial statements

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

Transactions with related parties

Particulars	Controlling company	Subsidiaries	Companies under common control	Key Management personnel
Sales and other income	-	126,107,446	-	-
	28,306	18,350,874	10,067,065	-
Share of Expenses	-	-	-	-
	-	-	(735,736)	-
Purchases	-	10,847,562	1,703,542	-
	-	-	143,582,546	-
Rent	7,514,928	-	-	2,517,000
	5,169,130	-	-	2,160,000
Remuneration	-	-	-	7,268,441
	-	-	-	6,713,095
Dividend	-	50,000,000	-	-
	-	-	-	-

Balances outstanding as at the March 31, 2012 (March 31, 2011)

Particulars	Controlling company	Subsidiaries	Companies under common control
Investments	-	144,813,587	-
	-	59,397,440	-
Payables	-	317,286	2,969
	-	-	16,437,799
Receivables	-	86,156,115	45,800
	19,521	10,869,174	9,441,899
Advance towards purchase	-	-	1,694,353
	-	-	-
Loans and advances	(8,995,383)	32,936,247	-
	14,604	22,634,425	4,329,838
Maximum amount outstanding at any time during the year	14,604	32,936,247	4,329,838
	14,604	22,634,425	7,664,089

Note: Item under parenthesis represent previous year figures

4.6 Overseas branch operation

During the year, the branch at Singapore in the name of "Accel Frontline Limited - Singapore Branch" continued its operation. The revenue and expenses of the said Branch have been included in the financials of the company against each line item, translated into Indian rupees, as applicable. The summary of the financials of the Branch is as follows:

	2012		2011	
	INR	USD	INR	USD
Turnover	448,675,066	9,156,634	340,618,134	7,467,010
Profit after tax	5,391,179	105,386	10,211,767	225,498
Sundry Debtors	71,570,003	1,586,826	75,736,053	1,675,329
Sundry Creditors	77,007,582	1,618,811	44,374,428	988,766
Income Tax	165,963	3,387	(653,148)	(14,318)

4.7 Expenditure in foreign currency (on payment basis)

	2012	2011
Foreign travel	3,969,785	5,670,778
Others	2,708,230	19,446,244

4.8 CIF value of Imports

	2012	2011
Components	472,316,411	749,690,684

4. Other notes forming part of the financial statements

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

4.9 Amount remitted in foreign currencies towards dividend

Year	No of Non-resident shareholders	No of equity shares held	Rupees
2012	06	1,299,135	2,598,250
2011	Nil	Nil	Nil

4.10 Earnings in foreign currency

	2012	2011
Income from services	300,034,872	42,263,413

4.11 Scheme of Arrangement of Amalgamation – "The Scheme"

(i) Pursuant to the Scheme approved by the Members in the Court Convened General Meeting held on 22nd March 2012 and sanctioned by the Honorable High Court of Madras , the entire business and all assets and liabilities of Accel Frontline Services Limited (AFSL) stand transferred and vested with the Company w.e.f 1st April 2011 (the transfer date) as detailed below.

High Court of	Name of Company	Nature of its Business	Date of Order of High Court
Madras	Accel Frontline Services Limited	IT Services	27th August 2012

(ii) The Scheme, accordingly have been given effect to in the accounts, in terms of the Scheme, the business of transferor company is deemed to have been carried on by the Company with effect from the transfer date namely 1st April 2011. The current years accounts includes the Assets and Liabilities of the above company taken over at book value and Income and Expenditure of the said company for the year ended 31st March 2012. The assets and liabilities are consolidated under the Pooling of Interest Method of Amalgamation as prescribed in AS-14 as referred to in section 211 (3) (c) of the companies act 1956.

(iii) As per the scheme of arrangement of amalgamation, the Authorised Capital of the company has been increased to Rs.33 Crores 3,30,00,000 equity shares of Rs.10/- each.

(iv) Fresh Issue of 75,00,000 shares to the shareholders of Transferor Company as per the above the Scheme have been accounted.

(v) Cross holding elimination:

As per the scheme of arrangement of amalgamation, the company has eliminated the shareholding of Transferor in the company by extinguishing 57,47,127 shares so held by the Transferor.

(vi) As per the scheme of arrangement of amalgamation, all the staff, workmen and employees of the transferor company become the staff, workmen and employees of the Company on continuous basis, on the same terms and conditions of service as exited before the transfer. The relative Provident Fund, Gratuity and Superannuation funds in the transferor company shall stand transferred to the Company/Company Name.

(vii) The current year figures are hence not comparable with those of the previous year.

4.12 Acquisition of technology software division

During the year, the company acquired the technology software division of Accel Transmatic limited for a total consideration of Rs.2,197 lakhs on a slump sale basis. The details of assets and liabilities acquired are given below.

Particulars	**Amount in Rs. lakhs**	
Fixed Assets, net		**302.58**
A. Current assets		
"Sundry debtors"	568.67	
Cash & Imprest balances	2.48	
Advances & Deposits	241.34	
Sub Total	812.48	
B. Current liabilities		
Trade creditors	71.45	
Other creditors	251.16	
Bank liability	204.00	
Sub Total	526.61	
Net current assets (A - B)		**285.87**
Net assets taken over		**588.45**

4.13 Comparative financial information

The previous year's balances have been regrouped/reclassified wherever necessary to conform to the current year's presentation in accordance with the revised schedule VI of the companies act 1956.

For **K.S.AIYAR AND Co.**

Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : October 31, 2012

For and on behalf of the Board of Directors

N.R. Panicker
Chairman & Managing Director

Suresh K Sharma
Director

K.R. Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

Balance sheet abstract and company's general business profile

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

I. Registration details

Registration number	18-31736
Balance Sheet date	March 31, 2012

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

Public Issue	NIL
Bonus Issue	NIL

Rights Issue	NIL
Private Placement	NIL

Total Liabilities	31,921.87

Total Assets	31,921.87

Sources of funds

Paid up capital	2,426.19
Secured loans	9,599.38
Deferred tax liability	327.72

Reserves and surplus	6,840.23
Unsecured loans	-

Application of funds

Net fixed assets	4,289
Net current assets	11,111

Investments	1,478
Misc. expenditure	-

IV Performance of company (Amount in Rs. Lakhs)

Sources of funds

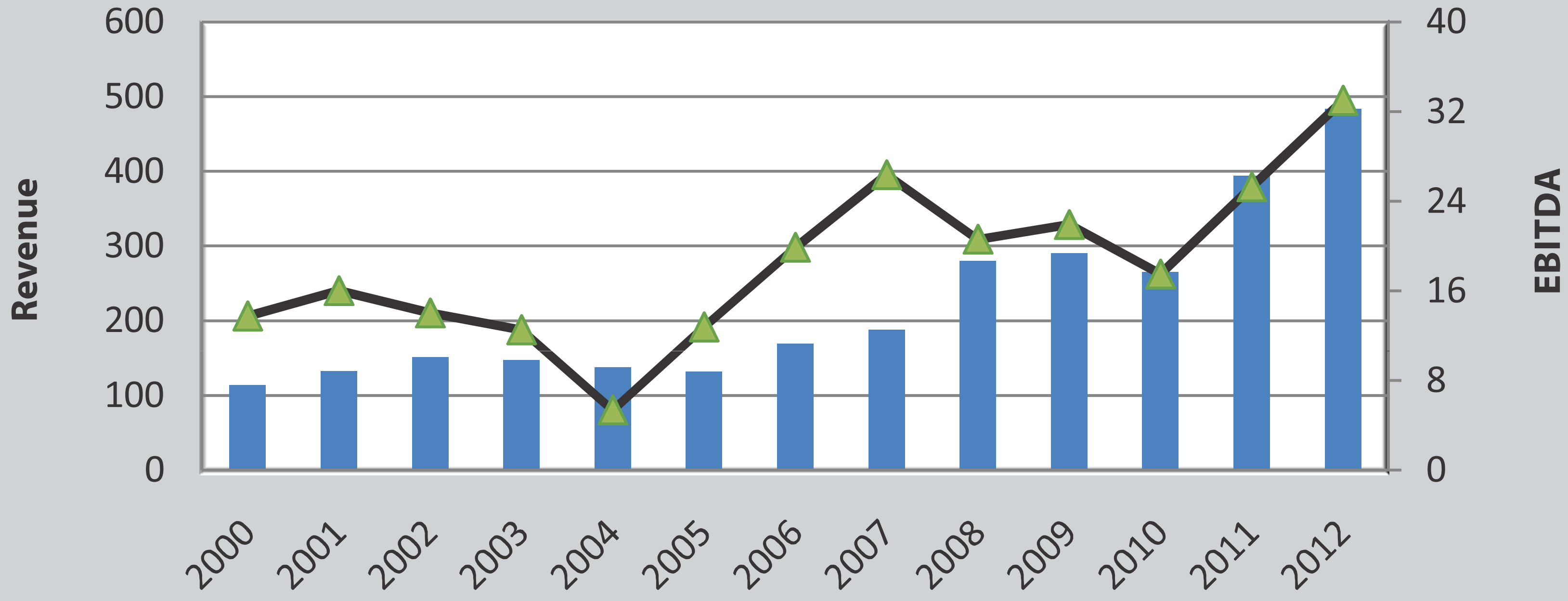
Turnover	42,352
Profit / (loss) before tax	1,138
Earnings per share in Rs.	3.87

Total expenditure	41,214
Profit / (loss) after tax	939
Dividend as %	15

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

Item code no (ITC code)	847100
Product description	Computers & Periphearls
Item code no (ITC code)	852490
Product description	Sofware Development

Historical performance since year 2000



Amount in Rs. Crores

Revenue	114	133	151	148	138	132	169	188	280	291	265	395	484
EBITDA	14	16	14	13	5	13	20	26	21	22	18	25	33

Accel Frontline Limited
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