ACCEL

ACCEL FRONTLINE

GLOBAL IT SERVICES

18th Annual Report 2012 - 13

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.

BOARD OF DIRECTORS

N R Panicker
Chairman & Managing Director

Steve Ting Tuan Toon
Director

A P Parigi
Director

Alok Sharma
Director

Sam (S) Santhosh
Director

R Ramaraj
Director

CHIEF FINANCE OFFICER
K. R. Chandrasekaran

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 - 600 004, India.

SOLICITORS'
S Ramasubramaniam & Associates
6/1, Boshop Wallers Avenue (West)
Mylapore, Chennai - 600 004.

REMUNERATION COMMITTEE
Sam (S) Santhosh
Alok Sharma
Steve Ting Tuan Toon

AUDIT COMMITTEE
R Ramaraj
A P Parigi
Sam (S) Santhosh

SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE
A P Parigi
Alok Sharma
R Ramaraj

NOMINATION COMMITTEE
Alok Sharma
Sam (S) Santhosh
A P Parigi

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

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

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Accel Frontline Limited, 75 Nelson Manickam Road, Aminjikarai, Chennai - 600 029.

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of Accel Frontline Limited will be held on Monday the 12th of August 2013 at "Rajah Sir Annamalai Chettiar Memorial Trust Hall (Rani Seethai Hall) Mount Road, Chennai at 11.00 A.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, 2013 and the profit & loss account for the financial year ended on that date and the reports of the Directors and Auditors thereon.

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

   "Resolved that Mr. A.P.Parigi, be and is hereby re-appointed a Director of the Company.

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

   "Resolved that Mr. Alok Sharma, be and is hereby re-appointed a Director of the Company.

4. 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 Messrs 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.

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) Notice alongwith explanatory statement, Annual Report as well as Annual Accounts of the subsidiary companies and Register of Directors' Shareholding are open for inspection, during the business hours, at the Registered Office of the Company.

11) The Company has notified closure of the Register of Members and the Share Transfer Books from 6th August 2013 to 12th August 2013 (both days inclusive).

12) 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.

13) Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance (Circular No. 17/2011 dated 21.04.2011) 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 18th July 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.

14) 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.

15) 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 due dates of transfer of unclaimed / un-encashed dividends to the designated fund of the Central Government;

Dividend for the Financial Year	Date of Declaration of Dividend	Due date of transfer to the Central Government
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
2011-2012	December 19, 2012	January 23, 2020

Registered Office
75, Nelson Manickam Road
Chennai 600 029
Date: May 29, 2013

For and on behalf of the Board
Sweena Nair
Company Secretary

Directors' Report

To

The Members

The Directors are pleased to present the 18th annual report along with the audited financial statements for the financial year ended March 31, 2013.

Financial results INR in lakhs

	Standalone		Consolidated	
	2013	**2012**	**2013**	**2012**
Sales, services & other income	32,921.26	42,352.47	40,137.95	48,614.06
Earnings before interest, tax, depreciation and amortization (EBITDA)	3,345.93	3,673.14	3,325.05	3,362.88
Finance costs	1,953.83	1,739.61	1,995.07	1,794.33
Depreciation and amortization expense	968.60	795.08	1,067.77	991.25
Provision for tax (Net)	143.53	199.84	143.54	199.84
Profit after tax	279.97	938.60	118.67	377.46
Balance brought forward from previous year	1,049.18	2,414.74	1,507.02	3,433.72
Amount available for appropriation	**1,329.15**	**3,497.44**	**1,625.69**	**3,955.28**
Appropriations				
Proposed Dividend on equity shares	-	363.93	-	363.93
Tax on Dividend	-	59.04	-	59.04
Transfer to General Reserve	-	100.00	-	100.00
Security Premium cancelled on account of merger	-	1,925.29	-	1,925.29
Balance carried to Balance Sheet	1,329.15	1,049.18	1,625.59	1,507.03
Total	**1,329.15**	**3,497.44**	**1,625.69**	**3,955.28**

Company's performance

The global economic slowdown during the financial year 2012-13 with macro economic uncertainties impacted the business environment in India. The slowdown is expected to continue through financial year 2013-14 with faster growth expected in few emerging markets. These uncertainties have prepared the industry to operate more efficiently embedded with a disciplined cost management in order to strengthen the foundation of the businesses.

Financial year 2012-13 represents the full year operations after the consolidation of all the IT service business in 2011-12. The company has successfully integrated these merged business portfolios and could transform itself to offer more value added services.

On a standalone basis, the revenues from operations and other income stood at INR 32,921.26 lakhs, representing a decline of 22% over previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) at INR 3,345.93 lakhs were lower by 9% over previous year. However the EBITDA margins improved 10.16% in FY13 compared to 8.67% in FY12.

On a consolidated basis, the revenues from operations and other income stood at INR 40,137.95 lakhs, representing a decline of 17% over previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) at INR 3,325.05 lakhs were lower by 1% over previous year. However the EBITDA margins improved to 8.28% in FY13 compared to 6.92% in FY12.

The decline in revenues is attributable to planned reduction in the IT hardware centric system integration business, which commands lower margins compared to IT service business. However this reduction in revenues was partly offset by growth in software and infrastructure management services revenues, which resulted in better EBITDA margins in FY13 compared to FY12.

Durring FY13 the company's liquidity possition remained challenging due to additional investment made in software assets and overseas subsidiaries, to enhance the software business.

The compnay has initiated various steps to ease the liquidity position and augment long term working capital required for future growth as planned.

Human resource development

The company employs over 1,722 full time employees with diverse background. The collective efforts of all these employees have enabled the company to achieve its organizational goals and set the base right for the next phase of growth.

The company has restructured its work force into various businesses to ensure that every business is operated and supported equally. The human resource policies have evolved to stay relevant to the changing economic and business environment and enhance organizational agility.

Workforce strategy was planned with a focus on sustainable utilization levels. A lot of efforts are being taken to implement these strategies to maintain costs at optimal levels.

The company has a matured talent management process and environment where performance is rewarded and opportunities are provided for career growth and development. Focused initiatives towards work life balance and safety of employees have helped the company in gaining confidence level of the employees and bring down the attrition levels.

Quality standards

The company believes in sustained commitment to highest levels of quality to enhance customer satisfaction. During the year the company continued to invest in technologies, infrastructure and processes in order to keep our quality management systems updated.

The Company achieved certifications for:

- ISO 9001:2008 (Quality Management)
- ISO 27001:2005 (Security Management)
- ISO 20000-1:2005 (Service Management)
- CMMI Level 3 (Software Developemnt)

An employee portal exists for knowledge management and sharing useful information within the Company. Regular knowledge and skill up gradation training programs are conducted by internal as well as external knowledge management experts.

These quality driven processes help in supporting the company's global delivery model

In order to achieve highest levels of quality and robust information security practices, the company has planned to achieve enterprise-wide CMMI Level 5 (for Development) during the next financial year.

Finance, Accounts and 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.

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.

Report of Corporate Governance and Auditors Certificate on 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.

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

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.

Director's 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

Financial Statements of Subsidiary companies:-

The Company had 8 subsidiaries as on March 31, 2013, up from 7 as on March 31, 2012. Accel Technologies Limited, UK was incorporated during financial year 2012-13 as a strategy to penetrate this market for its 'Product engineering and Automotive embedded solutions'.

There has been no material change in the nature of the business of the subsidiaries.

As required under the Listing Agreement entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with the relevant accounting standards as prescribed Under Section 211 (3C) of the Act. The consolidated financial statement discloses the assets, liabilities, income, expenses and other details of the Company and its subsidiaries.

Pursuant to the provisions of Section 212(8)of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2013 is included as an annexure VIII to this report. The annual accounts of these subsidiaries and the related information will be made available to any member of the company/its subsidiaries seeking such information and are available for inspection by any member of the company/subsidiaries at the Registered Office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, at the Head Offices / Registered Offices of the respective subsidiary companies.

Dividend

The Directors have not recommended dividend for the period ended March 31, 2013 considering the lower profits achieved during the financial year 2012-13. Further, given that we are in a high leverage point, the available resources have to be conserved and effectively deployed for ramping up the operations in high growth and high margin services business.

Directors

Mr.A.P.Parigi and Mr. Alok Sharma retire by rotation and are eligible for re-appointment.

Auditors

K S Aiyar & Co., Chartered Accountants, who are the statutory 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.

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 included as annexure VII to the Director's Report. 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.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in an annexure I to this report.

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
May 29, 2013 Chairman & Managing Director

Annexure I to the Director's Report

Conservation of energy

The company's operations involve low energy consumption to run its various offices and therefore the scope of energy conservation is limited. The company has means and process to constantly monitor the usage of power and optimize the same to the extent possible. The company is currently in the process of consolidating its facilities, which will help in reduction of energy consumption without any business implications. The company is in the process of evaluating means of utilizing alternate energy sources for betterment of environment and reduce the consumption of conventional energy

The company has a policy to replace old assets to upgrade to the changing technology and keeping a check on the energy consumption.

Technology Absorption, Adaptation and Innovation

The company is in high technology business and is constantly upgrading and adapting latest technologies to meet the technology challenges.

Research and development (R&D)

The Company has planned a number of R&D initiatives to promote innovation and new product development. These research initiatives are primarily in the field of Software, Systems and Application with the objective of coming up with new products, solutions and technology to our customers. Some of our key R&D initiatives include:

1. New products and solutions- banking products in the field of Government business, embedded solutions for automotive segment, System on Module (SOM), etc.

2. Platforms- Continuous improvement on the platform developed for the warranty management business.

The company will continue to invest in these and other areas of research interests with sufficient funds allocated to this.

The company is in the process of getting registered with Department of Scientific & Industrial Research (DSIR). The expenditure incurred on various R&D initiatives is further discussed in the MD&A section.

Foreign Exchange earnings and outgo

The complete 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 industry scenario

The IT industry in India is currently going through a slow growth phase with growth declining from 15% in FY12 to 12% in FY13. While we consider the sluggishness witnessed in the global economy, this may not be alarming.

Government has been the largest IT consumer. However many of the projects get delayed due to slow decision making. Large Corporate have been delaying tech refresh initiatives due to the challenging business environment. The overall business environment in the country was not very conducive to sustain growth. It is expected that there will be slow recovery from the later part of financial year 2013-14.

Indian IT exports have grown by about 18% during the financial year 2012-13 compared to 22% in the previous year indicating the robustness of the Indian IT export sector. However the resistance to off shoring in US will have its impact on our software exports. The welcome change is the recovery seen in the markets like Japan and opportunity for niche players even in the US markets.

In the company, we are cautiously optimistic about the future as we believe that there are a number of growth opportunities still untapped in the technology segments where we are operating in.

Business overview

Accel is an end-to-end Information Technology services provider specializing in IT Infrastructure Management, System Integration, IT software services, and warranty management services.

The company has a strong PAN India presence in the domestic IT infrastructure management market and serves a number of leading MNCs in India and Indian corporate houses. With its extensive presence and quality of delivery capability, The company has been successful in retaining most of its customers

Our revenues were largely contributed by IT infrastructure and system integration services, which are driven by domestic IT market. However system integration business in the domestic market has become highly competitive with eroding margins. The company will continue to focus on IT infrastructure management and managed services in the domestic market, where we have a large long standing customer base across India with constant annuity revenues.

The company over the last two years has emerged as a niche player in the software service market with a focus on embedded systems and solutions, outsourced product development, cloud and mobility solutions, remote infrastructure management (RIM), etc for the international markets. The Technology services focus on outsourced product development, testing, sustenance and re-engineering services in consumer products, networking and automotive domain. The customers are spread across US, Japan, UK, Australia and Israel. Enterprise applications services focus on Banking and manufacturing with support for core banking and other enterprise applications

We are also a leading provider of warranty management services for the India market, where our scalable time tested model has been helping us to win new customers and create a highly successful business unit in the company. We provide warranty fulfillment, test and repair services and help desk support services on a PAN India basis for more than 30 International product vendors

Our wholly owned subsidiary in UAE (Accel Frontline JLT) has been making successful foray with enterprise IT solutions and has won several corporate customers in the last five years. We continue to serve this market with an increased focus

During the year under review, we have invested in our existing subsidiary company (Accel Systems and Technologies in Singapore) to foray into IT security services in Singapore. In the first nine months of operations, this company has achieved a turnover of about INR 20 crores and earned profits. This business unit is expected to grow vertically in the coming year and make significant contribution to Company's revenue and margins .

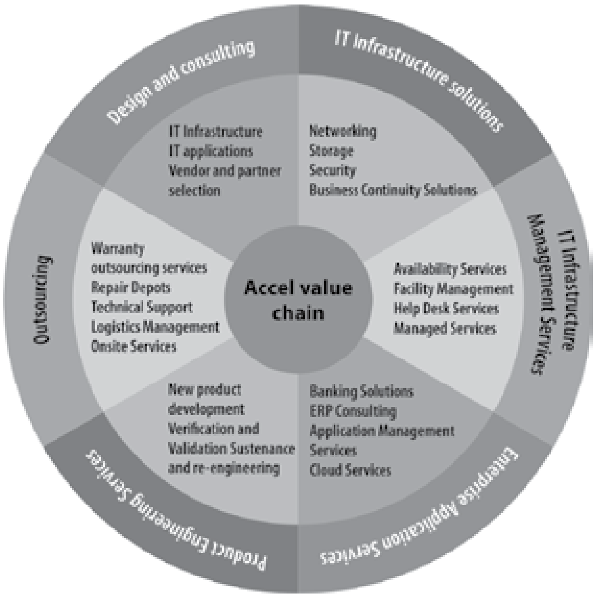
Strategy

The company's strategy to achieve and strengthen its long term objectives is derived from the following:

1. Presence across IT value chain
2. Established player and PAN India presence
3. Quality and long standing customer base
4. Delivery model
5. Non- linear business model

Presence across IT value chain

The company has over the years invested in building multiple service offerings. With this, the company is uniquely positioned to provide end to end solutions at optimum costs to customers. The graph below replicates the company's service portfolio



Established player and PAN India presence

The company is an established IT player and has a PAN India presence. This along with a strong brand enables us to launch a new product or service across India in a short span. The company has offices in 5 countries outside of India viz US, Japan, UK, Dubai and Singapore

Quality and long standing Customer base

Building strong and long lasting relationship with customers is critical to every company's success. The company has strong relationships with a number of Fortune 500 customers and leading corporate houses in India and overseas. The company has been able to retain these key customers through process and service excellence.

Being aligned with customers and their requirements has helped us in retaining customers and penetrate new customers.

Delivery model

The company's delivery model is to provide quality services at low cost of ownership. The company's offshore delivery centre's are strategically located at Trivandrum, Cochin, Chennai and Noida in India.

The hybrid delivery model enables the company to provide end to end solutions across multiple product segments in the warranty management space.

The domestic IT service operations span across 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.

The company has strategic partnerships with international technology providers such as Oracle, IBM and Microsoft to deliver solutions and services that are leading edge and industry oriented.

Non- linear business model

While the Company continues to make significant progress in the traditional IT services offerings, it has been pursuing non-linear growth opportunities, which contribute revenue growth without commensurate growth in headcount. The following contribute to the company's non-linear business model

Products – The company's products for banking (GBM) is driving non-linear growth through license revenue. These include State Tax Module, New Pension Scheme, Centralized Pension Processing Centre, Centralized EXIM, Ministry Accounts, State Treasury and Post Office catering to Government business carried out by banks.

The company is also developing embedded products for automotive domain targeted at customers in the Europe

Platform / frameworks - The company has its own, time tested, web based CRM and logistics management system for its warranty business. It's a fully integrated technology framework developed for IT and telecom product vendors, which helps delivering quality services. These help in optimizing costs for customers.

We also have a range of multi function Kiosk's developed in-house which are used for kiosk based payment solutions

Research and Development

The company will continue to focus on developing new products and solutions to help customers achieve their business objectives in an optimum manner while continuing to improve the quality and efficiency of service delivery.

Summary of development efforts spent during 2012-13 is given below:

Amount in INR lakhs	**2012-13**
Banking related products	203.34
Other products	148.55
Total	**351.89**

The company has drawn a planned R&D investment in various technologies and solutions to stay live with the technology and to meet customer requirements.

Infrastructure

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

The company is in the process of consolidating its infrastructure facilities to optimize costs, at the same time without impacting quality of delivery. This consolidation is expected to bring in cost efficiencies in the system next year.

Human Resource management – 'key to our success'

As on 31st March 2013, the company had 1,722 multicultural work force drawn from different disciplines and domain backgrounds. The workforce is spread across 6 countries including India. The human resources strategy enabled the Company to attract, integrate, develop and retain the best talent required for driving business growth. The sustained strategic focus to enhance employee capability, improve efficiency and groom future leaders

We have an established employee recruitment and retention policy, which involves identifying right talents and providing them with appropriate training. The strategy is to fulfill business requirements, maintain high utilization and keep the costs at optimum levels. In the course of achieving these, management is coming up with various policy level initiatives to run the business efficiently at optimum utilization levels, which is expected to yield favorable results in the next financial year.

The Company has created a performance driven environment where performance is recognized and employees are motivated to realize their potential. Management connects with employees on a regular basis and being transparent with the employees has immensely helped in motivating the employees and to realize their full potential.

The company has its own learning and development programmes to enhance the skills and competencies of the employees. These include leadership development programs to develop business and people competencies. These employees are nurtured to build the leadership capability. The trainings include internal and external trainings

Risk Management

Some of the key business risks faced by the company and plans to mitigate the same is given below:

Key Risk	**Impact on the company**	**Mitigation plan**
Business model	Increased trends in customers moving towards total IT outsourcing deals as a single window solution which includes tech refresh and adaptation of new age technologies. Large solution providers are better positioned to take advantage of this phenomenon	Planned investment in emerging enterprise solutions, mobility and could services. Updating existing products and developing new solutions
Global economic slow down	Economic slowdown in key markets like US and Europe has lead to uncertainties in off-shoring opportunities	Despite slowdown, there is good opportunity in these markets for high value add services like embedded solutions, outsourced product development, etc., which will yield cost optimization for the customers Focusing on other emerging markets, which are growing at a faster pace

Dependence on domestic system integration and services business	As the company is downsizing the hardware related IT system integration business, there is a risk of losing some of the IT services opportunities in the domestic market	The company plans to stabilize the IT system integration business at an optimum level in order to retain the service market share. The focus will be to manage costs and improve margins
Cost pressure	The increase in key costs like employee costs, infrastructure costs and other operational overhead costs are creating pressure on margins	The operations have been decentralized with every service units being run as a separate business to have greater control on costs and profitability. Core focus to improve utilization and productivity of employees Increase in non-linear business which will not have a direct impact on costs
Supply chain risks	Employees are key assets to the company and the company is exposed to loss of talent. Inability to attract talent could have an impact on delivery	Mature HR processes, providing a competitive environment and opportunities for growth will result in high employee satisfaction and talent retention Learning and development by way of trainings will be key to keep the employees up to date on emerging technologies and meet the changing market and customer demands Improving brand image will be critical in this competitive market
Forex exposure	The company is susceptible to volatility in currencies resulting in transaction exposures	Larger part of costs are incurred in local currency resulting in a natural hedge Currency hedging policies are in place, which are reviewed on a regular basis
High leverage	The company has a high debt equity ratio with high financing costs. This could impact further borrowing and also impact the operations	With a clear plan in place to invest in high profitable business, control costs and improve collection, the debt pressure is expected to ease out

Detailed review of financial performance

The financial statements are prepared in compliance with the Companies Act, 1956 and Generally Accepted Accounting Principles in India (Indian GAAP). The Company follows the revised schedule VI as notified by the Ministry of Corporate Affairs (MCA) with effect from April 1, 2011

The following table gives an overview of the financial results of The company on a consolidated basis

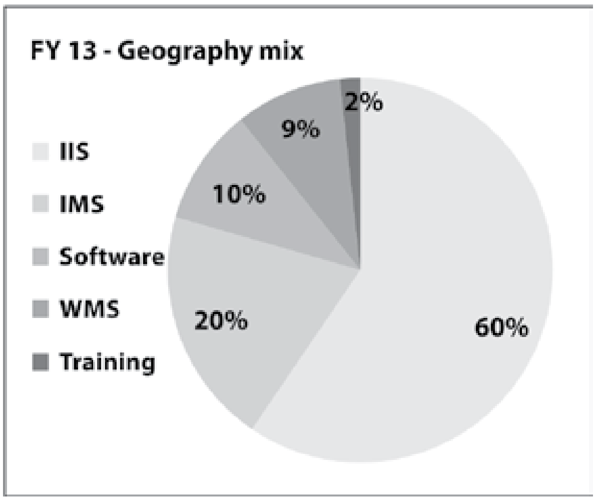
	FY13		FY12		
	In INR lakhs	**%**	**In INR lakhs**	**%**	**Growth in %**
Revenue from operations	39786.11	100%	48,405.83	100%	(17.81)
Costs					
Raw material costs	16552.24	41.60%	25,188.34	52.04%	(34.29)
Employee costs	8632.19	21.70%	7,611.87	15.73%	13.40
Other costs	11628.48	29.23%	12,471.45	25.76%	(6.76)
Total costs	36812.90	92.53%	45,271.66	93.53%	(18.68)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3325.05	8.36%	3,342.41	6.90%	(0.52)
Other income	351.83	0.88%	208.24	0.43%	68.95
Finance costs	1995.07	5.01%	1,773.86	3.66%	12.47
Depreciation and amortisation expense	1067.77	2.68%	991.25	2.05%	7.72
Profit before tax (PBT)	262.21	0.66%	577.30	1.19%	(54.58)
Total tax expense	143.54	0.36%	199.84	0.41%	(28.17)
Profit after tax (PAT)	118.67	0.30%	377.46	0.78%	(68.56)

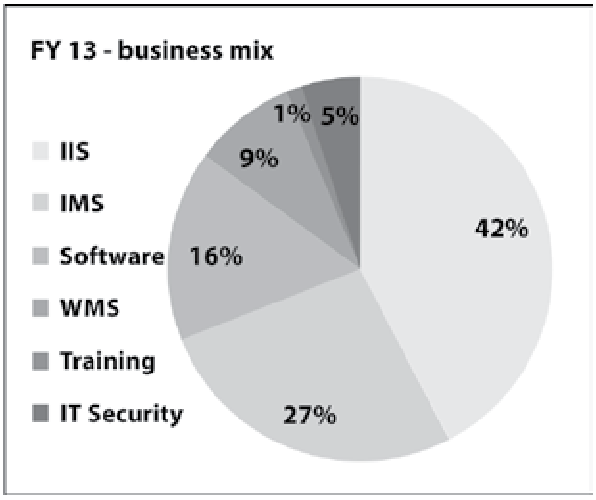
Financial year 2012-13 represents the full year operations after the consolidation of all the IT related service business in 2011-12. The company has successfully integrated these merged business portfolios and could transform itself to offer the entire gamut of IT services

The consolidated revenues from operations declined from INR 48,405.83 in FY12 to INR 39,786.11 lakhs in FY13, representing a decline of 18% over previous year. The earnings before interest, tax, depreciation and amortization (EBITDA) improved from 6.9% in FY12 to 8.36% in FY13.

Revenue analysis

The revenue mix by services and a comparison with previous year is given below:





Note- IIS – IT Infrastructure solutions (system integration business), IMS – IT Infrastructure Management services, WMS – Warranty Management services

The revenue decline in FY13 is attributed to planned reduction in IT system integration business (IIS), which commands lower margins compared to other businesses. However this reduction in business was partly offset by increase in software and infrastructure management services business, which earns a higher margin. This is evident from the fact that consolidated EBITDA increased from 6.9% in FY12 to 8.36% in FY13 despite decline in revenues

Business highlights by services:

1. The company over the years had grown with IT system integration, which has historically contributed to about 60% of Company's consolidated business. The company, being an established player in the market with a PAN India presence, services a long standing customer portfolio which includes some of the leading Corporate houses and public sector undertakings (PSUs).

Revenues from this business declined by 71% from INR 28,762 lakhs in FY12 to INR 16,810 lakhs in FY13. While IIS has enabled the company to penetrate and grow its portfolio services, this domestic centric business inherently earns low margin driven by intense competition from the large players in the market. Given this scenario, management planned to reduce the exposure to this business thereby resulting in lower revenues in FY13. Going forward, the IIS business is expected to stabilize at FY13 levels, which we believe is important to capture the growing IT services business in the domestic market.

2. The company's IT Infrastructure management services (IMS) includes maintenance services, facility management and managed services and is a key contributor to the profitability of the company. Its customer portfolio includes some of the leading Corporate houses and public sector undertakings (PSUs). The business grew by over 11% in FY13. While IMS were earlier dependent on IIS for penetrating the market, this has significantly reduced over the years. Management will continue to have a strong focus in this service business. While large players are increasingly focusing this market, we believe that our established presence, service portfolio and quality and long standing relationships with marquee clientele will help us to grow this segment

3. The company's software business is relatively smaller as compared to its peers. However this has been the key focus over the last 2 years with a niche service portfolio:

a. Technology services – focusing on outsourced product development, testing, sustenance and re-engineering services in consumer products, networking and automotive domain. The customers are primarily spread across USA, Japan, UK, Australia and Israel

b. Enterprise services – focusing on BFSI and manufacturing with technologies such as core banking, Oracle ERP, mobility, cloud computing and managed services

The software business grew from INR 4,693 lakhs in FY12 to INR 6,390 lakhs in FY13, representing a 36% growth. The growth was driven by (a) ramp up of technology service operations in US, Japan and UK and (b) healthy growth in enterprise business driven by BFSI and managed services

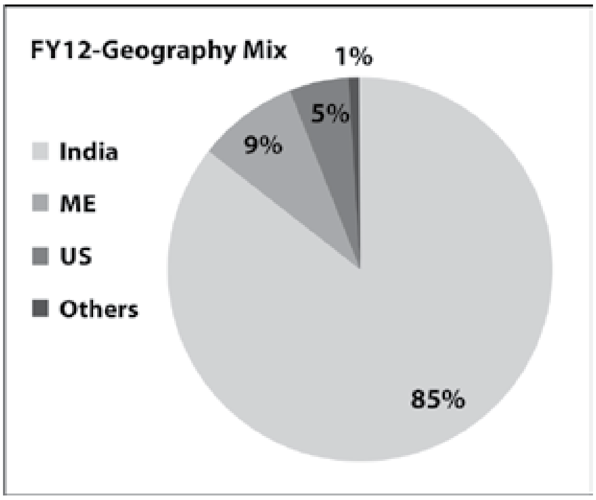
The company now has a long standing relationship with some of the fortune 500 corporations and technology companies. With a niche service practice and products in its portfolio, this is expected to be the future for the company. There is a clear growth path supported by planned investments to ramp up its overseas presence

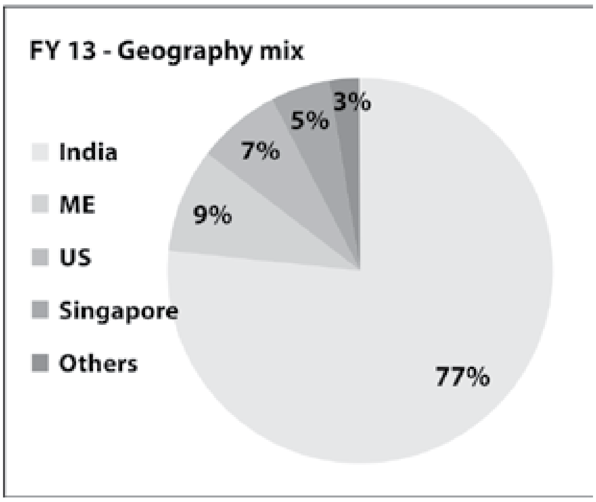
4. The company is considered to be a pioneer in the Warranty Management Services space. Its service portfolio broadly includes warranty fulfillment, test and repair services and technical help desk and has a PAN India presence. The company has its own, time tested, web based, CRM and logistics management framework which helps in managing the operations in an efficient manner and thereby resulting in low costs to its customers. While WMS grew between FY10 to FY12 only at a CAGR of approximately 7%, the business declined by about 20% in FY13 due to ramp down of unprofitable businesses in mobile phone warranty fulfillment services.

The company is planning for geographical expansion outside of India, which along with new domestic customer penetration is expected to grow the business at a healthy rate going forward.

5. The company ventured into value added IT security services business in Singapore in July 2012. The company earned profits in its first year of operations. This is a fast growing segment and is expected to make a significant contribution to the company's growth and profitability as this unit ventures into neighbouring markets in the future.

The revenue mix by geography is given below:





The company's infrastructure, warranty management, enterprise software services are primarily driven by domestic IT markets. The India business witnessed a negative growth in FY13 due to decline in IT infrastructure solutions (hardware centric business) and warranty management services. This decline was partly offset by increase in Infrastructure management services and enterprise software services which grew in FY13

The company witnessed a growth in all the overseas markets except Middle East in FY13, driven by lower revenues from hardware and enterprise business owing to delayed closing of new orders. Growth in Singapore market was driven by commencement of IT security business in FY13 and that in US and others (UK and Japan) were driven by software services

The India market is expected to grow in absolute terms with expected growth in Infrastructure management and warranty management business. However the strategy is to grow its overseas market with focus on IT software and security business. Management has a firm investment plan to support this growth. The Middle East market is also expected to grow with new orders firm orders new orders being executed and health pipeline in place

Customer concentration

During the financial year 2012-13, our Top 10 customers contributed 36% of the revenue (30% for 2011-12) and Top 20 customers contributed 49% of the revenue (41% for 2011-12).

EBITDA margins

While EBITDA declined from INR 3342 lakhs in FY12 to INR 3325 lakhs in FY13 in absolute terms, the EBITDA margin improved from 6.9% in FY12 to 8.4% in FY13. This was driven by change in business mix, with increase in service revenues and decline in hardware revenues (IIS)

The company has implemented / is in the process of implementing a number of initiatives, which are expected to improve margins. These include focus on high margin business, rationalization of FTEs to pipeline, improving productivity of employees, consolidation of infrastructure facilities, etc. These initiatives include are expected to improve margins

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 asset in the form of goodwill is being amortized over a period of ten years.

The higher depreciation and amortization charge is due to increase in fixed assets base during the current year

Financing costs

The financing costs increase in FY13 driven by impact of (a) fresh term loans taken during the year and (b) full year impact of loans taken during previous financial year 2011-12. With an aggressive plan to bring in cost efficiencies and invest in high margin services, the debt and interest pressure is expected to ease out

Taxation

We have provided for the tax liability under normal tax rates prescribed under the Income Tax Act, 1961. The income tax charge during FY13 is lower as compared to FY12 owing to lower profits. There is no tax liability for the Dubai subsidiary and we have unabsorbed losses in Singapore, Japan and USA subsidiaries.

The consolidated balance sheet of the company is given below:

	31 March 2013	31 March 2012
Shareholders' funds		
Share capital	2426.19	2426.19
Minority interest	398.9	-
Reserves and surplus	7458.74	7325.43
	10,283.83	9,751.62

Non-current liabilities		
Long term borrowings	1,045.94	965.05
Deferred tax liability	325.81	327.72
Long-term provisions	486.43	323.09
	1,858.18	1,615.86
Current liabilities		
Short-term borrowings	9,328.85	8,734.26
Trade payables	10,554.50	10,882.92
Other current liabilities	3,650.44	2,943.13
Short-term provisions	121.39	511.38
	23,655.18	23,071.69
Total liabilities	**35,797.19**	**34,439.17**
Fixed assets (net total including capital work in progress)	4,704.12	4,818.17
Intangible assets on consolidation	1,308.27	1,118.65
Non-current investments	30	30
Long-term loans and advances	421.29	431.13
Long-term Trade receivables	803.76	1,626.21
	7,267.44	**8,024.26**
Current assets		
Inventories	4,386.09	3,975.12
Trade receivables	14,907.23	16,150.46
Cash and bank balances	2,681.18	1,171.35
Short-term loans and advances	2,689.76	1,678.35
Other current assets	3,865.49	3,439.93
	28,529.75	26,415.01
Total assets	**35,797.19**	**34,439.17**

Key highlights:

Equity and reserves

Accel Limited and its Associates, being the promoters, own about 67% of the equity in Accel Frontline Limited (the company) with balance held by public and financial institutions.

The company during the year made investments in Singapore to make it a 57% subsidiary with balance 43% owned by individual shareholders. Minority interest represents this 43% share in equity and reserves of the subsidiary

Borrowings

Long term borrowings increased by INR 80.9 lakhs as at 31 March 2013 with additional term loan from financial institutions to fund certain fixed assets requirements. Short term borrowings increased with fresh unsecured loans taken from financial institutions to fund the working capital requirement of the company. The term loans are repayable over a period of 3-5 years timeframe

Receivables management

The company continues to have challenges with receivable management, due to its exposure to public sector and Government clientele in India.

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 sundry debtors witnessed a decline by INR 1,966 lakhs as at 31 March2013 from 17,677 lakhs as at 31 March 2012, driven by lower revenues from system integration business. While sundry debtors declined in absolute terms, the average collection period increased from 133 days as at 31 March 2012 to 144 days as at 31 March 2013. The company expects to improve the collection period with strengthening customer credit analysis, aggressive follow ups, advance collection prior to service commencement, etc.

Inventory

The increase in inventory value as at 31 March 2013 is driven by higher inventory levels for service business (relating to infrastructure management and warranty management business)

Working capital cycle and funding

The company had a working capital cycle of approximately 71 days as at 31 March 2013 and 72 days as at 31 March 2012. While the average collection period increased, efficient vendor management has helped the company in marginally reducing the overall working capital cycle. The working capital requirements have been funded through a combination of working capital facilities from banks and internal accruals.

The company had a fund working capital facility of INR 8,700 lakhs as at 31 March 2013 with an average utilization level exceeding 99%. The company generates adequate profits to service these borrowings. There was no major increase in non-fund based working capital during financial year 2012-13.

Fixed Assets

During the year, the company increased its gross asset base by INR 1,068 lakhs, primarily driven by purchase of computer and related equipments, leasehold improvements and capitalization of new products developed by Accel.

The additions were to replace old assets as per company policy and also meet the increased asset requirements in service business to achieve the growth. The additions were primarily in India with marginal additions in Singapore

Cash and bank

The cash and bank balances include INR 724 lakhs of margin money placed to avail non-fund based facilities from the banks. The increase in cash and bank balances were primarily driven by cash reserves at Singapore branch

Loans and advances

Long term loans and advances as at 31 March 2013 include security deposits and deposits with statutory/government authorities. Short term loans and advances as at 31 March 2013 include rent and other deposits, advance to associate companies and other loans and advances. The increase in short term loans and advances can be attributed to increased investments in associate companies and increase in supplier and trade advance for orders to be executed in financial year 2013-14

Other current assets

These include tax related balances and prepaid expenses. The increase in other current balances as at 31 March 2013 were due to increase in prepaid expenses and TDS balances

Looking at financial year 2013-14 with a room for optimism

We are looking forward to 2013-14 as a major breakthrough year for us with a number of business initiatives being planned for. These are expected to steer the company's growth path, achieve business objectives thereby increasing the value to shareholders. Some of the business initiatives are:

Initiatives	**Action plan**
Continued focus on high value service business	The company will continue to invest in high margin service business. We expect to strengthen our overseas presence in new product development space and ramp up off-shore delivery centre to cater to this market Leverage on its strong PAN India presence and focus on domestic IT services market, which is gaining increased traction, to achieve its growth
Strategic tie ups	The company has tied up with funded product development companies, engaged in the field of niche product development in embedded solutions space. We believe that these companies have a promising outlook given the technologies they are working on. Accel is working with these companies in jointly developing the products and expects these accounts to grow big in the near future. We have planned similar tie ups in the next financial year as a part of strategic investment
Costs rationalization	**Employee costs** Employee costs to be rationalized to the current business and pipeline. Utilization policy and guidelines to be strictly adhered to Productivity of employees to be critically monitored and improvement measures to be taken on a real time basis A number of policy level initiatives relating to human resource have been worked out. Which are expected to bring in cost efficiencies in the current year
Consolidation of infrastructure facilities	Management is currently consolidating its infrastructure facilities based on the business requirement. This exercise is expected to bring in higher leverage on infrastructure usage and cost efficiencies whereby some of the facilities are likely to be exited
Research and Development	Company's R&D initiatives will continue in the next financial year. These R&D initiatives will be in the area of banking, automotive and new age technologies, which are expected to be the key growth drivers during the next financial year
Deduce debt and related costs	Investing in high margin business supported by control on costs and other business initiatives discussed above is expected to ease debt pressure and related costs
Improved collection cycle	A firm plan has been put in place to improve the collection cycle including: • Strengthen the process of analyzing the credit worthiness of the customer prior to acceptance • Aggressive collection follow up with the involvement of finance team • Having a fixed percentage of total contract value as advance • Service discontinuation for customers with severe payment issues

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 an executive chairman and five non-executive Directors. Of the non-executive directors, three 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

ii) Non-Executive Directors

Independent	Alok Sharma Sam (S) Santhosh R. Ramaraj
Non Independent	Amba Preetham Parigi Steve Ting Tuan Toon

b) Details of Equity Shares held by the Directors as on 29.05.2013.

Name of the Director	No of shares
N.R.Panicker, Managing Director	10,72,500

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 29.05.2013	No. of Board meetings Attended Out of 05 Meetings Held as on 29.05.2013	Attendance At the last AGM held On 19.12.2012	No. of Director Ship held in Indian Public Limited Companies (excluding Accel Frontline Limited)	Committee/s position as on 29.05.2013 (All companies excluding Accel Frontline Limited)	
					Member	Chairman
N.R. Panicker	Executive Chairman & M.D.	05	Yes	05	01	01
Steve Ting Tuan Toon	Non Executive Non Independent Director	05	No	Nil	Nil	Nil
Amba Preetham Parigi	Non-executive Non Independent Director	05	Yes	08	07	00
Alok Sharma	Non-executive Independent Director	04	No	00	00	00
Sam (S) Santhosh	Non-executive Independent Director	04	Yes	Nil	Nil	Nil
Mr.R.Ramaraj	Non-executive Independent Director	02	Yes	06	03	01

The details of attendance of directors at Board and committee meetings held upto 31.10.2012 was disclosed by the Company in their 17th Annual Report

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 upto 29th May 2013 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.	06.02.2013	06	05
2.	29.05.2013	06	05

The details of board meeting held upto 31.10.2012 was disclosed by the Company in their 17th Annual Report.

f) Attendance of Last Annual General Meeting.

Five directors of the company attended the last Annual General Meeting held on 19th December 2012.

3. Committees of the Board

a) Audit Committee

The committee was originally constituted on 28th April 2004. It was reconstituted on 11th April 2006, and on 29th September 2011 and again on 31st October 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 committee as on 31.10.2012 comprises of the following persons:

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

The Chief Finance Officer, 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:

Sr. No	Date of Meeting	Attendance record of the members		
		R.Ramaraj (Appointed as Chairman with effect from 31.10.2012	Amba Preetham Parigi (appointed as Member with effect from 31.10.2012	Sam (S) Santhosh (appointed as Member with effect from 31.10.2012
01	06.02.2013	Yes	Yes	Yes (Via Concall)
02	29.05.2013	Yes	Yes	Yes

The details of audit committee meetings held upto 31.10.2012 was disclosed by the Company in their 17th Annual Report

Internal Auditors

The company has appointed a firm of Chartered Accountants M/s Grant Thornton India 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 committee was originally constituted on 28th April 2004. It was reconstituted on 11th April 2006, and on 29th September 2011 and again on 31st October 2012 and 29th May 2013 with the terms of reference as specified in clause 49 of the listing agreement with the stock exchanges

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

The re-constituted committee as on 29.05.2013 comprises of the following persons:

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

Upto 28.05.2013

Sr. No	Dates of Meeting	Attendance record of the Members		
		R. Ramaraj (appointed as Chairman with effect from 31.10.2012	Amba Preeetham Parigi (appointed as Member with effect from 31.10.2012	Alok Sharma (appointed as Member with effect from 31.03.2012
01	06.02.2013	Yes	Yes	Yes

From 29.05.2013

Sr. No	Dates of Meeting	Attendance record of the Members		
		Amba Preetham Parigi (Appointed as Chairman with effect from 29.05.2013	R.Ramaraj (appointed as Member with effect from 29.05.2013	Alok Sharma (appointed as Member with effect from 29.05.2013
02	29.05.2013	Yes	Yes	No

The details of Shareholders' / Investor Grievance committee meeting held upto 31.10.2012 was disclosed by the Company in their 17th Annual Report.

c) Remuneration Committee

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

The re-constituted committee as on 31.10.2012 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 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.

Sr. No	Dates of Meeting	Attendance record of the Members		
		Sam 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	06.02.2013	No	Yes	Yes
02	29.05.2013	Yes	Yes	No

The details of Remuneration committee meeting held upto 31.10.2012 was disclosed by the Company in their 17th Annual Report

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.

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, 2013 is as under:

Name	N.R. Panicker,	K.R. Chandrasekaran,
	Managing Director	Wholetime Director (upto 19.12.2012)
Salary	Rs.4,019,174/-	Rs.1,470,000/-
Perquisites	Rs.1,722,500/-	Rs.630,000/-
Commission	Nil	Nil
Contribution to Provident Fund / Superannuation Fund	Rs.600,900/-	Rs.211,777/-
Total	Rs.6,342,574/-	Rs.2,311,777/-

(ii) Remuneration to The Non-Executive Directors.

The Non executive Directors are being paid sitting fees @ Rs.20,000/- for each Board Meeting and @ Rs.10,000/- for each Committee Meeting attended by them. The Non-Executive Directors are also entitled for a commission calculated at the rate of 1% of the net profits, to be divided amongst them in such manner as the Board may from time to time determine. The details of sitting fees paid during the financial year ended 31st March 2013 is as follows:-

Name	Sitting Fees (INR)
Mr. Suresh K Sharma	140,000
Mr.Steve Ting Tuan Toon	150,000
Mr. Amba Preetham Parigi	200,000
Mr .Alok Sharma	140,000
Mr. Sam (S) Santhosh	100,000
Mr.R. Ramaraj	40,000
Total	770,000

The Board of Directors at its meeting held on 29.05.2013 have decided not to pay any commission to its Non Executive Directors for the Financial Year ended 31.03.2013.

Nomination Committee:

The Board of Directors of the Company in the Meeting held on 01st February 2012 had 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. Amba Preetham 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 31.10.2012	Sam (S) Santhosh (appointed as Member with effect from 31.10.2012
01	06.02.2013	Yes	Yes	Yes

The details of Nomination committee meeting held upto 31.10.2012 was disclosed by the Company in their 17th Annual Report

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.A.P. Parigi

A.P. Parigi serves on the Boards of several companies including "The Times of India" - Bennett, Coleman & Company Ltd; - Times Global Broadcasting Company Ltd - The group's television arm; Absolute Radio, UK. Mr. Parigi has over 40 years of experience spanning sectors including infrastructure, telecommunications, media and entertainment. Prior to joining the Times group he was the Chief Executive Officer of BPL Mobile Communications, Mumbai - a Joint Venture of BPL with France Telecom He Also served as the Managing Director & Group CEO of Eros International Media Ltd., (India) an Indian media and entertainment giant, involved in the business of filmed entertainment globally.

He is credited with lead managing the acquisition of Virgin Radio UK, on behalf of the Times of India, in 2008. Considered the first mainstream European media Company acquisition out of India He was the Managing Director and Chief Executive Officer of Radio Mirchi – from 2000 to 2009. He contributed immensely to the development of FM radio sector in India.

In May 2010 he was appointed as Advisor, NEA India, a global affiliate of NEA, USA a $ 13 Billion Venture / Equity Fund

In April 2009, he was the first non American recipient of The William F Glaser'53, 'Rensselaer's Entrepreneur of the Year Award, USA. He was also honoured with the Life Time Achievement Award by the World Brand Congress in 2009. In June 2010 he joined the Business Advisory Council of the Said Business School, Oxford University, UK. He also serves as a member of the Board of Overseers - Fordham Graduate School of Business, Fordham University, New York.

He has been an active member of trade bodies like the Federation of Indian Chambers of Commerce & Industry, and the Confederation of Indian Industry. Mr. Parigi holds a Masters degree from the Delhi School of Economics and & a MBA from University of Delhi. He is well recognized in India amongst commentators, peers, competitors, stakeholders, in both corporate and governmental world.

Mr. Alok Sharma

Alok Sharma has 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 being set-up near Hyderabad. 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 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.

6. General Body Meetings

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

Year	Location	Date & Time
15th AGM – 2010	Narada Gana Sabha Trust Mini Hall 314, T.T.K. Road, Chennai 600018	22nd September 2010 11 AM
16th AGM – 2011	"Rajah Sir Annamalai Chettiar Memorial Trust Hall (Rani Seethai Hall), Mount Road, Chennai	29th September 2011 3.00 PM
17th AGM – 2012	"The Fortune Park Aruna Chennai", Nungambakkam, Chennai	19th December 2012 3.00 PM

b) A court convened meeting of the shareholders of the company was held on the 22nd March 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 27th April 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 1st April 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 27th April 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.

During the AGM 19-12-2012, the following special resolutions were passed.

To re-appoint Mr. N.R.Panicker as Managing Director of the Company for a period of 3 (Three) years with effect from 01-11-2012 on the terms, conditions including remuneration and perquisites as approved by the shareholders in the Annual General Meeting held on 19-12-2012.

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 Qualification.

There are no Audit qualifications in the financial statements of the company for the year 2012-2013

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 1, 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 2012 - 2013

Nature of queries	**Received**	**Redressed**	**Pending**
Correction of name and address	02	02	0
Issue of Duplicate Dividend Warrants	07	07	0
Change of Bank details (Demat)	01	01	0
Issue of Fresh Demand Drafts	02	02	0
Non Receipt of Dividend/ Interest/ Redemption Warrants	06	06	0
Non receipt of Annual Report	01	01	0
Total	**19**	**19**	**0**

As at 31st March 2013 NIL investor complaints were pending. Also as at 31st March 2013, NIL Share Transfers and NIL Demat requests were pending.

(ii) The Aggregate Promoters and Non-Promoters shareholding of the Company as at 31st March, 2013 is as shown below.

Category	No. of Shares	% to total paid up capital
Promoters	16105751	66.38
Non-Promoters	8156122	33.62
Total	24261873	100.00

12. General Information for Shareholders

a) Annual General Meeting

Date	12th August 2013
Time	11.00 A.M.
Venue	"Rajah Sir Annamalai Chettiar Memorial Trust Hall (Rani Seethai Hall) Mount Road, Chennai

b) Financial Year : April to March

Financial Calendar (Tentative)

Results for quarter ending 30th June 2013	Mid August 2013
Results for quarter ending 30th September 2013	Mid November 2013
Results for quarter ending 31st December 2013	Mid February 2014
Results for year ending 31st March 2014	End May 2014
19th 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 6th August 2013 TO 12th August 2013(Both days inclusive)

d) 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 2013-2014 have been paid to the concerned stock exchanges.

The Company has also paid the annual custody fee for the year 2013-2014 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

e) Market Price

Month	BSE		NSE	
	High	**Low**	**High**	**Low**
April 2012	37.85	32.65	37.50	33.50
May 2012	38.00	32.20	37.95	33.25
June 2012	35.95	25.10	35.50	24.90
July 2012	38.45	28.00	36.15	28.00
August 2012	36.35	29.65	36.10	29.35
September 2012	33.70	30.75	33.50	30.70
October 2012	36.45	30.50	38.00	30.35
November 2012	36.65	31.15	35.50	31.05
December 2012	36.00	28.00	38.00	30.50
January 2013	34.70	29.00	34.00	29.00
February 2013	31.15	27.50	34.75	27.10
March 2013	34.00	23.05	32.75	23.35

f) Distribution of Shareholding

Distribution of Shareholding as on 31st March 2013 is as under.

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	5519	89.24	7172710	2.96
5001-10000	313	5.06	2621840	1.08
10001-20000	145	2.34	2256730	0.93
20001-30000	72	1.16	1875860	0.77
30001-40000	26	0.42	928170	0.38
40001-50000	26	0.42	1223560	0.50
50001-100000	33	0.53	2323480	0.96
100001 and above	50	0.83	224216380	92.42
Total	**6184**	**100.00**	**242618730**	**100.00**

g) Shareholding Pattern as on 31st March 2013

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

As on 31st March 2013

Category Code	Category of shareholder	Number of share-holders	Total number of shares	Number of shares held in demateria-lised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percen-tage of (A+B+C)	Number of shares	As a percentage (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	14550166	14550166	59.97	59.97	3734700	25.67
(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	15622666	15622666	64.39	64.39	3734700	23.91
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	16105751	16105751	66.38	66.38	3734700	23.19
(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	139	2866166	2866166	11.81	11.81	-	-
(b) (i)	Individuals - shareholders holding nominal share capital up to Rs 1 Lakh	5927	1639820	1558769	6.76	6.76	-	-
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	33	1166829	1132829	4.81	4.81	-	-
(c)	Qualified Foreign Investors	0	0	0	0.00	0.00	-	-
(d)	Any Other							
i	Non Resident Indians (Repat)	36	1725151	1714451	7.11	7.11	-	-

ii	Non Resident Indians (Non Repat)	4	16302	16302	0.07	0.07	-	-
iii	Clearing Member	40	511783	511783	2.11	2.11	-	-
v	Trusts	1	100	100	0.00	0.00	-	-
	Sub Total (B)(2)	6180	7926151	7800400	32.67	32.67	-	-
	Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)	6181	8156122	8030371	33.62	33.62	NA	NA
	Total (A)+(B)	6184	24261873	24136122	100.00	100.00	3734700	15.39
(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)	6184	24261873	24136122	100.00	100.00	3734700	15.39

h) Dematerialization of Shares and liquidity as on 31st March 2013

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 31st March 2013, 99.48% 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.

i) 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.

j) 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 31st March 2013.

For Accel Frontline Limited

Place: Chennai
Date : 29th May 2013

N.R.Panicker
Chairman & Managing Director

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 31st March 2013 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

Place: Chennai
Date : May 29, 2013

S.Kalyanaraman
Partner (M. No. 200565)

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, 2013 and of the profit of the company for the year ended March 31, 2013

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 finance officer to the board.

We, N.R.Panicker, Chairman & Managing Director and K.R.Chandrasekaran, Chief Finance 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 Finance Officer

Place : Chennai
Date : May 29, 2013

Annexure VIII to the Director's Report

2. Statement pursuant 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. USA	Network Programs (USA) Inc. USA	Accel Japan KK, Japan	Accel North America, Inc	Accel Technologies Ltd. UK	Accel IT Resources Limited, India
1 The Financial Year of Subsidiary Companies ended on	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
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.	13,200,000 shares of SGD .10 per share.	1 share of 1 million AED	1,000 equity shares of USD 1 each .	1,500 equity shares without par value	212 shares of 50,000 JPY each.	155,000 shares of USD 1 each.	10,000 shares of GBP.1 each	30,000,000 shares of Rs.10 each
2B Extent of interest of holding company at the end of the financial year of the subsidiary companies	57%	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 2013	SGD 114,439	AED 482,515	USD NIL	USD 19,419	JPY (6,356,882)	USD (216,336)	GBP. (52,374)	INR (8,894,069)
	INR 5,000,790	INR 7,133,413	INR NIL	INR 1,054,740	INR (4,178,379)	INR (11,750,090)	INR (4,495,949)	INR (8,894,069)
II For the previous financial year of the subsidiary company's subsidiaries	SGD 28,702	AED 1,474,537	USD NIL	USD 21,192	JPY (14,760,029)	USD 136,637	0	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	0	INR (25,137,395)
B Dealt within holding company's account								
I For the financial year ended 31st March, 2013	Nil	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	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 details of the accounts of the individual subsidiaries is also available on the company's website. 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. USA	Network Programs (USA) Inc. USA	Accel Japan KK. Japan	Accel North America, Inc, USA	Accel Technologies Ltd, UK	Accel IT Resources Limited, India
Share Capital (including share application money)	100,768,520	14,794,500	8,153,250	2,717,750	16,650,690	8,425,025	825,614	30,000,000
Reserves & Surplus / Profit & Loss Account(Debit Balance)	(7,151,367)	61,891,859	(1,405,740)	(13,806,569)	(19,640,362)	(13,198,910)	(4,324,043)	(26,448,601)
Total Assets (Fixed Assets + Capital WIP + Current Assets	174,603,104	209,205,256	7,571,854	29,293,058	24,898,370	71,259,572	3,252,666	58,733,326
Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	80,985,951	132,518,897	824,344	40,381,877	27,888,042	76,033,457	6,751,095	55,181,925
Investment	-	-	-	-	-	-	-	-
Turnover	194,117,069	317,429,467		32,236,611	56,897,631	261,509,791	3,621,402	49,107,667
Profit / (Loss) before taxation	5,000,790	7,133,413		1,054,740	(4,178,379)	(11,750,090)	(4,495,949)	(8,894,069)
Provision for Taxation	-	-	-	-	-	-	-	-
Profit / (Loss) after Taxation	5,000,790	7,133,413		1,054,740	(4,178,379)	(11,750,090)	(4,495,949)	(8,894,069)
Proposed Dividend	-	-	-	-	-	-	-	-
Exchange rate								
a. P&L items average rate	43.70	14.78	54.31	54.31	0.66	54.31	85.83	1.00
b. Balance sheet items closing rate	43.81	14.79	54.36	54.36	0.58	54.36	82.56	1.00

Independent Auditors' Report on consolidated financial statements

To
The Board of Directors of
Accel Frontline Ltd.,
Chennai

We have audited the accompanying consolidated financial statements of Accel Frontline Ltd. and Its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

We did not audit the financial statement of subsidiaries, whose financial statements reflect total assets (Net) of Rs. 3,452.91 Lakhs as of 31st March 2013, Total Revenue (Net of duties and taxes) of Rs.9,149.20 Lakhs and net cash outflow from operating activity amounting to Rs. 874.27 Lakhs. 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.

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 in consolidated financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2013.

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.
Chartered Accountants
(Firm Regn No: 100186W)

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

Place : Chennai - 16
Date : May 29, 2013

Consolidated balance sheet as at

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

	Notes	March 31, 2013	March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	2,426.19	2,426.19
Share application money pending allotment			
Minority interest		398.90	-
Reserves and surplus	2.2	7,458.74	7,325.43
		10,283.83	**9,751.62**
Non-current liabilities			
Long-term borrowings	2.3	1,045.94	965.05
Deferred tax liability	2.4	325.81	327.72
Long-term provisions	2.5	486.43	323.09
		1,858.18	**1,615.86**
Current liabilities			
Short-term borrowings	2.6	9,328.85	8,734.26
Trade payables	2.7	10,554.50	10,882.92
Other current liabilities	2.8	3,650.44	2,943.13
Short-term provisions	2.9	121.39	511.38
		23,655.18	**23,071.69**
TOTAL		**35,797.19**	**34,439.17**
Assets			
Non-current assets			
Fixed assets	2.10		
Tangible assets - net		2,425.37	2,240.49
Intangible assets - net		2,219.35	2,343.92
		4,644.72	**4,583.41**
Capital work-in-progress		59.40	234.76
Intangible assets on consolidation		1,308.27	1,118.65
Non-current investments	2.11	30.00	30.00
Long-term loans and advances	2.12	421.29	431.13
Long-term Trade receivables	2.13	803.76	1626.21
		7,267.44	**8,024.16**
Current assets			
Inventories	2.14	4,386.09	3,975.12
Trade receivables	2.15	14,907.23	16,150.46
Cash and bank balances	2.16	2,681.18	1,171.15
Short-term loans and advances	2.17	2,689.76	1,678.35
Other current assets	2.18	3,865.49	3,439.93
		28,529.75	**26,415.01**
TOTAL		**35,797.19**	**34,439.17**
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 : May 29, 2013

For and on behalf of the Board of Directors of Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

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	March 31,2013	March 31,2012
Continuing operations			
Income			
Revenue from operations	3.1	39,786.12	48,405.83
Other income	3.2	351.83	208.24
Total revenue (I)		**40,137.95**	**48,614.07**
Expenses			
Cost of raw material and components consumed	3.3	167.49	569.80
Purchase of traded goods	3.4	16,794.96	24,874.17
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	3.5	(410.22)	(255.63)
Employee benefits expense	3.6	8,632.19	7,611.87
Other expenses	3.7	11,628.48	12,471.45
Total (II)		**36,812.90**	**45,271.66**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		**3,325.05**	**3,342.41**
Depreciation and amortization expense	3.8	1,067.77	991.25
Finance costs	3.9	1,995.07	1,773.86
Profit/(loss) before tax		**262.21**	**577.30**
Tax expenses			
Current tax		114.83	246.37
MAT credit entitlement		-	(40.95)
Reversal of MAT credit entitlement		40.95	-
Excess provision of earlier years reversed		(10.32)	-
Deferred tax		(1.91)	(5.58)
Total tax expense		**143.54**	**199.84**
Profit/(loss) for the year from continuing operations		**118.67**	**377.46**
Earnings per equity share:			
(1) Basic		0.49	1.56
(2) Diluted		0.49	1.56

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 : May 29, 2013

For and on behalf of the Board of Directors of Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Consolidated Cash Flow Statement for the year ended

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

	March 31, 2013	March 31, 2012
A. Cash flow from operating activities		
Profit before tax	**262.21**	**577.30**
Adjustments for :		
Depreciation/ amortization on continuing operation	1,067.77	991.25
Loss/ (profit) on sale of fixed assets	1.09	4.96
Interest expenses	1,637.21	1,487.11
Interest income	(311.68)	(47.77)
Operating profit before working capital changes	**2,656.60**	**3,012.85**
Changes in working capital :		
Increase/ (decrease) in trade payables	(328.42)	(863.04)
Increase / (decrease) in long-term provisions	163.34	180.04
Increase / (decrease) in short-term provisions	(389.99)	
Increase/ (decrease) in other current liabilities	707.30	1,315.60
Decrease / (increase) in trade receivables	2,065.68	(981.81)
Decrease / (increase) in inventories	(410.97)	(1,278.24)
Decrease / (increase) in long-term loans and advances	9.84	(264.84)
Decrease / (increase) in short-term loans and advances	(1,011.41)	60.58
Decrease / (increase) in other current assets	(425.56)	(1,470.66)
Cash generated from /(used in) operations	**379.81**	**(3,302.37)**
Net cash flow from/ (used in) operating activities (A)	**3,036.41**	**(289.52)**
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(1,202.80)	(3,303.25)
Fixed assets acquired on merger		(519.15)
Proceeds from sale of fixed assets	4.74	7.23
Purchase of non-current investments	-	(469.41)
Interest received	237.22	47.77
On account of mergers & acquistions	-	(1,678.91)
Net cash flow from/ (used in) investing activities (B)	**(960.84)**	**(5,915.72)**
C. Cash flows from financing activities		
Proceeds from long-term borrowings	80.89	951.27
Proceeds from short-term borrowings	594.59	5,525.12
Interest paid	(1,637.21)	(1,487.11)
Dividend paid on equity shares	363.92	(450.18)
Tax on equity dividend paid		(74.77)
Net cash flow from/ (used in) in financing activities (C)	**(597.81)**	**4,464.33**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**1,477.76**	**(1,740.91)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	32.26	18.71
Cash and cash equivalents at the beginning of the year	1,171.15	2,893.35
Cash and cash equivalents at the end of the year	**2,681.17**	**1,171.15**
Components of cash and cash equivalents		
Cash on hand	28.60	33.54
With banks- on current account	1,920.46	591.96
- on deposit account	724.40	517.79
- unpaid dividend accounts*	7.71	6.07
- unpaid matured deposits*		21.79
Total cash and cash equivalents	**2,681.17**	**1,171.15**
Summary of significant accounting policies		

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

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 : May 29, 2013

For and on behalf of the Board of Directors of
Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

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. The company has the following wholly owned subsidiaries.

Name	Holding	Country of incorporation/origin
Accel Systems & Technologies Pte. Ltd., Singapore.	57%	Incorporated under the laws of Singapore .
Accel Frontline JLT	100%	Established as a wholly owned subsidiary enterprise as per the license by Jumerah Lake Towers, Dubai
Network Programs (USA), Inc.	100%	Incorporated under the laws of the State of Delaware, USA..
Network Programs (Japan), Inc.	100%	Incorporated under the laws of the State of Delaware, USA.
Accel Japan, KK	100%	Incorporated under the law of Japan in Tokyo, Japan.
Accel North America, Inc.	100%	Incorporated under the laws of the State of California, USA.
Accel IT Resources Limited	100%	Incorporated under the laws of India.
Accel Technologies Limited	100%	Incorporated under the laws of United Kingdom

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 on account of exchange fluctuation is recognized during the relevant year.

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 initial 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 it is probable that 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.

2. Notes to the balance sheet

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

2.1. Share Capital	**As at March 31, 2013**	**As at March 31, 2012**
Authorised Capital		
33,000,000 (March 31, 2012: 33,000,000) equity shares of Rs. 10/- each	3,300.00	3,300.00
Issued, Subscribed & Paid up		
24,261,873 (March 31, 2012: 24,261,873) equity shares of Rs. 10/- each	2,426.19	2,426.19
Total	**2,426.19**	**2,426.19**

2. Notes to the balance sheet

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

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

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
Balance at the beginning of the year	24,261,873	2,426.19	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**	**24,261,873**	**2,426.19**

2.1.2. 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.

2.1.3. Shares held by holding company and subsidiary/ associates of holding company

Equity Shares	As at March 31, 2013	As at March 31, 2012
Accel Limited, the holding company	14,550,166	15,175,166
Accel Systems Group Inc, an associate company	483,085	1,283,085

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

SR NO	Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Accel Limited	14,550,166	59.97%	15,175,166	62.55%
2	Accel Systems Group Inc	483,085	1.99%	1,283,085	5.29%
3	Mega Resources Limited	1,377,178	5.68%	3,063,642	12.63%

2.2. Reserves & Surplus	As at March 31, 2013	As at March 31, 2012
A. Currency transalation Reserve		
Balance as at the beginning of the year	27.36	8.65
Add : Reserve Credited during the year	14.64	18.71
Balance as at the end of the year	**42.00**	**27.36**
B. Securities Premium Account		
Balance as at the beginning of the year	4,932.34	4,932.34
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	858.71	878.08
Add : Reserve Credited During the year	-	100.00
Less : Reserve Utilised During the year	-	(119.37)
Balance as at the end of the year	**858.71**	**858.71**

2. Notes to the balance sheet

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

D. Surplus/ (Deficit) for the year		
Balance as at the beginning of the year	1,507.02	3,433.72
Add: Dividend added back to reserves (Refer note 2.2.C.1)	-	144.10
Profit /(Loss) For The Year	118.67	377.46
Less: Appropriations		
Proposed final equity dividend (amount per share Rs.Nil) (Previous year : amount per share Rs.1.50)	-	(363.93)
Tax on proposed equity dividend	-	(59.04)
Premium on shares cancelled as per merger scheme (refer note 2.2.C.2)	-	(1,925.29)
Transfer to General Reserve	-	(100.00)
Total appropriations	**-**	**(2,448.26)**
Balance as at the end of the year	**1,625.69**	**1,507.02**
Total	**7,458.74**	**7,325.43**

2.2.C.1 Dividend added back to reserves in the previous year 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 in the previous year, 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 deducted from the Issued, Subscribed & Paid up capital and the balance of Rs.1,925.29 lakhs was deducted from Profit and Loss account

2.3. Long term borrowings	As at March 31, 2013	As at March 31, 2012
Secured		
Term loan from banks (refer note 2.3.1)	400.00	700.00
Term loan from financial institutions (refer note 2.3.2)	472.87	-
Hire purchase/hypothecation loans (refer note 2.3.3)	80.55	172.53
Loan against keyman insurance policy (refer note 2.3.4)	92.52	92.52
Total	**1,045.94**	**965.05**

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	100 lakhs * 4 quarters	400.00

2.3.2 Term loan from financial institutions include the following:

a. Rs.497.08 lakhs which is secured against the immoveable property belonging to the managing director and is repayable over a period of 5 years, out of which, Rs.78.43 lakhs is repayable within one year

b. Rs.100 lakhs which is secured against certain shares held by the holding company M/s.Accel Limited and is repayable after 2 years

2.3.3. 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.

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

2.4. Deferred Tax Liability	**As at March 31, 2013**	**As at March 31, 2012**
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	(179.49)	(111.63)
Deferred Tax Liability		
On difference between book balance and tax balance of fixed assets	505.30	439.35
Closing Deferred Liability / (Asset) – Net	**325.81**	**327.72**

2. Notes to the balance sheet

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

2.5. Long-term provisions	As at March 31, 2013	As at March 31, 2012
Provision for gratuity	377.95	232.52
Provision for leave benefits	108.48	90.57
Total	**486.43**	**323.09**

The 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, 2013	As at March 31, 2012
Secured:-		
Cash credit facility from banks (refer note 2.6.1)	8,828.85	8,709.27
Un Secured:-		
Loans from financial institutions (refer note 2.6.2)	500.00	-
Loan From related parties	-	24.99
Total	**9,328.85**	**8,734.26**

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. With respect to Rs.3,300 lakhs of cash credit facilities, 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.	12-14%	Repayable on Demand

2.6.2. This loan is secured against certain shares held by the holding company M/s.Accel Limited and is repayable over a period of 6 months

2.7. Trade Payables	As at March 31, 2013	As at March 31, 2012
Outstanding dues to trade creditors	10,513.03	10,678.75
Advances from customers	-	78.48
Advances refundable	41.47	125.69
Total	**10,554.50**	**10,882.92**

2.8 Other Current Liabilities	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term debt:-		
Term Loans from banks (Refer Note No.2.3.1)	300.00	300.00
Term Loans from financial institutions (Refer Note No.2.3.2)	78.43	-
Hire purchase/hypothecation loans (Refer note no.2.3.3)	83.77	81.11
(b) Unearned service revenue	247.34	292.53
(c) Unpaid dividends	7.26	6.07
(d) Statutory Dues including Provident Fund, Service Tax and Tax Deducted at Source	1,457.00	934.34
(e) Liability for expenses	1,476.64	1,329.08
Total	**3,650.44**	**2,943.13**

2.9. Short Term Provisions	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits	62.35	88.41
Proposed equity dividend	-	363.93
Provision for tax on proposed equity dividend	59.04	59.04
Total	**121.39**	**511.38**

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 Apr 01,2012	Addition	Deletion/ Adjustment	As at Mar 31,2013	As at Apr 01,2012	For the year	Deletion/ Adjustments	As at Mar 31,2013	As at Mar 31,2013	As at Mar 31,2012
	Tangible Assets (A)										
1	Office Equipment	329.93	11.67	0.50	341.10	97.10	18.30	0.46	114.94	226.16	232.83
		(268.95)	(53.24)	(0.55)	(329.93)	(79.66)	(15.97)	(0.55)	(97.10)	(232.83)	(156.02)
2	Computers	1,541.44	513.36	161.46	1,893.34	703.14	293.06	157.70	838.50	1,054.84	838.30
		(844.30)	(486.25)	(101.14)	(1,541.44)	(424.91)	(214.35)	(101.14)	(703.14)	(838.30)	(378.07)
3	Furniture and Fixtures	573.67	30.78	14.71	589.74	261.19	41.08	11.75	290.52	299.22	312.48
		(288.21)	(98.42)	(11.16)	(573.67)	(164.40)	(40.01)	(1.57)	(261.19)	(312.48)	(99.13)
4	Plant and machinery	278.81	34.58	0.07	313.32	89.87	17.34	0.07	107.14	206.18	188.94
		(200.64)	(35.92)	-	(278.81)	(64.64)	(12.38)	-	(89.87)	(188.94)	(50.42)
5	Leasehold improvements	815.87	100.26	268.20	647.93	459.51	113.51	271.11	301.90	346.02	356.36
		(710.90)	(141.21)	(48.81)	(815.87)	(367.42)	(136.85)	(48.81)	(459.51)	(356.36)	(227.08)
6	Vehicles	275.23	-	23.99	251.24	90.09	23.10	19.41	93.78	157.46	185.14
		(245.55)	(51.48)	(21.80)	(275.23)	(77.30)	(26.35)	(13.56)	(90.09)	(185.14)	(98.16)
7	Buildings	119.69	-	-	119.69	0.97	5.96	-	6.93	112.76	118.72
		-	(119.69)	-	(119.69)	-	(0.97)	-	(0.97)	(118.72)	-
	Total of Tangible Assets	**3,934.64**	**690.65**	**468.93**	**4,156.36**	**1,701.87**	**512.35**	**460.50**	**1,753.71**	**2,402.64**	**2,232.77**
		(2,558.55)	**(986.21)**	**(183.46)**	**(3,934.64)**	**(1,178.33)**	**(446.88)**	**(165.63)**	**(1,701.87)**	**(2,232.77)**	**(1,008.88)**
	Exchange Adjustment	(8.25)	-	-	22.40	(15.95)	(0.05)	-	(0.33)	22.73	7.72
		(16.91)			(8.25)	(18.39)	(0.57)	-	(15.95)	(7.72)	(1.48)
	Adjusted value of tangible assets	**3,926.39**	**690.65**	**468.93**	**4,178.76**	**1,685.92**	**512.30**	**460.50**	**1,753.38**	**2,425.37**	**2,240.49**
		(2,541.64)	**(986.21)**	**(183.46)**	**(3,926.39)**	**(1,159.94)**	**(446.31)**	**(165.63)**	**(1,685.92)**	**(2,240.49)**	**(1,010.36)**
	Intangible Assets (B)										
8	Goodwill	2,298.96	-	690.38	1,608.58	747.18	160.86	690.40	217.64	1,390.94	1,551.78
		(50.00)	(1,608.56)	-	(2,298.96)	(49.00)	(185.87)	-	(747.18)	(1,551.78)	(1.00)
9	Computer Software	2,366.13	431.88	190.85	2,607.16	1,660.84	360.27	190.85	1,830.26	776.90	705.29
		(2,369.03)	-	(25.90)	(2,366.13)	(1,336.40)	(341.92)	(25.90)	(1,660.84)	(705.29)	(987.84)
10	Copy Rights/Technical Knowhow	171.70	-	-	171.70	85.85	34.34	-	120.19	51.51	85.85
		(171.70)	-	-	(171.70)	(68.68)	(17.17)	-	(85.85)	(85.85)	
	Total of Intangible Assets	**4,836.79**	**431.88**	**881.23**	**4,387.44**	**2,493.87**	**555.47**	**881.25**	**2,168.09**	**2,219.35**	**2,342.92**
		(2,590.73)	**(1,608.56)**	**(25.90)**	**(4,836.79)**	**(1,454.08)**	**(544.96)**	**(25.90)**	**(2,493.87)**	**(2,342.92)**	
	GRAND TOTAL (A) + (B)	**8,763.18**	**1,122.53**	**1,350.16**	**8,566.20**	**4,179.79**	**1,067.77**	**1,341.75**	**3,921.47**	**4,644.72**	**4,583.41**
		(5,132.37)	**(2,594.77)**	**(209.36)**	**(8,763.18)**	**(2,614.02)**	**(991.27)**	**(191.53)**	**(4,179.79)**	**(4,583.41)**	

Note: Previous Year Figures are given in brackets & italics.
Capital work in progress of Rs. 59.40 lakhs (previous year : Rs. 234.75 lakhs) as appearing in the balance sheet represents capital assest which are pending completion / installation

2. Notes to the balance sheet

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

2.11. Non current investments	**As at March 31, 2013**	**As at March 31, 2012**
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, 2013**	**As at March 31, 2012**
Security Deposits	325.85	328.19
Deposits with statutory/government authorities	95.44	102.94
Total	**421.29**	**431.13**

2.13. Long-term trade receivables	**As at March 31, 2013**	**As at March 31, 2012**
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	803.76	1,626.21
Considered doubtful	89.29	51.24
	893.05	**1,677.45**
Less: Provision for doubtful receivables	(89.29)	(51.24)
Total	**803.76**	**1,626.21**

2.14. Inventories	**As at March 31, 2013**	**As at March 31, 2012**
Raw materials and components	157.63	160.27
Finished goods	561.96	1,414.89
Traded goods	1,295.41	237.77
Stores and spares	2,371.09	2,162.19
Total	**4,386.09**	**3,975.12**

2.15. Trade Receivables	**As at March 31, 2013**	**As at March 31, 2012**
Unsecured, considered good and outstanding for a period less than six months from the date they are due for payment		
Trade receivables	13,605.92	14,283.93
Other receivables	1,301.31	1,866.53
Total	**14,907.23**	**16,150.46**

2.16. Cash and Cash equivalents	**As at March 31, 2013**	**As at March 31, 2012**
Cash on Hand	28.60	33.54
Balances with Banks		
-on current accounts	1,920.47	591.96
-on unpaid dividend accounts	7.26	6.07
-on fixed deposits	0.45	21.79
	1,956.78	653.36
Other bank balances		
– on margin money deposits	724.40	517.79
Total	**2,681.18**	**1,171.15**

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, 2013	As at March 31, 2012
Advances to associate companies	980.10	286.33
Rent deposits	627.93	606.72
Other deposits	243.50	336.85
Other loans and advances	838.23	448.45
Total	**2,689.76**	**1,678.35**

2.18. Other Current Assets	As at March 31, 2013	As at March 31, 2012
Advance income tax, net of tax provisions (Refer note no.2.18.1)	2,819.80	2,643.75
MAT credit entitlement	-	40.95
Prepaid expenses	1,045.69	755.23
Total	**3,865.49**	**3,439.93**

2.18.1. Advance income tax represents tax deducted at source by customers. 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 31,2013	March 31,2012
Revenue from operations		
Finished goods	-	852.18
Traded goods	18,783.50	28,697.38
Sale of services	23,204.93	21,749.17
Other operating revenue		
Scrap sales	8.75	2.26
Other	189.14	126.50
Revenue from operations (gross)	**42,186.32**	**51,427.49**
Less: Excise duty	37.82	92.87
Less: Value added tax	548.59	1,105.03
Less: Service tax	1,813.79	1,823.76
Revenue from operations (net)	**39,786.12**	**48,405.83**

3.2. Other income	March 31,2013	March 31,2012
Interest income on		
Bank deposits	49.63	47.77
Others	262.05	120.47
Other non-operating income	40.15	40.00
Total	**351.83**	**208.24**

3.3. Cost of raw material and components consumed	March 31,2013	March 31,2012
Inventory at the beginning of the year	156.81	171.07
Add: Purchases	165.05	555.54
	321.86	**726.61**
Less: inventory at the end of the year	154.37	156.81
Cost of raw material and components consumed	**167.49**	**569.80**

3.4. Purchase of traded goods	March 31,2013	March 31,2012
Traded purchases less returns	16,794.96	24,874.17
Total	**16,794.96**	**24,874.17**

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

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

3.5. (Increase)/decrease in inventories	**March 31,2013**	**March 31,2012**
Inventories at the end of the year		
Traded goods	2,440.57	1,614.95
Spares	1,295.41	2,162.19
Finished goods	495.70	36.42
Total	**4,231.68**	**3,813.56**
Inventories at the beginning of the year		
Traded goods	2,231.68	1,410.03
Spares	1,198.54	2,132.92
Finished goods	391.24	14.98
	3,821.46	**3,557.93**
Net (Increase)/decrease in inventories	(410.22)	(255.63)

3.6. Employee benefits expense	**March 31,2013**	**March 31,2012**
Salaries, wages and bonus	7,843.40	7,030.21
Contribution to provident and other funds	445.26	361.83
Gratuity expense	158.56	63.05
Leave encashment	12.49	0.80
Staff welfare expenses	172.48	155.98
Total	**8,632.19**	**7,611.87**

3.7. Other expenses	**March 31,2013**	**March 31,2012**
Sub-contracting and outsourcing cost	5,764.42	6,133.51
Rent	1,317.64	1,307.72
Power and fuel	261.10	236.47
Repairs and maintenance		
-Equipments	28.26	19.58
-Leased premises	262.77	289.19
-Others	80.82	128.64
Insurance	85.81	104.90
Rates and taxes	268.03	170.60
Communication costs	449.04	331.39
Travelling and conveyance	1,128.09	1,033.45
Printing and stationery	107.03	145.38
Freight and forwarding	502.69	1,005.07
Legal and professional fees	536.09	502.87
Directors' sitting fees	7.70	6.70
Payment to auditor (Refer 3.7.1)	26.68	29.81
Advertising and sales promotion	119.22	143.31
Brokerage and discounts	17.63	40.75
Sales Commission	2.80	31.70
Exchange differences	131.01	234.01
Bad debts / advances written off	151.54	185.64
Provision for doubtful debts and advances	41.10	25.01
Loss on sale of fixed assets (net)	1.09	4.96
Miscellaneous expenses	337.92	360.79
Total	**11,628.48**	**12,471.45**

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

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

3.7.1 Payment to auditors	March 31,2013	March 31,2012
As auditor:		
Audit fee	20.99	23.82
Limited review	3.37	3.31
Other services (certification fees)	0.93	1.99
Reimbursement of expenses	1.39	0.69
Total	**26.68**	**29.81**

3.8. Depreciation and amortization expense	March 31,2013	March 31,2012
Depreciation of tangible assets	1,064.04	446.30
Amortization of intangible assets	3.73	544.95
Total	**1,067.77**	**991.25**

3.9. Finance costs	March 31,2013	March 31,2012
Interest	1,637.21	1,487.11
Bank charges	351.33	285.91
Exchange Flactuation in Foreign exchange	6.53	0.84
Total	**1,995.07**	**1,773.86**

4. Other notes forming part of the financial statements

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

4.1 Minority Interest

Minority interest in the consolidated financial statements represents amount of equity and profits attributable to the minority shareholders. The Minority interest pertains to Accel Systems & Technologies Pte Limited, Singapore, in which the company has 57% equity stake

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. 4,109,530 /- (previous year Rs. 2,501,075/-). A sum of Rs.15,154,325/- (previous year Rs. 18,563,556/-) was written off as bad debts as the management felt that these are doubtful of recovery / irrecoverable.

4.3 Contingent liabilities

	2013	2012
Sales tax	6,071,815	6,113,923
Service tax	4,428,905	8,955,820
Income tax	123,884,050	95,160,050
Letters of credit outstanding	-	20,325,636
Bank Guarantees outstanding	297,344,600	314,934,395
Claims against the company not acknowledged as debt	21,952,808	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 (AITRL) 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 04.02.2011 w.e.f closing business hours of 31.03.2011. The amount of such consideration has been included under “Income from Sale of Business” in the year 31.03.2011. 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 15th March, 2011, in the unlikely event of the business getting reduced by the Group companies, AITRL 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 31st March, 2016.

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	Controlling company and holding company with effect from 05-08-2011

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	Companies under common control
Key Management Personnel	
Mr. N R Panicker	Managing Director
Mr. K.R Chandrasekaran	Whole time Director (upto 19.12.12)
Relative of Key Management Personnel	
Mrs. Sreekumari Panicker	Wife of Managing Director
Mrs. Shanthi Chandrasekaran	Wife of Chief Finance Officer
Ms. Shruthi Panicker	Daughter of Managing Director

Transactions with related parties

Particulars	Controlling company	Companies under common control	Key Management personnel
Sales and other income	-	2.17	
Purchases	-	12.51	-
	-	17.04	-
Rent	97.60	-	21.53
	75.15	-	25.17
Remuneration			93.02
			72.68

Balances outstanding as at the March 31, 2013 (March 31, 2012)

Payables	-	-	
	-	0.03	-
Receivables	-	18.86	
	-	0.46	-
Advance towards purchase	-	-	-
	-	16.94	-
Loans and advances	414.60	1183.94	-
	89.96	-	-
Maximum amount outstanding at any time during the year	444.06	599.11	
	0.15	43.30	

Note: Items indicated in shaded block represent previous year figures.

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.

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 : May 29, 2013

For and on behalf of the Board of Directors of

Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Independent Auditors' Report on financial statements

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

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Accel Frontline Limited, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended incorporating the financial transactions of Singapore branch of Accel Frontline Limited which were audited by other auditor and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

(a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2013;

(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.

Report on Other Legal and Regulatory Requirements

1. 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.

2. As required by section 227(3) of the Act, we report that:

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

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

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

d. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

e. On the basis of written representations received from the directors, as on 31st March 2013 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, 2013 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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

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

Place : Chennai - 16
Date : May 29, 2013

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.

(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.

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

(ii) The Maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is applicable to the Company and provisions relating to the said provision has been complied with.

(ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, sales tax, wealth tax, customs duty, excise duty has not been regularly deposited with 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, wealth- 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 except in the case of the following:

Nature of Tax	Amount (Rs.)	Due Since
Tax Deducted at Source	1,35,71,342	July'12
Service Tax	75,03,862	April'12

(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 2007-08	Commissioner of Income tax (Appeals) Chennai
	Disallowance of Capitalisation of application software, IPO expenses, depreciation of leasehold improvement, claim of STPI profits and claim of Goodwill	2,87,24,000	FY 2009-10	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
	In the Assessment order 8% CST charged for non-submission of Form C and 4% CST charged on CVT and UPS sales instead of 1%.	119,115	2001-02	Asst. Commissioner
	Assessment order passed without proper hearing. Appeal filed before Sr. Joint Commissioner for reopening of Sales Tax Assessment	31,37,553	2006-07	Joint Commissioner
	Dispute with regard to tax rate on ATVM-KIOSK	8,68,281	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
	Tax Liability increased due to enhancement of Gross Turnover	39,283	FY 2009-10	Joint COmmissioner
	Assessment order passed by the Sales Tax officer without proper hearing	113,683	2006-2007	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

(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 : May 29, 2013

Balance sheet as at

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

	Notes	March 31,2013	March 31,2012
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	2,426.19	2,426.19
Reserves and surplus	2.2	7,120.20	6,840.23
		9,546.39	**9,266.42**
Non-current liabilities			
Long-term borrowings	2.3	1,031.30	948.58
Deferred tax liability	2.4	325.81	327.72
Long-term provisions	2.5	368.57	240.86
		1,725.68	**1,517.16**
Current liabilities			
Short-term borrowings	2.6	9,130.91	8,650.80
Trade payables	2.7	8,858.67	9,526.46
Other current liabilities	2.8	2,962.30	2,549.54
Short-term provisions	2.9	120.35	511.38
		21,072.23	**21,238.18**
TOTAL		32,344.30	32,021.76
Assets			
Non-current assets			
Fixed assets	2.10		
Tangible assets - Net		1,939.42	1,722.21
Intangible assets - Net		**2,211.97**	**2,331.83**
		4,151.39	**4,054.04**
Capital work-in-progress		59.40	234.75
Non-current investments	2.11	2,181.07	1,478.14
Long-term loans and advances	2.12	331.50	324.26
Long-term Trade receivables	2.13	762.61	1,586.95
		7,485.97	**7,678.14**
Current assets			
Inventories	2.14	4,313.28	3,905.32
Trade receivables	2.15	12,538.02	14,349.79
Cash and bank balances	2.16	1,641.91	937.86
Short-term loans and advances	2.17	2,602.30	1,838.47
Other current assets	2.18	3,762.82	3,312.18
		24,858.33	**24,343.62**
TOTAL		32,344.30	32,021.76
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 : May 29, 2013

For and on behalf of the Board of Directors of
Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Statement of Profit and loss account for the year ended

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

	Notes	March 31,2013	March 31,2012
Continuing operations			
Income			
Revenue from operations	3.1	32,606.72	41,705.77
Other income	3.2	314.54	646.70
Total revenue (I)		**32,921.26**	**42,352.47**
Expenses			
Cost of raw material and components consumed	3.3	167.49	569.79
Purchase of traded goods	3.4	14,462.38	22,213.86
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	3.5	(410.40)	(248.13)
Employee benefit expenses	3.6	6,100.53	6,055.85
Other expenses	3.7	9,255.33	10,108.43
Total (II)		**29,575.33**	**38,699.80**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		3,345.93	3,652.67
Depreciation and amortization expense	3.8	968.60	795.08
Finance costs	3.9	1,953.83	1,719.15
Profit/(loss) before tax		**423.50**	**1,138.44**
Tax expenses			
Current tax		114.81	246.37
MAT credit entitlement		-	(40.95)
Reversal of MAT credit entitlement		40.95	-
Excess provision of earlier years reversed		(10.32)	-
Deferred tax		(1.91)	(5.58)
Total tax expense		**143.53**	**199.84**
Profit/(loss) for the year from continuing operations (A)		**279.97**	**938.60**
Earnings per equity share:			
(1) Basic		1.15	3.87
(2) Diluted		1.15	3.87
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 : May 29, 2013

For and on behalf of the Board of Directors of Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Cash flow statement for the year ended

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

	March 31,2013	March 31,2012
A.Cash flow from operating activities		
Profit before tax	423.50	1,138.44
Adjustments for :		
Depreciation/ amortization on continuing operation	968.60	795.08
Loss/ (profit) on sale of fixed assets	0.12	4.96
Interest expenses	1,953.83	1,718.31
Interest income	(287.42)	(47.77)
Dividend income		(500.00)
Operating profit before working capital changes	**3,058.63**	**3,109.02**
Changes in working capital :		
Increase/ (decrease) in trade payables	(667.78)	643.28
Increase / (decrease) in long-term provisions	127.71	120.44
Increase / (decrease) in short-term provisions	(27.10)	
Increase/ (decrease) in other current liabilities	412.76	1,367.70
Decrease / (increase) in trade receivables	2,636.10	(2,003.07)
Decrease / (increase) in inventories	(407.95)	(1,258.22)
Decrease / (increase) in long-term loans and advances	(7.24)	(160.85)
Decrease / (increase) in short-term loans and advances	(763.83)	(751.53)
Decrease / (increase) in other current assets	(450.63)	(966.15)
Cash generated from /(used in) operations	**852.03**	**(3,008.40)**
Net cash flow from/ (used in) operating activities (A)	**3,910.68**	**100.62**
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(966.49)	(2,623.65)
Fixed assets acquired on merger	-	(517.92)
Proceeds from sale of fixed assets	4.73	3.82
Purchase of non-current investments	(702.92)	(854.16)
Interest received	212.98	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)	**(1,451.70)**	**(5,123.05)**
C. Cash flows from financing activities		
Proceeds from long-term borrowings	82.72	938.23
Proceeds from short-term borrowings	480.10	5,441.66
Interest paid	(1,953.83)	(1,718.31)
Dividend paid on equity shares	(363.92)	(450.18)
Tax on equity dividend paid	-	(74.77)
Net cash flow from/ (used in) in financing activities (C)	**(1,754.93)**	**4,136.63**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**704.05**	**(885.80)**
Cash and cash equivalents at the beginning of the year	937.86	1,823.66
Cash and cash equivalents at the end of the year	**1,641.91**	**937.86**
Components of cash and cash equivalents		
Cash on hand	13.85	17.09
With banks- on current account	935.44	392.58
- on deposit account	685.36	500.33
- unpaid dividend accounts*	7.26	6.07
- unpaid matured deposits*	-	21.79
Total cash and cash equivalents (note 18)	**1,641.91**	**937.86**

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

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 : May 29, 2013

For and on behalf of the Board of Directors of Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

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 initial 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 that 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.

2. Notes to the balance sheet

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

2.1 Share capital	**As at March 31, 2013**	**As at March 31, 2012**
Authorised capital		
33,000,000 (March 31, 2012: 33,000,000) equity shares of `10/- each	3,300.00	3,300.00
Issued, Subscribed & Paid up		
24,261,873 (March 31, 2012: 24,261,873) equity shares of `10/- each	2,426.19	2,426.19
Total	**2,426.19**	**2,426.19**

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

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
Balance at the beginning of the year	24,261,873	2,426.19	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**	**24,261,873**	**2,426.19**

2.1.2.- 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.

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

Equity Shares	**As at March 31, 2013**	**As at March 31, 2012**
Accel Limited, the holding company	14,550,166	15,175,166
Accel Systems Group Inc, an associate company	483,085	1,283,085

2. Notes to the balance sheet

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

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

SR NO	Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Accel Limited	14,550,166	59.97%	15,175,166	62.55%
2	Accel Systems Group Inc	483,085	1.99%	1,283,085	5.29%
3	Mega Resources Limited	1,377,178	5.68%	3,063,642	12.63%

2.2 Reserves & surplus	As at March 31, 2013	As at March 31, 2012
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	858.71	878.08
Add : Amount transferred from surplus balance in profit and loss account	-	100.00
Less : Goodwill adjustment on account of merger scheme	-	(119.37)
Balance as at the end of the year	**858.71**	**858.71**
C Surplus/(deficit) in the profit and loss account		
Balance as at the beginning of the year	1,049.18	2,414.74
Profit /(Loss) For The Year	279.97	938.60
Add: Dividend added back to reserves (Refer note 2.2.C.1)	-	144.10
Add: Provision for compensated absence written back	-	-
Less: Appropriations		
Proposed final equity dividend (amount per share Rs.1.50) (Previous year : amount per share Rs.1.50)	-	(363.93)
Tax on proposed equity dividend	-	(59.04)
Premium on shares cancelled as per merger scheme (refer note 2.2.C.2)	-	(1,925.29)
Transfer to general reserve	-	(100.00)
Total appropriations	**-**	**(2,448.26)**
Balance as at the end of the year	**1,329.15**	**1,049.18**
Total	**7,120.20**	**6,840.23**

2.2.C.1 Dividend added back to reserves in the previous year 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 in the previous year, 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 deducted from the Issued, Subscribed & Paid up capital and the balance of Rs.1,925.29 lakhs was deducted from Profit and Loss account

2.3 Long term borrowings	As at March 31, 2013	As at March 31, 2012
Term loan from a bank (refer note 2.3.1)	400.00	700.00
Term loan from financial institutions (refer note 2.3.2)	472.87	-
Hire purchase/hypothecation loans (refer note 2.3.3)	65.91	156.06
Loan against keyman insurance policy (refer note 2.3.4)	92.52	92.52
Total	**1,031.30**	**948.58**

2. Notes to the balance sheet

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

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	100 lakhs * 4 quarters	400.00

2.3.2 Term loan from financial institutions include the following:

a. Rs.497.08 lakhs which is secured against the immoveable property belonging to the managing director and is repayable over a period of 5 years, out of which, Rs.78.43 lakhs is repayable within one year

b. Rs.100 lakhs which is secured against certain shares held by the holding company M/s.Accel Limited and is repayable after 2 years

2.3.3 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.

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

2.4 Deferred Tax Liability	**As at March 31, 2013**	**As at March 31, 2012**
Breakup for Deferred Tax Asset/Liability as at the year end is as follows		
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	(179.49)	(111.63)
Deferred Tax Liability		
On difference between book balance and tax balance of fixed assets	505.30	439.35
Closing Deferred Liability / (Asset) – Net	**325.81**	**327.72**

2.5 Long-term provisions	**As at March 31, 2013**	**As at March 31, 2012**
Provision For Employee Benefits		
Provision for gratuity	262.68	152.76
Provision for leave benefits	105.89	88.10
Total	**368.57**	**240.86**

The 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, 2013**	**As at March 31, 2012**
Secured		
Cash credit facility from banks (refer note 2.6.1)	8,630.91	8,650.80
Unsecured		
Loans from financial institutions (refer note 2.6.2)	500.00	-
Total	**9,130.91**	**8,650.80**

2. Notes to the balance sheet

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

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. With respect to Rs.3,300 lakhs of cash credit facilities, 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.	12-14%	Repayable on Demand

2.6.2 This loan is secured against certain shares held by the holding company M/s.Accel Limited and is repayable over a period of 6 months

2.7 Trade payables	**As at March 31, 2013**	**As at March 31, 2012**
-Outstanding dues to micro & small enterprises (Refer Note 2.7.1)	-	-
-Outstanding dues other than above	8,841.30	9,322.29
Advances from customers	-	78.48
Advances refundable	17.37	125.69
Total	**8,858.67**	**9,526.46**

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.

2.8 Other current liabilities	**As at March 31, 2013**	**As at March 31, 2012**
(a) Current maturities of long-term debt:-		
Term Loans from banks (Refer Note No.2.3.1)	300.00	300.00
Term Loans from financial institutions (Refer Note No.2.3.2)	78.43	-
Hire purchase/hypothecation loans (Refer note no.2.3.3)	83.77	77.30
(b) Unearned service revenue	247.34	292.53
(c) Unpaid dividends	7.26	6.07
(d) Statutory Dues payable	1,252.20	747.19
(e) Liability for expenses	993.30	1,126.45
Total	**2,962.30**	**2,549.54**

2.9 Short term provisions	**As at March 31, 2013**	**As at March 31, 2012**
Provision for employee benefits	61.31	88.41
Proposed equity dividend	-	363.93
Provision for tax on proposed equity dividend	59.04	59.04
Total	**120.35**	**511.38**

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 Apr 01,2012	Addition	Deletion/ Adjustment	As at Mar 31,2013	As at Apr 01,2012	For the year	Deletion/ Adjustments	As at Mar 31,2013	As at Mar 31,2013	As at Mar 31,2012
	Tangible Assets (A)										
1	Office Equipment	308.53	10.18	0.50	318.21	92.65	16.84	0.46	109.03	209.18	215.88
		(263.64)	(45.44)	(0.55)	(308.53)	(77.94)	(15.26)	(0.55)	(92.65)	(215.88)	(152.40)
2	Computers	1,208.28	488.07	152.14	1,544.21	490.79	235.16	152.13	573.82	970.39	717.49
		(839.57)	(469.85)	(101.14)	(1,208.28)	(423.52)	(168.43)	(101.16)	(490.79)	(717.49)	(374.73)
3	Furniture and Fixtures	320.42	6.53	9.28	317.67	189.22	20.03	9.28	199.97	117.70	131.20
		(279.31)	(42.60)	(1.49)	(320.42)	(161.86)	(28.31)	(0.95)	(189.22)	(131.20)	(93.91)
4	Plant and machinery	230.39	30.75	0.07	261.07	75.54	12.35	0.07	87.82	173.25	154.85
		(200.64)	(29.75)	-	(230.39)	(64.64)	(10.90)	-	(75.54)	(154.85)	(50.42)
5	Leasehold improvements	803.30	100.26	268.20	635.36	454.97	111.42	271.11	295.28	340.08	348.33
		(710.90)	(141.21)	(48.81)	(803.30)	(367.42)	(136.36)	(48.81)	(454.97)	(348.33)	(227.08)
6	Vehicles	239.61	-	23.99	215.62	85.15	21.06	19.41	86.80	128.82	154.46
		(209.93)	(51.48)	(21.80)	(239.61)	(76.26)	(22.45)	(13.56)	(85.15)	(154.46)	(63.71)
	Total of Tangible Assets	**3,110.53**	**635.79**	**454.18**	**3,292.14**	**1,388.32**	**416.86**	**452.46**	**1,352.72**	**1,939.42**	**1,722.21**
		(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)**
	Intangible Assets (B)										
7	Goodwill	1,658.55	-	50.00	1,608.55	106.79	160.86	50.00	217.65	1,390.90	1,551.76
		(50.00)	(1,608.55)	-	(1,658.55)	(49.00)	(57.79)	-	(106.79)	(1,551.76)	(1.00)
8	Computer Software	2,343.13	431.88	190.85	2,584.16	1,648.91	356.54	190.85	1,814.60	769.56	694.22
		(2,369.03)	-	(25.90)	(2,343.13)	(1,336.40)	(338.41)	(25.90)	(1,648.91)	(694.22)	(987.84)
9	Copy Rights/Technical Knowhow	171.70	-	-	171.70	85.85	34.34	-	120.19	51.51	85.85
		(171.70)	-	-	(171.70)	(68.68)	(17.17)	-	(85.85)	(85.85)	-
	Total of Intangible Assets	**4,173.38**	**431.88**	**240.85**	**4,364.41**	**1,841.55**	**551.74**	**240.85**	**2,152.44**	**2,211.97**	**2,331.83**
		(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)**
	GRAND TOTAL (A) + (B)	**7,283.91**	**1,067.67**	**695.03**	**7,656.55**	**3,229.87**	**968.60**	**693.31**	**3,505.16**	**4,151.39**	**4,054.04**
		(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)**

Note: Previous Year Figures are given in brackets & italics.
Capital work in progress of Rs. 59.40 lakhs (previous year : Rs. 234.75 lakhs) as apparing in the balance sheet represents capital assest which are pending completion / instatllation

2. Notes to the balance sheet

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

2.11 Non current investments	**As at March 31, 2013**	**As at March 31, 2012**
(i) Investments in subsidiaries (refer note 4.1)		
Accel Systems & Technologies Pte Limited	774.77	80.47
13,200,000 shares of Singapore 10 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)		
Accel Japan KK	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 ordinary shares of JPY 50,000 each and JPY 15,855,000 share application money pending allotment)		
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	64.16	64.17
(155,000 shares of $1 each)		
(Previous year: 155,000 shares)		
Accel IT Resources Limited	790.00	790.00
(3,000,000 shares of Rs.10 each)		
(Previous year: 1,000,000 shares)		
Accel Technologies Ltd, UK	8.64	-
(10,000 equity shares of GBP.1/- 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	**2,181.07**	**1,478.14**

2.12 Long term loans and advances	**As at March 31, 2013**	**As at March 31, 2012**
Security deposits	238.24	223.28
Deposits with statutory/government authorities	93.26	100.98
Total	**331.50**	**324.26**

2.13 Long-term trade receivables	**As at March 31, 2013**	**As at March 31, 2012**
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	762.61	1,586.95
Considered doubtful	89.29	51.24
	851.90	1,638.19
Less:Provision for doubtful receivables	(89.29)	(51.24)
Total	**762.61**	**1,586.95**

2. Notes to the balance sheet

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

2.14 Inventories	As at March 31, 2013	As at March 31, 2012
Raw materials and components	154.36	156.81
Finished goods	492.43	36.42
Traded goods	1,295.41	1,549.90
Stores and spares	2,371.08	2,162.19
Total	**4,313.28**	**3,905.32**

2.15 Trade receivables	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good and outstanding for a period less than six months from the date they are due for payment		
Trade receivables	11,487.69	12,851.83
Other receivables	1,050.33	1,497.96
Total	**12,538.02**	**14,349.79**

2.16 Cash and Cash equivalents	As at March 31, 2013	As at March 31, 2012
Cash on Hand	13.85	17.09
Balances with Banks		
- on current accounts	935.44	392.58
- on unpaid dividend accounts	7.26	6.07
- on fixed deposits	0.45	21.79
	957.00	**437.53**
Other bank balances		
- on margin money deposits	684.91	500.33
Total	**1,641.91**	**937.86**

2.17 Short term loans and advances	As at March 31, 2013	As at March 31, 2012
Advances to associate companies	1,240.52	857.54
Rent deposits	627.93	606.72
Other deposits	174.09	219.16
Other loans and advances	559.76	155.05
Total	**2,602.30**	**1,838.47**

2.18 Other current assets	As at March 31, 2013	As at March 31, 2012
Advance income tax, net of tax provisions (Refer note no.2.18.1)	2,783.94	2,577.00
MAT credit entitlement	-	40.95
Prepaid expenses	978.88	694.23
Total	**3,762.82**	**3,312.18**

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 year ended

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

3.1 Revenue from operations	March 31,2013	March 31, 2012
Revenue from operations		
Finished goods	-	356.22
Traded goods	15,799.38	28,607.69
Sale of services	18,948.14	15,551.33
Other operating revenue		-
Scrap sales	8.75	2.26
Other	180.32	126.50
Revenue from operations (gross)	**34,936.59**	**44,644.00**
Less: Excise duty	37.82	92.87
Less: Value added tax	547.40	1,104.03
Less: Service tax	1,744.65	1,741.33
Revenue from operations (net)	**32,606.72**	**41,705.77**

3.2 Other income	March 31,2013	March 31,2012
Interest income on		
Bank deposits	49.63	47.77
Others	237.79	88.75
Dividend income on		
Investment in subsidiaries	-	500.00
Other non-operating income	27.12	10.18
Total	**314.54**	**646.70**

3.3 Cost of raw material and components consumed	March 31,2013	March 31,2012
Inventory at the beginning of the year	156.81	171.07
Add: Purchases	165.04	555.53
	321.85	**726.60**
Less: inventory at the end of the year	154.36	156.81
Cost of raw material and components consumed	**167.49**	**569.79**

3.4 Purchase of traded goods	March 31,2013	March 31,2012
Traded purchases less returns	14,462.38	22,213.86
Total	**14,462.38**	**22,213.86**

3.5 (Increase)/decrease in inventories	March 31,2013	March 31,2012
Inventories at the end of the year		
Stores and spares	2,371.08	1,549.90
Traded goods	1,295.41	2,162.19
Stock in Trade	492.43	36.42
	4,158.92	**3,748.51**
Inventories at the beginning of the year		
Stores and spares	2,162.19	1,352.48
Traded goods	1,198.55	2,132.92
Stock in Trade	387.78	14.98
	3,748.52	**3,500.38**
Net (Increase)/decrease in inventories	**(410.40)**	**(248.13)**

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

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

3.6 Employee benefits expense	March 31,2013	March 31,2012
Salaries, wages and bonus	5,510.21	5,565.25
Contribution to provident and other funds	341.80	316.59
Gratuity expense	116.65	37.50
Compensated absence	12.35	0.80
Staff welfare expenses	119.52	135.71
Total	**6,100.53**	**6,055.85**

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

i. DEFINED CONTRIBUTION PLAN

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

Amount in Rs. lakhs

Particulars	March 31,2013	March 31,2012
Employer's Contribution to Provident fund	271.43	248.56
Employers' contribution to Employee State Insurance Corporation	53.90	52.80

ii. DEFINED BENEFIT PLANS

Gratuity – Funded Obligation

a) Actuarial Assumption for the year

Particulars	March 31,2013	March 31,2012
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	March 31,2013	March 31,2012
Present Value of Obligation at beginning of the year	269.84	210.90
Current Services Cost	135.87	63.05
Interest Cost	26.77	24.00
Actuarial (gain)/loss	121.56	-
Benefits Paid	(75.01)	(28.10)
Present Value of Obligation at the end of the year	479.03	269.84

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

Particulars	March 31,2013	March 31,2012
Present value of obligations at the end of the year	479.02	422.15
Fair Value of Plan Assets	216.33	269.39
Net (Asset) / Liability recognized in Balance Sheet	262.69	152.76

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

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

d) Expenses recognized in the Profit and Loss Account

Particulars	March 31,2013	March 31,2012
Current Service Cost	135.87	83.87
Interest Cost	26.77	32.96
Expected Return on Plan asset	(21.50)	(24.00)
Corrections effected to Assets, but not reflected in last year's Disclosure Table	-	-
Actuarial (gain) / loss recognized in the period	121.56	(78.53)
Total expenses recognized in the Profit and Loss Account for the year	116.65	14.30

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 31,2013	March 31,2012
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate	5.00%	5.00%
Expected average remaining lives of working employees (year)	24.62	23.84

b) Reconciliation of present value of obligations

Particulars	March 31,2013	March 31,2012
Present Value of Obligation at the beginning of the year	93.11	86.09
Current Services Cost	297.11	163.25
Interest Cost	18.28	13.42
Actuarial (gain)/loss	(302.61)	(169.65)
Benefits Paid	-	-
Present Value of Obligation at the end of the year	105.89	93.11

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

Particulars	March 31,2013	March 31,2012
Present value of obligations at the end of the year	105.89	93.11
Fair Value of Plan Assets	-	-
Net (Asset) / Liability recognized in Balance Sheet	105.89	93.11

d) Expenses recognized in the Profit and Loss Account

Particulars	March 31,2013	March 31,2012
Current Service Cost	297.11	163.25
Interest Cost	18.28	13.42
Actuarial (gain) / loss recognized in the period	(302.61)	(169.65)
Total expenses recognized in the Profit and Loss Account for the year	12.78	7.01

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 year ended

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

3.7 Other expenses	March 31,2013	March 31,2012
Sub-contracting and outsourcing cost	4,466.78	4,839.82
Rent	1,052.83	999.06
Power and fuel	232.32	208.49
Repairs and maintenance		
Equipments	23.54	12.79
Leased premises	250.41	279.01
Others	65.83	91.96
Insurance	69.13	88.90
Rates and taxes	252.48	158.31
Communication costs	409.93	287.94
Travelling and conveyance	982.74	935.15
Printing and stationery	92.56	130.84
Freight and forwarding	449.25	898.66
Legal and professional fees	187.91	263.14
Directors' sitting fees	7.70	6.70
Payment to auditor (Refer 3.7.1)	23.36	26.96
Advertising and sales promotion	55.83	54.62
Brokerage and discounts	16.20	40.75
Sales Commission	2.80	6.93
Exchange differences (net)	133.60	232.59
Bad debts written off	130.50	172.89
Provision for doubtful debts and advances	41.10	25.01
Loss on sale of fixed assets (net)	1.09	4.96
Miscellaneous expenses	307.43	342.95
Total	**9,255.33**	**10,108.43**

3.7.1. Payment to auditors

	March 31,2013	March 31,2012
As auditor:		
Audit fee	17.92	21.06
Limited review	3.37	3.31
Other services (certification fees)	0.68	1.99
Reimbursement of expenses	1.39	0.60
Total	**23.36**	**26.96**

The audit fee includes foreign branch auditor fees of Rs.2.19 lakhs (Previous year Rs.1.96 lakhs)

3.8 Depreciation and amortization expense	March 31,2013	March 31,2012
Depreciation of tangible assets	435.87	381.71
Amortization of intangible assets	532.73	413.37
Total	**968.60**	**795.08**

3.9 Finance costs	March 31,2013	March 31,2012
Interest	1,619.67	1,455.89
Bank charges	333.32	262.42
Exchange Fluctuation in Foreign exchange	0.84	0.84
Total	**1,953.83**	**1,719.15**

4. Other notes forming part of the financial statemnets

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

4.1 Investments in subsidiaries

As at March 31, 2013, the Company had an aggregate investment of Rs 215,107,541 in its subsidiaries. During the current year, the company increased its investment in Accel Systems & Technologies Pte Ltd. by Rs.69,430,441 (S$1,60,000) and the percentage of shares held by the company as at 31.3.13 is 57.39%. The Company also invested Rs 863,513 (£10,000) in Accel Technologies Limited, a newly incorporated 100% subsidiary company in United Kingdom.

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.4,109,530 /- (previous year Rs. 2,501,075/-). A sum of Rs.13,050,409/- (previous year Rs. 17,288,686/-) was written off as bad debts as the management felt that these are doubtful of recovery / irrecoverable.

4.3 Contingent liabilities

(In Indian Rupees)

	2013	2012
Sales tax	6,071,815	6,113,923
Service tax	4,428,905	8,955,820
Income tax	123,884,050	95,160,050
Letters of credit outstanding	-	20,325,636
Bank Guarantees outstanding	297,344,600	314,934,395
Claims against the company not acknowledged as debt	21,952,808	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	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, USA	Subsidiary Company
Accel IT Resources Limited	Subsidiary Company
Network Programs USA Inc., USA	Subsidiary Company
Network Programs (Japan) Inc., USA	Subsidiary Company
Accel Japan KK, Japan	Subsidiary Company
Accel Technologies Limited, U.K	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	Companies under common control

Key Management Personnel

Mr. N R Panicker	Managing Director
Mr. K.R Chandrasekaran	Whole time Director (upto 19.12.12)

Relative of Key Management Personnel

Mrs. Sreekumari Panicker	Wife of Managing Director
Mrs. Shanthi Chandrasekaran	Wife of Chief Finance Officer
Ms. Shruthi Panicker	Daughter of Managing Director

4. Other notes forming part of the financial statemnets

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

Transactions with related parties

Particulars	Controlling company	Subsidiaries	Companies under common control	Key Management personnel
Sales and other income	-	973.95	2.17	
	-	126.07	-	
Purchases	-	0.86	12.51	-
	-	108.48	17.04	-
Rent	97.60	-	-	21.53
	75.15	-	-	25.17
Remuneration				93.02
				72.68
Dividend	-	-	-	-
	-	500.00	-	-

Balances outstanding as at the March 31, 2013 (March 31, 2012)

Investments	-	2151.08	-	-
	-	1448.14	-	-
Payables	-	-	-	
	-	3.17	0.03	-
Receivables	-	952.08	18.86	
	-	861.56	0.46	-
Advance towards purchase	-	-	-	-
	-	-	16.94	-
Loans and advances	414.60	424.34	1183.94	-
	89.96	329.36	-	-
Maximum amount outstanding at any time during the year	444.06	482.15	599.11	
	0.15	329.36	43.30	

Note: Items indicated in shaded block 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:

	2013		2012	
	Rs.	US $	Rs.	US $
Turnover	321,393,540	5,917,302	448,675,066	9,156,634
Net Profit after tax	7,622,075	140,333	5,217,912	101,999
Sundry Debtors	141,601,525	2,605,124	71,570,003	1,586,826
Sundry Creditors	13,102,965	2,411,976	77,007,582	1,618,811
Income Tax- Provision	751,383	13,834	165,963	3,387

4.7 Expenditure in foreign currency

	2013	2012
Others	11,656,966	2,708,230

4.8 CIF value of Imports

	2013	2012
Components	290,615,278	472,316,411

4.9 Amount remitted in foreign currencies towards dividend

Particulars	2013			2012		
	No of Non-resident shareh-olders	No of equity shares held	Rupees	No of Non-resident shareh-olders	No of equity shares held	Rupees
Dividend for the year)	04	493,785	740,678	06	1,299,135	2,598,250

4.10 Earnings in foreign currency

	2013	2012
Income from services	557,973,171	300,034,872

4.11 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.

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 : May 29, 2013

For and on behalf of the Board of Directors of Accel Frontline Limited

N.R. Panicker
Chairman & Managing Director

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

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, 2013

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

Total Liabilities	32,344.50	Total Assets	32,344.50

Sources of funds

Paid up capital	2,426.19	Reserves and surplus	7,120.20
Secured loans	15,751.11	Unsecured loans	-
Deferred tax liability	325.81		

Application of funds

Net fixed assets	4,210.79	Investments	2,187.07
Net current assets	12,917.01	Misc. expenditure	-

IV Performance of company (Amount in Rs. Lakhs)

Sources of funds

Turnover	32,921.26	Total expenditure	29,575.33
Profit / (loss) before tax	423.50	Profit / (loss) after tax	279.97
Earnings per share in Rs.	1.15	Dividend as %	0

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

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Accel Frontline Limited
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Email: info@accelfrontline.in Website: www.accelfrontline.in

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges.

1.	Name of the Company	Accel Frontline Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type ofobservation	Un-qualified
4.	Frequency of observation	Whether appeared first time______ / repetitive______ / since how long period______
5.	To be signed by-	
	CEO / Managing Director	Signature N.R.Panicker Chairman & Managing Director
	CFO	Signature K.R.Chandrasekaran CFO
	Auditor of the Company	Signature S. Kalyanaraman Partner K.S.Aiyar & Co Chartered Accountants
	Audit Committee Chairman	Signature R.Ramaraj Chairman of Audit Committee