

BOARD OF DIRECTORS

N R Panicker
Chairman & Managing Director

Steve Ting Tuan Toon
Director

Sudhir Narang
Director

K R Chandrasekaran
Director & CFO

Dr. Harrison Wang Hong She
Director

Lakshmi G Menon
Director

Sinnakaruppan R
Director

Suresh K Sharma
Director

COMPANY SECRETARY

Sweena Nair

STATUTORY AUDITORS

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

INTERNAL AUDITORS

Grant Thornton India
Unit Nos. 13, 14 and 16
31, Thiru-vi-ka Road,
Royapettah,
Chennai - 600 014

SOLICITORS

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

REMUNERATION COMMITTEE

Steve Ting Tuan Toon
Sinnakaruppan R
Suresh K Sharma

AUDIT COMMITTEE

Lakshmi G Menon
Dr. Harrison Wang Hong She
Suresh K Sharma
Steve Ting Tuan Toon

SHARE TRANSFER & INVESTORS
GRIEVANCE COMMITTEE

Lakshmi G Menon
Sinnakaruppan R
K R Chandrasekaran

BANKERS

State Bank of India
IDBI Bank Limited
ICICI Bank Limited
Barclays Bank Plc.

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bandup West,
Mumbai - 400 078
Tel. : +91.22.25960320
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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Notice

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of Accel Frontline Limited will be held on Wednesday the 22nd day of September 2010 at Narada Gana Sabha Trust, Mini Hall, 314, T.T.K Road, Chennai 600018 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 31st March 2010 and the profit & loss account for the financial year ended on that date and the reports of the Directors and Auditors thereon.

2. To record and confirm the interim dividend paid.

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

Resolved that Mr. Sudhir Narang, be and is hereby re-appointed as Director of the Company.

4. To appoint a director in place of Mr. Suresh K. Sharma, who retires by rotation and is eligible has offered himself for re-appointment. Accordingly, to consider and, if thought fit to pass with or without modification, the following resolution as an ordinary resolution.

Resolved that Mr. Suresh K. Sharma, be and is hereby re-appointed as Director of the Company.

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

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

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

RESOLVED THAT 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.

SPECIAL BUSINESS:

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

RESOLVED THAT in accordance with the provisions of Sections 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") or any statutory modification(s) or re-enactment thereof and subject to such approvals /consents, if any, approval of the company be and is hereby accorded to the appointment of Mr. K.R.Chandrasekaran as Whole time director for a period of one year effective 27th April 2010 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment, as may be made therein from time to time.

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

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein, wherein any financial year during the currency of the tenure of the Wholetime director, the company has no profits or its profits are inadequate, the Company will pay Mr. K R Chandrasekharan, the Wholetime Director, remuneration by way of salary, allowances and perquisites within the limits specified in Part II of Schedule XIII of the Companies Act or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

AND FURTHER RESOLVED THAT the Board of directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.

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

"RESOLVED THAT Pursuant to the provisions of Sections 198, 269, 309,310 and 311 of the Companies Act, 1956 and such other applicable provisions, if any, approval be and is hereby given for, the appointment of Mr. N.R.Panicker, Chairman & Managing Director from 01-04-2010 for the remainder of the current 5 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 September 06, 2007

Resolved further that the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc., within the prescribed limits or ceiling in Schedule XIII to the Companies Act 1956, and the agreement between the company and

Mr. N R Panicker be suitably amended to give effect to such modification or variation without any further reference to the members of the company in general meeting.

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

AND FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution

9. To consider and if thought fit to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT subject to the approval of Central Government and pursuant to Section 309(5B) of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to pay remuneration to Mr. N.R.Panicker, Managing Director of the Company as approved by the shareholders in the Annual General Meeting held on September 06, 2007 over and above the limits prescribed under Section 309 read with Schedule XIII to the Companies Act, 1956 for the financial year ended on 31st March 2010.

RESOLVED FURTHER THAT the Whole time Director and/or the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things and furnish such information / clarifications / declaration, certificate and other papers as may be required in this regard including authorizing any other person to represent before the Central Government."

10. To consider and if thought fit to pass with or without modification, the following resolution as special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309 (4) and other applicable provisions, if any, of the Companies Act, 1956 any statutory modification(s), or enactment thereof and the Articles of Association (Article 120) of the company, the non-whole time directors of the company, in addition to sitting fees being paid to them for attending the meetings for the Board of Directors (Board) and its committees, be paid every year for a period of 5 years with effect from 01 April 2009, commission of an amount as may be determined by the Board from time to time, subject to the overall ceiling of 1% of the net profits of the Company (to be computed in the manner referred to in Section 198(1) of the Companies Act 1956, to be divided amongst them in such manner as the Board may, from time to time, determine.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.7:

Mr. K.R.Chandrasekaran was the Whole-time Director, from 28-04-2004 on the terms and conditions approved by the Shareholders at the Annual General Meeting held on 30-09-2004 for a period of three years.

Mr. K.R.Chandrasekaran was re-appointed as the Wholetime

Director of the Company for a period of three years from 28-04-2007 on the terms and conditions approved by the Shareholders at the Annual General Meeting held on 06-09-2007.

The Board of Directors have further extended his appointment as Wholetime Director vide its resolution dated 28-01-2010, for a further period of one year from 27-04-2010 to 26-04-2011 as recommended by the remuneration committee of Directors.

An abstract of the terms of Mr. K.R.Chandrasekaran's appointment and remuneration are set out below.

1. Period

One year with effect from 27-4-2010

2. Emoluments

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

(a) Salary and allowances

Such amount for Mr. K.R.Chandrasekaran in the scale of Rs.100,000 to Rs.150,000 per month as may be decided by the Board based on the recommendations of the remuneration committee with liberty to the Board to decide about the quantum of annual increment which will be effective from 01st of April every year or as decided by the Board

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

(b) Commission

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

(c) Perquisites and allowances

The following perquisites would be provided to Mr. K.R.Chandrasekaran by the Company, subject to tax as applicable.

Housing: Unfurnished accommodation or house rent allowance in lieu thereof subject to a maximum of 50% of the salary.

Motor car: A company car will be provided and the cost of running and minor maintenance expenses will be borne by him. Insurance and major repairs/replacements will be carried out by the company.

Leave: Leave of one month with full pay and allowances for every 11 months of completed service in addition to casual leave as applicable to the senior executives of the company.

Leave travel concession: Leave travel concession for self, wife and dependent parents / children once a year subject to a maximum of one month's basic salary.

Medical reimbursement: Reimbursement of hospital and medical expenses for self and family subject to a ceiling of one month's basic salary in a year.

Benefit of group mediclaim policy as per rules of the company.

Personal Accident Insurance: Benefit of personal accident insurance scheme as per rules of the company.

Vehicle Maintenance Reimbursement: Reimbursement upto Rs.12,000/- towards expenses incurred for maintaining a car, engaging a driver, etc and using the same for official purposes, on production of receipts / bills.

Provident Fund: Contribution to provident fund shall be as per rules of the company.

Gratuity: Shall be as per rules of the company.

Special day reimbursement: An amount of Rs.5,000/- per annum for celebrating a special day on production of bills.

Meals coupon: Meals coupons for a value of Rs.1200/- per month towards lunch / refreshment expenses.

Conveyance allowance: A conveyance allowance of Rs. 800/- per month.

Business expenses reimbursement: An amount of Rs.5,000/- per month towards expenses incurred for development of business, on production of bills.

Work from home reimbursement: Reimbursement of Rs.3,000/- per month towards expenses incurred for maintaining a telephone / internet / mobile connection, hiring a computer, etc for working from home on production of bills.

The Board may review and determine from time to time any revision and / or modification in the above perquisites during the tenure of his appointment.

4. Minimum remuneration

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

5. Termination

The agreement with Mr. K.R.Chandrasekaran provides that either party by giving the other party three month's notice or the company paying three months remuneration in lieu thereof may terminate the appointment.

6. Duties and Obligations

(a) The Agreement also sets out the duties and various obligations of Mr. K.R.Chandrasekaran. The appointment of Mr. K.R.Chandrasekaran as a Whole-time Director and the remuneration payable to him as aforesaid, are required to be approved by the members at this Annual General Meeting in terms of section 269 of the Act. The resolution at item 7 of Special business is intended for this purpose. The terms of

Mr. K.R.Chandrasekaran's appointment are more fully set out in the draft agreement which is available for inspection by any member at the registered office of the company between 10 am to 12 noon on any working day (excluding Saturdays) prior to the date of the Annual General Meeting as well as at the Meeting.

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

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

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

The Board recommends the resolution. No other director except Mr. K.R.Chandrasekaran, has any interest or concern in the resolution.

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

Mr. K.R.Chandrasekaran holds 28, 172 shares in the Company.

Mr. K.R.Chandrasekaran also holds Directorship in the following associate companies:

Accel Limited
Accel Frontline Services Limited
Accel Frontline FZE, Dubai
Network Programs USA INC, USA
Network Programs Japan INC, USA
Network Programs Kabushaki Kaishai, Japan

Mr. K.R.Chandrasekaran is not related to any other Director of the Company.

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

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

The information below is in relation to the proposal contained in Item No.7 of the Notice relating to re-appointment of Mr. K.R.Chandrasekaran as Wholetime Director of the Company.

I. General Information

(1) Nature of Interest

The Company is in the business of IT Infrastructure Management Services.

(2) Date or expected date of commencement of commercial production.

The Company has been in business for the past 15 years.

(3) In case of new companies, expected date of commencement of activities.

Not applicable, as the company is an existing company.

(4) Financial performance based on given indicators.

(Rs. in million)

	31.03.2010	31.03.2009	31.03.2008
Sales (Gross)	2,569.21	2,736.34	2,692.60
Profit Before Tax	63.06	70.54	78.68
Profit After Tax	47.46	43.94	60.95
Shareholders' Fund	1,028.84	1,020.51	1,000.02
Rate of Dividend on equity Shares (%)	15	10	15

(5) Export performance

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

(Rs. in million)

	31.03.2010	31.03.2009	31.03.2008
Income from services	68.47	124.78	158.33

(6) Foreign investments or collaborators, if any.

BT Frontline Pte Limited, Singapore has 51% shareholding in the company.

II. Information about the appointee

(i) Background details

Mr. K.R.Chandrasekaran is a chartered accountant with over 31 years of experience. He was previously employed as an Assistant General Manager of Harita Finance Limited from 1990 to 1997, as Manager Finance with HCL Infosystems Ltd from 1985 to 1990 and as a Management Accountant of ACC Babcock Ltd from 1980 to 1985.

(ii) Past Remuneration

For the financial year 2009 – 2010, Mr. K.R.Chandrasekaran's total remuneration was Rs. 2,409,600/-

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

Mr. K.R.Chandrasekaran has managed the financial matters of the company ably over the last few years. In the opinion of the Board, he is eminently suited for the position he holds.

(iv) Remuneration proposed

The remuneration of Mr. K.R.Chandrasekaran is set out above.

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

The substantive remuneration of Mr. K.R.Chandrasekaran is not out of tune with the remuneration in similar sized companies in similar segment of business.

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

Other than the remuneration, equity holdings and directorship in associate Companies as stated above, Mr. K.R.Chandrasekaran has no other pecuniary relationship directly or indirectly with the company or any of its Directors.

III. Other Information

The Agreement also sets out the duties and various obligations of Mr. K.R.Chandrasekaran. The appointment of Mr. K.R.Chandrasekaran as a Whole time Director and the remuneration payable to him as aforesaid, are required to be approved by the members at this Annual General Meeting in terms of section 269 of the Act. The resolution at item 7 of special business is intended for this purpose.

Item no 8 and 9

Mr. N R Panicker was re-appointed as the Managing Director of the company at the Annual General Meeting held on 06-09-2007, for a period of 5 years, from 01-11-2007 to 31-10-2012 on the terms and conditions including remuneration in accordance with provisions contained in the Schedule XIII to the Companies Act, 1956. However the resolution was passed as an ordinary resolution instead of as a special resolution.

As per Schedule XIII Part II Section II of the Companies Act, 1956, the minimum remuneration can be paid to any Director in the year of loss or inadequacy of profit, provided the company had passed such a resolution as a special resolution.

Due to various reasons, during the year ended 31st March 2010, there is inadequacy of profits to pay the full remuneration to Mr. N.R.Panicker as per approval of the shareholders in the Annual General Meeting held on September 06, 2007.

Accordingly, the company has proposed to pass resolution re-appointing him as a Managing Director as a special resolution in the ensuing Annual General Meeting with effect from 01-04-2010 for the remaining period of the current five year term of the office.

Further the company is proposing to pass the resolution under item 9, as a special resolution, to apply to the Central Government, to pay him the remuneration as per the resolution passed in the Annual General Meeting held on 06-09-2007 for the year ended 31st March 2010 as minimum remuneration. There is a shortfall of Rs.520,135 in the remuneration payable to him for the year ended 31st March 2010. As against the remuneration approved by the shareholders. The board of directors at its meeting held on 22nd July 2010 have approved to pay the remuneration as approved by the shareholders in the Annual General Meeting held on 06-09-2007 as minimum remuneration for the year ended 31st March 2010, subject to the approval of shareholders and the Central Government.

The proposals as set out in the Notice is placed for consideration and approval.

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

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

Mr. N R Panicker holds 287,500 shares in the Company.

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

Accel Limited
Accel Frontline Services Limited
Accel Transmatic Limited
Accel Tele.Net Limited
ACL Systems and Technologies Pte. Ltd., Singapore
Accel Frontline FZE, Dubai
Accel IT Resources Limited
Network Programs (USA) Inc, USA
Network Programs (Japan) Inc, USA
Network Programs Kabushaki Kaishai, Japan
Accel Systems Group Inc, USA
Accel Media Ventures Limited

Mr. N R Panicker is not related to any other Director of the Company.

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

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

The information below is in relation to the proposal contained in Item No.8 and 9 of the Notice relating to re-appointment and payment of minimum remuneration of Mr. N R Panicker as Managing Director of the Company.

I. General Information

(1) Nature of Interest

The Company is in the business of IT Infrastructure Management Services.

(2) Date or expected date of commencement of commercial production.

The Company has been in business for the past 15 years.

(3) In case of new companies, expected date of commencement of activities.

Not applicable, as the company is an existing company.

(4) Financial performance based on given indicators.

(Rs. in million)

	31.03.2010	31.03.2009	31.03.2008
Sales (Gross)	2,569.21	2,736.34	2,692.60
Profit Before Tax	63.06	70.54	78.68
Profit After Tax	47.46	43.94	60.95
Shareholders' Fund	1028.84	1020.51	1000.02
Rate of Dividend on equity Shares (%)	15	10	15

(5) Export performance

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

(Rs. in million)

	31.03.2010	31.03.2009	31.03.2008
Income from services	68.47	124.78	158.33

6) Foreign investments or collaborators, if any.

BT Frontline Pte Limited, Singapore has 51% shareholding in the company.

II. Information about the appointee

(i) Background details

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

(ii) Past Remuneration

For the financial year 2009 – 2010, Mr. N R Panicker's was paid a total remuneration Rs.41,79,865/-

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

Mr. N R Panicker has managed the company ably over the last several years.

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

(iv) Remuneration proposed

The remuneration of Mr. N R Panicker is as approved by the shareholder in the Annual General Meeting held on 06-09-2007.

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

The substantive remuneration of Mr. N R Panicker is not out of tune with the remuneration in similar sized companies in similar segment of business.

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

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

III. Other Information

Reasons of loss or inadequate profits:

On account of economic slow down, intense competition and the continued pressure on margins and profitability, the company achieved a modest growth. Due to pricing pressure the company lost few service contracts during the year resulting in reduction of profits.

Steps taken or proposed to be taken for improvements:

The company has taken various steps to improve efficiency and reduce costs including right sizing of the manpower. The company has already secured back few of the lost service contracts. The marketing and sales functions have been revamped and the current order book reflects the results of the improved efforts put in by the company.

The reappointment of Mr. N R Panicker by way of a special resolution, as a Managing Director and the minimum remuneration payable to him and the obtention of Central Government's approval as aforesaid, are required to be approved by the members at this Annual General Meeting in terms of section 269 of the Act. The Resolution at items 8 and 9 as special business is intended for this purposes.

Item No. 10

The shareholders of the Company at the Extra ordinary General meeting held on 11th February 2006 had vide special resolution, approved the payment of commission to non-wholetime directors at the rate of 1% of the net profits calculated as per the companies act, 1956 for a period of three years commencing from 1st April 2006. The three year period expired on 31-03-2009. Taking into account the responsibilities of the Directors, it is proposed to continue with payment of commission to non-wholetime Directors of the Company for a further period of 5 years.

Accordingly, it is proposed that in terms of Section 309 (4) of the Act, the Directors (apart from the Managing and the wholetime director) be paid, for each of the financial years of the company commencing April 1, 2009, remuneration not exceeding 1% per annum of the net profits of the company computed in accordance with provisions of the Act.

All the non executive independent directors of the Company are concerned or interested in the resolution at item 10 of the Notice to the extent of the remuneration that may be received by them.

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 forms, which are not stamped, are liable to be considered as invalid. Further for the purpose 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.
7. Members who wish to obtain any information on the company or the accounts may send their queries at least 10 days before the date of the meeting to the company at No.75, Nelson Manickam Road, Aminjikarai, Chennai 600029, or e-mail at sweena.nair@accelfrontline.in, addressed to the Company Secretary.
8. Members having shares registered in the same name or in the same of order of names but in several folios may please write to the RTA so that the folios can be consolidated. A copy of the letter may please be marked to the company secretary.
9. Members holding shares in physical form, who are desirous of making nomination as permitted under section 109A of the Companies Act, 1956 in respect of the shares held by them in the Company, may write to the RTA for the prescribed form.
10. All documents referred to in the accompanying notice and explanatory statements are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 AM and 1.00 PM up to the date of AGM.
11. The Company has notified closure of the Register of Members and the share transfer books from 15th September 2010 to 22nd September 2010 (both days inclusive).
12. Your company had declared an interim dividend of 15% to all the members whose name appear in the Register of Members on 22nd March, 2010 and the same has been despatched to the respective shareholders by NECS credit and Under Certificate of Posting. Members who have not received the same are requested to write to the company giving necessary details.
13. 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.

Registered Office
75, Nelson Manickam Road
Chennai 600 029

Date: July 22, 2010

By order of the Board

Sweena Nair
Company Secretary

Director's report

Dear Shareholders,

Your Directors are pleased to present the 15th annual report together with the audited accounts of the company for the year ended March 31, 2010.

INR in million

Financial results for the year ended March 31,	Standalone		Consolidated	
	2010	2009	2010	2009
Sales, Services & other income	2569.21	2736.34	2715.49	2946.74
Profit before interest, depreciation & tax	163.17	192.54	175.07	219.16
Interest	42.50	60.43	42.61	61.73
Depreciation	57.61	61.57	57.82	61.96
Provision for tax	16.10	28.07	16.10	28.07
Profit after tax	46.97	42.47	58.54	67.40
Balance brought forward from previous year	224.38	213.89	276.56	241.14
Profit available for appropriation	272.21	260.71	335.96	312.90
Appropriations				
Transfer to general reserve	5.00	10.00	5.00	10.00
Proposed dividend on equity shares	33.76	22.51	33.76	22.51
Tax on dividend	5.74	3.83	5.74	3.83
Balance carried to balance sheet	227.71	224.37	291.46	276.56
Total	272.21	260.71	335.96	312.90

Review of operations

The performance of the company during the year under review was less than expected due to continued slowdown in the IT spending by the major corporate as an aftermath of the global economic problems. The company achieved a modest growth of 1.62% on its core business of IT infrastructure services after taking into account the discontinued business of Warranty Management Services division which was hived off with effect from January 1, 2009. The highlights of the performance for the year are discussed in detail in the management discussion and analysis report attached as annexure to this report. The company, on a standalone basis, has posted a net turnover of Rs 2,569.21 mn for the year ended March 31, 2010, as compared to Rs 2,736.34 mn for the year ended March 31, 2009, which included the results of the WMS division and EBITDA of Rs 163.17 mn as against Rs 192.54 mn for the previous year ended March 31st 2009. The company reported a profit before tax of Rs.63.07 mn as against Rs. 70.54 mn for the corresponding period last year. On a consolidated basis, the net turnover was Rs 2,715.49 mn, the EBITDA was Rs.175.07 mn and the profit after tax was Rs 58.54 mn.

Consolidated financial statements

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

Report on conservation of energy, technology absorption etc.

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

Management discussion and analysis

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

Report of corporate governance

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

Auditors certificate on corporate governance

The certificate issued by the auditors of the company on corporate governance is given in Annexure IV.

Directors responsibility statement

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

CEO /CFO certification

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

Particulars of employees

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

Financial statements of subsidiary companies:-

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

Dividend

At the meeting held on March 10, 2010, the Board of Directors had approved an interim dividend of 15% (Rs 1.50 per equity share of Rs 10/-) for the year ended March 31, 2010. This Interim dividend was paid to all the shareholders whose names appeared in the register of members as on the Record date i.e. March 22, 2010. The Board of Directors, keeping in mind the requirement of funds for future expansions, have not recommended any final dividend for the financial year ended March 31, 2010.

Directors

Mr. Sudhir Narang , Mr. Steve Ting Tuan Toon and Mr. Suresh K.Sharma , retires by rotation and are eligible for re-appointment. Mr. K.R.Chandrasekaran is being reappointed as a whole time director for a further period of one year.

Quality management

Your company's quality policy is to enhance customer satisfaction through continued improvement of skills, processes and technologies. During the year the company continued to invest in technologies, infrastructure and processes in order to keep our quality management systems updated. We are a ISO 9001/2000 certified unit for IT infrastructure management services.

Auditors

K S Aiyar & Co Chartered Accountants, Chennai, auditors of the Company retire at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. The company has received confirmation from them that their appointment will be

within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The audit committee of the Board has recommended their reappointment. The necessary resolution is being placed before the shareholders for approval.

Internal control systems

Your company has adequate internal control procedures commensurate with the size and nature of its operations.

The internal control system 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, statutory auditors and management auditors.

Acknowledgement

Your directors would like to express their grateful appreciation for the assistance and co-operation received from Central and State Governments, financial institutions, banks, Government authorities, customers, suppliers and investors during the year under review. Your Directors 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,
July 22 , 2010.

N.R. Panicker
Chairman & Managing Director

Annexure I to the Director's Report

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

The company's operations involve very low energy consumption and therefore the scope of energy conservation is limited. The company has taken steps to conserve electricity consumption in offices.

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

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

Annexure II to the Director's Report

Management discussion and analysis

The IT services industry scenario

Indian IT industry witnessed a major slowdown in its growth for the first time in several years. The domestic industry has followed the global scenario of cutting down on IT spending with a cautious

approach. However, government and certain industry segments such as Banking, finance and insurance sectors continued to invest in new technologies and solutions. It is estimated that the industry will have slower growth in the coming few years and stabilize around 10% annual growth going forward.

The Year in brief

On a consolidated basis, the net turnover was Rs.2,715.49 mn for the year ended March 31st, 2010 as compared to Rs. 2,946.74 mn for the year ended March 31st, 2009 (including the results of WMS division for nine months period ended December 31, 2008). The EBIDTA for the year before an exceptional item of Rs.49.75 mn was Rs. 224.82mn for the year ended March 31st 2010 as against Rs. 301.85 mn for the previous year ended March 31st 2009. The drop in the EBIDTA was mainly due to reduction in the value of few service contracts and the hiving off of the non core Warranty Management Services business for a cash consideration. The company reported a profit before tax of Rs. 74.64 mn as against Rs. 95.47 mn during the corresponding period last year. The subsidiary company in Dubai incurred a loss during the year mainly due to the severe economic downturn prevailing in the Middle East region. The subsidiary company achieved a turnover of AED 8.46 mn as compared to AED 11.60 mn for the previous year ended March 31, 2009. The Singapore, US and Japan subsidiaries performed much in line with the expectations.

Business model

The company's business model revolves around IT Services, which includes Systems Integrations, IT infrastructure management and software services, including ERP consulting and implementation, banking software implementation and e governance projects. The company continues to enjoy strategic partnerships required for its business with global IT companies like Oracle, IBM and Microsoft to deliver solutions and services. The company is in the process of setting up a remote infrastructure management division to address global customers in IT infrastructure management. During the year, Oracle completed the acquisition of Sun Microsystems and the company continued to enjoy good relationship with Oracle in the new arrangement as a Platinum partner.

Delivery model

The delivery model integrating people, processes and technology endeavours to achieve IT solutions at lower total cost of ownership for our customers. We constantly innovate to offer better customized solutions to our customers which enhances the quality offered to the customer.

Our offshore development center for software application services, datacenter for hosting solutions, remote infrastructure management facility, the call center for technical help desk, are located at Chennai, which serves as the central hub of our service delivery network. We have 8 regional offices and over 100 direct service locations across India in a hub-and-spoke model to help deliver our services on a pan India basis.

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

Marketing

The business, during the current year continues to be organized into three strategic business units namely IT Infrastructure Solutions, IT Infrastructure Management Services and Enterprise Software Solutions.

There is a single centralized marketing and sales organization to manage the marketing and sales operations which co-ordinates sales and marketing efforts of the regional offices who are direct to the customers.

Competitive strength

The IT industry is highly dynamic and fast changing. The customer is demanding and has to be constantly upgraded to the latest available technology at lower cost. We have a diversified business portfolio which complement each other and we are in a unique position to offer IT outsourcing solutions in a cost effective manner. Our vast experience and expertise in handling large and complex system integration projects for multiple customers, is our competitive edge. We have a stable management team, several of them serving the company since its inception.

Human resource management

As on 31st March 2010, the company had employee strength of 1,662. The multicultural workforce is drawn from different disciplines and domain backgrounds. We have an established employee recruitment and retention policy, which involves identifying right talents through campus recruitment as well as lateral recruitment and providing them with appropriate training and induction.

Quality

The company has benefited immensely from its policy of making Quality an integral part of its processes. The Accel Quality Framework (AQF) initiative has set guidelines and procedures to ensure quality standards across the organisation. The ISO 9001-2000 certification for Infrastructure Management Services were the result of consistent conformance to the AQF initiative. An employee portal has been set up for knowledge management and sharing within the company. Regular knowledge and skill upgradation training programs are conducted by internal as well as external knowledge management experts

Infrastructure

Our registered and corporate office is located at Chennai. The company occupies approximately 180,000 square feet of office space across various locations in India. All the major offices and software development centres are well equipped with all necessary infrastructure facilities.

Usage of information technology

The company has automated various department functions in the company such as accounts, finance, HRD, customer service, logistics etc., using appropriate software application packages. The company has implemented Oracle financials and is in the process of integrating with other application suites.

Finance accounts and operational controls

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

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

monitoring program to control various expenses and the Board reviews the variance analysis.

Revenues

Consolidated revenues have been mentioned at the beginning of this report. On a standalone basis, the company posted net revenues of Rs.2,569.21 million for the year ended March 31, 2010, as compared to Rs.2,736.34 million for the year ended March 31, 2009 (including the results of WMS division for nine months period ended December 31, 2008).. This growth is not strictly comparable as the financial results of the previous year 2008-09 includes performance of the Warranty Management Services division (WMS division) for the nine months period ended December 31, 2008 which was hived off with effect from January 1, 2009. The EBITDA for the year ended March 31, 2010 before write off and provisioning for bad and doubtful debts was Rs.208.05 mn as against Rs.272.06 mn for the previous year ended March 31st 2009, The company's focus continues to be IT Infrastructure Management Services during the year under review. The company reported a profit before tax of Rs.63.07 million as against Rs.70.54 million for the corresponding period last year.

Sales from geographies

During the year under review 93 % of the revenue was from domestic operations and 7% of the revenue was from subsidiary operations in Singapore, Dubai, USA and Japan.

Customer concentration

During the year, our Top 10 customers contributed 39 % of the revenue and Top 20 customers contributed 52 % of the revenue. The rest is distributed over approx 1000 customers diversified across geography and industry verticals.

The company focuses on major verticals; Manufacturing, BFSI, Telecom, Government and Education. As on March 31 2010, the vertical wise break up of revenues was as follows:

Manufacturing	9 %
BFSI	17 %
Telecom & IT	52 %
Others	22 %

Working capital utilisation 2009-10

. The company is into turnkey projects involving integration, testing and acceptance, of various IT systems, software etc. results in a longer collection cycle. Hence the requirement of working capital increases year on year in line with the growth. As on March 31 2010 the company had utilised Rs.438.85 mn (previous year Rs. 335.97 mn) of fund based limits and Letters of Credits accepted for payment . The company had also utilized Rs. 111.36 mn of Bank Guarantee limits for issuing performance guarantees. The company has got sufficient cash flows and profit generation to service these borrowings.

Receivables management

The company's continues to have challenges with receivable management, due to the nature of industry it operates in profile of the large clientele with multi location presence and complex technologies and processes involved in execution and delivery. The economic slow down also added to the delays in collections. The company had a sundry debtors amounting to Rs.997.00 million net of provision for doubtful debts amounting to Rs.14.05 million as at March 31, 2010, as compared to Rs.988.09 million as at March 31, 2009. The debtors are considered good and realizable.

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

Margins

During the year under review, the gross margin was 34% as compared to 41% in the previous year, showing a decrease of 7 % on the turnover. The drop was due to various factors mainly, as the company wanted to focus only on customers with good track record to mitigate risk in an economic slowdown and drop in the value of certain running service contracts as the customers wanted to conserve their resources. The situation has started improving from the 4th quarter of the financial year and is expected to be better during the current financial year. The company is hopeful of increasing the product mix between system integration and services to achieve better margins.

Reserves and surplus

During the year under review the company transferred Rs 5 million from the retained earnings to the general reserves, and together with the balance at the beginning of the year, the General reserves stood at Rs 82.81 million. The reserves and surplus as on March 31, 2010 was at Rs 864.44 million, out of which the securities premium was Rs. 493.23 million and the balance in profit & loss account was Rs 291.46 million. We decreased the reserves and surplus by Rs.3.06 million during the year due to currency fluctuation for adjustment in the values of investments and loans & advances with respect to subsidiaries. The company has not revalued any of its assets and hence does not have any revaluation reserve.

Loan profile

During the year, the company reorganized its working capital limits with its bankers mainly to lower the cost of borrowing. As on March 31 2010, the company had a sanctioned working capital facility of Rs 1140 million from company's bankers, out of which Rs 370 million is fund based and Rs. 770 million is non-fund based facilities. During the year, the company reduced the working capital limits with State Bank of India to Rs.320 million from Rs.690 million of previous year. The company increased its working capital limits with IDBI Bank from Rs.200 million of previous year to Rs.450 million. The company availed fresh working capital limits from ICICI Bank to the extent of Rs.170 million and Barclays Bank to the extent of Rs.200 million. The funds utilised and outstanding were Rs 438.86 million including letters of credits utilized and accepted for payment. The total amount of performance bank guarantees issued by the bankers was Rs.111.36 millions.

Fixed assets

During the year, the company has removed from the gross fixed assets and accumulated depreciation an amount of Rs.18.17 mn and Rs.17.64 mn respectively towards assets put out of use on account of technology upgradation, end of life and scrapping of assets.

Capital expenditure

The capital expenditure incurred during the year was Rs.26.67 mn including a capital work in progress of Rs 1.30 mn. These capital expenditures were incurred mainly to add infrastructure against customer orders and reduce rental expenditure by shifting to cheaper offices in few locations.

Goodwill

The excess of cost to the company of its investments in the subsidiaries acquired overseas, over and above the company's portion of equity, as at the date of making investment is recognized in the financial statements as Goodwill on consolidation. The value of good will recognized on consolidation as at March 31, 2010 was Rs. 64.97 mn. The movement in goodwill is on account of exchange fluctuation recognized during the year.

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, 1956. 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.

Investments

There were no changes in the movement of investments during the current year.

Loans and advances

The loans and advances were at Rs.373.02 mn as at the end for the year under review. This includes an amount of Rs.29.54 mn lying as security deposits offered for various leased premises taken by the company, Rs. 31.10 offered as security earnest money deposits for various contracts and tenders, as performance security, Rs.60.91mn of unbilled revenues, Rs.15.94 mn of special additional duty refunds from customs and Rs.157.62 mn of advance income tax and tax deducted at source net of provision for income tax.

Interest outflow

During the year the working capital facilities were reorganized which brought down the interest cost. The company also utilized more of foreign currency buyers credit which were substantially hedged to bring down the interest outflow. The company incurred an expense of Rs. 42.61 mn as Interest and Financial charges. This included an amount of Rs. 16.33 mn towards interest for working capital facilities, and Rs. 26.28 mn towards the other financial charges like Bank charges, Bank Guarantee commissions, Letter of credit discounting charges etc.

Taxation

We have provided for the tax liability considering the present corporate tax rate of 33.99%, which includes surcharge and cess. The profits attributable to Software Technology Parks of India (STPI) scheme are exempted from income tax for a period of 10 years from the financial year the unit starts producing computer software or March 31st 2011 whichever is earlier. There is no tax liability for the Dubai and Japan subsidiary and we have unabsorbed losses in Singapore and USA subsidiaries. During the year under review, the company has provided an amount of Rs 19.80 mn towards Income tax liability. The company has an advance tax and tax deducted at source net of provisions of Rs.157.62 mn.

Forex

We have availed buyer's credit for our imports in foreign currencies from banks. During the year, we have made a net gain of Rs. 19.53 million mainly due to appreciation of Rupee during the year. The company had substantially covered the foreign exchange exposure and continues with the practice in the current year.

Risk management

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

Room for optimism

The company having been in existence for 20 years has been successful in creating a loyal base of over 1000 customers, most of them giving repeat business. The company has exited non remunerative SME customers, consciously over the last few years to focus on value added services to larger corporate clients. The company has identified remote infrastructure management as a new growth area and has already put in place the necessary infrastructure to increase the business in this segment. The company will try to promote the services with the existing customers to start with and move to other large customers within and outside the country. The company is constantly trying to keep the overheads at a manageable level. The margins during the current year are expected to be better than last year.

Cautionary statement

Statements in the Management Discussion and Analysis describing the company's objective, Projections estimates, expectation may be forward-looking statements within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the companies operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas 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 of two Executive Directors and Six non-executive Directors. Of the non-executive directors, four are independent which is equal to 50% of the size of the Board. The objective judgment of the independent and non-executive directors on corporate affairs and their collective experience and contributions are valuable to the company.

<p>i) Executive directors Managing Director N.R.Panicker Whole time Director K.R.Chandrasekaran</p> <p>ii) Non-Executive directors Promoters Steve Ting Tuan Toon Sudhir Narang Harrison Wang Hong She Independent Lakshmi G Menon Sinnakaruppan.R Suresh K.Sharma</p>	<p>b) Details of equity shares held by the directors</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Name of the Director</th> <th style="text-align: right;">No of shares</th> </tr> </thead> <tbody> <tr> <td>N.R.Panicker, Chairman & Managing Director</td> <td style="text-align: right;">287,500</td> </tr> <tr> <td>K.R.Chandrasekaran, Whole time Director</td> <td style="text-align: right;">28,172</td> </tr> <tr> <td>Lakshmi G Menon, Independent Director</td> <td style="text-align: right;">2,900</td> </tr> </tbody> </table>	Name of the Director	No of shares	N.R.Panicker, Chairman & Managing Director	287,500	K.R.Chandrasekaran, Whole time Director	28,172	Lakshmi G Menon, Independent Director	2,900
Name of the Director	No of shares								
N.R.Panicker, Chairman & Managing Director	287,500								
K.R.Chandrasekaran, Whole time Director	28,172								
Lakshmi G Menon, Independent Director	2,900								

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

Name of the Director	Category as at 31.03.10	No. of Board meetings Attended Out of 5 Meetings held as on 31.03.10	Attendance at the last AGM held On 29.09.09	No. of Directorship held in Indian Public Limited Companies (excluding Accel Frontline Limited)	Committee(s) position as on 31.03.2010 (All companies excluding Accel Frontline Limited)	
					Member	Chairman
N.R. Panicker	Executive Chairman & M.D.	05	Yes	06	02	01
Steve Ting Tuan Toon	Non Executive Director	04	No	00	Nil	Nil
K.R. Chandrasekaran	Wholetime Director	05	Yes	03	Nil	Nil
Lakshmi G Menon	Non-executive Independent Director	05	Yes	00	Nil	Nil
*Dr. Harrison Wang Hong She	Non-executive Independent Director	05	No	00	Nil	Nil
Sinnakaruppan R	Non-executive Independent Director	04	No	00	Nil	Nil
Suresh K Sharma	Non-executive Independent Director	04	No	01	Nil	Nil
**Sudhir Narang	Non Executive Director	05	No	00	Nil	Nil

* attended one meeting via conference call

** attended one meeting via conference call

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 arrival 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 are accomplished. It also sets standards of corporate behavior and ensures ethical behaviour 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 accounts of the company, both consolidated and on standalone for consideration and approval;

- Financial statements such as cash flow, inventories, sundry debtors and/or other liabilities or claims of substantial nature;
- Status of borrowings and details of material foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if any;
 - Delegation of powers to the operational management;
 - Any material default in financial obligations to any by the company including substantial non-receipt of monies due to the company;
 - Review compliance of all laws applicable to the company including the requirements of listing agreement signed with the stock exchanges and steps taken by the company to rectify instances of non-compliances, if any;
 - Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;
 - Sale of material nature, of investments, subsidiaries assets, which is not in normal course of business, if any;
 - Information on senior appointments below the board level including the appointment/ removal of the Chief Financial Officer (CFO) and the Company Secretary;
 - Proposals for joint ventures/collaborations;
 - Material communication from government including show cause notices, demand, prosecution, notices and penalty notices, if any, which are materially important;
 - Communication to Stock Exchanges, the shareholders and the press regarding company's performance, future plans and other decision/changes of significant importance or of price sensitive nature.

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

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

e) Details of board meetings held during the financial year and the number of directors present

Sr. No.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors Present
1.	29.04.2009	08	08
2.	28.07.2009	08	08
3.	27.10.2009	08	08
4.	28.01.2010	08	08
5.	10.03.2010	08	05**

** two directors were present via conference call.

Sr. No.	Dates of Meetings	Attendance record of the Members			
		Lakshmi G Menon (appointed as Chairman with effect from 11.04.06)	Steve Ting Tuan Toon (appointed as Member with effect from 11.04.06)	Suresh K Sharma (appointed as Member with effect from 11.04.06)	Dr.Harrison Wang Hong She (appointed as Member with effect from 11.04.06)
01	29.04.2009	Yes	Yes	Yes	Yes
02	28.07.2009	Yes	Yes	Yes	Yes
03	27.10.2009	Yes	Yes	Yes	Yes
04	28.01.2010	Yes	Yes	Yes	Yes

f) Attendance of last annual general meeting.

Three directors of the company attended the last Annual General meeting held on 29th September 2009.

3. Committees of the Board

a) Audit committee

The committee was originally constituted on 28th April 2004. It was reconstituted on 11th April 2006 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 statutes and other facets of the company's operations that are of vital concern to the company.

The re-constituted committee comprises of the following persons:

Name of the member	Category	Capacity
Mrs. Lakshmi G Menon	Non Executive Independent	Chairman
Mr. Suresh K Sharma	Non Executive Independent	Member
Dr. Harrison Wang Hong She	Non Executive Independent	Member
Mr. Steve Ting Tuan Toon	Non Executive / Promoter	Member

The Chief Financial 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:

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) Share transfer / investors' grievance committee

The re-constituted committee comprises of the following persons:

Name of the Member	Category	Capacity
Mrs. Lakshmi G Menon	Non Executive Independent	Chairman
Mr.K.R.Chandrasekaran	Whole time Director	Member
Mr. R. Sinnakaruppan	Non Executive Independent	Member

The Share Transfer / 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

Sl. No.	Dates of Meetings	Attendance Record of the Members		
		Lakshmi G Menon	R Sinnakaruppan	K. R. Chandrasekaran
01	29.04.2009	Yes	Yes	Yes
02	28.07.2009	Yes	Yes	Yes
03	27.10.2009	Yes	Yes	Yes
04	28.01.2010	Yes	Yes	Yes
05	10.03.2010	Yes	No	Yes

c) Remuneration committee

The Remuneration Committee was constituted by our Directors vide their Board Meeting held on April 28, 2004. The Committee was reconstituted vide the Board Meeting held on April 11, 2006. The re-constituted committee comprises of the following persons;

Name of the Member	Category	Capacity
Mr. Steve Ting Tuan Toon	Non Executive	Chairman
Mr. R. Sinnakaruppan	Non Executive Independent	Member
Mr. Suresh K 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 fulfills its ethical and legal responsibilities to its employees.

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.

Sl. No.	Dates of Meetings	Attendance Record of the Members		
		Steve Ting Tuan Toon	R Sinnakaruppan	Suresh K Sharma
01	29.04.2009	Yes	Yes	Yes
02	28.07.2009	Yes	Yes	Yes
03	28.01.2010	Yes	Yes	Yes

Remuneration policy:

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

- (i) The details of salary and perquisites (including contributions to Provident Fund/Superannuation Fund) paid/ payable to the Managing Director / Whole time Director for the 12 months period ended March 31, 2010 is as under:

Name	N.R. Panicker, Managing Director	K.R. Chandrasekaran, Whole time Director
Salary	4,179,865	2,409,600
Perquisites	-	-
Commission	-	-
Contribution to Provident Fund / Superannuation Fund	504,231	242,031
Total	4,684,096	2,651,631

(ii) Remuneration to the non-executive directors:

Apart from the sitting fees, which were paid at the rate of Rs.20,000/- for Non-Executive Director for each meeting of the Board and Rs.10000/- for each Director for each committee of the Board attended by them, all the Non Executive Directors are entitled for a commission calculated at the rate of 1% of the net profits, subject to the overall limits prescribed under the Companies Act, 1956 and the shareholders approval in the ensuing AGM. The total amount of remuneration paid during the financial year ended 31st March 2010 is as follows:

Name	Commis-sion	Sitting Fees	Total
Mrs. Lakshmi G Menon	-	1,90,000	1,90,000
Mr.R.Sinnakaruppan	-	1,50,000	1,50,000
Dr.Harrison Wang Hong She	-	1,40,000	1,40,000
Mr. Suresh K Sharma	-	1,50,000	1,50,000
Total	-	6,30,000	6,30,000

4. Subsidiary companies

The Company has five 100% subsidiaries operating from Singapore, Dubai, Japan and USA, which are not listed in India or abroad as of date.

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:

I. Mr. Sudhir Narang

Mr. Sudhir Narang, 46 years, holds an engineering degree from BITS, Pilani and has also pursued a post-graduate diploma in international trade. Sudhir has over 20 years' experience in the Indian IT sector, with a strong grounding in all aspects of sales, business development, product support and customer service. Sudhir Narang was appointed Managing Director for BT's India operations in December 2007, based in New Delhi. Sudhir's last position was as CEO of Tulip IT services, a data telecom service provider and IT solutions company. He has also held various leadership positions, including senior vice president, India and SAARC, at Cisco Systems India Pvt Ltd. At Cisco where he spent close to a decade, Sudhir worked with business verticals comprising enterprise, ITES, public sector and service providers. Before joining Cisco, Sudhir held the position of general manager at HCL Connect, the networking line of business for HCL.

Mr. Sudhir Narang does not hold any shares in the company.

Directorship in other Indian companies

- BT (India) Private Limited
- BT Global Communications India Private Limited
- BT Telecom India Private Limited
- BT e-serve (India) Private Limited
- BT Telco Services India Private Limited
- Net2S India Private Limited

Committee Position: Accel Frontline Limited - Nil

II. Mr. Suresh K. Sharma

Mr. Suresh K Sharma, 56 Years, is a former GE executive, is an internationally acknowledged business leader known for his pragmatic vision, thought-leadership, operational excellence, inventions and entrepreneurial successes. Co-author of the best-selling book "Global Outsourcing: Executing an Onshore, Nearshore and Offshore Strategy"; Suresh, over past 25 years, has played leading roles in setting up and running major facilities in manufacturing, R&D, Engineering Services, IT, Retail, BPO (Business Process), and Healthcare in U.S.A., India, Mexico, China, Canada, EU, Eastern Europe and Asia. With his exceptional ability to sense and step change the business DNA, Suresh has contributed extensively in the Energy, Aviation, e-Business, Security, Global Sourcing, Materials, IT, Supply Chain, Six Sigma Quality and Defense industries. Currently, he is President and CEO of Hydro Phi Technologies Inc. Suresh has an M.S. from University of Florida, Gainesville FL U.S.A. (1994), Management of Technology Courses with British Aerospace, PLC, U.K. (1983), and BE (Honours) in Mechanical from BITS, Pilani, India (1975)

Mr. Suresh K. Sharma hold - Nil equity shares of the Company

Directorship in Other Indian Companies

- Asian Electronics Limited
- Integral Technologies Private Limited

Committee Position : Accel Frontline Limited

- Audit Committee - Member
- Remuneration Committee - Member

III. Mr. Steve Ting Tuan Toon

Mr. Steve Ting Tuan Toon, 53 years is the founder and Chairman of the Frontline Group of Companies. He graduated from National University of Singapore in 1982 and has held several management positions in Hewlett Packard Singapore and Mentor Graphics Corporation Pte Ltd., He started his first company Mentor Graphics Associates Pte Ltd in 1993 and subsequently Frontline Technologies Pte Ltd in 1994.

Steve was appointed Executive Chairman of BT South East Asia on 1 October 2008 to drive the South East Asia's business. He leads the combined BT South East Asia and BT Frontline Group business performance in Asia Pacific.

He has received many awards including the title of Doctorate in Business Administration from the Wisconsin International University in USA in 2002 and the Ernst & Young Entrepreneur of the Year (Business Service & Technology) award in 2002. He served in various committees and boards in tertiary institu-

tions and various companies in Asia Pacific and is also active in providing guidance in entrepreneurship via lectures and seminars. He was appointed a Counsel Member in The Enterprise Challenge (TEC) by the Public Service 21 office of the Singapore Government. In the same year, Steve was also awarded by the National University of Singapore (NUS) for the Centennial Entrepreneurship Award for Technology.

Mr. Steve Ting Tuan Toon holds Nil equity shares of the Company

Directorship in other Indian companies - Nil
Committee Position : Accel Frontline Limited
Remuneration Committee - Chairman
Audit Committee - Member

6. General body meetings

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

Year	Location	Date & Time
12th AGM- 2007	Kasturi Srinivasan Hall The Music Academy, 168 TTK Road Chennai 600014.	6th September 2007 11 AM
13th AGM- 2008	Kasturi Srinivasan Hall The Music Academy, 168 TTK Road Chennai 600014	24th September 2008 11 AM
14th AGM - 2009	Narada Gana Sabha Trust Mini Hall 314, T.T.K. Road, Chennai 600018	29th September 2009 11 AM

- b) There was no Extraordinary General Meetings during the year under review.

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

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 Disclosures

- 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" issued by the Institute of Chartered Accountants of India (ICAI) are set out to the notes to the accounts of 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 an 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, 2010.

- e) Non-mandatory requirements

Revised SEBI Guidelines on Corporate Governance

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

10. Means of communication

The unaudited quarterly / half yearly results are announced within forty five days 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 2009 - 2010

- i) Investor Complaints received and replied during the year 2009 - 2010

Nature of queries	Received	Replied	Pending
Non-Receipt of warrant Dividend/ Interest/redemption warrant	3	3	0
Others (Non Receipt of Share Certificates)	1	1	0
Total	4	4	0

As at 31st March, 2010, NIL investor complaints were pending. Also as at 31st March, 2010, NIL Share Transfers and NIL Demat requests were pending.

- (ii) The Aggregate Promoters and Non-Promoters shareholding of the Company as at 31st March, 2010 is as shown below.

Category	No. of Shares	% to total paid up capital
Promoters	16141378	71.71
Non-Promoters	6367622	28.29
Total	22509000	100.00

The Annual Listing fees for the year 2010-2011 have been paid to the concerned stock exchanges.

The Company has also paid the annual custody fee for the year 2010-2011 to both the Depositories namely National Securities Depository Limited (NSDL) and Central Depository Limited (CDSL).

12. General information for shareholders

a) Annual General Meeting

Date	September 22, 2010
Time	11.00 am
Venue	Narada Gana Sabha Trust Mini Hall, 314, T.T.K. Road, Chennai 600018.

- b) Financial Year : April to March

Financial Calendar (Tentative)

Results for quarter ending 30th June 2010	End July 2010
Results for quarter ending 30th September 2010	End October 2010
Results for quarter ending 31st December 2010	End January 2011
Results for year ending 31st March 2011	End July 2011
16th Annual General Meeting (i.e. next year)	September 2011

- c) Date of Book Closure. The Register of Members and Share Transfer Books of the Company shall remain closed from 15.09.2010 to 22.09.2010 (Both days inclusive)

- d) Dividend payment Date. 31st March 2010 (Interim)

- e) Listing on Stock Exchanges and Stock Code / Symbol

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

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

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

f) Market Price

Month	BSE		NSE	
	High	Low	High	Low
April 2009	54.00	46.05	55.00	46.00
May 2009	76.00	46.00	76.00	46.00
June 2009	74.40	46.95	74.00	47.00
July 2009	53.90	42.25	52.50	41.80
August 2009	62.40	45.00	62.70	44.35
September 2009	60.50	43.50	60.35	48.30
October 2009	57.90	44.00	58.00	45.20
November 2009	53.95	41.00	49.85	45.25
December 2009	75.60	46.10	75.45	46.10
January 2010	69.00	45.20	69.70	60.15
February 2010	49.65	44.60	49.50	44.55
March 2010	54.15	45.25	53.55	44.30

g) Distribution of shareholding

Distribution of Shareholding as on 30th June 2010 is as under.

No. of Equity Shares	Shareholders		Shares	
	No.	%	No.	%
Upto 500	6,573	90.10	869,703	3.86
501 - 1000	338	4.63	283,046	1.26
1001 - 2000	178	2.44	272,261	1.21
2001 - 3000	61	0.85	157,657	0.70
3001 - 4000	31	0.42	112,568	0.50
4001 - 5000	30	0.41	139,174	0.62
5001 - 10000	44	0.60	308,341	1.37
10001 and above	40	0.55	20,366,250	90.48
Total	7,295	100.00	22,509,000	100.00

h) Shareholding pattern under clause 35

Name of the Company:		ACCEL FRONTLINE LIMITED						
Scrip Code: BSE 532774 NSE : AFL		Quarter ended:		30.06.2010				
Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	No of shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group							
-1	Indian							
(a)	Individuals/ Hindu Undivided Family	1	287,500	287,500	1.28	1.28	-	-
(b)	Central Government/ State Government(s)							
(c)	Bodies Corporate	1	4,375,390	4,375,390	19.44	19.44	1,538,000	35.15
(d)	Financial Institutions/ Banks							
(e)	Any Other (specify)							
	Sub-Total (A)(1)	2	4,662,890	4,662,890	20.72	20.72	1,538,000	32.98
-2	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)							
(b)	Bodies Corporate	1	11,478,488	11,478,488	-	-	-	-
(c)	Institutions							
(d)	Any Other (specify)							
	Sub-Total (A)(2)	1	11,478,488	11,478,488	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3	16,141,378	16,141,378	71.71	71.71	1,538,000	9.53
(B)	Public shareholding							
-1	Institutions							
(a)	Mutual Funds/ UTI							
(b)	Financial Institutions/ Banks	1	229,971	229,971	1.02	1.02		
(c)	Central Government/ State Government(s)							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors							
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
	1 Foreign Company							
	Sub-Total (B)(1)	1	229,971	229,971	1.02	1.02		
-2	Non-institutions							
(a)	Bodies Corporate	263	3,682,466	3,682,466	16.36	16.36		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	6,849	1,722,059	1,625,484	7.65	7.65		
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	22	529,662	495,662	2.35	2.35		
(c)	Any Other (specify)							
	1. Clearing Member	105	99,970	99,970	0.44	0.44		
	2. NRIs (Repat)	45	92,919	71,519	0.41	0.41		
	3. NRIs (Non Repat)	6	10,475	10,475	0.05	0.05		
	4. Trusts	1	100	100	0.00	0.00		
					0.00	0.00		
	Sub-Total (B)(2)	7,291	6,137,651	5,985,676	27.27	27.27		
	Total Public Shareholding (B)= (B)(1)+(B)(2)	7,292	6,367,622	6,215,647	28.29	28.29		
	TOTAL (A)+(B)	7,295	22,509,000	22,357,025	100.00	100.00	1,538,000	6.83
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
	GRAND TOTAL (A)+(B)+(C)	7,295	22,509,000	22,357,025	100.00	100.00	1,538,000	6.83

i) Dematerialization of shares and liquidity as on 30th June 2010

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 30th June 2010, 99.32% equity shares of the company are held in Dematerialized form.

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

J) Address for correspondence

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

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

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

k) Share transfer system and other related matters

i) Share transfer

The Share Transfer in physical form is presently processed and the share certificates are generally returned to the respective holders within 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 2010.

For Accel Frontline Limited

N.R.Panicker
Chairman & Managing Director

Place: Chennai
Date: July 22, 2010

**Annexure IV to the director's report
Auditor's 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 2010 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 K.S. Aiyar & Co
Firm Regn. No: 100186W
Chartered Accountants

S.Narayanan
Partner (M. No. 29724)

Place: Chennai
Date: July 22, 2010

**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, 2010 and of the profit of the company for the year ended March 31, 2010

3. Proper and sufficient care has been taken in maintaining adequate accounting records of the company in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
4. The Annual Accounts of the company as aforesaid have been prepared on a going concern basis.

Annexure VI to the director's report

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

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

1. We have reviewed the financial statements and cash flow statement for the year and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the state of affairs of the Company and are in compliance with the existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for the Company's internal control system for financial reporting. We have periodically evaluated the effectiveness of the internal control systems of the company and have disclosed to the auditors and the audit committee deficiencies in the designs or operation of the Internal controls, if any. We have also taken effective steps to rectify those deficiencies, if any.
4. We indicate to the auditors and to the Audit Committee:
 - a) Significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year;
 - c) Instances of significant fraud of which we have become aware of and which involve management or other employees, who have significant role in the Company's internal control system over financial reporting.

N.R. Panicker
Chairman & Managing Director

K.R.Chandrasekaran
Chief Financial Officer

Date: July 22, 2010
Place: Chennai

Annexure VII to the director's report

Statement of particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendment rules 1988 and forming part of Directors' report for the year ended March 31, 2010.

The particulars required pursuant to sec 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not included as an annexure to the Director's Report . However any shareholder interested in obtaining a copy of the said annexure may write to the company secretary for a copy.

Annexure VIII to the Director's Report
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in subsidiary companies

	Name of Subsidiary Company	ACL Systems & Technologies Pte Ltd., Singapore	Accel Frontline FZE, Dubai	Network Programs Japan Inc., USA	Network Programs USA Inc., USA	Network Programs KK, Japan
1	The Financial Year of Subsidiary Companies ended on	April 2009 to March 2010	April 2009 to March 2010	April 2009 to March 2010	April 2009 to March 2010	April 2009 to March 2010
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.	300,000 shares of SGD 1 per share.	1 share of 1 million AED	1500 equity shares without par value	1000 equity shares of USD 1 each .	212 shares of 50000 JY each.
2B	Extent of interest of holding company at the end of the financial year of the subsidiary companies	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 2010	SGD 6,838 INR 228,733/-	AED (1,484,863) INR (19,330,220)	USD 288,556/- INR 13,780,674/-	USD 355,377/- INR 16,971,641/-	JPY (188,149) INR(96,758)
II	For the previous financial year of the subsidiary company's subsidiaries	SGD 24,469 [INR 788,496]	AED 1,125,294 [INR 14,240,757]	USD 241,135 [INR 11,205,104]	USD (12,834) [INR(596,386)]	JPY(1,511,345) [INR(705,027)]
B	Dealt within holding company's account					
I	For the financial year ended 31st March, 2010	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

Statement pursuant to exemption received under section 212 (8) of the Companies act 1956 relating to subsidiary companies for the year ended March 31, 2010

Pursuant to the exemptions granted by the Ministry of Corporate Affairs, Government of India vide letter No.47/613/2010-CL-III dated 23.06.2010 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.

(All amount in INR)

Particulars	Accel Frontline Fze, Dubai	ACL Systems & Technology Pte Ltd. Singapore	Network Programs USA Inc. USA	Network Programs (Japan) Inc., USA	Network Programs KK, Japan
Share Capital (including share application money)	12,263,300	9,659,370	2,251,505	6,754,515	12,854,485
Reserves & Surplus / Profit & Loss Account(Debit Balance)	32,230,091	(10,402,032)	(13,608,748)	5,520,356	(3,765,206)
Total Assets (Fixed Assets + Capital WIP + Current Assets)	81,697,158	260,288	22,482,449	27,682,954	9,099,288
Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	37,203,767	1,002,950	33,839,692	15,408,083	10,009
Investment	-	-	-	-	-
Turnover *	106,480,750	2,238,524	60,681,636	40,540,839	6,510
Profit / (Loss) before taxation	(19,312,532)	228,733	16,971,641	13,780,674	(96,758)
Provision for taxation	-	-	-	-	-
Profit / (Loss) after taxation	(19,312,532)	228,733	16,971,641	13,780,674	(96,758)
Proposed dividend	-	-	-	-	-
Exchange rate					
a. P&L items average rate	13.00626	33.45025	47.75676	47.75676	0.51426
b. Balance sheet items closing rate	12.26330	32.19790	45.03010	45.03010	0.48590

* includes other income

Auditors' report

To

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

On the consolidated financial statements of Accel Frontline Ltd. and its subsidiaries

1. We have examined the attached consolidated balance sheet of Accel Frontline Ltd., and its subsidiaries as at 31st March 2010, the consolidated Profit & Loss Accounts for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year on that date, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on test basis evidence supporting the amount and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
3. We did not audit the financial statement of subsidiaries, whose financial statements reflect total assets (Net) of Rs. 53,757,636 as of 31st March 2010, Total Revenue of Rs.209,948,259 and net cash flows from operating activity amounting to Rs. 37,273,680. These Financial Statements and other financial information have been audited by other Auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other Auditors.
4. We report that the consolidated financial statements have been prepared by the Accel Frontline Ltd's management in accordance with the requirements of Accounting Standard (AS) 21, consolidated financial statements, Accounting Standard 23, Accounting for investment in Associates in Consolidated financial Statements.
5. Based on our audit and on the consideration of the reports of the other auditors on separate Financial Statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion, that the attached Consolidated Financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of the consolidated balance sheet, of the consolidated state of affairs of Accel Frontline Ltd. and its subsidiaries as at March 31, 2010.
 - ii. In case of the consolidated profit and loss account, of the consolidated results of operations of Accel Frontline Ltd. and its subsidiaries for the year ended on that date and
 - iii. In the case of the consolidated cash flow statement, of the consolidated cash flows of Accel Frontline Ltd. and its subsidiaries for the year ended on that date.

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

Place: Chennai - 16
Date : July 22, 2010

(S. Narayanan)
Partner
(M No: 29724)

Consolidated balance sheet

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

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	225,090,000	225,090,000
Reserves and surplus	2	864,443,433	842,410,710
		1,089,533,433	1,067,500,710
Loan funds:			
Secured loans	3	441,001,047	340,111,317
Deferred tax liability	4	48,357,573	52,575,511
		1,578,892,053	1,460,187,538
APPLICATION OF FUNDS			
Goodwill on consolidation		64,974,614	63,545,773
Fixed assets:			
Gross block	5	428,058,948	407,285,832
Less : Accumulated depreciation		186,559,458	146,537,222
Net block		241,499,490	260,748,610
Capital work-in-progress		1,300,000	14,029,302
Investments	6	3,000,000	3,000,000
Current assets, loans and advances:			
Inventories	7	199,970,623	229,608,987
Sundry debtors	8	997,000,459	988,090,056
Cash and bank balances	9	357,654,792	194,895,921
Loans and advances	10	373,018,514	318,890,361
		1,927,644,388	1,731,485,325
Less : Current liabilities and provisions			
Current liabilities	11	645,357,644	597,212,121
Provisions	12	14,168,795	15,409,351
		659,526,439	612,621,472
Net current assets		1,268,117,949	1,118,863,853
		1,578,892,053	1,460,187,538

Notes to the financial statements

19

The schedules 1 to 12 and 19 form an integral part of the financial statements

This is the balance sheet referred to in our report of even date

For and on behalf of the Board of Directors

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

N.R.Panicker
 Chairman & Managing Director

Steve Ting Tuan Toon
 Director

(S NARAYANAN)
 Partner

K.R.Chandrasekaran
 Director & CFO

Sweena Nair
 Company Secretary

Place : Chennai

Date : July 22, 2010

Consolidated profit & loss account

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

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Income from operations	13	2,651,878,682	2,910,506,846
Other income	14	63,612,535	36,234,131
		<u>2,715,491,217</u>	<u>2,946,740,977</u>
EXPENDITURE			
Cost of sales & services	15	1,784,768,265	1,740,924,934
Employee cost & benefits	16	465,524,436	552,926,251
Operating & administrative expenses	17	290,126,754	433,725,951
Financial charges	18	42,612,492	61,729,494
Depreciation		57,821,711	61,961,034
		<u>2,640,853,658</u>	<u>2,851,267,664</u>
Profit before tax		74,637,559	95,473,313
Provision for taxes on income:			
- Current		18,722,546	16,328,948
- Foreign operations		1,080,980	3,644,076
- Wealth tax		22,275	38,747
- Deferred tax liability/(asset)		(4,217,938)	1,697,739
Fringe benefit tax		-	4,891,045
Net profit		59,029,696	68,872,758
Less : Taxes relating to earlier years			
- Income tax		584,881	1,467,865
- Fringe benefit tax		(96,562)	-
Add : Provision for compensated absences reversed		862,959	4,352,669
- Balance carried forward from previous year		276,560,120	241,136,964
Profit available for appropriation		335,964,456	312,894,526
Appropriations:			
Interim cum final dividend		33,763,500	22,509,000
Tax on dividend		5,738,107	3,825,405
Transfer to general reserve		5,000,000	10,000,000
Balance carried forward to balance sheet		291,462,849	276,560,121
		<u>335,964,456</u>	<u>312,894,526</u>
Net profit available to equity shareholders		59,029,696	67,404,893
Weighted average number of shares		22,509,000	22,509,000
Basic and diluted earnings per share(equity shares, par value Rs. 10 each)		2.62	2.99

Notes to the financial statements 19

The schedules 13 to 19 form an integral part of the financial statements

This is the profit & Loss account referred to in our report of even date

For and on behalf of the Board of Directors

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

N.R.Panicker
 Chairman & Managing Director

Steve Ting Tuan Toon
 Director

(S NARAYANAN)
 Partner
 Membership No.29724

K.R.Chandrasekaran
 Director & CFO

Sweena Nair
 Company Secretary

Place : Chennai
 Date : July 22, 2010

Schedules to the consolidated financial statements

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

	As at March 31, 2010	As at March 31, 2009
1 Share capital		
Authorised		
30,000,000 equity shares of Rs.10/- each	300,000,000	300,000,000
(Previous year - 30,000,000 equity shares of Rs.10/- each)		
Issued, subscribed and paid-up :		
22,509,000 equity shares of Rs.10/- each fully paid		
(Previous year - 22,509,000 equity shares of Rs 10/- each fully paid)	225,090,000	225,090,000
(out of the above 11,478,488 equity shares of Rs. 10/- each fully paid is held by BT Frontline Pte Ltd, Singapore, the holding company)		
2 Reserves and surplus		
General reserve		
Balance, beginning of the year	77,807,587	67,807,587
Add : Transferred from profit & loss account	5,000,000	10,000,000
Balance, end of the year	82,807,587	77,807,587
Securities premium	493,233,527	493,233,527
Currency translation reserve	(3,060,530)	(5,190,525)
Balance available in profit & loss account	291,462,849	276,560,121
	864,443,433	842,410,710
3 Secured loans *		
Term loan from non-banking financial institution	-	107,864
Working capital facilities from banks	438,851,442	335,966,964
Vehicle loan from bank	2,149,605	4,036,489
	441,001,047	340,111,317
* Refer note 19.04 for details of security		
4 Deferred tax liability, net		
on account of		
Depreciation	53,430,713	64,406,448
Lease accounting	-	(1,575,133)
Others	(5,073,140)	(10,255,804)
	48,357,573	52,575,511

Schedules to the consolidated financial statements

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

5 Fixed assets

Description of assets	Gross block			Depreciation*			Net block			
	As at April 01, 2009	Additions	Deletions	As at March 31, 2010	As at April 01, 2009	For the year	Deletions	As at March 31, 2010	As at March 31, 2009	
Goodwill	4,999,509	-	-	4,999,509	2,899,802	999,901	-	3,899,703	1,099,806	2,099,707
Plant and machinery	8,254,335	-	-	8,254,335	2,427,700	392,078	-	2,819,778	5,434,557	5,826,635
Office equipment	21,363,132	1,304,456	1,241,087	21,426,501	5,756,106	1,320,499	1,220,022	5,856,583	15,569,918	15,607,026
Furniture and fixtures	25,985,297	168,536	881,456	25,272,377	13,591,077	1,846,961	881,456	14,556,582	10,715,795	12,394,220
Leasehold improvements	42,488,270	13,752,735	2,907,836	53,333,168	17,506,293	8,219,943	2,907,836	22,818,400	30,514,768	24,981,977
Computers - hardware	72,953,748	14,778,851	11,771,160	75,961,439	36,331,876	12,153,461	11,771,160	36,714,177	39,247,262	36,621,872
Computer - software	219,341,991	8,843,383	330,567	227,854,807	65,394,038	31,677,723	330,567	96,741,194	131,113,613	153,947,953
Vehicles*	13,176,321	550,000	1,038,074	12,688,247	4,367,950	1,186,015	531,543	5,022,422	7,665,825	8,808,371
Total	408,562,603	39,397,961	18,170,180	429,790,383	148,274,842	57,796,581	17,642,584	188,428,839	241,361,544	260,287,761
Exchange Adjustment	(1,276,771)			(1,731,435)	(1,737,620)	25,130		(1,869,381)	137,946	460,849
Grand Total	407,285,832	39,397,961	18,170,180	428,058,948	146,537,222	57,821,711	17,642,584	186,559,458	241,499,490	260,748,610
Previous year	507,099,443	20,389,207	118,918,429	407,285,832	181,919,479	61,961,034	95,403,951	146,537,222	260,748,610	

* Vehicles include Rs.6,154,237 (previous year Rs.6,657,286 (net book value - Rs.4,387,246; previous year - Rs.5,270,172)) acquired through hypothecation loans from banks / others.

Schedules to the consolidated financial statements

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

	As at March 31, 2010	As at March 31, 2009
6 Investments - Long term		
Trade Investments - unquoted		
96,374 shares of Rs.10/- each fully paid in M/s.Telesis Global Solutions Limited (PY:96,374)	3,000,000	3,000,000
Total Long term Investment	<u>3,000,000</u>	<u>3,000,000</u>
Total Investments	<u>3,000,000</u>	<u>3,000,000</u>
7 Inventories		
Service spares	161,828,317	171,175,097
Finished goods		
- Trading	35,157,847	44,099,226
- Stock in trade	2,984,459	14,334,664
	<u>199,970,623</u>	<u>229,608,987</u>
8 Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	203,694,099	241,830,858
Considered doubtful	14,051,861	30,017,136
Other debts *		
Considered good	793,306,360	746,259,198
	<u>1,011,052,320</u>	<u>1,018,107,192</u>
Less: Provision for doubtful debts	(14,051,861)	(30,017,136)
	<u>997,000,459</u>	<u>988,090,056</u>

*Includes amounts not falling due for payments as at March 31, 2010 of Rs. Nil
 (Previous year - Rs (2,782,389) in respect of lease receivables (also refer note 19.11))

Schedules to the consolidated financial statements

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

	As at March 31, 2010	As at March 31, 2009
9 Cash and bank balances		
Cash on hand and remittances in transit	553,959	494,269
Balances with scheduled banks :		
- current accounts	270,599,711	99,159,669
- deposit accounts	86,157,510	94,896,695
- Unpaid dividend account	343,612	345,288
	357,654,792	194,895,921
10 Loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	131,870,188	141,009,131
Advance payment of tax, net of provision	157,620,883	110,973,347
Balance with government authorities	3,253,590	2,209,112
Deposits - leased office premises	29,540,200	31,256,037
- other deposits	50,733,653	33,442,734
	373,018,514	318,890,361
11 Current liabilities		
Sundry creditors	452,499,057	358,207,656
Interest accrued but not due	4,863,565	3,175,297
Advances from customers	50,446,680	74,707,675
Other liabilities	137,548,342	161,121,493
	645,357,644	597,212,121
12 Provisions		
Provision for compensated absence	13,702,453	14,565,412
Provision for gratuity	466,342	843,939
	14,168,795	15,409,351

Schedules to the consolidated financial statements

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

	Year ended March 31, 2010	Year ended March 31, 2009
13 Income from operations		
- Income from sales	1,725,819,705	1,684,044,796
- Less : Sales tax	(51,916,994)	(55,444,826)
	<u>1,673,902,711</u>	<u>1,628,599,970</u>
- Income from services includes service packs	1,068,361,189	1,408,603,769
- Lease rentals	10,156,266	17,826,093
- Finance and service income - leased assets	238,707	907,256
- (Less) : Service tax and sales tax on services	(100,780,191)	(145,430,242)
	<u>2,651,878,682</u>	<u>2,910,506,846</u>
14 Other income		
- Interest income (Gross)	5,197,427	3,253,933
(Tax deducted at source - Rs.798,222; Previous year - Rs. 1,361,160)		
- Miscellaneous receipts	2,103,708	6,532,575
- Profit on sale of fixed assets	4,513	54,075
- Gain on exchange fluctuation	19,526,879	231,671
- Bad debts recovered	3,026,015	2,616,517
- Liabilities written back	33,753,993	22,505,360
- Dividend income	-	1,040,000
	<u>63,612,535</u>	<u>36,234,131</u>
15 Cost of sales & services		
Opening Stock	221,243,242	268,115,160
Purchases - IT products	1,763,496,656	1,722,433,236
Less : Inventory related to WMS business	-	(28,380,220)
Less : Closing Stock	(199,971,633)	(221,243,242)
	<u>1,784,768,265</u>	<u>1,740,924,934</u>
16 Employee cost & benefits		
Salaries wages and allowances	438,129,851	522,078,317
Contribution to employee benefit plans	17,548,679	19,677,229
Staff welfare expenses	9,845,906	11,170,705
	<u>465,524,436</u>	<u>552,926,251</u>

Schedules to the consolidated financial statements

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

	Year ended March 31, 2010	Year ended March 31, 2009
17 Operating & administrative expenses		
Rent	55,731,000	68,217,935
Electricity	10,541,069	14,613,217
Repairs and maintenance		
-- buildings	2,413,835	3,449,911
-- others	13,555,844	14,668,942
Insurance	7,127,105	11,778,884
Rates and taxes	1,630,543	4,513,873
Printing and stationery	4,574,809	6,948,300
Communication expenses	17,356,190	32,271,352
Travelling and conveyance	62,480,270	77,607,044
Security charges	3,014,279	4,294,630
Consultancy and professional charges	17,230,951	20,055,891
Fees for independent directors	630,000	1,792,603
Bad debts and liquidated damages	38,328,059	52,874,741
Loss on sale of fixed assets	369,817	1,499,086
Loss on sale of investments	-	3,770,000
Provision for doubtful debts	11,422,628	29,808,601
Loss on exchange fluctuation	-	35,031,950
Advertisement and sales promotion	8,034,068	8,614,801
Sales discounts	662,410	87,249
Clearing and forwarding expenses	11,798,100	19,481,939
Other expenses	23,225,777	22,345,002
	290,126,754	433,725,951
18 Financial charges		
On working capital	16,331,979	30,200,622
On term loans	-	169,049
Others	26,280,513	31,359,823
	42,612,492	61,729,494

Schedules to the consolidated financial statements

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

19.00 Notes to significant accounting policies to the consolidated financial statements

19.01 Background

Accel Frontline Limited ("Accel" or the Company) was incorporated in Chennai in 1995. The Company's principal lines of business include, providing system integration solutions comprising network design, hardware software and website development and the sale and implementation of customized software products. The Company also provides IT Infrastructure management solutions, after sales services support relating to asset maintenance services for the Company's own and third party products. The company has the following wholly owned subsidiaries

Name	Holding	Country of incorporation/origin
ACL Systems & Technologies Pte. Ltd., Singapore.	100%	Incorporated under the laws of Singapore as a wholly owned subsidiary since 15.04.2000
Accel Frontline FZE, Dubai	100%	Established as a wholly owned subsidiary enterprise as per the license by Jebel Ali Free Zone, Dubai since October 4, 2002 and the same has been moved to Dubai Airport Free Zone Authority effective March 21, 2010
Network Programs (USA), Inc. USA	100%	Incorporated under the laws of the State of Delaware, USA.
Network Programs (Japan), Inc. USA	100%	Incorporated under the laws of the State of Delaware, USA.
Network Programs KK, Japan	100%	Incorporated under the law of Japan in Tokyo, Japan.

19.02 Statement of significant accounting policies

(a) Basis of preparation of financial statements

The consolidated financial statements of Accel Frontline Limited and its subsidiaries (collectively referred to as "Accel Frontline" or "the group") have been prepared under the historical cost convention on an accrual and going concern basis.

All figures are in Indian Rupees (INR) except where expressly stated.

The consolidated financial statements include the financial statements of Accel Frontline Limited and its foreign subsidiaries. The financial statements are prepared in accordance with the principals and procedures for the preparation and presentation of consolidated financial statements as laid down in Accounting Standard 21 issued by the Institute of Chartered Accountants of India (ICAI) All material inter-company transactions and accounts are eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies of the group.

In case of Foreign subsidiaries revenue items are consolidated at the average exchange rate prevailing during the year. The

opening balance in Profit & Loss account and the opening balances in Reserves and surplus have been converted at the rates prevailing as at the respective balance sheet dates. All assets and liabilities as at the year-end are converted at the rates prevailing as at the end of the year. Any exchange difference arising on consolidation is shown under Currency translation reserve on consolidation.

The Financial Statements of subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Company.

The excess of cost to the company of its investment in the subsidiaries over the company's portion of equity, as at the date of making the investment, is recognized in the financial statements as goodwill.

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

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) Fixed assets, depreciation and amortization

- Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost includes all expenses attributable to bringing the asset to its working condition for its intended use.
- The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of the recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

(c) Depreciation

Depreciation on fixed assets is provided for, on a straight-line basis, at the higher of the rates as specified in Schedule XIV to the Act or the rates derived based on the economic useful life of the asset as determined by management. Computer software, being application software is amortized over a period of 7 years or its realizable useful life, whichever is lower. Fixed assets individually costing Rs 5,000 or less are fully depreciated on purchase during the relevant year.

Capital work in progress: Software products/solutions developed and/or under developments are stated at cost and pending capitalization of the same are treated as capital work in progress. The development cost consists of proportionate cost of employee compensation and other direct costs involved. Software development cost incurred on products/solutions ready for marketing are capitalised and amortised over a period of seven years based on managements' evaluation of the products' life cycle.

Schedules to the consolidated financial statements

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

(d) Investments

Investments in subsidiaries are classified as long-term investments and are stated at cost. Adjustments are made for any diminution if any, in value of the investments that is other than temporary.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses incurred in bringing the inventory to its present location and condition and is computed on the basis of weighted average cost. Inventories of components and spares primarily held and used for the purpose of asset maintenance services are amortized over a period of seven years.

(f) Revenue recognition

Sales

Sales are recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with the dispatch of goods. All sales are reported exclusive of excise duty and sales tax.

Service income

Service income comprising Income from Infrastructure Management Services (IMS) contracts are recognized ratably over the period of the underlying maintenance agreement. Incomes from services are reported exclusive of service tax.

Revenue from software development and implementation on the time-and-material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on the percentage of completion basis.

Assets sold on finance lease arrangements are recognized as a sale at the inception of the lease, and the related finance income is recognized on a time proportion basis over the period of the lease.

Dividend income from investments is recognized when the right to receive the dividend is established.

(g) Employee benefit plans

The company makes contributions to the "Accel ICIM Employees Provident Fund Trust", which is a defined contribution plan. 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 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 liability is actuarially determined at the end of each financial year and any shortfall in the fund size maintained by the trust set up by the company with Life Insurance Corporation of India is additionally provided for.

Compensated absences

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.

(h) 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.

(i) 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. 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.

(j) Foreign currency transactions

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 included 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.

Schedules to the consolidated financial statements

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

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date. 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

(k) Impairment

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

(l) Provisions and contingent liabilities

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.

19.03 Cash and bank balances

Cash and bank balances in the balance sheet include cash in hand and cash at bank, margin money deposit.

19.04 Secured loans

Working capital facilities from banks are secured by a pari passu charge by way of hypothecation of current assets and the moveable properties of the company. Hypothecation loans are secured by hypothecation of the respective assets acquired.

Secured loans include Rs.440,106,917 (previous year – Rs 337,605,378/-) due within one year.

19.05 Payment to Directors

	2010	2009
Managerial remuneration:		
Salary, allowances and perquisites	6,589,465	6,966,192
Contribution to provident fund & other funds	746,262	705,474
Commission	-	1,358,862
	7,335,727	9,030,528

19.06 Contingent liabilities

	2010	2009
Sales tax matters	8,512,404	1,425,186
ESI matters	2,758,801	2,758,801
Income tax matters	49,000,700	6,582,000
Letter of credit	89,557,099	176,558,127
Bank guarantees outstanding	111,364,965	259,650,185
Claims against the company not acknowledged as debt	16,435,381	31,182,586
Service tax matter	584,433	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	5,216,180

19.07 Segment reporting

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 revenue are less than 10% of the total revenue.

19.08 Related party transactions

Related parties where control exists:

Name of the party	Nature of relationship
BT Frontline Pte Limited, Singapore	Controlling Company
Accel Limited	Controlling Company
ACL Systems & Technologies Pte Limited, Singapore	Subsidiary Company
Accel Frontline FZE, Dubai	Subsidiary Company
Network Programs USA Inc., USA	Subsidiary Company
Network Programs (Japan) Inc., USA	Subsidiary Company
Network Programs Japan KK, Japan	Subsidiary Company

Schedules to the consolidated financial statements

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

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
Accel Frontline Services Limited	Companies under common control
Accel IT Resources Limited	Companies under common control

Key Management Personnel

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

Relatives of Key Management Personnel

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

Transactions with related parties

Particulars	Controlling company	Companies under common control	Key Management personnel
Sales and other income	19,165	7,029,612	-
	(58,840)	(11,489,795)	-
Share of Expenses	-	735,736	-
	-	(2,712,059)	-
Purchases	938	38,745,410	-
	(2,116,245)	(29,530,036)	-
Rent	4,825,356	-	1,920,000
	(6,410,486)	-	(1,920,000)
Cost of shared services	-	-	-
	-	(674,340)	-
Managerial remuneration	-	-	5,415,737
	-	-	(7,110,528)
Dividend	23,780,817	-	533,545
	(15,853,878)	-	(393,846)

Particulars	Controlling company	Companies under common control	Key Management personnel
Balances outstanding as at the March 31, 2010(March 31, 2009)			
Payables	-	4,790,340	-
	(2,083,275)	(1,599,373)	-
Receivables	14,301	6,500,238	-
	(240,868)	(8,090,863)	-
Loans and advances	-	7,664,089	520,135
	-	(2,718,819)	-
Maximum amount outstanding at any time during the year	-	8,296,683	-
	-	(8,219,098)	-

Note: Item under parenthesis represent previous year figures

Schedules to the consolidated financial statements

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

19.09 Leasing arrangements in the capacity of a Lessor

Finance lease

The Company's business includes leasing of computers, peripherals, and accessories on long - term non - cancelable leases which are generally in the nature of finance leases as described in AS - 19, "Accounting for leases" issued by the ICAI. The terms of the lease agreements do not provide for any unguaranteed residual value or contingent rents. The leased assets are insured by the lessor during the contract of the lease. Initial direct costs are recognised as an expense at the commencement of the lease period.

Sundry debtors include the present value of minimum lease payments on finance leases accounted for in accordance with AS 19 'Accounting for leases' issued by the ICAI. Reconciliation between the gross investment and the present value of minimal lease payments receivable is as follows:

	2010	2009
Gross investment in the lease	Nil	2,827,085
Less: unearned finance and service income	Nil	51,096
Present value of minimum lease payment	Nil	2,775,989
Gross Investment in lease		
Not later than one year	Nil	2,827,085
Later than one year and not later than five years	Nil	-
Later than five years	Nil	-
Present value of minimum lease payments receivable		
Not later than one year	-	2,775,989
Later than one year and not later than five years	-	-
Later than five years	-	-

19.10 Operating leases:

The company has taken various office premises on operating lease and the lease payments are amortized on a straight-line basis over the lease term. The total of minimum future lease payments for various periods are as follows:

	2010	2009
Not later than one year	22,963,306	45,879,999
Later than one year and not later than five years	79,156,997	79,037,034
Later than five years	32,114,579	20,449,673

The company has deposited an amount of Rs. 29,540,200/- (Previous year: Rs. 31,256,037/-) as interest free security deposits towards the above leases and the same has been included in the loans and advances.

19.11 Comparative financial information

The previous year's balances have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

For K.S.AIYAR & CO
 Firm registration no.:100186W
 Chartered Accountants

For and on behalf of the board of directors

S NARAYANAN
 Partner
 Membership No.29724

N.R.Panicker
 Chairman & Managing Director

Steve Ting Tuan Toon
 Director

Place: Chennai
 Date: July 22, 2010

K.R.Chandrasekaran
 Director & CFO

Sweena Nair
 Company Secretary

Consolidated cash flow statements for the year ended

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

	March 31, 2010	March 31, 2009
Cash flow from operating activities		
Net profit before taxation	74,637,559	95,473,313
Adjustments for:		
Depreciation	57,821,711	61,961,034
(Profit) / Loss on sale of fixed assets, net	369,817	1,445,018
(Profit) / Loss on sale of investments, net	-	3,770,000
Interest and dividend income	(5,197,427)	(4,293,933)
Unrealized foreign exchange	(19,526,879)	35,031,950
Finance income on leased assets	(238,707)	(907,256)
Lease rentals	(10,156,266)	(17,826,093)
Financial Charges	42,612,492	61,729,494
Provision for doubtful debts	11,422,628	29,808,601
Provision no longer required written back	(36,780,008)	22,505,360
Bad debts written off	38,328,059	52,874,741
Operating profit before working capital changes	153,292,979	341,572,229
(Increase)/Decrease in inventories	29,638,364	46,042,245
(Increase)/Decrease in sundry debtors	(58,661,089)	112,395,478
(Increase)/Decrease in loans and advances / other current assets	(63,990,803)	(93,001,765)
Increase/(Decrease) in current liabilities	(104,605,488)	(288,836,569)
Increase/(Decrease) in Provision	(377,597)	(45,482,647)
Cash generated from operations	164,507,342	72,688,971
Income taxes paid	(10,340,354)	(13,768,686)
Net cash used in operating activities	154,166,988	58,920,285
Cash flows from investing activities		
Purchase of fixed assets	(26,668,659)	(34,873,121)
Proceeds from sale of fixed assets	157,778	22,069,461
Lease rentals	10,394,973	18,733,349
Investments	-	46,230,000
Net cash from (used in) in investing activities	(16,115,908)	52,159,689
Net cash inflow / (outflow)	162,758,871	26,151,686

Consolidated cash flow statements for the year ended,

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

	March 31, 2010	March 31, 2009
Cash flows from financing activities		
Proceeds/(repayments) from working capital facilities	102,884,478	(325,420)
Interest received on loans	5,197,427	4,293,933
Proceeds/(repayment) of term loan for equipment leases	(1,994,748)	(1,562,305)
Financial charges	(41,877,759)	(61,000,091)
Dividends paid	(33,763,500)	(22,509,000)
Tax on dividend paid	(5,738,107)	(3,825,405)
Net cash from financing activities	24,707,791	(84,928,288)
Opening cash and cash equivalents*	194,895,921	168,744,235
Closing cash and cash equivalents*	357,654,792	194,895,921
Net increase in cash and cash equivalents	162,758,871	26,151,686

*Includes Rs. 86,157,510 (Previous year Rs.94,896,695) of restricted cash balance (also refer note 19.03).

Note:

- a) The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on cash flow statement issued by the Institute of Chartered Accountants of India.
- b) Purchase of fixed assets include payments for items in capital work in progress and advances for purchase of fixed assets. Adjustments for increase/decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.

For and on behalf of the Board of Directors

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

N.R.Panicker
 Chairman & Managing Director

Steve Ting Tuan Toon
 Director

(S NARAYANAN)
 Partner
 Membership No.29724

K.R.Chandrasekaran
 Director & CFO

Sweena Nair
 Company Secretary

Place : Chennai
 Date : July 22, 2010

Auditor's report

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

We have audited the attached Balance Sheet of M/s. Accel Frontline Limited, Chennai as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto incorporating the financial operations of Singapore branch which was audited by the other auditor whose report has been considered and our opinion is based on the other auditor. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order, 2003 (CARO) as amended by Companies (Auditor's Report) (Amendment) order, 2004 issued by the Government of India vide GSR No.766 (E) in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order..
3. Further to our comments in the Annexure referred to 2 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March 2010 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, 2010 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give

the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2010;
- (b) In the case of the profit and loss account, of the profit for the year ended on that date; and
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

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

(S. Narayanan)
Partner
(M No.29724)

Place: Chennai
Date: July 22, 2010.

Annexure to the auditors' report

Of M/s. Accel Frontline Limited, Chennai Referred to in paragraph 2 of our report of even date,

- (i)(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (i)(b) The company has a phased programme of physical verification of fixed assets which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- (i)(c) The fixed assets disposed off during the year were not substantial, According to the information and explanation given to us; we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the company.
- (ii)(a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (ii)(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. However the procedures need to be further strengthened.
- (ii)(c) In our opinion and according to the explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stock has been properly dealt with in the books of account.
- (iii) 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.

Annexure to the auditors' report

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v)(a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in sec.301 of the Companies Act, 1956 that need to be entered into the register maintained under sec.301 have been so entered.
- (v)(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rs.5/- lakhs have been entered into during the financial year at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from public and hence the provisions of sec 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public is not applicable.
- (vii) In our opinion, the company has an internal audit system, which is commensurate with the size and nature of its business.
- (viii) Maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company.
- (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, have been regularly deposited with respective authorities except for some delay in remittance of income tax deducted at source.
- (ix)(b) According to the records of the company, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income-tax, wealth- tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (ix)(c) According to the records of the company the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

Name of the statute	Nature of Dispute	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Income tax assessment year 2000-01, in connection with non-complete fee disallowance	65,82,000	F.Y 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	F.Y 2006-07	Commissioner of Income tax (Appeals), Chennai
Sales Tax	(a) Appeal filed on 14.10.04 for disputed turnover of Rs.10,71,720.00 and interest of Rs.19786/-.	115,842	2001-2002	Asst.Commissioner (Appeals)
	(c) 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	2001-2002	Sales Tax Officer
	(d) Increase in Gross Turnover and taxable AMC under WBST Act. Disallowance of Form D submitted before S.T.O. and non submission of Form C of other customers under CST Act.	79,424	2002-2003	Assistant Commissioner of CT
	(e) 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	2003-2004	Assistant Commissioner
	(f) Wrong imposition of Interest on late payment of turnover tax, increase in taxable AMC turnover etc. under WBST Act.	139,135	2004-2005	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	2002-2003	Trade Tax Tribunal, Lucknow
	The dispute relates to delay in filing the tax return and penalty was levied @50% until March 31, 2005 and @10% w.e.f.01.04.2006	418,413	2005-2006	High Court, Bangalore
	Assessment order passed without proper hearing. Appeal filed before Sr. Joint Commissioner for reopening of sales tax assessment	3,293,672	2006-07	Joint Commissioner
	Dispute with regard to tax rate on ATVM-KIOSK	4,144,502	2007-08	High Court, Cochin

Annexure to the auditors' report

- | | |
|---|--|
| <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> | <p>(xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>(xvi) According to the information and explanations given to us the term loans have been applied for the purpose for which they were raised.</p> <p>(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.</p> <p>(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.</p> <p>(xix) The company did not have any outstanding debentures during the year.</p> <p>(xx) During the year the company has not raised any money from public by way of issue of shares.</p> <p>(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.</p> |
|---|--|

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

(S. Narayanan)
Partner
(M No.29724)

Place: Chennai
Date: July 22, 2010

Balance sheet

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

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds:			
Share capital	1	225,090,000	225,090,000
Reserves and surplus	2	803,751,948	795,420,978
		<u>1,028,841,948</u>	<u>1,020,510,978</u>
Loan funds:			
Secured loans	3	441,001,047	339,754,838
Deferred tax liability	4	48,357,573	52,575,512
		<u>1,518,200,568</u>	<u>1,412,841,328</u>
APPLICATION OF FUNDS			
Fixed assets:	5		
Gross block		424,889,783	403,834,989
Less : Accumulated depreciation		<u>185,314,808</u>	<u>145,352,326</u>
Net block		239,574,975	258,482,663
Capital work-in-progress		1,300,000	14,029,301
Investments	6	61,040,765	61,040,765
Current assets, loans and advances:			
Inventories	7	199,953,944	229,608,987
Sundry debtors	8	962,164,287	867,198,348
Cash and bank balances	9	302,309,998	178,860,295
Loans and advances	10	379,588,353	330,377,684
		<u>1,844,016,582</u>	<u>1,606,045,314</u>
Less : Current liabilities and provisions			
Current liabilities	11	614,029,301	511,715,895
Provisions	12	13,702,453	15,040,820
		<u>627,731,754</u>	<u>526,756,715</u>
Net current assets		<u>1,216,284,828</u>	<u>1,079,288,599</u>
		<u>1,518,200,568</u>	<u>1,412,841,328</u>
Notes to the financial statements	19		

The schedules 1 to 12 and 19 form an integral part of the financial statements

This is the balance sheet referred to in our report of even date

For and on behalf of the Board of Directors

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

N.R.Panicker
 Chairman & Managing Director

Steve Ting Tuan Toon
 Director

(S NARAYANAN)
 Partner
 Membership No.29724

K.R.Chandrasekaran
 Director & CFO

Sweena Nair
 Company Secretary

Place : Chennai
 Date : July 22, 2010

Profit and loss account

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

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
- Income from operations	13	2,535,091,134	2,722,174,996
- Other Income	14	34,118,440	14,165,111
		<u>2,569,209,574</u>	<u>2,736,340,107</u>
EXPENDITURE			
Cost of sales & services	15	1,666,274,624	1,631,840,604
Employee cost & benefits	16	434,119,375	510,679,001
Operating & administrative expenses	17	305,643,579	401,280,821
Financial charges	18	42,501,131	60,433,467
Depreciation		<u>57,605,066</u>	<u>61,565,845</u>
		<u>2,506,143,775</u>	<u>2,665,799,738</u>
Profit before tax		63,065,799	70,540,369
Provision for taxes on income:			
- Current		18,722,546	16,328,948
- Foreign operations		1,080,980	3,644,076
- Wealth tax		22,275	38,747
- Deferred		(4,217,938)	1,697,739
Fringe benefit tax		-	<u>4,891,045</u>
Net profit		47,457,936	43,939,814
Less : Taxes relating to earlier years			
- Income tax		584,881	1,467,865
- Fringe Benefit Tax		(96,562)	-
Add : Provision for compensated absences reversed		862,959	4,352,669
Add : Balance carried forward from previous year		224,379,864	213,889,651
Profit available for appropriation		272,212,440	260,714,269
Appropriations:			
Interim cum final dividend @ 15%		33,763,500	22,509,000
Tax on dividend		5,738,107	3,825,405
Transfer to general reserve		5,000,000	10,000,000
Balance carried forward to balance sheet		<u>227,710,833</u>	<u>224,379,864</u>
		<u>272,212,440</u>	<u>260,714,269</u>
Net profit available to equity shareholders		47,457,936	43,939,814
Weighted average number of shares used in computing basic and diluted earnings per share		22,509,000	22,509,000
Basic and diluted earnings per share(equity shares, par value Rs. 10 each)		2.11	1.95

Notes to the financial statements 19

The schedules 13 to 19 form an integral part of the financial statements

This is the profit & Loss account referred to in our report of even date

For and on behalf of the Board of Directors

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

N.R.Panicker
 Chairman & Managing Director

Steve Ting Tuan Toon
 Director

(S NARAYANAN)
 Partner
 Membership No.29724

K.R.Chandrasekaran
 Director & CFO

Sweena Nair
 Company Secretary

Place : Chennai
 Date : July 22, 2010

Schedules to the financial statements

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

	As at March 31, 2010	As at March 31, 2009
1 Share capital		
Authorised		
30,000,000 equity shares of Rs.10/- each	300,000,000	300,000,000
(Previous year - 30,000,000 equity shares of Rs.10/- each)		
Issued, subscribed and paid-up :		
22,509,000 equity shares of Rs.10/- each fully paid		
(Previous year - 22,509,000 equity shares of Rs 10/- each fully paid)	225,090,000	225,090,000
(out of the above 11,478,488 equity shares of Rs.10/-each fully paid is held by BT Frontline Pte Ltd, Singapore, the holding company)		
2 Reserves and surplus		
General reserve		
Balance, beginning of the year	77,807,587	67,807,587
Add : Transferred from profit & loss account	5,000,000	10,000,000
Balance, end of the year	82,807,587	77,807,587
Securities premium	493,233,528	493,233,527
Balance available in profit & loss account	227,710,833	224,379,864
	<u>803,751,948</u>	<u>795,420,978</u>
3 Secured loans *		
Term loan from a non banking financial institution	-	107,864
Working capital facilities from banks	438,851,442	335,966,964
Vehicle loans from banks	2,149,605	3,680,010
	<u>441,001,047</u>	<u>339,754,838</u>
* Refer note 19.04 for details of security		
4 Deferred tax liability, net		
on account of		
- Depreciation	53,430,713	64,406,448
- Lease accounting	-	(1,575,133)
- Others	(5,073,140)	(10,255,803)
	<u>48,357,573</u>	<u>52,575,512</u>

Schedules to the financial statements

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

5 Fixed assets

Description of assets	Gross block				Depreciation			Net block	
	As at April 01, 2009	Additions	Deletions	As at March 31, 2010	As at April 01, 2009	For the year	Deletions	As at March 31, 2010	As at March 31, 2009
Goodwill	4,999,509	-	-	4,999,509	2,899,802	999,901	-	3,899,703	2,099,707
Plant and machinery	8,254,335	-	-	8,254,335	2,427,700	392,078	-	2,819,778	5,826,635
Office equipment	20,741,740	1,304,456	1,241,087	20,805,109	5,489,110	1,309,217	1,220,022	5,578,305	15,252,630
Furniture and fixtures	23,253,766	168,536	881,456	22,540,846	11,494,944	1,790,661	881,456	12,404,149	11,758,822
Leasehold improvements	42,488,269	13,752,736	2,907,836	53,333,169	17,506,292	8,219,943	2,907,836	22,818,399	24,981,977
Computers - hardware	72,425,899	14,605,865	11,771,160	75,260,604	35,921,367	12,111,999	11,771,160	36,262,206	36,504,532
Computer - software	219,341,994	8,843,383	330,567	227,854,810	65,394,038	31,677,722	330,567	96,741,193	153,947,956
Vehicles*	12,329,477	550,000	1,038,075	11,841,402	4,219,074	1,103,543	531,543	4,791,074	8,110,403
Total	403,834,989	39,224,975	18,170,181	424,889,783	145,352,327	57,605,066	17,642,584	185,314,808	258,482,662
Previous year	500,713,780	20,341,462	117,220,253	403,834,989	178,624,978	61,565,845	94,838,496	145,352,327	258,482,662

* Vehicles include Rs.6,154,237 (previous year Rs.6,657,286 (net book value - Rs.4,387,246; previous year - Rs.5,270,172)) acquired through hypothecation loans from banks / others.

Schedules to the financial statements

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

	As at March 31, 2010	As at March 31, 2009
6 Investments - Long term		
Equity shares in subsidiary companies : Trade and unquoted		
300,000 shares of Singapore dollar, 1 each fully paid in ACL Systems & Technologies Pte Limited (Previous year - 300,000 shares of Singapore \$ 1 each)	8,046,709	8,046,709
1 share of AED 1,000,000 fully paid up in Accel Frontline FZE, Dubai (Previous year - AED 1,000,000)	12,046,390	12,046,390
Network Programs Kabhushaki Kaishai, Japan (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)	10,475,100	10,475,100
Network Programs (USA) Inc., USA (1000 shares fully paid) (Previous Year: 1000 shares fully paid)	22,397,200	22,397,200
Network Programs (Japan), Inc. USA (1500 shares fully paid) (Previous Year: 1500 shares fully paid)	5,075,366	5,075,366
Trade Investments - unquoted		
96,374 shares of Rs. 10/- each fully paid in M/s. Telesis Global Solutions Limited (PY : 96,374 shares)	3,000,000	3,000,000
	61,040,765	61,040,765
7 Inventories		
Service spares	161,821,317	171,175,097
Finished goods		
- Trading	35,141,168	44,099,226
- Stock in trade (refer note 19.02 (d))	2,984,459	14,334,664
	199,953,94	229,608,987

Schedules to the financial statements

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

	As at March 31, 2010	As at March 31, 2009
8 Sundry debtors (Unsecured)		
Debits outstanding for a period exceeding six months		
Considered good	187,900,954	204,130,868
Considered doubtful	14,051,861	30,017,136
Other debts *		
Considered good	774,263,333	663,067,480
	976,216,148	897,215,484
Less: Provision for doubtful debts	(14,051,861)	(30,017,136)
	962,164,287	867,198,348
*Includes amounts not falling due for payments as at March 31, 2010 of NIL (Previous year - Rs. 2,782,389) in respect of lease receivables (also refer note 19.11).		
9 Cash and bank balances		
Cash on hand and remittances in transit	549,778	446,402
Balances with scheduled banks :		
- current accounts	216,913,417	85,088,569
- deposit accounts	84,503,191	92,980,036
- Unpaid dividend account	343,612	345,288
	302,309,998	178,860,295
10 Loans and advances (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	121,003,141	130,004,615
Dues from related parties	21,498,650	23,294,939
Dues from Director	520,135	-
Advance payment of tax, net of provisions	157,620,883	110,973,347
Deposits		
Balance with government authorities	3,253,590	2,209,112
Deposits - leased office premises	29,540,200	31,256,037
Other deposits	46,151,754	32,639,634
	379,588,353	330,377,684

Schedules to the financial statements

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

	As at March 31, 2010	As at March 31, 2009
11 Current liabilities		
Sundry creditors	438,007,078	285,247,713
Interest accrued but not due	4,863,565	3,175,297
Advances from customers	50,446,680	72,385,562
Other liabilities	120,711,978	150,907,323
	<u>614,029,301</u>	<u>511,715,895</u>
12 Provisions		
Provision for compensated absence	13,702,453	14,565,412
Provision for gratuity	-	475,408
	<u>13,702,453</u>	<u>15,040,820</u>
	Year ended March 31, 2010	Year ended March 31, 2009
13 Income from operations		
- Income from sales	1,656,014,613	1,567,680,363
- (Less) : Sales tax	(51,916,994)	(55,444,827)
	<u>1,604,097,619</u>	<u>1,512,235,536</u>
- Income from services	1,021,378,733	1,336,980,775
- Lease rentals	10,156,266	17,826,093
- Finance and service income - leased assets	238,707	562,833
- (Less) : Service tax, sales tax on services	(100,780,191)	(145,430,241)
	<u>2,535,091,134</u>	<u>2,722,174,996</u>
14 Other Income		
- Interest income (Gross)	5,190,917	3,253,933
(Tax deducted at source - Rs. 798,222; Previous year - Rs. 1,361,160)		
- Miscellaneous receipts	1,244,429	6,505,502
- Gain on exchange fluctuation	23,504,782	-
- Bad debts recovered	3,026,015	1,934,973
- Liabilities written back	1,152,297	1,430,703
- Dividend from mutual funds	-	1,040,000
	<u>34,118,440</u>	<u>14,165,111</u>

Schedules to the financial statements

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

	Year ended March 31, 2010	Year ended March 31, 2009
15 Cost of sales & services		
Opening stock	221,243,242	252,689,912
Purchases - IT products	1,644,985,326	1,628,774,154
Less : Inventory related to WMS business	-	(28,380,220)
Less : Closing stock	(199,953,944)	(221,243,242)
	1,666,274,624	1,631,840,604
16 Employee cost & benefits		
Salaries wages and allowances	408,057,121	481,142,899
Contribution to employee benefit plans	16,236,911	19,026,836
Staff welfare expenses	9,825,343	10,509,266
	434,119,375	510,679,001
17 Operating & administrative expenses		
Rent	50,601,731	64,657,224
Electricity	10,415,559	14,523,445
Repairs and maintenance		
-- buildings	2,181,673	3,064,393
-- others	13,213,117	14,316,840
Insurance	6,460,116	6,116,372
Rates and taxes	1,132,759	2,675,731
Printing and stationery	4,413,210	6,575,952
Communication expenses	16,033,984	30,124,042
Travelling and conveyance	59,407,123	72,189,500
Security charges	3,014,279	4,294,630
Professional, consultancy and outsource charges	52,722,067	16,932,387
Fees for independent directors	630,000	1,792,603
Bad debts and liquidated damages	33,456,847	49,714,105
Loss on sale of fixed assets	369,817	694,584
Loss on sale of investments	-	3,770,000
Provision for doubtful debts	11,422,629	29,808,601
Loss on exchange fluctuation	-	33,703,625
Advertisement and sales promotion	5,990,796	7,744,003
Sales discounts	436,374	27,985
Clearing and forwarding expenses	11,772,087	19,481,939
Other expenses	21,969,411	19,072,860
	305,643,579	401,280,821
18 Financial charges		
On cash credit	16,331,979	30,200,622
On term loans	-	169,049
Others	26,169,152	30,063,796
	42,501,131	60,433,467

Schedules to the financial statements

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

19.00 Notes to the financial statements

19.01 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 software and website development and the sale and implementation of customized software products and IT Infrastructure management solutions,

19.02 Statement of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared and presented on a historical cost basis in accordance with Generally Accepted Accounting Principles (GAAP) in India and comply with the mandatory accounting standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) referred to in section 211(3C) of the Companies Act, 1956 (the Act) to the extent applicable. All items of income and expenditure that have a material bearing on the financial statements are recorded on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year. All recently issued or revised accounting standards have been evaluated by the management on an ongoing basis.

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) Fixed Assets, depreciation and amortization

Fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses attributable to bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided for on a straight-line basis, at the higher of the rates as specified in Schedule XIV to the Act or the rates derived based on the economic useful life of the asset as determined by management. The rates of depreciation and amortization are as follows:

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.

Computer software, being application software is amortized over a period of 7 years or its realizable useful life, whichever is lower.

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

Capital work in progress: Software products/solutions developed and/or under developments are stated at cost and pending capitalization of the same are treated as capital work in progress. The development cost consists of proportionate cost of employee compensation and other direct costs involved. Software development cost incurred on products/solutions ready for marketing are capitalized and amortised over a period of seven years based on managements' evaluation of the products' life cycle.

(c) Investments

Investments in subsidiaries are classified as long-term investments and are stated at cost. Adjustments are made for any diminution if any, in value of the investments that is other than temporary in nature.

Investments in subsidiaries

As at March 31, 2010, the Company had an aggregate investment of Rs 58,040,765 (including Rs.6,516,000 invested in Network Programs KK, Japan for which shares are yet to be allotted) in its subsidiaries which include ACL Systems & Technologies Pte Limited (ACL) Singapore, Accel Frontline FZE, Dubai, Network Programs USA Inc, USA, (NP-US), Network Programs (Japan) Inc, USA (NPJ-US) and Network Programs KK, Japan, (NPJ-KK). The financial statements of ACL and NP-US as at March 31, 2010 reflect accumulated losses. Management believes that these investments are long term in nature and the subsidiaries are expected to do profitable business in future. Accordingly, management does not consider that provision for diminution in the value of its investments in the said subsidiary is necessary at this stage.

(d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses incurred in bringing the inventory to its present location and condition and is computed on the basis of weighted average cost. Inventories of components and spares primarily held and used for the purpose of asset maintenance services are amortized over a period of seven years commencing from this year.

Stock in trade

Stock in trade includes an amount of Rs. Nil (previous year - Rs. 8,365,746) being the equipments given on extended rental contract. This inventory is fully depreciated as on March 31, 2010 considering the useful life and end of lease period.

Schedules to the financial statements

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

(e) Revenue recognition

Sales

Sales are recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with the dispatch of goods. All sales are reported exclusive of taxes and duties.

Service income

Service income comprising Income from Infrastructure Management Services (IMS) contracts are recognized ratably over the period of the underlying maintenance agreement. Incomes from services are reported exclusive of service tax.

Revenue from software development and implementation on the time-and-material basis is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on the percentage of completion basis.

Assets sold on finance lease arrangements are recognized as a sale at the inception of the lease, and the related finance income is recognized on a time proportion basis over the period of the lease.

Dividend income from investments is recognized when the right to receive the dividend is established.

(f) Employee benefit plans

The company makes contributions to the "Accel ICIM Employees Provident Fund Trust", which is defined contribution plan. 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 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 liability is actuarially determined at the end of each financial year and any shortfall in the fund size maintained by the trust set up by the company with Life Insurance Corporation of India is additionally provided for.

Compensated absences

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.

(g) 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.

(h) 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. 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.

(i) Foreign currency transactions

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

Schedules to the financial statements

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

(j) 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 exceeds 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.

k) 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.

(l) Sundry debtors

- 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.11,422,629/- (previous year Rs. 29,808,601/-). A sum of Rs.33,456,847 (previous year Rs. 49,714,105/-) was written off as bad debts as the management felt that these are doubtful of recovery / irrecoverable.

19.03 Cash and bank balances

Cash and bank balances includes Rs.49,403,191 /- (previous year Rs 63,004,677/-), held as margin money for various guarantees and letters of credit issued by the company's bankers.

A balance with schedule banks in current accounts includes an amount of Rs. 343,612/- (previous year: Rs. 345,288/-) representing the balances in unclaimed dividend accounts as at March 31, 2010.

Balances in current account as on March 31, 2010, include an amount of Rs. 115,588,121/- (US\$2,568,397) PY: Rs. 22,663,923/- (US\$ 434,389) lying in DBS Bank, Singapore and an amount of Rs.1,670,391/- (Sing \$ 51,932) PY: Rs. 774,382/- (Sing \$ 22,563) lying in DBS Bank, Singapore in the name of Accel Frontline Limited, Singapore branch.

Balance in current accounts as on March 31, 2010 include an amount of Rs.63,521 (USD 1,411) (PY: Rs.4,211,276/- (USD 80,715) lying in the Exchange Earners Foreign Currency (EEFC) account maintained with State Bank of India in US Dollar account.

19.04 Secured loans

Working capital facilities from banks are secured by a pari passu charge by way of hypothecation of current assets and the moveable properties of the company. Hypothecation loans are secured by hypothecation of the respective assets acquired.

Secured loans include Rs.440,106,917 (previous year – Rs 337,605,378/-) due within one year.

19.05 Payment to the Managing Director & whole time Director

	March 31, 2010	
Computation of net profits in accordance with Section 349 of the Companies Act, 1956:	(in Rs.)	
Profit before taxation	63,065,799	
Add: Loss on sale of fixed assets	369,817	
Add: Loss on sale of investment	-	
Add: Donation	381,152	
Add: Wealth tax paid	22,275	
Add: Goodwill amortised	999,900	
Add: Provision for bad & doubtful debts	11,422,628	
Add: Depreciation	57,605,066	
Less Depreciation As per sec 350	(57,605,066)	
Add: Selling commission provided	-	
Add: Managerial remuneration	7,335,727	
	83,597,298	
Less: Profit on sale of fixed assets	-	
Net Profit as per sec 349	<u>83,597,298</u>	
Maximum managerial remuneration payable to directors @ 11%	9,195,703	
Managerial remuneration	2010	2009
Salary, allowances and perquisites	6,589,465	6,966,192
Contribution to provident fund & other funds	746,262	705,474
Commission payable	-	1,358,862
	<u>7,335,727</u>	<u>9,030,528</u>

The managerial remuneration mentioned above does not include an amount of Rs.520,135 paid to the Managing Director as salary as per the existing agreement approved by the shareholders, but not payable due to inadequacy of profits during the financial year 2009-10. The company will be filing an application with the Central Government for approval of this payment after the shareholder's approval in the ensuing annual general meeting of the company.

Schedules to the financial statements

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

19.06 Disclosures in accordance with Accounting Standard (AS) –15 on “Employee Benefits”

(a) Defined contribution plans

The Company has incurred the following amounts and charged to the profit and loss account during the year.

Amount Rs. in Lacs.		
Sl No	Particulars	For the year ended March 31, 2010
1	Contribution to Employees Provident Fund	110.20
2	Contribution to Employees’ State Insurance (ESI)	34.77
	Total	144.97

AS – 15 (Revised 2005) on “Employee Benefits” has been adopted by the Company during the year. The disclosures as required by the said accounting standard are given hereunder:

b) Defined benefit plans

Amount Rs. in Lacs		
Particulars	Gratuity (funded)	Provision for compensated absences (unfunded)
(I) Changes in the Present value of obligation		
(a) Present Value of obligation as at April 01, 2009	161.17	145.65
(b) Interest cost	13.65	18.67
(c) Past service cost	-	-
(d) Current service cost	18.56	127.47
(e) Curtailment cost / (credit)	-	-
(f) Settlement cost / (credit)	-	24.00
(g) Benefits Paid	(32.84)	-
(h) Actuarial (gain) / loss	-	(178.77)
(i) Present value of obligation as at March 31, 2010	160.54	137.02
(II) Expenses recognized in the Profit & loss account		
(a) Current service cost	12.21	127.47
(b) Past service cost	-	-
(c) Interest cost	-	18.67
(d) Curtailment cost / (credit)	-	-
(e) Settlement cost / (credit)	-	24.00
(f) Net Actuarial (Gain) / Loss	-	(178.77)
(g) Employee’s contribution	-	-
(h) Total expenses recognized in profit & loss a/c	12.21	(8.63)

(III) Following are the principal actuarial assumptions used as at the balance sheet date:

Particulars	Gratuity (funded)	Provision for compensated absences (unfunded)
(a) Discount rate	8.00%	8.00%
(b) Salary escalation rate	7.00%	5.00%
(c) Attrition rate	1 – 3%	5.00%
(d) Mortality rates	LIC (1994-96) ultimate	Projected Unit Credit [PUC] actuarial methods

Schedules to the financial statements

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

19.07 Remuneration to statutory auditors

	2010	2009
Statutory audit *	1,163,792	1,163,897
For quarterly limited review	300,000	300,000
For certification and other matters	100,000	30,000
Out of pocket expenses	14,868	8,973
Service tax	147,805	145,230

* Includes foreign branch auditor fees Rs.128,792 (\$ \$ 4000) (Previous year Rs.128,897 (\$ \$ 4,000))

19.08 Contingent liabilities

	2010	2009
Sales tax matters	8,512,404	1,425,186
ESI matters	2,758,801	2,758,801
Income tax matters *	49,000,700	6,582,000
Letters of credit outstanding	89,557,099	176,558,127
Bank Guarantees outstanding	111,364,965	259,650,185
Claims against the company not acknowledged as debt	16,435,381	31,182,586
Service tax matters	584,433	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	5,216,180

* The Income tax matters includes a demand notice received by the company for Rs.42,418,700 from the Income Tax department for the assessment year 2007-08. The company has filed an appeal application with appellate commissioner against this demand notice.

19.09 Segment reporting

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 revenue are less than 10% of the total revenue.

19.10 Related party transactions

Related parties where control exists:

Name of the party	Nature of relationship
BT Frontline Pte Limited, Singapore.	Controlling Company
Accel Limited, Chennai.	Controlling company
ACL Systems & Technologies Pte Limited, Singapore	Subsidiary Company
Accel Frontline FZE, Dubai	Subsidiary Company
Network Programs USA Inc., USA	Subsidiary Company
Network Programs (Japan) Inc., USA	Subsidiary Company
Network Programs Japan KK, Japan	Subsidiary Company

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

Name of the party	Nature of relationship
Accel Systems Group, Inc. USA	Companies under common control
Accel Transmatic Limited	Companies under common control
Accel Frontline Services Limited	Companies under common control
Accel IT Resources Limited, Chennai	Companies under common control

Key management personnel

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

Relative of Key Management Personnel

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

Schedules to the financial statements

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

Transactions with related parties

Particulars	Controlling company	Subsidiaries	Companies under common control	Key Management personnel
Sales and other income	19,165	30,676,485	7,029,612	-
	(58,840)	(19,532,438)	(11,489,795)	-
Share of expenses	-	(933,869)	735,736	-
	-	-	(2,712,059)	-
Purchases	938	-	38,745,410	-
	(2,116,245)	-	(29,530,036)	-
Rent	4,825,356	-	-	1,920,000
	(6,410,486)	-	-	(1,920,000)
Cost of shared services	-	-	(674,340)	-
Managerial remuneration	-	-	-	5,415,737
	-	(3,530,995)	-	(7,110,528)
Dividend	23,780,817	-	-	533,545
	(15,853,878)	-	-	(393,846)

Balances outstanding as at March 31, 2010 (March 31, 2009)

Investments	-	58,040,765	-	-
	-	(58,040,765)	-	-
Payables	-	-	4,790,340	-
	(2,083,275)	-	(1,599,373)	-
Receivables	14,301	13,589,948	6,500,238	-
	(240,868)	-	(8,090,863)	-
Loans and advances	-	18,712,328	7,664,089	520,135
	-	(20,576,120)	(2,718,819)	-
Maximum amount outstanding at any time during the year	-	22,127,997	8,296,683	-
	-	(61,064,821)	(8,219,098)	-

Note: Item under parenthesis represent previous year figures

19.11 Leasing arrangements in the capacity of a Lessor

Finance lease

The Company's business includes leasing of computers, peripherals, and accessories on long - term non - cancellable leases which are generally in the nature of finance leases as described in AS - 19, "Accounting for leases" issued by the ICAI. The terms of the lease agreements do not provide for any unguaranteed residual value or contingent rents. The leased assets are insured by the lessor during the contract of the lease. Initial direct costs are recognised as an expense at the commencement of the lease period.

Sundry debtors include the present value of minimum lease payments on finance leases accounted for in accordance with AS 19 'Accounting for leases' issued by the ICAI. Reconciliation between the gross investment and the present value of minimal lease payments receivable is as follows:

	2010	2009
Gross investment in the lease	Nil	2,827,085
Less: unearned finance and service income	Nil	51,096
Present value of minimum lease payment	Nil	2,775,989
Gross investment in the lease		
Not later than one year	Nil	2,827,085
Later than one year and not later than five years	Nil	-
Later than five years	Nil	-

Schedules to the financial statements

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

	2010	2009
Present value of minimum lease payments receivable		
Not later than one year	-	2,775,989
Later than one year and not later than five years	-	-
Later than five years	-	-

19.12 Operating leases:

The company has taken various office premises on operating lease and the lease payments are amortized on a straight-line basis over the lease term. The total of minimum future lease payments for various periods are as follows:

	2010	2009
Not later than one year	22,963,306	45,879,999
Later than one year and not later than five years	79,156,997	79,037,034
Later than five years	32,114,579	20,449,673

The company has deposited an amount of Rs. 29,540,200/- (Previous year: Rs. 31,256,037/-) as interest free security deposits towards the above leases and the same has been included in the Loans and advances

19.13 Micro Small and Medium Enterprise Development Act 2006.

As per the stipulations and conditions referred to in the above Act, the Company is not required to register under the above Act. Further, the Company has circulated letters to its suppliers seeking information about their status as mentioned in the Act. Since the information from the suppliers has not been received, the provisioning of the interest and disclosure requirements under Schedule VI to the Companies Act, 1956 could not be complied with.

19.14 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 INR, as applicable. The summary of the financials of the Branch is as follows:

	2010		2009	
	Rs.	Sing \$	Rs.	Sing \$
Turnover	409,097,227	12,230,020	301,816,105	9,017,210
Net profit after tax	10,691,232	319,616	30,393,511	704,616
Sundry debtors	30,244,936	939,345	112,166,907	3,345,639
Sundry creditors	70,470,449	2,188,666	69,049,459	2,017,647
Income tax- provision	1,080,980	33,573	3,644,076	113,084

19.15 Quantitative information as per the companies Act 1956

b) Particulars of opening stock, purchases, sales and closing stock for trading goods dealt with by the Company:

Class of goods	Opening stock				Purchases			
	2010		2009		2010		2009	
	Qty Nos.	Value	Qty Nos.	Value	Qty Nos.	Value	Qty Nos.	Value
Computers								
- Assembled	-	-	8	173,405			-	-
- Traded	578	15,473,448	170	10,920,880	3,538	1,319,720,312	8635	883,122,313
Peripherals etc		28,625,778		74,162,130		325,265,014		737,286,095
		44,099,226		85,256,415		1,644,985,326		1,620,408,408

Schedules to the financial statements

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

Class of goods	Sales				Closing stock			
	2010		2009		2010		2009	
	Qty Nos.	Value	Qty Nos.	Value	Qty Nos.	Value	Qty Nos.	Value
Computers								
- Assembled	-	-	8	194,715	-	-	-	-
- Traded	3,904	1,319,659,063	8,227	1,029,416,322	212	15,534,697	578	15,473,448
Peripherals etc		284,438,556		482,624,499		19,606,471		28,625,778
		1,604,097,619		1,512,235,536		35,141,168		44,099,226

19.16 Expenditure in foreign currency (on payment basis)

	2010	2009
Foreign travel	6,820,074	12,689,818
Others	3,781,091	7,536,657

19.17 CIF value of Imports

	2010	2009
Components	396,056,063	448,259,957

19.18 Amount remitted in foreign currencies towards dividend

Particulars	2010			2009		
	No of Non-resident shareholders	No of equity shares held	Rupees	No of Non-resident shareholders	No of equity shares held	Rupees
Dividend for the year	5	11,499,888	17,249,832	7	11,499,888	11,499,888

19.19 Earnings in foreign currency

	2010	2009
Income from services	68,466,425	124,784,814

19.20 Comparative financial information

The previous year's balances have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

19.21 The previous year figures include the results of the Warranty Management Services Division which was hived-off from January 1, 2009 and hence not comparable with the current year figures.

For and on behalf of the board of directors

K.S.AIYAR & CO

Firm registration no.:100186W
Chartered Accountants

N.R.Panicker

Chairman & Managing Director

Steve Ting Tuan Toon

Director

(S NARAYANAN)

Partner
Membership No.29724

K.R.Chandrasekaran

Director & CFO

Sweena Nair

Company Secretary

Place : Chennai

Date : July 22, 2010

Cash flow statement for the year ended,

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

	March 31, 2010	March 31, 2009
Cash flow from operating activities		
Net profit before taxation	63,065,799	70,540,369
Adjustments for:		
Depreciation	57,605,066	61,565,825
(Profit) / Loss on sale of fixed assets, net	369,817	684,802
(Profit) / Loss on sale of fixed investments, net		3,770,000
Interest and dividend income	(1,567,578)	(4,293,933)
Unrealized foreign exchange	(23,504,782)	33,703,625
Finance income on leased assets	(238,707)	(562,833)
Lease rentals	(10,156,266)	(17,826,093)
Financial charges	42,501,131	60,433,467
Provision for doubtful debts	11,422,629	29,808,601
Provision no longer required written back	(1,152,297)	1,430,703
Bad debts written off	33,456,847	49,714,105
Operating profit before working capital changes	171,801,659	288,968,638
(Increase)/decrease in inventories	29,655,044	32,796,317
(Increase)/decrease in sundry debtors	(138,693,118)	160,815,998
(Increase)/decrease in loans and advances / other current assets	(59,184,436)	(100,988,556)
Increase/(decrease) in current liabilities	124,992,879	(265,208,780)
Increase/(decrease) in provision	(1,338,367)	(45,851,178)
Cash generated from operations	127,233,661	70,532,439
Income taxes paid	(10,340,354)	(13,768,686)
Net cash used in operating activities	116,893,307	56,763,753
Cash flows from investing activities		
Purchase of fixed assets	(26,495,673)	(34,370,763)
Proceeds from sale of fixed assets	157,779	21,696,974
Lease rentals	10,394,973	18,388,926
Investments	-	39,714,000
Net cash from (used in) in investing activities	(59,42,921)	45,429,137
Cash flows from financing activities		
Proceeds/(repayments) from working capital facilities	102,884,478	(325,421)
Interest received on loans	1,567,578	4,293,933
Proceeds/(repayment) of term loan for equipment leases	(1,638,269)	(1,437,508)
Financial charges	(40,812,863)	(59,704,064)
Dividends paid	(33,763,500)	(22,509,000)
Tax on dividend paid	(5,738,107)	(3,825,405)
Net cash from financing activities	22,499,317	(83,507,465)
Net cash inflow / (outflow)	123,449,703	18,685,425
Opening cash and cash equivalents*	178,860,295	160,174,870
Closing cash and cash equivalents*	302,309,998	178,860,295
Net increase in cash and cash equivalents	123,449,703	18,685,425

*Includes Rs. 84,503,191 (Previous year Rs. 92,980,036) of restricted cash balance (also refer note 19.03)

Cash flow statement for the year ended,

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

Note:

- a) The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India
- b) Purchase of fixed assets include payments for items in capital work in progress and advances for purchase of fixed assets. Adjustments for increase/decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.
- c) Since fixed deposits have to be used to set off the bank borrowing to reduce the cost of funds, the net cash has been shown as negative.

For and on behalf of the Board

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

N.R.Panicker
Chairman & Managing Director

Steve Ting Tuan Toon
Director

(S NARAYANAN)
Partner
Membership No.29724

K.R.Chandrasekaran
Director & CFO

Sweena Nair
Company Secretary

Place : Chennai
Date : July 22, 2010

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, 2010

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

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

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

Total Liabilities	1,518,201	Total Assets	1,518,201
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Sources of funds

Paid up capital	225,090	Reserves and surplus	803,752
Secured loans	441,001	Unsecured loans	0
Deferred tax liability	48,358		

Application of funds

Net fixed assets	240,875	Investments	61,041
Net current assets	1,216,285	Misc. expenditure	-

IV Performance of company (Amount in Rs.Thousands)

Turnover	2,569,210	Total expenditure	2,506,144
Profit / (loss) before tax	63,066	Profit / (loss) after tax	47,458
Earnings per share in Rs.	2.11	Dividend as %	15

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

Item code no (ITC code)	847100
Product description	Computers
Item code no (ITC code)	847193
Product description	Computer Peripherals

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