



# ACCEL TRANSMATIC LTD

SYSTEMS & TECHNOLOGY SOLUTIONS

25<sup>th</sup> Annual Report  
2010 - 11

visual effects co-producer



**BREAKTHRU FILMS**

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MEDIA

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## ACCEL TRANSMATIC LIMITED

Annual Report 2010-11



### BOARD OF DIRECTORS

N R Panicker

Chairman

M R Narayanan

Independent Director

A Mohan Rao

Independent Director

Philip John

Whole Time Director

S T Prabhu

Company Secretary

### Statutory Auditors

M/s. Varma & Varma

Chartered Accountants

Adyar, Chennai 600 020

### Registered office

T.C 17 / 27 Jagathy

Thiruvananthapuram 695 014

Phone: +91 471 234 2215 / 2265

Fax: +91 471 2339205

### Internal Auditors

M/s. Vijayakumar & Easwaran

Chartered Accountants

Sasthamangalam, Trivandrum 695 010

### Corporate office

"Accel House", 75 Nelson Manickam Road

Aminjikarai, Chennai 600 029

Phone: +91 44 44 4225 2200

E Mail : stprabhu@transmaticsystems.com

Website : www.acceltransmatic.com

### Legal advisors

M/s S Ramasubramaniam & Associates

6/1 Bishop Wallers Avenue (West)

Mylapore, Chennai 600 004

### Technologies Division

Ushus Technologies

311, Nila, Technopark, Thiruvananthapuram - 695581.

Kerala, India

Phone : +91-471-3061234 Fax: +91-471-3061222

Email: info@ushustech.com

### Registrars & transfer agents

M/s Integrated Enterprises (India) Ltd

2nd Floor, Kences Towers

No. 1 Ramakrishna Street, North Usman Road

T Nagar, Chennai 600 017

### Animation Division

1) No.9, Porur Somasundaram Street, T.Nagar,

Chennai - 600 017.

Phone: +91-44-28341465 / 42071332

### Bankers

State Bank of India

Commercial Branch,

Thiruvananthapuram 695 014

### 2) DRISHYA Building,

Animation SEZ

KINFRA Film & Video Park,

Kazhakuttam, Thiruvananthapuram - 695 585

Phone : +91-471-2417434 / 2417435

## Forward looking statement

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

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## Notice

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of Accel Transmatic Limited will be held at Conference Hall, Park Centre, KINFRA Film & Video Park, Kazhakootam, Thiruvananthapuram 695 585 on Tuesday, September 27th, 2011 at 12 noon to transact the following business

### ORDINARY BUSINESS:

1. To consider and adopt the audited Profit and Loss account for the financial year ended 31st March 2011 and the audited Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M.R. Narayanan who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. M.R. Narayanan has been given in the Corporate Governance section of the Directors' Report.

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

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

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

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

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

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

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

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution :

RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board") for borrowing any sum or sums of monies from time to time for the purpose of the Company's or its subsidiary or

associate companies business on such terms and conditions and with or without security from any bank, financial institution or any other lending institutions, firms, bodies corporate or persons, both in the national and international markets, as may be considered suitable by the Board notwithstanding that the sum or sums of monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.40 crores (Rupees Forty Crores only) over and above the paid up capital of the Company and its free reserves.

Further resolved that consent of the company be and is hereby accorded to any excess borrowing beyond Rs. 20 crores by the Board of Directors that may have occurred prior to this enhancement to Rs.40 crores.

### Explanatory statement pursuant to section 173(2) of the companies act, 1956

The following Explanatory Statement sets out all material facts relating to item no 1 of the accompanying Notice.

### Item No. 5

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose. Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits from the present limit of Rs.20 Crores as approved by the shareholders at the Extra Ordinary General Meeting held on 28th June 2004 to Rs.40 Crores. Further the share holders are requested to specifically approve excess borrowing beyond Rs.20 crores occurred after 31st March 2011 and prior to this general meeting.

Accordingly, the approval of the Members of the Company is sought pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956.

None of the Directors of the Company are in any way concerned or interested in the Resolution except as shareholders of the Company.

By Order of the Board

Chennai.  
27th May 2011

N.R. Panicker  
Chairman

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

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member, a proxy may not vote except on a poll. The proxy form, in order to be effective, should be received at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business as set out above to be transacted at the Meeting is annexed hereto and forms part of this Notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed during the Book Closure period, ie., from Monday 19th September, 2011 to Tuesday, 27th September, 2011 (both days inclusive).
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Members / Proxies are requested to bring their copy of the Annual Report with them at the Meeting and to produce the admission slip, duly completed and signed, at the entrance for admission to the meeting hall.
6. Notice along with explanatory statement, Annual Report as well as Annual Accounts of the subsidiary company and Register of Directors' Shareholding are open for inspection, during the business hours, at the Registered Office of the Company.
7. Members are hereby informed that Dividend which remains unclaimed/ un-encashed over a period of 7 years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956, by the Company to "The Investor Education and Protection Fund" (IEPF) constituted by the Central Government under Section 205C of the Companies Act, 1956.

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

Dividend for the Financial Year	Date of Declaration of Dividend	Due date of transfer to the Central Government
2005-06	15-09-2006	14-09-2013
2006-07	24-09-2007	23-09-2014

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

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

8. The particulars of the Directors, retiring by rotation and eligible for re-appointment, are given in the Report of the

Directors to the Members and also in the Report on Corporate Governance.

9. The company whole-heartedly welcomes members / proxies at the annual general meeting of the company. However, the members / proxies may please note that no gifts / gift coupons will be distributed at the meeting.
10. Members who wish to obtain any information on the Company or the accounts may visit Company's website [www.acceltransmatic.com](http://www.acceltransmatic.com) or may send their queries at least 10 days before the date of the Meeting to the Company at the Corporate office at III Floor, 75, Nelson Manickam Road, Chennai – 600 029 or at the Company's Registered office at T.C 17/27, Jagathy, Trivandrum – 695 014 or email to [stprabhu@transmaticsystems.com](mailto:stprabhu@transmaticsystems.com).
11. While Members holding shares in physical form may write to the Company for any change in their address and bank mandates, Members having shares in electronic form may inform any change in address and bank details to their depository participant immediately so as to enable the Company to communicate.
12. Members holding more than one share certificate in the same name or joint names in same order but under different Ledger folios, are requested to apply for consolidation of such Folios and send the relevant share certificates to the Registrars and Share Transfer Agents to enable them to consolidate all such holdings into one single account.
13. Members holding shares in the physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrars and Share Transfer Agents, M/s. Integrated Enterprises (India) Limited, 2nd floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017.
14. In case the mailing address mentioned on this Annual Report is without Pin-code, Members are requested to kindly notify their Pin-codes immediately.
15. The members holding shares in physical form are requested to convert them into demat form, as the Company's shares can be transacted in the exchange only under electronic form.
16. Ministry of Corporate Affairs (MCA), Government of India has taken a 'Green Initiative in Corporate Governance' by allowing the service of documents like AGM/EGM Notice, Annual Report and other correspondence by a company to its shareholders through electronic mode, after the company gives an advance opportunity to its shareholders to register their E-mail address and changes therein from time to time with the company or with the concerned depository. Keeping this in view, your Company proposes to send all communications, henceforth to such Shareholders in electronic mode, who opt for the same. In order to enable the Company to send all communications in electronic form, please register your E-mail address with us, if not already registered, by filling the particulars given in the Form below and return the same to the Company or the registrars. Shareholders holding shares in electronic mode are requested to get their E-mail address registered / updated with their Depository Participant (DP) also, with whom they are maintaining their Demat account. We solicit your co-operation in helping the Company to implement the 'Green Initiative' of the Government.

By Order of the Board

Chennai.  
27th May 2011

N.R. Panicker  
Chairman

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

**Director's report****Dear shareholders,**

Your directors are pleased to present the 25th annual report together with the audited accounts of the company for the year ended March 31, 2011.

INR in million

Financial results	Consolidated		Standalone	
	2011	2010	2011	2010
Sales, services & other income	261.66	232.23	202.69	182.86
Profit before interest, depreciation & tax	28.99	41.88	30.85	38.97
Interest	22.79	24.99	22.30	24.57
Depreciation	45.05	28.65	45.06	28.65
Provision for tax	0.09	2.35	-	2.26
Profit /(loss) after tax	(38.95)	(14.11)	(36.52)	(16.52)

**Review of operations:**

The year under review continued to be challenging due to losses incurred in the animation division. During the year, the company completed development of its second intellectual property " Raju The Rickshaw " apart from completing VFX for a challenging one-of-its-kind animation film project for a UK based producer . During the year under review, the company reported a net turnover of Rs 202.69 mn on a standalone basis for the year ended March 31, 2011 (previous year Rs 182.86 mn ) registering a growth of 11%. The company reported a net loss of Rs 36.52 mn. On a consolidated basis, the net turnover of the company was Rs 261.66 mn(previous year Rs.232.23 mn)

During the year, the software division improved its performance over the previous year, adding 3 more customers and reported an EBITDA of Rs 22.54 mn on a turnover of Rs 140.76 mn, on a consolidated basis . During the year the animation division reported a EBITDA of Rs 0.60 mn (previous year, a negative EBITDA of Rs.11.78 mn). The animation division reported a loss of Rs 48.35 mn mainly due to the high interest outgo on the term loan and the depreciation of one of the Intellectual properties on a diminishing balance basis without a matching revenue. The revenues are expected to come over the future years, whereas the depreciation charge will be more during the initial years. During the year the company capitalized amounts spent on development the second intellectual property amounting to Rs 50.36 mn.

The highlights of the performance are discussed in detail in the management discussion and analysis report attached as Annexure to this report.

**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 form 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 mentioned in the Notes to the Accounts.

**Management discussion and analysis**

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

**Report of Corporate Governance**

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

**Auditors Certificate on corporate governance**

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

**Directors responsibility statement**

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

**CEO /CFO Certification**

The Chairman and Managing Director and the Company Secretary & Compliance 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 V to this Report.

**Particulars of employees**

There are no employees in the company attracting the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**Financial Statements of Subsidiary company:-**

The statement pursuant to sub-section 3 of Section 212 of the Companies Act 1956 is given in annexure VII to this Report.

The company's subsidiary in USA reported a turnover of Rs 165.70 Mn (USD 3.54 million ) and loss after tax was Rs 2.43 Mn (USD 0.05 mn). The financial statement of the subsidiary is enclosed elsewhere in the report.

**Dividends**

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

**Directors**

Mr. M.R.Narayanan and Mr. Philip John, Directors of the company, retire by rotation and are eligible for re-appointment.

**Group Structure**

Pursuant to intimation from the promoters, the names of the promoters and entities comprising ; group are disclosed in the annual report for the purpose of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997. - annexure VIII

**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. Our software development processes (assessed at CMM L-3) ensure high quality deliverables, low risk and sustainable business.

**Auditors**

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

**Observations in the Auditor's Report**

The Auditors in their report in para 4 have mentioned that the appointment and remuneration paid to a whole time director amounting to Rs. 3.01 mn is subject to approval of the Central Government. The Company is in the process of obtaining such Central Government approval. In para 9(a) and 11 in the annexure to the auditor's report have commented on the delays in payment of certain statutory dues. The animation division has been incurring losses during the past 4 years. During the year, company experienced strain on cash flows resulting in delayed remittance of statutory dues. The management is taking steps to contain losses and turnaround the operations of the animation division.

**Internal control systems**

Your company has adequate internal control procedures commensurate with the size and nature of its operations. The Audit Committee constituted by the Board of Directors is functioning effectively. The Internal Audit for the year 2010 -11 was carried out by M/s. Vijayakumar & Easwaran covering all areas of operations. All significant observations were discussed in the Audit Committee, which met 4 times during the year under review.

**Depository systems**

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

are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

**Acknowledgement**

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

For and on behalf of the Board

Chennai.

Date : 27th May 2011

N.R. Panicker

Chairman

**Annexure I to the directors' report**

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

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

The company's operations involve 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 net worked environment. The company uses internet based technology for its communication needs.

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

**Annexure II to the Director's report****Management discussion and analysis****The year in brief**

The company reported a net turnover of Rs 202.69 mn for the year ended March 31, 2011 (previous year Rs 182.86 mn). The company reported a net loss of Rs 36.52 mn for the year ended March 31, 2011 (previous year Rs. 6.52 mn). On a consolidated basis, the net turnover was Rs 261.66 mn (previous year Rs 232.33 mn).

During the year, the software services export grew 29% mainly due to repeat orders from existing customers and addition of 3 new customers. The company continues to focus on embedded and media technologies related software development. Currently, 100% of the turnover in the software division is from export services and the operations are profitable. Considering the growth opportunities in the software division, the company leased facilities in L&T SEZ, Cochin. This will also enable the company to avail concessional tax benefits from exports of the software. The facility is expected to be operational during the second quarter of FY12.

During the year, the company continued to incur losses in the animation services division. However, the company completed development of its second intellectual property "Raju the Rickshaw", a pre-school TV series of 78 episodes of 7 minutes each. After the post production, the product is expected to be ready for market exploitation by the second quarter of FY12. This, together with our other IPR - India Fables, which is a TV series of 26 episodes of 11



minutes each is expected to bring revenues in the coming years.

During the year, the company completed the visual effects for a 3D family adventure film, "The Flying Machine" being produced by Oscar winning producer Hugh Welchman of Breakthru Films, UK. The film has been produced with a unique combination of Cutting Edge Live Action, Stop Motion Animation and 3D stereoscopy. The company has retained all Rights of this film in the India sub-continent as part of the compensation. The revenues from sale of such rights will accrue to the company in the future years. During the year, the company joined hands with Big Animation to develop an Indian animation property, "Shaktimaan" in 2D for broadcasting, to be produced in India with Indian talents for both Indian and international broadcasting with an estimated budget of Rs162.50 mn. This is the first initiative of its kind in India where two Indian studios are joining hands to produce a world class property for worldwide distribution. This is a foundation for developing properties with shared responsibilities. The company will be investing in the property for acquiring 40% share in the rights. The project is expected to be completed and ready for delivery during the fourth quarter of FY12.

#### Preferential warrants

During the year, the company issued 5,50,000 warrants to an investor to be converted into equity shares within a period of 18 months at a value of Rs 30.30 per equity share of Rs 10 each. The company has received Rs 41.6 lakh being 25% of the total issue consideration.

#### Business Model

The company has two divisions, namely, Technologies division and Animation division.

Technologies Division ([www.ushustech.com](http://www.ushustech.com))

The technologies division is known as Ushus Technologies. It is the software arm of the company and a quality provider of offshore technology solutions to world leaders, including Fortune 500 companies. This division rolls out technologically advanced

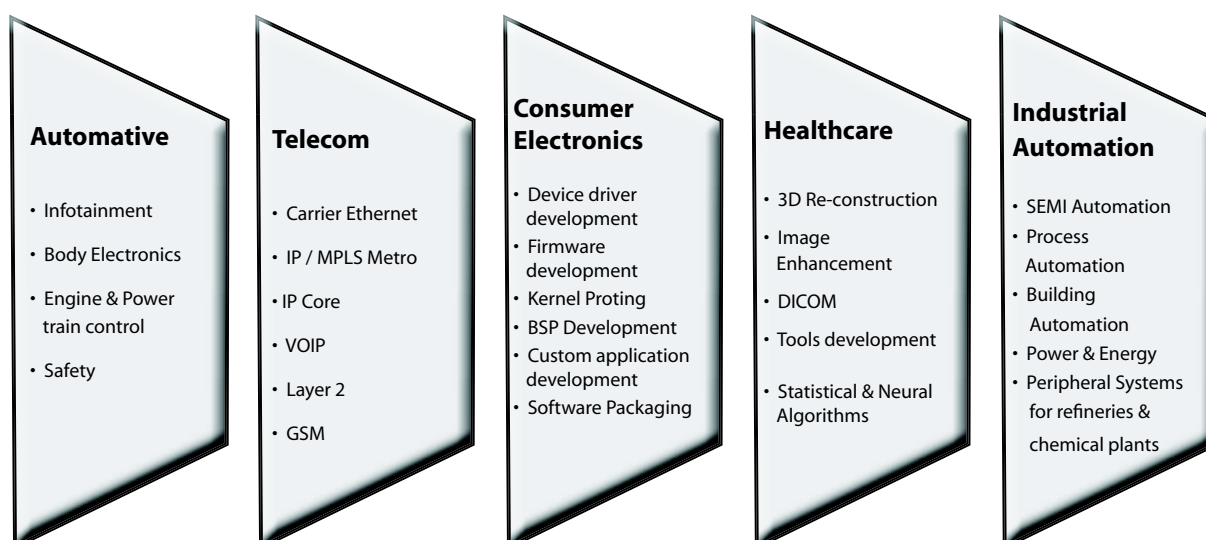
software products to industry verticals as well as the mass consumer market. Leveraging its ability to handle high-technology projects with good quality and cost effective delivery, Ushus Technologies made forays in to the US technology market and has been able to forge successful on-going partnerships with premier engineering companies and business houses that have large experience and high maturity in outsourcing and multi-sourcing. Ushus Technologies development centre is located at Technopark in Trivandrum, Kerala with marketing offices in Japan and the United States.

#### Software Industry Overview

The emergence of Global Delivery Model (GDM) provided companies with new methods of reducing costs. The outsourcing of simple application and maintenance to emerging economies dramatically lowered the fixed costs for companies. But the positive shift towards global sourcing coupled with GDM gave an added advantage for organizations with respect to wider choice in terms of capabilities across multiple locations. Rapidly evolving technologies meant that it was difficult to find the relevant expertise within the organization to justify the demand in the market. Outsourcing providers offer the knowledge and the resources which the companies found hard to identify within the organization or did not have the time or budget to acquire from the industry to justify the time to market conditions.

Over the years outsourcing services and delivery models have evolved to encompass more advanced capabilities. GDM has already been widely accepted across industries and organizations have started to view GDM more strategically considering the recessionary effects and the recovery path ahead. While the initial goals of outsourcing were capabilities and cost, these days mature outsourcers also have an added advantage of competitiveness and drive for the transformational change. From R&D and engineering services companies have now started entrusting service providers with more upstream strategic functions. The focus of companies from cost arbitrage has now shifted towards talent acquisition in the Outsourcing Industry.

**Technical competencies of the Technology Division** – The division caters to the software needs of product companies in the following verticals.



The Technology Division has developed skills and competency in high technology areas such as embedded systems, network protocol development, multimedia and windows applications. The division has experience in product development, product testing, beta testing support and internationalization requirements. The technological expertise spans across custom design, development, and testing of software based on Real Time Operating Systems, firm ware/HMI development and BSP development on various hardware platforms like ARM, Intel, Motorola, MIPS, Philips, Hitachi, Fujitsu and NEC.

The Technology Division has expertise in development and porting of device drivers such as USB, SCSI, Ethernet and display driver and engineering development for kernel, utilities and libraries. It implemented applications compatible with protocols and standards like DeviceNet, CAN, MOST, TCP/IP, SNMP, OSEK, SECS, HSMS, GEM, OSS, SEMI, OBEM etc. and protocol stack/abstraction layer development for compatibility of applications across various RTOS. The division has also worked with porting of RTOS across various hardware platforms and application porting across various RTOSs.

In the networking domain, the Technology Division has experience in the development of wireless applications based on 802.1X, wireless gateway development and layer-2/Layer-3 protocol implementation and test software development for networking equipment. In mobile computing, application software development and conversion for PocketPC, the Technology Division has developed web interface software for various devices and VoIP implementations.

On the Windows applications front, the Technology Division's key strengths are in VC++, COM, ATL/STL, MFC, C# and UI development. It also has experience with kernel mode device drivers on Windows. In alignment with the Vista initiative at Microsoft, the Technology Division started competency building on Vista compatibility testing services, device driver migration to Vista, application redesign for Vista and installer design for Vista.

Our development facilities in India are staffed with talented team that drives our success in the latest technology while continuously breaking the boundaries of conventional processes. Our group includes some of the most ingenious designers, software engineers, domain and documentation experts in the field. Many of our software professionals graduated from leading technical universities in India.

#### **Animation Division** ([www.accelanimation.com](http://www.accelanimation.com))

Accel Animation Studios (AAS) was set up in July 2006, as an incubated unit. The main lines of business include 3D Animation, content development, Visual Effects creation and Motion Capture Services. AAS provides International quality digital media content to its clients. Focused on consistent and seamless delivery with emphasis on delivering on time, AAS offers end-to-end services in animation, Motion Capture, and VFX. The Animation Division is poised to capture a large share of the quality-oriented business in the animation space in India. Currently the operations of AAS are being carried out in its studios situated in Chennai and Thiruvananthapuram Animation SEZ.

#### **Animation Industry Overview**

##### **Indian animation and VFX sector**

In 2010, the Animation, VFX and post production industry touched Rs 23,600 crore. This growth was largely led by post production and VFX segments which saw growth of 42% and 17% respectively. Animation, on the other hand, grew 10% in 2010 to touch Rs 1,000 crore. The animation and VFX industry is expected to grow at a CAGR of 18.5% to reach Rs 55,900 crore by 2015. The Animation

sector alone is expected to touch Rs 20,800 crore by 2015 with growth largely driven by services market for the next two years, post which IP creation is also expected to see a significant pick up. VFX and post production services meanwhile are expected to grow at a CAGR of 24% and 19% respectively till 2015.

#### **Key trends**

##### **VFX**

Investment in high quality visual effects shot by Indian production houses are expected to drive domestic market. Indian studios are increasingly taking up high end VFX projects and investing in technology and training to match quality standards of major studios in the West. Presentation of quality content from India could lead to increased amount of VFX projects outsourced to India. The next two years therefore, are crucial for Indian studios to drive up domestic demand and position themselves in the international market. Meanwhile, 2D to 3D conversion, archiving and restoration are also expected to be key growth drivers for the post production industry.

##### **Co-Productions**

Most of the large Indian animation studios have ventured into co-productions with studios in Europe and North America. Most of these are for IP creation vis-à-vis independent productions, as the risk on the latter is greater. The participating countries benefit from favorable fiscal policies (including subsidiaries, grants, etc.) and access federal and provincial tax credits.

##### **Archiving and Restoration**

Archiving and restoration services are in a very nascent stage in India but offer tremendous potential for growth. With improvements in technology and new content distribution platforms such as HD Television, Blu-ray technology, mobile, tablets and 3G services, there is a growing demand for digital content.

##### **3D conversions**

3D content has been presented discontinuously to the viewer due to a mismatch in 3D content display devices. Now, with advances in digital cinematography and computing power, 3D filming techniques, better understanding of 3D viewing physiology and increasing availability of immersive 3D displays, demand for 3D movies and content in the developed markets is growing. The increasing penetration of 3D displays is likely to result in 3D being accepted as a standard feature with a marginal cost premium in the coming years.

#### **Key growth drivers**

Growing demand for Content:

The growing demand for TV content still continues to be a key driver for growth in the animation industry. With as many as 14 Kids channels in India, broadcasters such as Turner are working closely with Indian animation companies to create localized television content.

##### **Large Talent Pool:**

While the demand supply issue for trained talent does persist for Indian animation and VFX companies, India still has a large talent pool to capitalize on. Moreover, vocational programs are now being introduced along with B.Sc, B.A and B.Com degrees along with the regular curriculum for students to offset the growing demand for animation and gain employment by the sector.