

Annexure to Form A dated 05.09.2014

M/s Varma & Varma, Chartered Accountants, Chennai, auditors of the Company have emphasised in their report the following :

Quote

"Emphasis of Matter

- i. We draw attention to Note No.10.7. As stated therein, the management expects the value in use, based on estimated future cash flows, for the Intellectual Property rights amounting to Rs.7,33,26,687/- carried in the books as Intangible asset to be not less than its carrying amount. The pattern/ quantum of the cash flows would essentially depend upon crystallisation of enquiries received by the company. Hence, no adjustment for impairment is made in the books of account.
- ii. Also as stated in Note no. 4.1, the Company has suffered cash loss from its operations during the year. The Net worth of the company has been fully eroded as at the Balance Sheet date. The Current Liabilities as at the year end exceeds the Current Assets by Rs. 3,44,38,630/-. This, read with the matters stated in para (i) above, raises concerns about the ability of the Company to continue as a going concern. However, in view of the facts stated in the said notes, the Accounts have been drawn up on a going concern basis.

Our opinion is not qualified in respect of the above matters."

Unquote

The board of directors would like to clarify as below regarding "emphasis matter" expressed by the auditors in their report annexed with this annual report.

1. The company continued to incur losses during the period under review, due to various reasons like lack of viable service orders, interest cost on the borrowings made for investments in fixed assets and delays in monetising the assets due to market slowdown for animated content. The management is confident of sustaining the operations and recovering the investments made in the business.

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2. The promoters have lent funds to sustain the operations during the years, the company incurred losses. These amounts have been shown under current liabilities and hence the mismatch between current assets and current liabilities. The holding company has already converted Rs 5 cr out of these funds into cumulative preference shares to strengthen the equity base of the company and also to improve the current ratio. Further they have agreed to convert Rs. 9.50 crores again into cumulative preference shares during 2014-15.
3. The company is taking adequate steps to liquidate certain real estate assets owned by the company to reduce the bank liabilities and pay statutory liabilities.
4. The management is committed to grow the media business and is confident of carrying on the business as a going concern basis and would bring in necessary support to the extent possible as and when required.
5. The company had availed an asset backed loan for Rs.7.67 crores from a bank which is payable over a period of 83 month and hence long term in nature. The long-term assets were acquired/ developed out of funds infused by the promoter companies.

The management is confident that it will be able to realise the intangible assets and with the support of its holding company and also as explained in the notes to accounts and also explained above, will continue to operate as a going concern.

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2014

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ACCEL TRANSMATIC LTD

ACCEL TRANSMATIC LTD

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 realized. 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.

ACCEL TRANSMATIC LIMITED

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BOARD OF DIRECTORS

N R Panicker

Chairman

A Mohan Rao

Independent Director

K R Chandrasekaran

Director

(w.e.f. 21.02.2014)

N. Gopalakrishnan Nair

Independent Director

(w.e.f. 14.11.2013)

C K Kerala Varma

Independent Director

(w.e.f. 14.08.2014)

S T Prabhu

Company Secretary

Statutory Auditors

M/s. Varma & Varma

Chartered Accountants

Adyar, Chennai 600 020

Internal Auditors

M/s. Vijayakumar & Eswaran

Chartered Accountants

Sasthamangalam, Trivandrum 695 010

Legal advisors

M/s S Ramasubramaniam & Associates

6/1 Bishop Wallers Avenue (West)

Mylapore, Chennai 600 004

Registrars & transfer agents

M/s Integrated Enterprises (India) Ltd

2nd Floor, Kences Towers

No. 1 Ramakrishnan Street, North Usman Road

T Nagar, Chennai 600 017

Bankers

State Bank of India

Commercial Branch,

Thiruvananthapuram 695 014

Registered office / 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

CIN No. : L3007KL1986PLC004485

Animation Division

1) No. 132, III Floor, Murugesha Naicker Office Complex,

Hussain Mansion, Greaves Road,

Thousand Lights, Chennai - 600 006.

Phone : +91-44-42015104

2) DRISHYA Building,

Animation SEZ

KINFRA Film & Video Park,

Kazhakuttam, Thiruvananthapuram - 695 585

Contact : +91-9847017248



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Notice of Annual General Meeting

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of Accel Transmatic Limited will be held at KUMAGAI AUDITORIUM, ABK – AOTS DOSOKAI, 3rd Floor, Chateau 'D' Ampa, 37 Nelson Manickam Road, Aminjikarai, Chennai 600 029, on Monday 29th, September 2014 at 11.30 A.M to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the audited Profit and Loss account for the financial year ended 31st March 2014 and the audited Balance Sheet as at that date and Reports of the Directors and Auditors thereon.

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

"RESOLVED THAT Mr. Mohan Rao, (DIN : 00038214) a Director liable to retire by rotation, who does not seek re-election, is not reappointed a Director of the Company."

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

3. To appoint a Director in place of Mr. N. R. Panicker (DIN : 00236198) who retires by rotation and being eligible has offered himself for re-appointment as a Director of the company. A brief resume of Mr. N.R. Panicker 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. N.R. Panicker, be and is hereby re-appointed a Director of the company."

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

RESOLVED THAT Mr.Gopalakrishnan Nair (DIN 02420937), who was appointed by the Board of Directors as an Additional Director of the company with effect from 14-11-2013 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature as a director of the company, be and he is hereby appointed independent director of the company to hold office for 3 (Three) consecutive years for term upto conclusion of the 31st Annual General Meeting of the company in the calendar year 2017.

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

RESOLVED THAT Mr.K.R.Chandrasekaran (DIN 00212855), who was appointed by the Board of Directors as an Additional Director of the company with effect from 21-02-2014 and

who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature as a director of the company, be and he is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

6. To re-appoint Shri K..R. Chandrasekaran (DIN: 00212855) as a Executive Director Cum Chief Finance Officer and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the appointment of Shri K.R. Chandrasekaran. (DIN: 00212855) as a Executive Director cum Chief Finance Officer of the Company, for a period of 2(two) years with effect from 01-07-2014 on the terms and conditions including remuneration as set out in the 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 the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Shri K.R.Chandrasekaran subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

RESOLVED THAT Mr. C K Kerala Varma (DIN 06949901), who was appointed by the Board of Directors as an Additional Director of the company with effect from 14-08-2014 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature as a director of the company, be and he is hereby appointed independent director of the company to hold office for 3 (Three) consecutive years for term upto conclusion of the 31st Annual General Meeting of the company in the calendar year 2017.

8. 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 M/s. Varma & Varma, Chartered Accountants (Registration No.4532S), be and are hereby 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 on such remuneration as shall be fixed by the Board of Directors."

9. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard 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 Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

- (a) "RESOLVED THAT pursuant to the provisions of Section 61(1) and other applicable provisions of the Companies Act, 2013 ("the Act") and the provisions of the Articles of Association of the Company, the Authorised Capital of the Company, be and is hereby changed / altered from Rs.20 Crores (Rupees Twenty Crores only) consisting of 150,00,000 Equity Shares of Rs.10/- each and 50,00,000 Preference Shares of Rs.10/- each to Rs. 26 Crores (Rupees Twenty Six Crores only) consisting of 115,00,000 Equity Shares of Rs.10/- each and 145,00,000 Preference Shares of Rs.10/- each"

- (b) THAT Clause V of the Company 's Memorandum of Association be and is hereby altered as under :

"The Authorised Share Capital of the Company is Rs 26 Crores (Rupees Twenty Six Crores) consisting of 145,00,000 Redeemable Preference Shares of Rs.10/- each and 115,00,000 Equity Shares of Rs.10/- each, with power to consolidate, convert, sub divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act 2013."

- (c) THAT the Articles of Association of the Company be altered by substituting the existing Article 3 by the following Article namely –

The Authorised Share Capital of the Company is Rs.26 Crores (Rupees Twenty six Crores) consisting of 145,00,000 Redeemable Preference Shares of Rs.10/- each and 115,00,000 Equity Shares of Rs.10/- each, with power to consolidate, convert, sub divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act 2013.

11. To consider and, if thought fit, to pass, with or without modification, the following Resolutions as a Special Resolutions :

"RESOLVED THAT, subject to the applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof from time to time) and the regulations / guidelines, if any, prescribed by Reserve Bank of India and Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as applicable or necessary, and subject to the provisions of the Memorandum of Association and Articles of Association of the Company, which the Board of Directors (hereinafter referred to as "the Board"), which term shall be deemed to include any committee constituted / to be constituted by the Board and authorized by the Board to exercise its powers, including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized on behalf of the Company, to create, offer, issue and allot up to 95,00,000 number of redeemable Preference Shares (preference shares) of face value of Rs.10/- each, in India or abroad, in such tranches, on such terms and conditions and in such manner including, but not limited to, by way of private placement or public issue or rights issue to the shareholders (including its holding company or its nominees) or to any domestic / foreign investors, through prospectus and/or letter of offer and/or circular an/or any other document as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of preference shares as may be required to be issued and allotted.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors."

RESOLVED FURTHER THAT pursuant to the provisions of the section 188 and other applicable provisions (if any) of the compnays act 2013 (including any statutry modification or reenactment their of for the time being inforce and provision of articles of association subject to compliance of all applicable laws and regulations, consent of members of the company by means of special Resolution be and is hereby accorded to the board of Directors hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose be and is hereby accorded to offer issue and allot to Accel Ltd. upto 9500000 Nos. redemable preferences of face value of Rs. 10/- Each, in such tranches and in such manner as the board may in its absolute discretion deem fit.

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RESOLVED FURTHER THAT Mr. K. R. Chandrasekaran, Director be and is hereby authorised to execute, sign agreements and perform all such acts, deeds and also to sign documents and writings as may be necessary, expedient and incidental thereto including all the negotiations and settlements, to give effect to this resolution and for matter connected therewith or incidental thereto in the best interest of the company.

By Order of the Board of Directors,

N.R. PANICKER
CHAIRMAN

Chennai.
14.08.2014

Registered Office:

75, Nelson Manickam Road,
Aminjikarai, Chennai 600 029.

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 102(1) of the Companies Act, 2013 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 24th September, 2014 to 26th September, 2014 (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 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
2006 – 2007	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 with the company.

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

8. 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.
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 or may send their queries at least 10 days before the date of the Meeting to the Company at the Registered & Corporate office at 75, Nelson Manickam Road, Chennai – 600 029 or email to 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.
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. Members are requested to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices, etc., in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India. The form for such registration can be downloaded from the Company's corporate website www.acceltransmatic.com under the section "Investor Relations" or can be furnished on request.

16. Voting through Electronic means-

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.