

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 re-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

<b>Financial results</b>	<b>Standalone</b>		<b>Consolidated</b>	
<b>for the year ended March 31,</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
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
<b>Profit available for appropriation</b>	<b>272.21</b>	<b>260.71</b>	<b>335.96</b>	<b>312.90</b>
<b>Appropriations</b>				
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
<b>Total</b>	<b>272.21</b>	<b>260.71</b>	<b>335.96</b>	<b>312.90</b>

### 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