



**ACCEL FRONTLINE**  
GLOBAL IT SERVICES

**17<sup>th</sup> Annual Report**  
**2011 - 12**

## 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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**BOARD OF DIRECTORS**

N R Panicker  
Chairman & Managing Director

Steve Ting Tuan Toon  
Director

A P Parigi  
Director

K R Chandrasekaran  
Director & CFO

Suresh K Sharma  
Director

Alok Sharma  
Director

Sam (S) Santhosh  
Director

R Ramaraj  
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  
Arihant Nitco Park, 6th floor,  
No. 90, Dr. Radhakrishnan Salai,  
Mylapore, Chennai - 600 014, India.

**SOLICITORS**

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

**REMUNERATION COMMITTEE**

Sam (S) Santhosh  
Steve Ting Tuan Toon  
Alok Sharma

**AUDIT COMMITTEE**

R Ramaraj  
A P Parigi  
Sam (S) Santhosh

**SHARE TRANSFER & INVESTORS**

**GRIEVANCE COMMITTEE**

R Ramaraj  
A P Parigi  
Alok Sharma

**NOMINATION COMMITTEE**

Alok Sharma  
Sam (S) Santhosh  
A P Parigi

**BANKERS**

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

**REGISTRAR & TRANSFER AGENTS**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bandup West,  
Mumbai - 400 078  
Tel.: +91.22.25963838  
Email : mumbai@linkintime.co.in

**REGISTERED OFFICE**

75, Nelson Manickam Road  
Aminjikarai,  
Chennai - 600 029.  
Tel : +91.44.4225 2000  
Fax : +91.44.2374 1271  
Email : info@accelfrontline.in  
Website : www.accelfrontline.in

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of Accel Frontline Limited will be held on Wednesday the 19th day of December 2012 at Hotel "THE FORTUNE PARK ARUNA CHENNAI", 144-145, Sterling Road, Chennai -600 034 at 3.00 P.M to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited balance sheet of the company as at March 31, 2012 and the profit & loss account for the financial year ended on that date and the reports of the Directors and Auditors thereon.

2. To declare final dividend for the financial year ended March 31, 2012.

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

"RESOLVED that Mr. K.R.Chandrasekaran, 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."

RESOLVED further that Mr. K R Chandrasekaran, also ceases to be a whole-time Director of the Company as at the close of office hours as on December 19, 2012.

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

"RESOLVED that Mr. Suresh Sharma, 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."

5. To appoint a director in place of Mr. Steve Ting Tuan Toon, who retires by rotation and being 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 a 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 M/s 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 an ordinary resolution.

RESOLVED THAT Mr. A.P.Parigi, who was appointed by the Board of Directors as an Additional Director of the company with effect from September 29, 2011 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

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

RESOLVED THAT Mr. Alok Sharma, who was appointed by the Board of Directors as an Additional Director of the company with effect from February 01, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

9. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution.

RESOLVED THAT Mr. Sam (S) Santhosh, who was appointed by the Board of Directors as an Additional Director of the company with effect from May 02, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

10. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution.

RESOLVED THAT Mr. R. Ramaraj, who was appointed by the Board of Directors as an Additional Director of the company with effect from October 31, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature as a director of the company, be and is hereby appointed a director of the company, whose office is liable to determination by retirement of directors by rotation.

11. To consider and if thought fit to pass, with or without modifications, the following resolutions a special resolution.

"RESOLVED that pursuant to the provisions of sections 269, 198, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time

being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and pursuant to the approval of the remuneration committee of the Board and the Board of Directors at their meeting held on August 01, 2012, approval of the Company be accorded to the re-appointment of Mr. N.R.Panicker as Managing Director of the Company for a period of 3 (Three) years with effect from November 01, 2012 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 thereof.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to vary, or increase the remuneration including the 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.

FURTHER RESOLVED 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 the 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.

FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Company Secretary of the company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

As required by Section 173 of the Companies Act, 1956, the following explanatory statement set out the material facts relating to the business mentioned under Item 3, 4, 5 and 7, 8, 9, 10, 11 of the accompanying notice dated October 31, 2012.

#### **Item No.3**

In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mr. K.R.Chandrasekaran retires by rotation but has not sought re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company be not filled.

Mr. K.R.Chandrasekaran is a Wholtime Director of the company since April 28, 2004. Mr K R Chandrasekaran also ceases to be a Wholtime Director of the company at the close of Business hours as on December 19, 2012.

The Board wishes to place on record its appreciation for the

contribution made by him to the company.

#### **Item No.4**

In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mr. Suresh K Sharma retires by rotation but has not sought re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the company be not filled.

Mr. Suresh K Sharma is a Director of the company since April 11, 2006. The Board wishes to place on record its appreciation of the contribution made by him to the company.

#### **Item no. 7**

Mr. A P Parigi, 63 years, joined Accel Frontline Limited's board on September 29, 2011. He has 35 years of experience spanning across several sectors including telecommunications and Media & Entertainment. He serves on the Board of several Times of India Group companies including Times Innovative Media Limited (out-of-home), Times Internet Limited (internet), Times Now (television), and Worldwide Media (a joint venture with the BBC). Mr. Parigi has held a number of key positions including that of the CEO of BPL Mobile Communications (a joint venture with France Telecom), Mumbai and MD & Group CEO - India operations, Eros International Media Limited. Mr Parigi is member, The Oxford University, Said Business School, Business Advisory Council since June 2010. In July 2010, he was elected to the Advisory Board, Fordham Graduate Business School, New York. Mr Parigi is an alumnus of the Delhi School of Economics and Faculty of Management Studies, University of Delhi.

Mr. A P Parigi was co-opted as an Additional Director by the Board of Directors of the company with effect from September 29, 2011. Pursuant to Section 260 of the Companies Act 1956, Mr. A.P.Parigi will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director.

Due notice under Section 257 of the Act has been received from a Member, proposing the appointment of Mr. A.P.Parigi as director of the company at the ensuing Annual General Meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. A P Parigi.

#### **Item No.8:**

Mr. Alok Sharma, 45 years, has joined Accel Frontline Limited's board on February 01, 2012. He had diverse experience of 21 years in IT & Consumer Electronics industry, which spans across consumer markets, direct account sales, industry development, developer programs, channel management, retail management, brand and business management. He has been credited in building businesses for some of the top global technology companies in India. Alok turned an entrepreneur in 2009, and has co-founded and invested in four companies namely, PC Visor focused on Automated Managed Services; Allgreen Ecotech focussed on Energy Management; Cartridge Cafe providing managed print solutions, and Vittal Innovation City, a 300 acre innovation led city. Prior to turning an entrepreneur, he had served as the Managing Director for Apple India, wherein he grew the revenue from less than \$10M to over \$100M in 5 years. He is credited with setting up the retail, distribution and enterprise business for Apple in India, and built a balanced revenue portfolio across IT, consumer electronics and

telecom businesses. Prior to Apple, he was the Director, Partner Development (India & South Asia) for Sun Microsystems based out of India and later at Singapore. He was credited for building the Sun channel structure in India, and later helped bring the best practices across South Asia. Prior to Sun, Alok was the driving the education industry for Apple in India and the Regional Sales Manager at Wipro, responsible for a line of business for Northern India. He is recognized as an expert on building strategic alliances and distribution in the technology sector in India. He serves as an independent director on Glodyne Technoserve. He is on the jury of the EMPI Indian Express Innovation Awards. He supports multiple projects in the social sector and education sector in the non-profit area

Mr. Alok Sharma was co-opted as an Additional Director by the Board of Directors of the company with effect from February 01, 2012. Pursuant to Section 260 of the Companies Act 1956, Mr. Alok Sharma will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director.

Due notice under Section 257 of the Act has been received from a Member, proposing the appointment of Mr. Alok Sharma as director of the company at the ensuing Annual general meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. Alok Sharma.

#### **Item No. 9**

Mr. Sam (S) Santhosh, 50 years, has joined Accel Frontline Limited's Board on May 02, 2012. He is the Promoter & CEO of SciGenom Inc. - a Genomics R & D organization that conducts research work aimed at understanding the role of DNA sequence variation in human health and disease.

Mr. Sam (S) Santhosh was the CEO and Managing Director of California Software Limited (Calsoft) in the years 1992 to February 2012.

He founded Calsoft in 1992 and under Sam's vision Calsoft rapidly grew from a niche player in the Silicon Valley to a global player with over 1200 employees and presence in 8 countries. Sam took Calsoft Public in 1996 and the company is listed in the Indian Stock Exchanges. Sam oversaw the growth of Calsoft in all key areas - Finance, Strategy, Customer acquisition and inorganic growth through eight acquisitions including companies in U.S, UK, Japan and India.

Sam is passionate about science and technology and believes that harnessing the power of science is critical to innovation and wealth creation. Just as technology was the key driver of business in the 20th century, he believes that Science will directly drive economic development as well as social and environmental well-being in the 21st century. It is this strong belief that has led him to make the move from Software Services where he spent the last 20 years of his career to a future that blends Science and Technology with Business.

He has been constantly retooling himself and has attended various training programs in different U.S universities including MIT. In 2010, he completed the Executive Education program at the Singularity University in Sunnyvale, California. Sam has an engineering degree and an MBA (majoring in Management Information Systems) from India's premier institute, IIM Calcutta.

Mr. Sam (S) Santhosh was co-opted as an Additional Director by the Board of Directors of the company with effect from May 02, 2012. Pursuant to Section 260 of the Companies Act 1956, Mr. Sam (S) Santhosh will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director.

Due notice under Section 257 of the Act has been received from a Member, proposing the appointment of Mr. Sam (S) Santhosh as director of the company at the ensuing Annual general meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. Sam (S) Santhosh.

#### **Item No.10:**

Mr. R Ramaraj, 62 years, has joined Accel Frontline Limited's Board on October 31, 2012. He was the Co-Founder and CEO of Sify Limited. Sify was the first Indian Internet Company to be listed on the Nasdaq National Market in the US (NASDAQ:SIFY).

Mr. R Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000. And in 2001, in a CNET.com poll in India, Mr. R. Ramaraj was voted the IT Person of the Year 2000.

Currently Mr. R Ramaraj is the Senior Advisor at Sequoia Capital. Mr. R Ramaraj is the first Indian to be invited to the Board of Directors of ICANN (Internet Corporation for Assigned Names and Numbers). He was a member of the Global Board of Trustees of TIE. (The Indus entrepreneurs).

Mr. R Ramaraj is a Member of the Board of Governors of the Indian Institute of Management, Calcutta.

In 2010, CII recognized Mr. R Ramaraj with a Life Time Achievement Award for nurturing the Spirit of Entrepreneurship and inspiring and mentoring numerous entrepreneurs.

Mr. R Ramaraj is on the board of Olympic Gold Quest (OGQ) a Not for Profit organization. OGQ is committed to bridging the gap between the best athletes in India and the best athletes in the world thus helping Indian athletes to win Olympic Gold medals.

Mr. R Ramaraj is the Co-founder and Director of Coaching Foundation of India, an organization that trains and certifies CEO Coaches.

Mr. R Ramaraj worked in Johnson & Johnson in Sales & Marketing for over 7 years and subsequently co-founded Computer Point & Microland.

Mr. R Ramaraj holds a B.Tech in Chemical Engineering from the University of Madras and a M.B.A from the Indian Institute of Management, Calcutta.

Mr. R Ramaraj was co-opted as an Additional Director by the Board of Directors of the company with effect from October 31, 2012. Pursuant to Section 260 of the Companies Act 1956, Mr. R Ramaraj will hold office only upto the date of the ensuing Annual General Meeting of the company and is eligible for appointment as director. Due notice under Section 257 of the Act has been received from a Member, proposing the appointment of Mr. R Ramaraj as director of the company at the ensuing Annual General Meeting. The period of his office is liable to determination by retirement of directors by rotation.

The directors recommend the resolution for adoption.

None of the directors is concerned or interested in the resolution except Mr. R Ramaraj.

**Item No.11:**

The shareholders had re-appointed Mr. N R Panicker as a Managing Director of the company at the Annual General Meeting held on September 06, 2007 for a period of five years from November 01, 2007 to October 31, 2012 as an ordinary resolution. The company had passed a resolution in Annual General Meeting held on September 22, 2010 revising the remuneration payable to Mr. N R Panicker as a Managing Director for the remaining period of his appointment (ie April 01, 2010 to October 31, 2012 as a special Resolution to enable paying minimum remuneration in case of loss or inadequate profits during any financial Year.

The Board of Directors upon recommendation of the Remuneration committee have re-appointed him vide resolution dated August 01, 2012, for a further period of three years with effect from November 01, 2012 to October 31, 2015.

An abstract of the terms of Mr. N R Panicker's appointment is set out below.

The Board recommends the resolution.

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 is interested in the resolution set out in the Notice.

Mr. N R Panicker holds 10,72,500 shares in the Company.

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

Accel Limited
Accel Transmatic Limited
Accel Tele.Net Limited
Accel Systems and Technologies Pte. Ltd., Singapore
Accel Frontline JLT, Dubai
Accel IT Resources Limited
Network Programs USA INC, USA
Network Programs Japan INC, USA
Network Programs, KK, Japan
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.11 of the Notice relating to re-appointment and Remuneration of Mr. N R Panicker as Managing Director of the Company.

**I. General Information**

**(1) Nature of Interest**

The Company is a provider of IT Services.

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

The Company has been in business for about 17 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.**

(INR in million)			
	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Sales (Gross)	4235.25	3320.15	2569.21
Profit Before Tax	113.84	89.21	63.06
Profit After Tax	93.86	63.79	47.46
Shareholders' Fund	926.64	1047.60	1028.84
Rate of Dividend on equity Shares (%)	15.00	20.00	15.00

**(5) Export performance**

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

(INR in million)			
	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Income from Services	300.04	42.26	68.47

**(6) Foreign investments or collaborators, if any.**

Accel Systems Group Inc., USA has 1.99% shareholding in the Company

**II. Information about the appointee**

**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 Computer Society of India.

**(ii) Past Remuneration**

For the financial year, 2011-12, Mr. N.R. Panicker's total remuneration was Rs.6,586,072.

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

Mr. N.R. Panicker has managed 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. N.R. Panicker 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. N.R. Panicker is not out of tune

with the remuneration in similar sized companies in same 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. He is not related to any other managerial personnel.

### III. Other Information –

The Agreement also sets out the duties and various obligations of Mr.N.R.Panicker. The appointment of Mr. N.R.Panicker as a Managing 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 11 of Special Business is intended for this purpose.

### 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 form. Forms, which are not stamped, are liable to be considered as invalid. Further for the purposes of identification, it is advised to affix the signature of the proxy also in the proxy form.
- 3) Corporate members are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the AGM.
- 4) Members/ proxies are requested to bring the attendance slips duly filled in and signed for attending the meeting.
- 5) In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 6) Members who hold shares in electronic form are requested to write their client Id and DP ID number and those who hold shares in physical form are requested to write their folio numbers in the attendance slip for attending the meeting to facilitate identification of membership at the meeting. Members are requested to bring their attendance slip along with their copy of the annual report to the meeting.
- 7) Members who wish to obtain any information on the company or the accounts may send their queries at least 10 days before the date of the Meeting to the company at No.75, Nelson Manickam Road, Aminjikarai, Chennai 600029, or e-mail at sweena.nair@accelfrontline.in, addressed to the Company Secretary.
- 8) Members having shares registered in the same name or in the same of order of names but in several folios may please write to the RTA so that the folios can be consolidated. A copy of the letter may please be marked to the company secretary.
- 9) Members holding shares in physical form, who are desirous of making nomination as permitted under section 109A of the Companies Act, 1956 in respect of the shares held by them in the Company, may write to the RTA for the prescribed form.
- 10) 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 December 13, 2012 to December 19, 2012 (both days inclusive).
- 12) Dividend on approval will be paid on or before January 18, 2013 to the members whose names appear in the Register of Members as on December 12, 2012. In respect of shares held in demat form, the dividend will be paid to be beneficial owners as on the closing hours of December 12, 2012 as per the details forwarded by the RTA for this purpose.
- 13) Members are requested to notify immediately of any change in their address to the Registrars. Members holding shares in electronic form are advised to notify any change in their address with the concerned Depository Participant.
- 14) Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance (Circular No. 17/2011 dated April 21, 2011) allowing paperless compliances by Companies through Electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered email address of the shareholders. The Company has communicated to the shareholders on July 18, 2011 about its decision to implement this initiative. Shareholders are requested to update their email addresses with the respective depository participants. Shareholders holding shares in physical mode, are requested to kindly provide your e-mail address and send it to our Registrar, Link Intime India Pvt. Ltd.
- 15) 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..
- 16) 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 dates of transfer of unclaimed / un-encashed dividends to the designated fund of the Central Government;

Dividend for the Financial Year	Date of Declaration of Dividend	Due date of transfer to the Central Government
2006 – 2007	May 14, 2007	June 16, 2014
2007 – 2008	May 12, 2008	June 17, 2015
2008 – 2009	October 29, 2008	December 04, 2015
2009 – 2010	March 10, 2010	April 14, 2017
2010 – 2011	September 29, 2011	November 03, 2018

Registered Office  
75, Nelson Manickam Road  
Chennai 600 029  
Date: October 31, 2012

For and on behalf of the Board  
Sweena Nair  
Company Secretary

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 17th annual report together with the audited accounts of the company for the year ended March 31, 2012.

### Financial results

INR in lakhs

	Standalone		Consolidated	
	2012	2011	2012	2011
Sales, services & other income	42,352.47	33,201.49	48,614.07	39,604.92
Profit before interest, depreciation & tax	3,652.67	2,106.40	3,342.41	2,527.38
Finance cost	1,719.15	629.47	1,773.86	666.00
Depreciation and amortization expense	795.08	584.82	991.25	587.80
Provision for tax (Net)	199.84	254.17	199.84	254.17
Profit after tax	938.60	637.94	377.46	1,019.41
Balance brought forward from previous year	2414.74	2,277.11	3,433.72	2,989.26
<b>Profit available for appropriation</b>	<b>3,497.44</b>	<b>2,989.69</b>	<b>3,955.28</b>	<b>4,008.67</b>
<b>Appropriations</b>				
Transfer to general reserve	100.00	50.00	100.00	50.00
Proposed dividend on equity shares	363.93	450.18	363.93	450.18
Security premium cancelled on account of merger	1,925.29	-	1,925.29	-
Tax on dividend	59.04	74.65	59.04	74.77
Balance carried to balance sheet	1,049.18	2,414.74	1,507.02	3,433.72
<b>Total</b>	<b>3,497.44</b>	<b>2,989.69</b>	<b>3,955.28</b>	<b>4,008.67</b>

### Review of operations

The year under review was eventful wherein a major shareholding change happened between promoters. The company also went through a major transformation with the alignment of various IT related service businesses in the Accel group as detailed below:

1. Accel Frontline Services Limited (AFSL), a leading provider of warranty management services in India got merged with the company vide the scheme of arrangement of amalgamation approved by the Honorable High Court of Madras (hereinafter referred as AFSL merger). This merger was effective April 1, 2011 and the financial statements of the company for the year under review include the results of AFSL.

2. During the year under review, the company acquired the technology software services business of Accel Transmatic Ltd, an associate company, with effect from August 16, 2011 for a total purchase consideration of Rs.2,197 lakhs.

3. The company also acquired the 100% shareholding of Accel IT Resources Limited (AITRL), a company engaged in the business of training IT professionals for a total consideration of Rs.590.00 lakhs.

With the above mentioned amalgamation and acquisitions, the company has strengthened its IT services portfolio with negligible reliance on the IT Hardware related businesses which has been contributing to a major portion of the turnover and a very less contribution to the bottom line.

The turnover grew on a standalone basis to Rs. 42,352.47 lakhs for the year ended March 31, 2012 as compared to Rs 33,201.49 lakhs for the corresponding period last year. This turnover includes Rs.6,683.42 lakhs from AFSL, the amalgamating company and Rs.1,399.57 lakhs from the acquired software business for the 7 months period. On a standalone basis, the EBITDA was Rs.3,652.67

lakhs as compared to Rs.2,106.40 lakhs during the previous year. The consolidated net turnover for the year under review was Rs 48,614.07 lakhs with a profit after tax of Rs 377.46 lakhs.

### 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.

### Report

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 is attached as 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 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 as annexure III to this report.

### Auditors Certificate on corporate governance

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

### CEO /CFO Certification

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

### 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 as 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 is given as 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 as annexure VIII.

### Dividend

The Board of Directors have recommended a dividend of 15% (Rs.1.50 per equity share of Rs 10/-) for the year ended March 31, 2012.

### Directors

Mr.K R Chandrasekaran and Mr.Suresh K Sharma, retire by rotation and have not offered themselves for re-appointment and accordingly, they will cease to be the directors of the company with effect from the conclusion of the ensuing Annual General Meeting. Mr. K.R.Chandrasekaran will also cease to be the Whole time Director of the Company. The Board places on record its deep appreciation and gratitude for their guidance and contribution to the company during their tenure

Mr.A P Parigi, Mr.Alok Sharma and Mr.Ramaraj were appointed as additional directors during the year and their appointment is being recommended for confirmation in the ensuing annual general meeting. The necessary resolution is being placed before the shareholders for approval.

### Quality Management

The 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.

### 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.

### Extension of time to hold annual general meeting

The company has obtained necessary approvals from the Ministry of Corporate Affairs to hold the annual general meeting before December 31, 2012 vide its approval dated August 17, 2012 since the merger process was pending approval from Honorable High Court of Madras and was not completed as on September 30, 2012.

### Internal control systems

The company has adequate internal control procedures commensurate with the size and nature of its operations. The internal control systems were further strengthened by internal audit carried by an independent firm of Chartered Accountants and a periodical review by the management. The Audit Committee of the board addresses issues raised by internal auditors and the statutory auditors.

### Acknowledgement

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

Chennai, October 31, 2012	For and on behalf of the board N.R.Panicker Chairman & Managing Director
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### 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 minimum required energy consumption to run its various offices and equipments and therefore the scope of energy conservation is limited. The company is constantly monitoring the consumption of electricity in various offices to reduce consumption, wherever possible.

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