



# ACCELTRANSMATIC LTD

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

## POSTAL BALLOT NOTICE (Pursuant to Section 192A of the Companies Act, 1956)

Dear Shareholder(s),

Pursuant to the provisions of Section 293 (1) (a) of the Companies Act, 1956, any proposal to sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking shall be approved by the shareholders. Hence this notice:

Notice is hereby given Pursuant to the provisions of Section 192A(2) of the Companies Act, 1956 (the Act for brevity) read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, to the Shareholders of Accel Transmatic Limited, (hereinafter referred to as "the Company") that the resolutions appended below for the purpose of sale/transfer/divestment of the part or whole of the company's Software Operations [comprising of Technology Division and Overseas Subsidiary - Accel North America, Inc.] herein after referred to "Ushus Technologies" under Section 293(1)(a) of the Act, is proposed to be passed as Ordinary Resolutions by means of Postal Ballot.

It is proposed to hive off the Ushus Technologies of the Company and sell or transfer it to another company, Accel Frontline Limited (AFL), subsidiary of company's Promoter and Holding Company of M/s. Accel Limited. The Ushus Technology is the software arm of the company and a quality provider of offshore technology solutions to world leaders including Fortune 500 Companies. The Management wants to convert this company as a purely Media & Entertainment Company.

The Company is desirous of seeking your consent for such proposal as contained in the Resolutions appended below.

An Explanatory Statement pertaining to the said Ordinary Resolutions setting out the material facts and the reasons for the proposal is annexed. The said Ordinary Resolutions, Explanatory Statement, the Postal Ballot Form (the 'Form') are being sent along with this Notice for your consideration. The dispatch of the Ballot papers is being authorised as per Rule 2A of the Postal Ballot Rules.

The Board of Directors of the Company has appointed Mr. G. Raman Pillai, Practising Company Secretary, Bhasuram, NSS College Road, Neeramonkara, Trivandrum 695040, as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form duly completed with the assent (for) or dissent (against), in the attached pre-paid envelope, so as to reach the Scrutinizer before the closing of working hours on 26th September, 2011 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member. The Scrutinizer will submit his report to the Chairman or any authorised Director of the Company after completion of the scrutiny and the results of Postal Ballot will be announced on 27th September, 2011 at the registered office of the Company at 10.00 a.m.

TRANSFER OF TECHNOLOGY DIVISION AND OVERSEAS SUBSIDIARY ACCEL NORTH AMERICA, INC OF THE COMPANY TO ACCEL FRONTLINE LIMITED, CHENNAI.

To consider and thought fit to pass with or without modification, the following resolutions as Ordinary Resolutions.

"RESOLVED THAT pursuant to provisions of Section 293(1)(a) and 192A read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001 consent of the Company be and is hereby accorded, in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consents, approvals, permissions and sanctions being obtained from appropriate authorities to the extent applicable or necessary, to the Board of Directors of the Company ("the Board" which expression shall also include a Committee of Directors of the Company) to sell/transfer/divestment of the investment of the part or whole of the company's Software Operations [comprising of Technology Division and Overseas Subsidiary - Accel North America, Inc.] together with all assets including current assets, investments, fixed assets and plant and machinery, pertaining to the Division on a "Slump Sale Basis" on an as-is-where-is basis as a "Going Concern" to one of the group companies, M/s. Accel Frontline Limited together with the rights, title and interest in the moveable and intangible assets (including process know-how, IPRs, licenses, etc) and all liabilities pertaining to the Division for a consideration ranging between Rs.1500 lacs to Rs.1997 lacs [but not less than Rs.1500 lacs] as detailed in the explanatory statement pertaining to the Software Operations [comprising of Technology Division and Overseas Subsidiary - Accel North America, Inc.] and on such terms as may be decided by the Board of Directors or a Committee of Directors appointed for the purpose.

FURTHER RESOLVED THAT the said Board of Directors will have the power to finalize and execute necessary documents, for the transfer/sale/divestment including transfer agreements, deeds of assignment/conveyance and such other documents as may be required and to do all such acts, deeds, matters and things including giving customary representations and warranties, together with such indemnities as may be deemed necessary and expedient in their discretion for completion of sale/transfer/divestment of investment of / in said Software Operations [comprising of Technology Division and Overseas Subsidiary - Accel North America, Inc.]

By Order of the Board

Date: 16.08.2011

Place: Chennai

S.T.Prabhu  
Company Secretary

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

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Your Company is carrying out its operations under two divisions, namely, Software division and Animation division.

While the two businesses have growth potential, being in totally different domains, each of them requires individual attention and management time to exploit the opportunities profitably. The Company's management believes that the growth and business opportunities will be more if the company is converted into pure Media & Entertainment Company. The Company has invested substantial amount of money in setting up the Animation Studios with an objective of creating one of India's leading Animation Company. The nature of this business is such that it requires continuous and focused management attention and funding. The company has been investing funds borrowed from Banks as secured loans and from Promoters as unsecured loans. It will be possible to attract fresh investments into the Company, if the operations are related to Animation services only. Having considered all the options, the Board has come to the conclusion to focus on the business of Media and Animation that could augur well for the company in future. Therefore it was decided to hive off its Software Operations.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors, cannot except with the consent of the Company in general meeting, sell/transfer/ divestment of the investment of the part or whole of the Company's Software Operations [comprising of Technology Division and Overseas Subsidiary - Accel North America, Inc.] hereinafter called "Ushus Technologies".

The Company had received an offer from M/s. Accel Frontline Limited, (who is in the business of IT Infrastructure Services and Enterprise Software Solutions) another listed company in the Group evincing interest to acquire the Ushus Technologies for a consideration of not more than Rs.1997 lacs, subject to certain conditions as detailed below:

The consideration above Rs.1500 lacs will be a performance based payment. The minimum consideration will be Rs.1500 lacs and the balance Rs.477 lacs will be linked to the achievement of a minimum of PBDIT of Rs.350 lacs by Ushus Technologies for the financial year 2011-12. If the PBDIT is less than Rs.350 lacs, then the balance payment will be pro-rata reduced / adjusted.

The Board of Directors by their resolution dated August 02, 2011 has approved the sale / transfer / divestment of its investment of / in Ushus Technologies to the group Company, M/s. Accel Frontline Ltd for a consideration ranging between Rs.1500 lacs and 1997 lacs.

The Book value of the Fixed Assets (no immovables included) of the Ushus Technologies as at 31.03.2011 was about Rs.191.59 lacs, the book value of its net current assets on the same date stood at about Rs.432.01 lacs and the investment in the subsidiary was Rs.64.16 Lacs. The proposed transfer will be an arm's length transaction with a fair valuation. The valuation exercise for the business which is being transferred was done by two independent Chartered Accountant Firms. The independent valuers have valued the business at Rs.2,044 lacs and Rs.2,270 lacs, respectively. AFL has agreed to buy the business (including the Bank liabilities of Rs.247.89 Lacs as on 31.03.2011) for a consideration Rs.1997 lacs payable in cash, subject to the condition that a portion of the consideration will be paid on achieving certain milestones. The purchase consideration will be partly utilized to reduce the bank and other liabilities.

In view of the above, it is proposed to sell and transfer the Ushus Technologies to "Accel Frontline Limited" as a going concern on an as is where is basis ("Transaction"). The total sale consideration for this transaction will be not less than Rs.1500 lacs. The effective date of the transaction would be 16.08.2011.

The Transaction will be inter alia subject to the following conditions:

- (i) Prior approval of the shareholders under section 293 (1) (a) and other applicable provisions of the Companies Act.
- (ii) The receipt by the Company of any regulatory approvals that may be necessary for the consummation of the Transaction from any Governmental authorities.

The employees working in the Ushus Technologies numbering to 273 on the effective date will be transferred along with the business and their services and emoluments will be protected.

The Board of Directors accordingly recommends these resolutions for approval of the members.

Your approval is sought for voting by postal ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (passing of Resolutions by Postal Ballot) Rules, 2001.

Mr. N.R. Panicker being a common Director on the Board of Accel Frontline Limited and Accel Transmatic Limited and also being the Promoter and shareholder of companies is interested in the transaction.

Mr. Philip John, who is holding 152,721 shares in company, may be deemed to be interested in the resolution to the extent of his shareholding in the company.

None of the other Directors of the Company has any concern or interest in the resolutions.

Date: 16.08.2011  
Place: Chennai

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

By Order of the Board

S.T. Prabhu  
Company Secretary