

AFL/MFM/SE/02/2016-2017
01st August 2016

The National Stock Exchange of India Ltd
Exchange Plaza
Bandra Kurla Complex
Bandra East
Mumbai 400 051

The Bombay Stock Exchange Ltd
P.J. Towers
Dalal Street
Mumbai 400 001

Dear Sir,

Sub: Outcome of Board Meeting

We are pleased to inform you that the Board of Directors at its meeting held on 01st August 2016 have taken the following decisions.

- **Audited Financial Results for the year ended 31st March 2016.**
 - Considered and Approved Standalone and Consolidated Audited Financial Results along with Statement of Assets & Liabilities as at 31st March 2016 on the recommendation of the Audit Committee.
 - Considered and Approved the Audit Report.
 - Considered the Statement on Impact of Audit Qualifications for the financial year ended March 31, 2016. (Annexure I in terms of Regulation 33/ 52 of the SEBI Listing and Other Disclosure Requirements, Regulations, 2015, pursuant to the Amendment Regulations, 2016).
- **Un-Audited Financial Results for the quarter ended 30th June 2016.**
 - Considered and taken on record the Un-audited financial results of the Company for the quarter ended 30th June 2016 as approved by the Audit Committee.
 - A copy of the Limited Review Report of the Auditors of the Company is also attached.

The meeting commenced at 09:30 A.M. and concluded at 11:00 P.M.

- **To seek extension of time for holding the Annual General Meeting.**

The Company is considering the proposal of making an application to the Registrar of Companies for seeking extension of time for holding the Annual General Meeting, in light of the qualified report issued by the statutory auditors and in light of the various actions that are being undertaken by the Board of the Company.

Please arrange to take the same on record.

Thanking you

Yours faithfully,
For Accel Frontline Limited



Malcolm F Mehta
Executive Director

Statement of financial results for the Quarter ended 30 June 2016

SI No	Particulars	(Rs. In Lakhs)				(Rs. In Lakhs)			
		CONSOLIDATED		STANDALONE		CONSOLIDATED		STANDALONE	
		3 Months ended 30 June 2016	Preceding 3 Months ended 31 March 2016	Corresponding 3 months ended 30 June 2015 in the previous year	Previous year ended 31 March 2016	3 Months ended 30 June 2016	Preceding 3 Months ended 31 March 2016	Corresponding 3 months ended 30 June 2015 in the previous year	Previous year ended 31 March 2016
1	Income from Operations (a) Net Sales/Income from operations (Net of excise duty) (b) Other operating income Total income from Operations (net) (a)+(b)	12,813	17,299	8,953	51,105	8,359	9,462	5,523	32,249
2	Expenses (a) Cost of raw materials consumed (b) Purchase of stock-in-trade (c) Changes in inventories of finished goods and stock-in-trade (d) Employee benefits expense (e) Depreciation and amortisation expense (f) Sub-contracting and outsourcing cost (g) Other expenses Total expenses (a)+(b)+(c)+(d)+(e)+(f)+(g)	12,813	17,299	8,953	51,105	8,359	9,462	5,523	32,249
3	Profit/(Loss) from operations before other income, finance costs, exceptional items and prior period items (1-2)	443	1,425	(870)	48	351	551	(1,018)	(1,932)
4	Other income	36	136	91	188	17	46	59	98
5	Profit/(Loss) from ordinary activities before finance costs, exceptional items and prior period items (3 + 4)	479	1,561	(779)	236	368	597	(959)	(1,737)
6	Finance costs	514	551	509	2,083	481	509	479	1,957
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items and prior period items (5 - 6)	(35)	1,010	(1,288)	(1,847)	(113)	88	(1,438)	(3,694)
8	Exceptional items	(35)	(2,429)	(1,288)	(2,800)	(113)	(1,691)	(1,438)	(1,932)
9	Profit/(Loss) from ordinary activities but before prior period items and tax (7+8)	-	(7,835)	-	(4,647)	-	(7,241)	-	(8,071)
10	Prior period items	-	(9,254)	-	(8,665)	-	(8,844)	-	(13,697)
11	Profit/(Loss) from ordinary activities before tax (9+10)	-	17	30	214	-	62	-	62
12	Tax expense (a) Current tax (b) Deferred tax Total tax expense (a)+(b)	-	173	30	370	-	62	-	62
13	Net Profit/(Loss) after taxes but before minority interest (11-12)	(35)	(9,427)	(1,318)	(13,682)	(113)	(8,906)	(1,438)	(13,759)
14	Minority interest	(164)	(376)	(73)	(822)	-	-	-	-
15	Net Profit/(Loss) for the period (13+14)	(199)	(9,803)	(1,391)	(14,504)	(113)	(8,906)	(1,438)	(13,759)
16	Paid-up equity share capital	2,976	2,976	2,976	2,976	2,976	2,976	2,976	2,976
17	Reserves excluding revaluation reserves as per the balance sheet of previous accounting year	-	-	-	(5,246)	-	-	-	(5,352)
18	i. Earnings Per Share (EPS) (of Face value of Rs. 10/- each) (not annualised): (a) Basic (b) Diluted	(0.67) (0.67)	(32.94) (32.94)	(4.67) (4.67)	(48.73) (48.73)	(0.38) (0.38)	(29.92) (29.92)	(4.83) (4.83)	(46.23) (46.23)

Notes:



MA

Segment-wise Revenue, Result and Capital Employed

Particulars	Consolidated				Standalone					
	3 Months ended 30 June 2016	Preceding 3 Months ended 31 March 2016	Corresponding 3 months ended 30 June 2015 in the previous year	Year to date figures for current year ended 30 June 2016	Previous year ended 31 March 2016	3 Months ended 30 June 2016	Preceding 3 Months ended 31 March 2016	Corresponding 3 months ended 30 June 2015 in the previous year	Year to date figures for current year ended 30 June 2016	Previous year ended 31 March 2016
1. Segment Revenue	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
Systems Integration	6,384	8,113	4,329	6,384	26,177	3,649	3,786	1,593	3,649	13,242
Infrastructure Management Services	3,796	6,607	2,242	3,796	14,502	3,193	4,177	2,242	3,193	12,072
Software Services	2,186	2,160	1,767	2,186	8,170	1,109	1,123	1,151	1,109	4,942
Warranty Management Services	408	376	537	408	1,993	408	376	537	408	1,993
Training	39	43	78	39	263	-	-	-	-	-
Net Sales / Income from Operations	12,813	17,299	8,953	12,813	51,105	8,359	9,462	5,523	8,359	32,249
2. Segment result										
Systems Integration	240	720	2	240	858	157	(391)	(198)	157	(551)
Infrastructure Management Services	583	809	(417)	583	1,384	538	748	(417)	538	547
Software Services	27	(128)	(60)	27	(282)	33	21	(33)	33	22
Warranty Management Services	(149)	(51)	(85)	(149)	(344)	(149)	(51)	(85)	(149)	(344)
Training	(51)	(43)	7	(51)	(61)	-	-	-	-	-
Total	650	1,307	(553)	650	1,555	579	327	(733)	579	(326)
Less : (0) Interest expenses	514	562	509	514	2,083	481	510	479	481	1,957
Less : (0) Other unallocable expenses	207	10,135	260	207	12,971	228	8,705	260	228	11,512
Add : Other income	36	136	34	36	188	17	44	34	17	98
Total Profit/(Loss) Before Tax	(35)	(9,254)	(1,288)	(35)	(13,312)	(113)	(8,844)	(1,438)	(113)	(13,697)
3. Capital Employed (Segment assets - Segment Liabilities)										
Systems Integration	3,758	4,444	5,329	3,758	4,444	473	227	2,957	473	227
Infrastructure Management Services	(4,397)	(2)	2,760	(4,397)	(2)	(4,397)	259	2,760	(4,397)	259
Software Services	(919)	(451)	1,692	(919)	(451)	783	712	2,803	783	712
Warranty Management Services	75	127	674	75	127	75	127	674	75	127
Training	(953)	(113)	(861)	(953)	(113)	-	-	-	-	-
Unallocated	2,051	(4,460)	2,240	2,051	(4,460)	599	(3,681)	775	599	(3,681)
Total Capital Employed	(385)	(455)	11,834	(385)	(455)	(2,467)	(2,356)	9,969	(2,467)	(2,356)



M.A.

Notes:

1. The above results were reviewed by the Audit Committee and approved and taken on record by the Board at its meeting held on 1 August 2016 and a review of the same has been carried out by the Statutory Auditors of the Company.
2. The consolidated financials results comprises the financial results of the Company and its subsidiaries.
3. During the financial year, the Company under the present management which had been given operation control of the Company had undertaken an exercise to validate the quality of the Trade receivables by appointing an independent consultant from one of the big four accounting firms. Based on their report and ongoing exercise conducted by the present management on certain other areas including inventories, fixed assets, etc., the Company had concluded that there was over-ride of financial controls resulting in financial mis-management prior to the operations being handed over to the present management by the previous management in operation control of the Company in two stages in May, 2015 and September, 2015. An amount of Rs. 11,465 lakhs has been provided/written off in the books, which is disclosed in the financial results as prior period items (which pertain to transactions prior to 31st March 2015) / exceptional items. The management is of the opinion that these provisions/written off's are appropriate as on date. This is the subject matter of qualifications in the Auditors' report and review report for the quarter ended 30 June 2016.
4. The Company has incurred a loss after tax of Rs. 113 lakhs and the company's Net worth has been fully eroded as of 31st March 2016. The Company has strengthened its management team and also secured working capital facilities with various banks, which should enable the company to meet its obligations and operate over the next 12 months and accordingly the financial results for the quarter ended 30th June 2016 have been prepared on a going concern basis. During the quarter ended 30 June 2016, the Company has also made a cash profit of Rs. 423 lakhs.
5. Consequent to a change in the software for recording of inventory transactions pertaining to the maintenance divisions, the Company has valued its inventory pertaining to these divisions on the basis of a method that approximates weighted average cost. The Company is in the process of customizing its software to meet the requirements of Accounting Standard 2 – Valuation of Inventories. This is a subject matter of qualification in the Review report for the period ended 30 June 2016 and audit report for the year ended 31 March 2016.
6. Consequent to note 3 referred above, the Board of Directors had suspended the then Executive Chairman with immediate effect. Accel Limited, member of the Company, represented by the erstwhile Executive Chairman of the Company moved the Company Law Board against the Company seeking certain reliefs, which was duly contested by the Company. The Company Law Board has not passed any interim order against the company or granted any relief to Accel Limited. In the opinion of the management, no financial implications are expected out of the same.
7. The figures for the corresponding previous periods have been regrouped / reclassified wherever considered necessary to conform to the figures presented in the current period.

for Accel Frontline Limited

M. Mehta

Malcolm F Mehta
Executive Director



Date : 01 August 2016
Place : Chennai

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Arihant Nitco Park, 6th Floor
No. 90, Dr. Radhakrishnan Salai
Mylapore, Chennai 600004
India

T +91 44 4294 0000
F +91 44 4294 0044

Review Report on Quarterly Consolidated Financial Results of the Company, Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Accel Frontline Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("the Statement") of Accel Frontline Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), for the quarter ended 30 June 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. As detailed in note 3 to the financial results, the Company has made a provision for bad and doubtful debts and written off as bad debts amounting to ₹126 lakhs for the quarter ended 30 June 2016 (31 March 2016: ₹5,249 lakhs). According to the information and explanations given to us, in respect of the trade receivables amounting to ₹ 11,216 lakhs as at 30 June 2016 (31 March 2016: ₹9,166 lakhs), the management is taking steps including obtaining balance confirmations to assess the existence of the said trade receivables and/or any additional adjustments required to the trade receivables. Pending completion of the aforesaid process and in absence of sufficient appropriate evidence, we are unable to comment upon the existence of the aforesaid trade receivables or any adjustments required to the remaining trade receivables and the consequent impact, if any, on the accompanying financial results. Our audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.



4. As disclosed in note 5 to the financial results, the Company's inventory at maintenance divisions is carried at ₹3,922 lakhs as at 30 June 2016 (31 March 2016: ₹3,823 lakhs). According to the information and explanations given to us, the management is unable to comply with the requirement of valuing the inventory in accordance with the requirements of Accounting standard (AS) 2 – Valuation of Inventories. Owing to the nature of the Company's records relating to valuation of inventory pertaining to its maintenance division, and in the absence of sufficient appropriate evidence, we are unable to comment upon the impact of the aforesaid matter on carrying value of aforesaid inventory as at 30 June 2016, changes in inventories of stock-in-trade and spares, prior period items, and the consequent impact, on the accompanying financial results. Our audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.
5. As disclosed in note 3 to the financial results, the Company has provided for an amount of ₹750 lakhs during the previous year ended 31 March 2016 in respect of discrepancies noted on the physical verification of inventory of maintenance division as at 31 March 2016. The management is presently in the process of evaluating the reasons for such material discrepancies noted on the aforesaid physical verification. Pending completion of such process and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of the provision so recognized and the corresponding impact, if any, on the existence of inventory, purchases of stock-in-trade for the quarter ended 30 June 2016, trade payables as at 30 June 2016 and consequential impact on the accompanying financial results. Our audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.
6. As disclosed in note 3 to the financial results, the Company's fixed assets as at 30 June 2016 comprise fixed assets having a gross book value of ₹ 3,125 lakhs (31 March 2016: ₹ 3,104 lakhs) and accumulated depreciation of ₹ 2,384 lakhs (31 March 2016: ₹ 2,309 lakhs), in respect of which company is in the process conducting a physical verification and reconciliation with books of account. Pending completion of such process and in the absence of other sufficient appropriate audit evidence, we are unable to comment upon the existence and carrying value of the aforesaid assets, depreciation expense for the quarter ended 30 June 2016 and year ended 31 March 2016 and accumulated depreciation in respect thereof and the consequential impact on the accompanying financial results.
7. Based on our review conducted as above and upon consideration of the review reports of other auditors, except for the effects / possible effects of qualifications as described in the previous paragraphs, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
8. We draw attention to note 4 to the financial results which indicates that the Group has incurred loss after tax and minority interest of ₹199 lakhs during the quarter ended 30 June 2016 and as of that date, the Group's accumulated losses amounted to ₹5,401 lakhs resulting in complete erosion of the net worth of the Company. Further, as of that date, the Company's current liabilities exceeded its current assets by ₹1,937 lakhs. These conditions, along with matters as set forth in note 3 and 4 indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Walker Chandiook & Co LLP

9. We did not review the interim financial results of 8 subsidiaries, included in the Statement, whose interim financial results reflect total revenues (after eliminating intra-group transactions) of ₹5,007 lakhs for the quarter ended 30 June 2016, net profit after tax and prior period items (after eliminating intra-group transactions) of ₹78 lakhs for the quarter ended 30 June 2016. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us and our report in respect thereof is based solely on the review reports of such other auditors. Our review report is not qualified in respect of this matter.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Sunesh E S

per Sunesh E S
Partner

Membership No. 206931



Chennai
01 August 2016

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Arihant Nitco Park, 6th Floor
No. 90, Dr. Radhakrishnan Salai
Mylapore, Chennai 600004
India

T +91 44 4294 0000
F +91 44 4294 0044

Review Report on Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Accel Frontline Limited

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of Accel Frontline Limited ("the Company") for the quarter ended 30 June 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. As detailed in note 3 to the financial results, the Company has made a provision for bad and doubtful debts and written off as bad debts amounting to ₹126 lakhs for the quarter ended 30 June 2016 (31 March 2016: ₹5,249 lakhs). According to the information and explanations given to us, in respect of the trade receivables amounting to ₹ 11,216 lakhs as at 30 June 2016 (31 March 2016: ₹9,166), the management is taking steps including obtaining balance confirmations to assess the existence of the said trade receivables and/or any additional adjustments required to the trade receivables. Pending completion of the aforesaid process and in absence of sufficient appropriate evidence, we are unable to comment upon the existence of the aforesaid trade receivables or any adjustments required to the remaining trade receivables and the consequent impact, if any, on the accompanying financial results. Our audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.



4. As disclosed in note 5 to the financial results, the Company's inventory at maintenance divisions is carried at ₹3,922 lakhs as at 30 June 2016 (31 March 2016: ₹3,823 lakhs). According to the information and explanations given to us, the management is unable to comply with the requirement of valuing the inventory in accordance with the requirements of Accounting standard (AS) 2 – Valuation of Inventories. Owing to the nature of the Company's records relating to valuation of inventory pertaining to its maintenance division, and in the absence of sufficient appropriate evidence, we are unable to comment upon the impact of the aforesaid matter on carrying value of aforesaid inventory as at 30 June 2016, changes in inventories of stock-in-trade and spares, prior period items, and the consequent impact, on the accompanying financial results. Our audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.
5. As disclosed in note 3 to the financial results, the Company has provided for an amount of ₹750 lakhs during the previous year ended 31 March 2016 in respect of discrepancies noted on the physical verification of inventory of maintenance division as at 31 March 2016. The management is presently in the process of evaluating the reasons for such material discrepancies noted on the aforesaid physical verification. Pending completion of such process and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of the provision so recognized and the corresponding impact, if any, on the existence of inventory, purchases of stock-in-trade for the quarter ended 30 June 2016, trade payables as at 30 June 2016 and consequential impact on the accompanying financial results. Our audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.
6. As disclosed in note 3 to the financial results, the Company's fixed assets as at 30 June 2016 comprise fixed assets having a gross book value of ₹ 3,125 lakhs (31 March 2016: ₹ 3,104 lakhs) and accumulated depreciation of ₹ 2,384 lakhs (31 March 2016: ₹ 2,309 lakhs), in respect of which company is in the process conducting a physical verification and reconciliation with books of account. Pending completion of such process and in the absence of other sufficient appropriate audit evidence, we are unable to comment upon the existence and carrying value of the aforesaid assets, depreciation expense for the quarter ended 30 June 2016 and year ended 31 March 2016 and accumulated depreciation in respect thereof and the consequential impact on the accompanying financial results.
7. Based on our review conducted as above, except for the effects / possible effects of qualifications as described in the previous paragraphs nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Walker Chandiook & Co LLP

8. We draw attention to note 4 to the financial results which indicates that the Company has incurred loss after tax of ₹113 lakhs during the quarter ended 30 June 2016 and as of that date, the Company's accumulated losses amounted to ₹5,443 lakhs resulting in complete erosion of the net worth of the Company. Further, as of that date, the Company's current liabilities exceeded its current assets by ₹5,729 lakhs. These conditions, along with matters as set forth in note 3 and 4 indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Sunesh E S

per Sunesh E S
Partner

Membership No. 206931



Chennai
01 August 2016