ACCEL FRONTLINE
GLOBAL IT SERVICES

AFL/SS/SE/09/2018-2019
09th May, 2018

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai-400051

BSE Limited
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 Wednesday, 09th May, 2018 have taken the following decisions.

- Considered and Approved Standalone and Consolidated Audited Financial Results along with Statement of Assets & Liabilities for the period ended 31st March, 2018 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 31st March, 2018. (Annexure I in terms of Regulation 33 of the SEBI Listing and other Disclosure Requirements, Regulations, 2015, pursuant to the Amendment Regulations, 2016).
- We have intimated about the approval for closure / dissolution of the wholly owned subsidiary M/s. Network Programs (Japan), INC. vide our reference serial no: AFL/SS/SE/74/2017-2018 dated 29th March, 2018 under Regulation 30 of LODR Regulations, 2015. The company had initiated the process through a local consultant with the US authorities and the same was closed on 28th March, 2018 and we received the intimation from the authorities through consultants. The process being online in the US, the subsidiary NPJ USA was closed/dissolved on 28th March, 2018 a day before the Board approved the same which was on 29th March, 2018. In this regard, the Board of Directors in the Board Meeting held on 9th May, 2018 have ratified and approved the date of closure / dissolution of the subsidiary as 28th March, 2018. We request you to kindly take note of the same in your records.

The meeting commenced at 11.00 A.M. and concluded at 06:40 P.M.

Please arrange to take the same on record.

Thanking you

Yours faithfully,

For Accel Frontline Limited

Accel Frontline Limited Chennai 600 010

S. Sundaramurthy
Company Secretary

Encl.: as above

Accel Frontline Limited
Regd Office : Accel Frontline Limited, First Floor, Dowlath Towers, New Door Nos 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai 600 010.
CIN No: L30006TN1995PLC031736

Statement of Financial results for the Quarter and Year ended 31 March 2018

Sl No	Particulars	(₹ in Lakhs) Standalone					(₹ in Lakhs) Consolidated	
		Quarter ended 31 March 2018 (Audited) (Refer note 4)	Quarter ended 31 December (Unaudited)	Quarter ended 31 March 2017 (Audited) (Refer note 4)	Year ended 31 March 2018 (Audited)	Year ended 31 March 2017 (Audited)	Year ended 31 March 2018 (Audited)	Year ended 31 March 2017 (Audited)
1	Revenue from operations (Net)	9,245	7,768	10,999	40,089	36,370	51,067	58,916
2	Other income	254	186	86	635	180	737	218
3	**Total revenue (1+2)**	**9,499**	**7,954**	**11,085**	**40,724**	**36,550**	**51,804**	**59,134**
4	**Expenses**							
	Cost of raw materials and components consumed	32	21	29	551	189	551	189
	Purchases of stock-in-trade and stores and spares	3,478	2,913	4,992	18,349	16,704	21,871	25,297
	Changes in inventories of Stock-in-trade and stores and spares	549	36	1,182	800	(105)	554	(104)
	Excise duty recovered on sales	-	-	4	118	43	118	43
	Employee benefits expense	2,186	2,278	2,205	9,271	9,277	14,566	16,688
	Other expenses	2,527	2,397	2,725	9,526	9,307	12,911	13,983
	Total expenses	**8,772**	**7,645**	**11,137**	**38,615**	**35,415**	**50,571**	**56,096**
	Profit/ (loss) before finance cost, depreciation and exceptional items (3-4)	**727**	**309**	**(52)**	**2,109**	**1,135**	**1,233**	**3,038**
	Finance costs	476	367	648	1,810	2,356	1,923	2,490
	Depreciation and amortization expense	158	170	311	643	890	833	1,464
5	**Profit/ (loss) before tax and exceptional item**	**93**	**(228)**	**(1,011)**	**(344)**	**(2,111)**	**(1,523)**	**(916)**
6	Exceptional item (also, refer note 7 and 9 below)	1,566	-	-	(6,661)	-	(4,071)	134
7	**Profit/ (loss) before tax (5-6)**	**(1,473)**	**(228)**	**(1,011)**	**6,317**	**(2,111)**	**2,548**	**(1,050)**
8	Tax expense:							
	a) Current tax	(184)	-	-	1,225	-	1,323	335
	a) Deferred tax				-	-	15	42
9	**Profit/ (loss) for the period (7-8)**	**(1,289)**	**(228)**	**(1,011)**	**5,092**	**(2,111)**	**1,210**	**(1,427)**
a	Profit before tax for the year from continuing operations	(1,473)	(228)	(1,011)	6,317	(2,111)	(3,659)	(3,486)
	Less: Tax expense of continuing operations	(184)	-	-	1,225	-	209	-
	Profit after tax for the year from continuing operations	**(1,289)**	**(228)**	**(1,011)**	**5,092**	**(2,111)**	**(3,868)**	**(3,486)**
b	Profit before tax for the year from discontinued operations	-	-	-	-	-	6,207	2,436
	Less: Tax expense of discontinued operations	-	-	-	-	-	1,129	377
	Profit after tax for the year from discontinued operations	-	-	-	-	-	**5,078**	**2,059**
10	**Other comprehensive income**							
	i) Items that will not be reclassified to profit or loss							
	- Re-measurement gains (losses) on defined benefit plans	15	36	58	59	43	66	55
	- Exchange difference on translation of foreign subsidiaries	-	-	-	-	-	40	(144)
	ii) Items that will be reclassified to profit or loss							
	- Exchange difference on translation of foreign subsidiaries	-	-	-	-	-	31	(73)
11	**Other comprehensive income for the period, net of tax**	**15**	**36**	**58**	**59**	**43**	**137**	**(162)**
12	**Total comprehensive income for the period (9+11)**	**(1,274)**	**(192)**	**(953)**	**5,151**	**(2,068)**	**1,347**	**(1,589)**

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Statement of Financial results for the Quarter and Year ended 31 March 2018

Sl No	Particulars	(₹ in Lakhs) Standalone					(₹ in Lakhs) Consolidated	
		Quarter ended 31 March 2018 (Audited) (Refer note 4)	Quarter ended 31 December (Unaudited)	Quarter ended 31 March 2017 (Audited) (Refer note 4)	Year ended 31 March 2018 (Audited)	Year ended 31 March 2017 (Audited)	Year ended 31 March 2018 (Audited)	Year ended 31 March 2017 (Audited)
13	**Profit attributable to:**							
	Owners of the Company	-	-	-	-	-	986	(2,436)
	Non-controlling interest	-	-	-	-	-	224	1,009
	Other comprehensive income attributable to:							
	Owners of the Company	-	-	-	-	-	97	(18)
	Non-controlling interest	-	-	-	-	-	40	(144)
	Total comprehensive income attributable to:							
	Owners of the Company	-	-	-	-	-	1,083	(2,454)
	Non-controlling interest	-	-	-	-	-	265	865
14	**Earnings per equity share**							
a	**For continuing operations**							
	Basic (in ₹) (Face value of ₹ 10 each) (Not annualised)	(4.33)	(0.77)	(3.40)	17.11	(7.09)	(13.00)	(11.71)
	Diluted (in ₹) (Face value of ₹ 10 each) (Not annualised)	(4.33)	(0.77)	(3.40)	17.11	(7.09)	(13.00)	(11.71)
b	**For discontinuing operations**							
	Basic (in ₹) (Face value of ₹ 10 each) (Not annualised)	-	-	-	-	-	17.06	6.92
	Diluted (in ₹) (Face value of ₹ 10 each) (Not annualised)	-	-	-	-	-	17.06	6.92
c	**For continuing and discontinued operations**							
	Basic (in ₹) (Face value of ₹ 10 each) (Not annualised)	(4.33)	(0.77)	(3.40)	17.11	(7.09)	4.07	(4.80)
	Diluted (in ₹) (Face value of ₹ 10 each) (Not annualised)	(4.33)	(0.77)	(3.40)	17.11	(7.09)	4.07	(4.80)

1. The results for the quarter ended 31 March 2018 are in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, which are applicable to the Company for the accounting periods beginning after 1st April 2017. Consequently, results for the corresponding quarter and year ended 31 March 2017 have been restated as per the requirements of the said notification to comply with Ind AS to make them comparable. The management has exercised necessary diligence to ensure that the financial results provide a true and fair view of its affairs for comparison purpose.

2. The above audited financials results as reviewed by the Audit Committee were approved and taken on record by the Board at its meeting held on 9 May 2018.

3. The consolidated financial results comprises the financial results of the Company and its subsidiaries.

4. With respect to standalone financial results, the figures for the quarter ended 31 March 2018 and 31 March 2017 represents the difference between the audited figures in respect of full financial years and the published figures for the nine months ended 31 December 2017 and 31 December 2016 respectively. With respect to consolidated financial results, the Company has not published the quarterly results in the current year using the exemption available under Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015. Accordingly for the consolidated financial results, the Company has presented only the results of current year and previous year.



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Statement of Financial results for the Quarter and Year ended 31 March 2018

5. Statement of reconciliation of net profit after tax under Ind AS and net profit after tax reported under the previous GAAP (IGAAP) for the quarter and year ended 31 March 2017:

Particulars	Standalone		Consolidated
	Quarter ended 31 March 2017	Year ended 31 March 2017	Year ended 31 March 2017
Loss after tax before non-controlling interest as per previous Indian GAAP (A)	(958)	(2,082)	(1,385)
Adjustments:			
Net gain on fair valuation of financial assets and liabilities	5	14	13
Reclassification of net actuarial gain on employee defined benefit obligations	(58)	(43)	(55)
Net adjustments (B)	(53)	(29)	(42)
Net loss after tax (before Other Comprehensive Income) as per Ind AS	(1,011)	(2,111)	(1,427)

6. Reconciliation of equity as at 31 March 2017 reported as per previous GAAP (IGAAP) with equity restated under Ind AS is summarised below:

Particulars	Standalone	Consolidated
	31 March 2017	31 March 2017
Equity as per previous GAAP (A)	(4,437)	(4,737)
Adjustments:		
Net Loss on fair valuation of financial assets and liabilities	(66)	(67)
Deferred taxes on above adjustments (net)	-	-
Net adjustments (B)	(66)	(67)
Equity as per Ind AS	(4,503)	(4,804)

7. During the year, the management has completed the process of valuation of its inventories to be in line with the requirements of Ind AS 2 – Valuation of Inventories. The exercise has been carried out by adopting purchase price data available with the company to arrive at the Weighted Average Price as also valuing the refurbished stocks adopting certain prudent estimates. The value of such inventory computed on weighted average basis is with respect to maintenance division of the Company. Further, based on data with respect to the pattern of usage of inventories available with the company, the management has developed various estimates to determine the net realizable value of these inventories. The revised weighted average prices, estimates and assumptions were developed in the current year and that similar relevant data is not available for making reliable estimates for the earlier years for comparison purposes. The management believes that it is impracticable to recreate the information required to facilitate a retrospective restatement. Accordingly, the impact relating to this exercise, as at 31 March 2018, amounting to Rs. 1566 lacs is disclosed as exceptional items.

8. An investment of Rs 790 Lacs has been made by the Company in a subsidiary named Accel IT Resources Limited (AITRL) and advanced loan (including interest) amounting to Rs 622 LacsThe net worth of AITRL is negative as at 31st March 2018. The management of the subsidiary has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centres accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary thereby enabling the recovery of these investments and loans given alongwith interest, in the standalone financial results. Consequently the Company Management is of the view that goodwill amounting to Rs 414 Lacs recognized relating to this investment will be recovered and hence no provision needs to be made for the same. This is a subject matter of qualification in the audit report for the year ended 31 March 2018.

9. The Company has disinvested the entire 51% (fifty one percent) stake in its Singapore subsidiary, for a total consideration of S$ 19,380,000 (Singapore Dollars Nineteen Million Three Hundred and Eighty Thousand only) on 10 July 2017, equivalent to INR 9,002 Lakhs. The profit made on such sale of investment to the tune of ₹ 8,227 lakhs has been disclosed under exceptional item, in the standalone financial results. In the consolidated financials results, the profits relating to this subsidiary till the date of sale are included and the consideration in excess of the net assets as on the date of sale amounting to Rs. 5,637 Lakhs has been disclosed under exceptional items. The profits relating to this subsidiary till the date of sale are separately disclosed under discontinued operations.

10. The subsidiary named Networks Programs Japan Inc. USA stands liquidated as at 31 March 2018.

11. The figures for the corresponding previous periods have been regrouped / reclassified wherever considered necessary to conform to the figures presented in the current period.

Place : Chennai
Date: 09th May 2018

For Accel Frontline Limited

Malcolm F. Mehta
Chairman and Chief Executive Officer

ACCEL FRONTLINE LTD. CHENNAI 600 010

Accel Frontline Limited
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Segment-wise Revenue, Result, Assets and Liabilities

Particulars	(₹ in Lakhs) Standalone					(₹ in Lakhs) Consolidated	
	Quarter ended 31 March 2018	Quarter ended 31 December 2017	Quarter ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
	(Audited) (Refer note 4)	(Unaudited)	(Audited) (Refer note 4)	(Audited)	(Audited)	(Audited)	(Audited)
1. Segment Revenue							
Systems Integration	4,451	2,746	6,000	20,800	16,966	25,598	31,926
Infrastructure Management Services	3,321	3,575	3,559	13,658	13,453	15,704	16,320
Software Services	930	944	990	3,653	4,231	7,646	8,786
Warranty Management Services	543	503	450	1,978	1,720	1,972	1,720
Training	-	-	-	-	-	147	164
Revenue from Operations (Net)	**9,245**	**7,768**	**10,999**	**40,089**	**36,370**	**51,067**	**58,916**
2. Segment result							
Systems Integration	(307)	(199)	(31)	34	165	(400)	1,822
Infrastructure Management Services	(337)	473	138	878	1,509	1,120	1,882
Software Services	(15)	(9)	(203)	(83)	(298)	(867)	(733)
Warranty Management Services	(118)	(57)	(144)	(318)	(458)	(318)	(465)
Training	-	-	-	-	-	(133)	(287)
Total	**(777)**	**208**	**(240)**	**511**	**918**	**(598)**	**2,219**
Less : (i)Interest expenses	476	367	648	1,810	2,356	1,923	2,490
Less : (ii)Other unallocable expenses	335	255	206	1,117	826	1,177	985
Add : Other income	115	186	83	8,733	153	6,246	206
Total Profit/(loss) Before Tax	**(1,473)**	**(228)**	**(1,011)**	**6,317**	**(2,111)**	**2,548**	**(1,050)**
a. (Loss)/Profit Before Tax from continuing operations	(1,473)	(228)	(1,011)	6,317	(2,111)	(3,659)	(3,486)
b. Profit Before Tax from discontinuing operations						6,207	2,436
3. Segment Assets							
Systems Integration	8,073	9,230	7,891	8,073	7,891	8,897	18,878
Infrastructure Management Services	6,777	9,087	8,910	6,777	8,910	7,983	10,020
Software Services	4,250	3,995	3,476	4,250	3,476	3,734	4,089
Warranty Management Services	1,197	1,394	1,128	1,197	1,128	1,197	1,128
Training	-	-	-	-	-	101	131
Unallocated	7,837	7,649	7,359	7,837	7,359	6,359	5,649
Total Assets	**28,134**	**31,355**	**28,764**	**28,134**	**28,764**	**28,271**	**39,895**
3. Segment Liabilities							
Systems Integration	8,002	7,582	8,814	8,002	8,814	10,386	14,234
Infrastructure Management Services	6,010	8,243	8,798	6,010	8,798	8,043	10,013
Software Services	1,908	2,591	2,911	1,908	2,911	3,484	4,929
Warranty Management Services	1,268	1,250	1,340	1,268	1,340	1,118	1,357
Training	-	-	-	-	-	79	85
Unallocated	10,298	10,233	11,404	10,298	11,404	8,882	11,391
Total Liabilities	**27,486**	**29,899**	**33,267**	**27,486**	**33,267**	**31,992**	**42,009**

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Statement of Financial position as at 31 March 2018

₹ In Lakhs

Particulars	Standalone		Consolidated	
	As at 31 March 2018 (Audited)	As at 31 March 2017 (Audited)	As at 31 March 2018 (Audited)	As at 31 March 2017 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	616	556	676	1,400
Goodwill	542	703	1,344	1,796
Other Intangible assets	499	724	498	724
Intangible asset under development	41	-	41	-
Financial assets				
- Investments	1,452	2,227	-	-
- Trade receivables	45	47	45	47
- Bank balances	1,310	692	1,310	692
- Other financial assets	417	592	551	670
Income tax assets (net)	4,715	4,198	4,730	4,215
Other non-current assets	511	483	622	544
	10,148	**10,222**	**9,817**	**10,088**
Current assets				
Inventories	1,280	3,821	1,524	3,821
Financial assets				
- Trade receivables	12,483	11,627	12,551	16,643
- Cash and cash equivalents	528	241	891	4,705
- Bank balances other than those mentioned in cash and cash equivalents	2	4	2	224
- Loans	795	579	-	-
- Other financial assets	476	212	515	355
Other current assets	2,422	2,058	2,971	4,059
	17,986	**18,542**	**18,454**	**29,807**
Total assets	**28,134**	**28,764**	**28,271**	**39,895**
Equity				
Equity share capital	2,976	2,976	2,976	2,976
Other equity	(2,328)	(7,479)	(6,697)	(7,780)
	648	**(4,503)**	**(3,721)**	**(4,804)**
Non - Controlling Interests	-	-	-	**2,690**
Non-current liabilities				
Financial liabilities				
- Borrowings	3,876	5,445	4,183	6,373
Deferred tax liabilities (Net)	-	-	-	129
Provisions	601	689	665	905
	4,477	**6,134**	**4,848**	**7,407**
Current liabilities				
Financial liabilities				
- Borrowings	13,440	18,448	14,050	18,545
- Trade payables	4,784	2,822	6,413	6,831
- Other financial liabilities	2,001	2,991	3,022	4,745
Other current liabilities	2,499	2,569	3,270	4,068
Provisions	285	303	389	413
	23,009	**27,133**	**27,144**	**34,602**
Total equity and liabilities	**28,134**	**28,764**	**28,271**	**39,895**

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Independent Auditor's Report on 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 audited the consolidated financial results of Accel Frontline Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), for the year ended 31 March 2018, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These consolidated financial results are based on the consolidated financial statements for the year ended 31 March 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') which are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the consolidated financial statements for the year ended 31 March 2018.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

3. As disclosed in Note 8 to the consolidated financial results, the Group has recognized goodwill of INR 414 lakhs relating to investment in the subsidiary company, Accel IT Resources Limited. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management is of the view that no adjustment is required to the carrying value of goodwill recognized as above based on revised business plans and other detailed reasons mentioned in aforesaid note. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of such goodwill as at 31 March 2018, and the impact of any adjustment that may be required to such carrying value on the accompanying consolidated financial results.



4. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial results and on other financial information of the subsidiaries, the consolidated financial results:

   (i) include the financial results for the year ended 31 March 2018, of the following entities:
   a) Accel Frontline JLT, Dubai
   b) Accel Japan Kabushiki Kaisha, Japan
   c) Network Programs (Japan) Inc., USA
   d) Network Programs (USA) Inc., USA
   e) Accel North America., USA
   f) Accel IT Resources Limited, India
   g) Accel Technologies Ltd, UK
   h) Accel Systems & Technologies Pte, Limited, Singapore (till the date of sale)

   (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard except for the possible effects of the matters described in paragraph 3;

   (iii) give a true and fair view of the consolidated net loss (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended 31 March 2018 except for the possible effects of the matter described in paragraph 3.

5. We draw attention to Note 7 to the standalone financial results relating to the Company's inventory valuation as at 31 March 2018 and related disclosures. The Company, in the current year, has followed and complied with the requirements of Ind AS 2 – Valuation of Inventory and has accounted for the impact relating to non-compliance with accounting policy in the earlier years. As a result of impracticability of determining the impact on the comparative financial information including the impact on beginning of such period, due to reasons disclosed in the aforesaid note, the change in valuation of Inventory has been made only prospectively as at 31 March 2018 in the accompanying standalone financial results, in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, to this extent, the current period figures and corresponding figures are not comparable. Our opinion is not modified in respect of this matter.

6. We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of ₹4,622 lakhs and net liabilities of ₹3,759 lakhs as at 31 March 2018, and total revenues of ₹12,430 lakhs for the year ended on that date, as considered in the consolidated financial results. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of such other auditors.



7. The Holding Company had prepared separate consolidated financial results for the year ended 31 March 2017, based on the consolidated financial statements for the year ended 31 March 2017 prepared in accordance with Accounting Standards ('AS') prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other accounting principles generally accepted in India, on which we issued auditor's report dated 26 May 2017. These consolidated financial results for the year ended 31 March 2017 have been adjusted for the differences in the accounting principles adopted by the Holding Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **Sumesh E S**
Partner
Membership No. 206931

WALKER CHANDIOK & CO LLP ★ CHENNAI ★ CHARTERED ACCOUNTANTS

Place: Chennai
Date: 09 May 2018

Walker Chandiok & Co LLP

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Independent Auditor's Report on Standalone 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 audited the standalone financial results of Accel Frontline Limited ('the Company') for the year ended 31 March 2018, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 4 to the standalone financial results regarding the figures for the quarter ended 31 March 2018 as reported in these standalone financial results, which are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended 31 March 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under Section 133 of the Act, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended 31 March 2018 and our review of standalone financial results for the nine months' period ended 31 December 2017.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

3. As disclosed in Note 8 to the standalone financial statements, the Company has made investments in its subsidiary company, Accel IT Resources Limited, amounting to INR 790 lakhs and has given loans to such subsidiary company amounting to INR 622 lakhs, which are outstanding as at 31 March 2018. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management has drawn up business plan for the subsidiary company and is of

the view that it's investment and loans advanced to the subsidiary company will be recovered over the years. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of the aforementioned investments and financial assets – loans as at 31 March 2018, and the impact of any adjustment that may be required to such carrying values on the accompanying standalone financial statements.

4. In our opinion and to the best of our information and according to the explanations given to us, the standalone financial results:

   (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard except for the possible effects of the matter described in paragraph 3; and

   (ii) give a true and fair view of the standalone net profit (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended 31 March 2018 except for the possible effects of the matter described in paragraph 3.

5. We draw attention to Note 7 to the standalone financial statements relating to the Company's inventory valuation as at 31 March 2018 and related disclosures. The Company, in the current year, has followed and complied with the requirements of Ind AS 2 – Inventories and has accounted for the impact relating to non-compliance with accounting policy in the earlier years. As a result of impracticability of determining the impact on the comparative financial information including the impact on beginning of such period, due to reasons disclosed in the aforesaid note, the change in valuation of Inventory has been made only prospectively as at 31 March 2018 in the accompanying standalone financial statements, in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, to this extent, the current period figures and corresponding figures are not comparable. Our opinion is not modified in respect of this matter.

6. The Company had prepared separate standalone financial results for the year ended 31 March 2017, based on the standalone financial statements for the year ended 31 March 2017 prepared in accordance with Accounting Standards ('AS') prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and standalone financial results for the nine months period ended 31 December 2016 prepared in accordance with the recognition and measurement principles laid down in AS 25, Interim Financial Reporting, prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and SEBI Circular CIR/CFD/CMD/15/2015 dated 30 November 2015, and other accounting principles generally accepted in India, on which we issued auditor's report dated 26 May 2017. These standalone financial results for the year ended 31 March 2017 have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **Sumesh E S**
Partner
Membership No. 206931

WALKER CHANDIOK & CO LLP ★ CHENNAI ★ CHARTERED ACCOUNTANTS

Place: Chennai
Date: 09 May 2018

ACCEL FRONTLINE LIMITED

Annexure I

Statement on Impact of Audit Qualifications

(For audit report with modified opinion) submitted along-with Annual Audited Financial Results-Consolidated for Financial Year March 31, 2018.

(Rs. In lacs except earnings per share)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 { see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016}				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	57,441	57,411
	2.	Total Expenditure	56,230	56,230
	3.	Net Profit after tax	1,211	1,211
	4.	Earnings Per Share	4.07	4.07
	5.	Total Assets	28,272	28,272
	6.	Total Liabilities	31,993	31,993
	7.	Net Worth (inclusive of minority interest)	(3,721)	(3,721)
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification			
		(a) Details of Audit Qualification:	(b) Type of Audit Qualification:	(c) Frequency of Qualification
	(i)	As disclosed in Note 8 to the consolidated financial statements, the Group has recognized goodwill of INR 414 lakhs relating to investment in the subsidiary company, Accel IT Resources Limited. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management is of the view that no adjustment is required to the carrying value of goodwill recognized as above based on revised business plans and other detailed reasons mentioned in aforesaid note. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of such goodwill as at 31 March 2018, and the impact of any adjustment that may be required to such carrying value on the accompanying consolidated financial statements.	Qualified Opinion	First time
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's views:	Not Applicable	
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		

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		(i) Management's estimation on the impact of audit qualification:	Not Applicable
		(ii) If management is unable to estimate the impact, reasons for the same:	The management of the subsidiary AITRL has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centres accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary thereby enabling the recovery of these investments and loans given alongwith interest, in the standalone financial results. Consequently the Company Management is of the view that goodwill amounting to Rs 414 Lacs recognized relating to this investment will be recovered and hence no provision needs to be made for the same.
		(iii) Auditor's Comments on (i) or (ii) above:	in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of such goodwill amounting to INR 414 lacs as at 31 March 2018, and the impact of any adjustment that may be required to such carrying value on the accompanying consolidated financial statements.

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III	Signed by:

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No. 206931

Place: Chennai
Date: 09 May 2018

For and on behalf of the Board of Directors of
Accel Frontline Limited

Malcolm F Mehta
Chairman and Chief Executive Officer

Rajesh Ramniklal Muni
Chairman of Audit Committee

Murali Gopalakrishnan
Chief Financial Officer

Place: Chennai
Date: 09 May 2018

ACCEL FRONTLINE LIMITED

Annexure I

Statement on Impact of Audit Qualifications

(For audit report with modified opinion) submitted along-with Annual Audited Financial Results- Standalone for Financial Year March 31, 2018.

(Rs. In lacs except earnings per share)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 { see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016}				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	48,951	48,951
	2.	Total Expenditure	43,859	43,859
	3.	Net Profit after tax	5,092	5,092
	4.	Earnings Per Share	17.11	17,11
	5.	Total Assets	28,134	28,134
	6.	Total Liabilities	27,486	27,486
	7.	Net Worth	648	648
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification			
		(a) Details of Audit Qualification:	(b) Type of Audit Qualification:	(c) Frequency of Qualification
	(i)	As disclosed in Note 8 to the standalone financial statements, the Company has made investments in its subsidiary company, Accel IT Resources Limited, amounting to INR 790 lakhs and has given loans to such subsidiary company amounting to INR 622 lakhs, which are outstanding as at 31 March 2018. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management has drawn up business plan for the subsidiary company and is of the view that it's investment and loans advanced to the subsidiary company will be recovered over the years. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of the aforementioned investments and financial assets – loans as at 31 March 2018, and the impact of any adjustment that may be required to such carrying values on the accompanying standalone financial statements	Qualified Opinion	First time

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	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's views:**	Not applicable	
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**		
		(i) Management's estimation on the impact of audit qualification:	Not Applicable	
		(ii) If management is unable to estimate the impact, reasons for the same:	The management of the subsidiary AITRL has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centers accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary thereby enabling the recovery of these investments and loans given along with interest, in the standalone financial results. Consequently the Company Management is of the view that investments and financial assets – loans amounting to INR 790 Lacs and INR 622 Lacs as at 31st March 2018 will be recovered and hence no provision needs to be made for the same..	
		(iii) Auditor's Comments on (i) or (ii) above:	In the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of the aforementioned investments and financial assets – loans amounting to INR 790 lakhs and INR 622 lacs respectively, as at 31 March 2018, and the impact of any adjustment that may be required to such carrying values on the accompanying standalone financial statements.	

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III	**Signed by:**	
	For **Walker Chandiok & Co LLP** Chartered Accountants Firm's Registration No.: 001076N/N500013	For and on behalf of the Board of Directors of **Accel Frontline Limited**
	Sumesh E S Partner Membership No. 206931	**Malcolm F. Mehta** Chairman & Chief Executive Officer
		Rajesh Ramniklal Muni Chairman of Audit Committee
		Murali Gopalakrishnan Chief Financial Officer
	Place: Chennai Date: 09 May 2018	Place: Chennai Date: 09 May 2018