

AFL/SN/SE/010/2014-2015
May 07, 2014

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

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

Dear Sir,

Sub: Outcome of the Board meeting held on 07.05.2014 pursuant to the provisions of Clause 41 of the Listing Agreement.

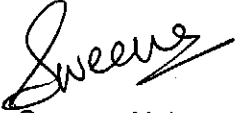
We are pleased to inform you that the Board of Directors at its meeting held on May 07, 2014 have taken the following decisions.

- Considered and approved Stand-alone and consolidated audited results for the year ended 31.03.2014 on the recommendation of the Audit Committee. Copy of the results is enclosed as Annexure – I
- Statement of Assets & Liabilities as annexure – II

A Copy of the Audit report is also attached as Annexure III

Kindly take the same on record.

Yours faithfully,
For Accel Frontline Limited



Sweena Nair
Company Secretary.

Encl: a.a

Annexure - I

ACCEL FRONTLINE LIMITED
 Regd. Office : 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029
 Audited Financial Results for the period ended on March 31, 2014

(CIN NO. L30006TN1995PLC031736)

Amount (Rs. In lacs)

| Sl No | Particulars | CONSOLIDATED | | | | | | STANDALONE | | | | | |
|-------|--|---------------------------|------------------------------------|---|--|---|---------------------------|------------------------------------|---|--|---|--|--|
| | | 3 Months ended 31/03/2014 | Previous 3 months ended 31/12/2013 | Corresponding 3 months ended 31/03/2013 | Year to date current period ended 31/03/2014 | Previous accounting year ended 31/03/2013 | 3 Months ended 31/03/2014 | Previous 3 months ended 31/12/2013 | Corresponding 3 months ended 31/03/2013 | Year to date current period ended 31/03/2014 | Previous accounting year ended 31/03/2013 | | |
| 1 | Net Income from Sales / Services | 13,331 | 9,980 | 9,543 | 42,134 | 39,786 | 8,843 | 7,219 | 7,531 | 29,680 | 32,607 | | |
| 2 | Cost of Sales / Services | | | | | | | | | | | | |
| | a) (Increase)/decrease in stock in trade and work in progress | 189 | 176 | (267) | 214 | (410) | 150 | 176 | (267) | 175 | (410) | | |
| | b) Consumption of raw materials | 72 | - | 165 | 72 | 167 | 72 | - | 165 | 72 | 167 | | |
| | c) Purchase of traded goods | 7,650 | 3,173 | 3,411 | 17,602 | 16,795 | 4,241 | 2,759 | 3,134 | 12,186 | 14,462 | | |
| | d) Other expenditure | 2,294 | 2,376 | 2,149 | 9,394 | 8,632 | 1,316 | 1,579 | 1,295 | 6,135 | 6,101 | | |
| 3 | Gross Profit (1-2) | 3,126 | 4,255 | 4,085 | 14,852 | 14,602 | 3,064 | 2,705 | 3,204 | 11,112 | 12,287 | | |
| 4 | General & administrative expenses | 2,259 | 3,304 | 3,547 | 11,181 | 11,596 | 2,424 | 1,777 | 2,680 | 7,671 | 9,180 | | |
| 5 | Selling & distribution expenses | 47 | 24 | 140 | 120 | 32 | 38 | 14 | 44 | 82 | 75 | | |
| 6 | Depreciation | 300 | 288 | 312 | 1,107 | 1,068 | 259 | 247 | 282 | 972 | 969 | | |
| 7 | Operating profit before interest (3) - (4+5+6) | 520 | 639 | 87 | 2,444 | 1,906 | 342 | 667 | 198 | 2,387 | 2,063 | | |
| 8 | Interest & finance charges | 615 | 667 | 499 | 2,441 | 1,708 | 566 | 656 | 501 | 2,328 | 1,667 | | |
| 9 | Exceptional Items | | | | | | | | | | | | |
| 10 | Operating profit after interest and exceptional item (7 - 8 - 9) | (96) | (28) | (413) | 3 | 198 | (223) | 11 | (303) | 60 | 396 | | |
| 11 | Other income | 274 | 206 | 258 | 516 | 65 | 235 | (1) | 265 | 235 | 28 | | |
| 12 | Profit (+)/Loss (-) from ordinary activities before tax [10 + 11] | 178 | 178 | (154) | 519 | 263 | 11 | 10 | (38) | 295 | 424 | | |
| 13 | Tax Expense | 4 | 4 | 20 | 70 | 144 | (16) | 4 | 20 | 50 | 144 | | |
| 14 | Net Profit (+)/Loss (-) from ordinary activities after tax [12-13] | 175 | 174 | (174) | 449 | 119 | 28 | 6 | (58) | 245 | 280 | | |
| 15 | Extraordinary items (net of tax expense) | | | | | | | | | | | | |
| 16 | Net Profit (+)/Loss(-) for the period(14-15) | 175 | 174 | (174) | 449 | 119 | 28 | 6 | (58) | 245 | 280 | | |
| 17 | Paid-up Equity share capital (Face value per share Rs.10) | 2,976.19 | 2,426.19 | 2,426.19 | 2,976.19 | 2,426.19 | 2,976.19 | 2,426.19 | 2,426.19 | 2,976.19 | 2,426.19 | | |
| 18 | Reserves excluding Revaluation Reserves | | | | | | | | | | | | |
| 19 | Earnings Per Share | | | | | | | | | | | | |
| | a) Basic earnings per share before extra-ordinary item (Rs) | 0.69 | 0.72 | (0.72) | 1.76 | 0.49 | 0.11 | 0.02 | (0.24) | 0.96 | 1.15 | | |
| | b) Diluted earnings per share before extra-ordinary item (Rs) | 0.69 | 0.72 | (0.72) | 1.76 | 0.49 | 0.11 | 0.02 | (0.24) | 0.96 | 1.15 | | |
| | a) Basic earnings per share after extra-ordinary item (Rs) | 0.69 | 0.72 | (0.72) | 1.76 | 0.49 | 0.11 | 0.02 | (0.24) | 0.96 | 1.15 | | |
| | b) Diluted earnings per share after extra-ordinary item (Rs) (Weighted average method) | 0.69 | 0.72 | (0.72) | 1.76 | 0.49 | 0.11 | 0.02 | (0.24) | 0.96 | 1.15 | | |

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ACCCEL FRONTLINE LIMITED

Regd. Office : 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029
Audited Financial Results for the period ended on March 31, 2014

(CIN NO. L30006TN1995PLC031736)

CONSOLIDATED

STANDALONE

Amount (Rs. In lacs)

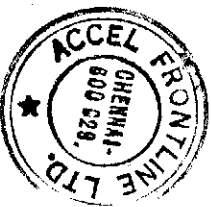
| SI No | Particulars | CONSOLIDATED | | STANDALONE | | | | | | | |
|-------|--|---------------------------|------------------------------------|---------------------------|------------------------------------|---------------------------|------------------------------------|--|--------------------------------|--|--------------------------------|
| | | 3 Months ended 31/03/2014 | Previous 3 months ended 31/12/2013 | 3 Months ended 31/03/2014 | Previous 3 months ended 31/12/2013 | 3 Months ended 31/03/2014 | Previous 3 months ended 31/12/2013 | Year to date current period ended 31/03/2014 | Previous Year ended 31/03/2013 | Year to date current period ended 31/03/2014 | Previous Year ended 31/03/2013 |
| 20 | Aggregate of public shareholding | 3,267,922 | 8,409,097 | 3,267,922 | 8,409,097 | 3,267,922 | 8,409,097 | 3,267,922 | 8,156,122 | 3,267,922 | 8,156,122 |
| | Number of shares | 10.98 | 34.66 | 10.98 | 34.66 | 10.98 | 34.66 | 10.98 | 33.62 | 10.98 | 33.62 |
| | Percentage of shareholding | 12.08 | 27.76 | 12.08 | 23.19 | 12.08 | 23.19 | 12.08 | 23.19 | 12.08 | 23.19 |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 10.75 | 18.14 | 10.75 | 15.39 | 10.75 | 15.39 | 10.75 | 15.39 | 10.75 | 15.39 |
| | - Percentage of shares (as a % of the total share capital of the company) | 23,293,951 | 11,452,776 | 23,293,951 | 12,371,051 | 23,293,951 | 11,452,776 | 23,293,951 | 12,371,051 | 23,293,951 | 12,371,051 |
| | - Number of Shares | 87.92 | 72.24 | 87.92 | 76.81 | 87.92 | 76.81 | 87.92 | 76.81 | 87.92 | 76.81 |
| | - Percentage of shares (as a % of the total share capital of the company) | 78.27 | 47.20 | 78.27 | 50.99 | 78.27 | 47.20 | 78.27 | 50.99 | 78.27 | 50.99 |
| 21 | Promoters and promoter group | | | | | | | | | | |
| | Shareholding | | | | | | | | | | |
| | a) Pledged/Encumbered | 3,200,000 | 4,400,000 | 3,200,000 | 3,734,700 | 3,200,000 | 4,400,000 | 3,200,000 | 3,734,700 | 3,200,000 | 3,734,700 |
| | - Number of shares | 12.08 | 27.76 | 12.08 | 23.19 | 12.08 | 27.76 | 12.08 | 23.19 | 12.08 | 23.19 |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 10.75 | 18.14 | 10.75 | 15.39 | 10.75 | 18.14 | 10.75 | 15.39 | 10.75 | 15.39 |
| | - Percentage of shares (as a % of the total share capital of the company) | 23,293,951 | 11,452,776 | 23,293,951 | 12,371,051 | 23,293,951 | 11,452,776 | 23,293,951 | 12,371,051 | 23,293,951 | 12,371,051 |
| | - Number of Shares | 87.92 | 72.24 | 87.92 | 76.81 | 87.92 | 72.24 | 87.92 | 76.81 | 87.92 | 76.81 |
| | - Percentage of shares (as a % of the total share capital of the company) | 78.27 | 47.20 | 78.27 | 50.99 | 78.27 | 47.20 | 78.27 | 50.99 | 78.27 | 50.99 |

Notes :

- 1) The above audited financial results for the period ended March 31, 2014, as reviewed by the audit committee were approved and taken on record by the Board of Directors at its meeting held on May 07, 2014
- 2) The consolidated financial results comprises the financial results of the Company and its subsidiaries.
- 3) The services component in the consolidated net income for the twelve months ended 31-03-2014 was Rs.22,274 Lacs (53% of Total Turnover) contributing a Operating Profit of Rs.3,016 Lacs (80% of the total operating profit).
- 4) The company during the year had signed Share Holders Agreement and Share Subscription Agreement with M/s CAC Holdings Corporation, Japan (formerly CAC Corporation, Japan). Consequent to this agreement an EGM was held on 08.01.2014 for issue of preferential shares to them. The company received from M/s CAC Holdings Corporation, Japan on 10.01.2014 Rs. 24.75 Crores towards allotment of 55,00,000 equity shares and the proceeds have been utilised for the purpose mentioned in the EGM notice. Accordingly, the paid up share capital of the company has gone upto Rs. 29.76 crores from Rs. 24.26 crores.
- 5) Previous quarter / year's figures have been regrouped and rearranged wherever necessary.
- 6) Information on investor complaints for quarter in numbers opening - 0, received - 1, disposed off - 1 and closing - 0

Place : Chennai
Date : May 07, 2014

for Acccel Frontline Limited
N R Panicker
Chairman



| SL. No. | Particulars | Consolidated | | | | | Standalone | | | | |
|---------|--|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|--------------|
| | | Quarter ended | | | Year ended | | Quarter ended | | | Year ended | |
| | | Mar-14 | Dec-13 | Mar-13 | Mar-14 | Mar-13 | Mar-14 | Dec-13 | Mar-13 | Mar-14 | Mar-13 |
| 1 | Revenue from operations | | | | | | | | | | |
| | Systems Integration | 8,353 | 5,074 | 4,313 | 22,318 | 18,756 | 4,426 | 2,826 | 2,485 | 12,136 | 13,641 |
| | Infrastructure Management Services | 2,251 | 2,251 | 2,852 | 9,318 | 10,698 | 2,251 | 2,259 | 2,852 | 9,318 | 10,698 |
| | Software Services | 2,112 | 1,807 | 1,469 | 7,438 | 6,340 | 1,583 | 1,340 | 1,384 | 5,483 | 4,767 |
| | Warranty Management Services | 818 | 794 | 810 | 2,977 | 3,501 | 818 | 794 | 810 | 2,977 | 3,501 |
| | Training | 74 | 54 | 99 | 359 | 491 | - | - | - | - | - |
| | Net Sales / Income from Operations | 13,608 | 9,980 | 9,543 | 42,411 | 39,786 | 9,078 | 7,219 | 7,531 | 29,914 | 32,607 |
| 2 | Segment result | | | | | | | | | | |
| | Systems Integration | 586 | 161 | (144) | 762 | 216 | 294 | 101 | (61) | 321 | 50 |
| | Infrastructure Management Services | (52) | 505 | 603 | 1,611 | 2,178 | (52) | 505 | 603 | 1,611 | 2,178 |
| | Software Services | 377 | 246 | 344 | 1,178 | 854 | 458 | 292 | 345 | 1,417 | 1,036 |
| | Warranty Management Services | 135 | 17 | 16 | 243 | 489 | 135 | 16 | 16 | 243 | 489 |
| | Training | (6) | (41) | (5) | (16) | (5) | - | - | - | - | - |
| | Depreciation and Amortization | (300) | (288) | (312) | (1,106) | (1,067) | (259) | (247) | (282) | (971) | (968) |
| | Interest expenses | 741 | 600 | 503 | 2,672 | 2,666 | 576 | 667 | 621 | 2,622 | 2,785 |
| | Other unallocable expenses / (Income) | 589 | 653 | 499 | 2,413 | 1,995 | 565 | 657 | 501 | 2,327 | 1,954 |
| | Profit before tax | (27) | (231) | 157 | (260) | 408 | - | 1 | 158 | - | 407 |
| | | 178 | 178 | (154) | 519 | 263 | 11 | 10 | (38) | 295 | 424 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3 | Capital Employed (Segment assets - Segment Liabilities) | | | | | | | | | | |
| | Systems Integration | 6,281 | 4,462 | 3,103 | 6,281 | 3,103 | 4,037 | 2,173 | 2,129 | 4,037 | 2,129 |
| | Infrastructure Management Services | 2,436 | 2,064 | 2,196 | 2,436 | 2,196 | 2,436 | 2,064 | 2,196 | 2,436 | 2,196 |
| | Software Services | 4,922 | 2,347 | 1,872 | 4,922 | 1,872 | 3,054 | 2,045 | 2,070 | 3,054 | 2,070 |
| | Warranty Management Services | 813 | 366 | 295 | 813 | 295 | 813 | 366 | 295 | 813 | 295 |
| | Training | 381 | 75 | 36 | 381 | 36 | - | - | - | - | - |
| | Unallocated | 1,926 | 3,132 | 2,857 | 1,926 | 2,857 | 1,926 | 3,132 | 2,857 | 1,926 | 2,857 |
| | Total | 16,759 | 12,445 | 10,358 | 16,759 | 10,358 | 12,265 | 9,780 | 9,546 | 12,265 | 9,546 |



| Particulars | Amount in Lacs | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Consolidated | | Standalone | |
| | As at 31-03-2014 | As at 31.03.2013 | As at 31-03-2014 | As at 31.03.2013 |
| | Audited | Audited | Audited | Audited |
| A EQUITY AND LIABILITIES | | | | |
| 1 Shareholders' funds | | | | |
| (a) Share capital | 2,976 | 2,426 | 2,976 | 2,426 |
| (b) Reserves and Surplus | 9,271 | 7,459 | 9,290 | 7,120 |
| (c) Money received against share warrants | - | - | - | - |
| Sub-total - Shareholders Funds | 12,247 | 9,885 | 12,266 | 9,546 |
| 2 Share application money pending allotment | - | - | - | - |
| 3 Minority interest* | 621 | 399 | - | - |
| 4 Non-current liabilities | | | | |
| (a) Long-term borrowings | 1,681 | 1,046 | 1,675 | 1,031 |
| (b) Deferred tax liabilities (net) | 371 | 326 | 371 | 326 |
| (c) Other long-term liabilities | - | - | - | - |
| (d) Long-term provisions | 310 | 486 | 251 | 369 |
| Sub-total - Non-current liabilities | 2,362 | 1,858 | 2,297 | 1,726 |
| 5 Current liabilities | | | | |
| (a) Short-term borrowings | 10,213 | 9,329 | 9,966 | 9,131 |
| (b) Trade payables | 8,195 | 10,554 | 5,770 | 8,859 |
| (c) Other current liabilities | 4,000 | 3,651 | 3,287 | 2,962 |
| (d) Short-term provisions | 81 | 121 | 81 | 120 |
| Sub-total - Current liabilities | 22,490 | 23,655 | 19,104 | 21,072 |
| TOTAL - EQUITY AND LIABILITIES | 37,721 | 35,797 | 33,667 | 32,344 |
| B ASSETS | | | | |
| 1 Non-current assets | | | | |
| (a) Fixed assets | 4,921 | 4,704 | 4,240 | 4,211 |
| (b) Goodwill on consolidation* | 1,311 | 1,308 | - | - |
| (c) Non-current investments | 30 | 30 | 2,498 | 2,181 |
| (d) Deferred tax assets (net) | - | - | - | - |
| (e) Long-term loans and advances | 1,156 | 421 | 1,154 | 331 |
| (f) Other non-current assets | 640 | 804 | 595 | 763 |
| Sub-total- Non-current assets | 8,058 | 7,267 | 8,487 | 7,486 |
| 2 Current assets | | | | |
| (a) Current investments | - | - | - | - |
| (b) Inventories | 4,106 | 4,386 | 4,066 | 4,313 |
| (c) Trade receivables | 16,658 | 14,907 | 13,329 | 12,538 |
| (d) Cash and cash equivalents | 1,937 | 2,681 | 814 | 1,642 |
| (e) Short-term loans and advances | 1,448 | 2,690 | 1,480 | 2,602 |
| (f) Other current assets | 5,514 | 3,866 | 5,491 | 3,763 |
| Sub-total - Currents assets | 29,663 | 28,530 | 25,180 | 24,858 |
| TOTAL - ASSETS | 37,721 | 35,797 | 33,667 | 32,344 |
| * applicable in the case of consolidated statements of assets and liabilities | | | | |

[Handwritten Signature]

ACCEL FRONTLINE LTD.
CHENNAI-600 029.

54/2 Paulwells Road
St Thomas Mount
Chennai 600 016
Tel : 91 44 2233 0206
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Grams : VERIFY
www.KSAiyar.com
Chennai@KSAiyar.com

INDEPENDENT AUDITOR'S REPORT

The Members of
M/s. Accel Frontline Limited,
Chennai

Report on the Financial Statements

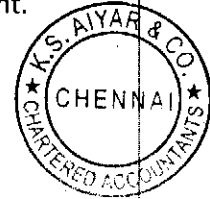
We have audited the accompanying consolidated financial statements of **M/s. Accel Frontline Limited** and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement, summary of significant accounting policies and other notes for the year then ended incorporating the financial transactions of Singapore branch of Accel Frontline Limited which was audited by another auditor.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the act") read with general circular of 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.



Offices in
Mumbai Kolkata Bangaluru
Goa Coimbatore

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statement of subsidiaries, whose financial statements reflect total assets (Net) of Rs.1870.84 Lakhs as of 31st March 2014, Total Revenue (Net of duties and taxes) of Rs.14791.25 Lakhs and net cash inflow from operating activity amounting to Rs.864.47 Lakhs. These Financial Statements and other financial information have been audited by other Auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other Auditors.

We report that the Consolidated Financial Statements have been prepared by the Accel Frontline Ltd's management in accordance with the requirements of Accounting Standard (AS) 21, consolidated financial statements.



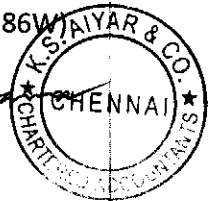
Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the company as at 31st March, 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Consolidated cash flow statement, of the cash outflows for the year ended on that date.

For K.S.Aiyar & Co.,
Chartered Accountants
(Firm Regn No: 100186W)


(S. Kalyanaraman)
Partner
(M No.200565)



Place: Chennai - 16
Date: 7th May 2014

K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

54/2 Paulwells Road
St Thomas Mount
Chennai 600 016
Tel : 91 44 2233 0206
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INDEPENDENT AUDITOR'S REPORT

The Members of
M/s. Accel Frontline Limited,
Chennai.

Report on the Financial Statements

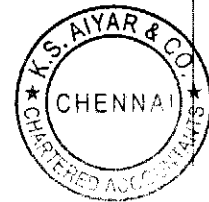
We have audited the accompanying financial statements of **M/s. Accel Frontline Limited**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement, summary of significant accounting policies and other notes for the year then ended incorporating the financial transactions of Singapore branch of Accel Frontline Limited which was audited by another auditor.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the act") read with general circular of 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Offices in
Mumbai Kolkata Bangaluru
Goa Coimbatore

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

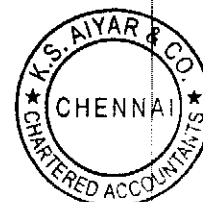
Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the cash flow statement, of the cash outflows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2003 (CARO) as amended by Companies (Auditor's Report)(Amendment) order, 2004 issued by the Government of India vide GSR No.766 (E) in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books



K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

- bb. The report on the accounts of the branch office audited under section 228 by another auditor has been forwarded to us as required by clause (c) of the sub section (3) of section 228 and have been dealt with in preparing our report in the manner considered necessary by us;
- c. The balance sheet, statement of profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns received from branch.
- d. In our opinion, the balance sheet, statement of profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General circular dated 13th September 2013 of Ministry of Corporate Affairs in respect of section 133 of the companies act 2013.
- e. On the basis of written representations received from the directors, as on 31st March 2014 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March, 2014 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. Since the Central government has not issued any notification as to the rate at which the cess is to paid under section 441A of the companies act, 1956 nor has it issued under any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For K.S.Aiyar & Co.,
Chartered Accountants
(Firm Regn No: 100186W)


(S.Kalyanaraman)
Partner
(M No.200565)



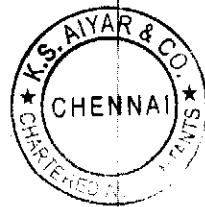
Place: Chennai - 16
Date: 7th May 2014

**Annexure to the Auditors' Report
Of M/s. Accel Frontline Limited, Chennai**

Referred to in paragraph 2 of our report of even date,

- (i)(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (i)(b) The company has a phased programme of physical verification of fixed assets which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- (i)(c) The fixed assets disposed off during the year were not substantial, According to the information and explanation given to us; we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the company.
- (ii)(a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (ii)(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (ii)(c) In our opinion and according to the explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stock has been properly dealt with in the books of account.
- (iii)(a) The company has not granted any loans secured/unsecured to companies, firms or other parties covered under the register maintained under sec.301 of the Companies Act, 1956. Hence comments on clause (b),(c) & (d) are not applicable.
- (e) The company has taken unsecured loan for Rs.13.66/- crores from a company which is covered under section 301 of companies act, 1956.
- (f) As per the books of accounts produced to us, the rate of interest and other terms and conditions of unsecured loan taken by the company is prima facie not prejudicial to the interest of the company.
- (g) Payment of the interest is regular however principal repayment is not due in the current year.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.



- (v)(a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in sec.301 of the Companies Act, 1956 that need to be entered into the register maintained under sec.301 have been so entered.
- (v)(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rs.5/- lakhs have been entered into during the financial year at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from public and hence the provisions of sec 58A and 58AA or any other relevant provisions of the companies Act 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public is not applicable.
- (vii) In our opinion, the company has an internal audit system, which is commensurate with the size and nature of its business.
- (viii) The Maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is applicable to the Company and provisions relating to the said provision has been complied with.
- (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, sales tax, wealth tax, customs duty, excise duty has NOT been regularly deposited with appropriate authorities.
- (ix)(b) According to the records of the company, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, wealth- tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except in the following cases, which was subsequently paid -

| Nature of Tax | Amount (Rs.) | Due Since |
|------------------------|--------------|----------------|
| Tax Deducted at Source | 3,48,940 | July 2013 |
| Tax Deducted at Source | 26,78,136 | August 2013 |
| Tax Deducted at Source | 48,09,093 | September 2013 |

- (ix)(c) According to the records of the company the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

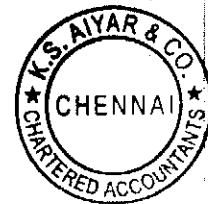


| Name of the statute | Nature of Dispute | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------|---|--------------|------------------------------------|---|
| Income Tax | Income tax Assessment year 2007-08, in connection with Capitalization of application software, IPO expenses, depreciation of leasehold improvement, allowance of STPI profits and allowance of goodwill | 42,418,700 | FY 2006-07 | Commissioner of Income tax (Appeals), Chennai |
| | Income tax Assessment year 2006-07, in connection with depreciation claimed on temporary wooden structures. | 7,348,370 | FY 2005-06 | Income tax Appellate Tribunal, Chennai Bench, Chennai |
| | Income Tax Assessment Year 2008-09 in connection with depreciation on application software and allocation of corporate expenses for STPI, Depreciation on goodwill, temporary structure. Dividend income and IPO expenses | 3,88,10,980 | FY 2007-08 | Commissioner of Income tax (Appeals) Chennai |
| | Disallowance of Capitalisation of application software, IPO expenses, depreciation of leasehold improvement, claim of STPI profits and claim of Goodwill | Nil | FY 2009-10 | Commissioner of Income tax (Appeals), Chennai |
| | Disallowance of Capitalisation of application software, IPO expenses, depreciation of leasehold improvement, claim of STPI profits and claim of Goodwill | 34,19,240 | FY 2010-11 | Commissioner of Income tax (Appeals), Chennai |
| | Disallowance of Capitalisation of application software, IPO expenses, depreciation of temporary partition, Exemption u/s 10B, Interest on advance to Subsidiaries, Provision for Gratuity | 1,17,10,110 | FY 2011-12 | Commissioner of Income tax (Appeals), Chennai |
| Sales Tax | Levy of Tax for non-production of Form F for Rs.406821/= and Increase in taxable AMC Turnover from 10% to 20%. Under WBST ACT. | 34,306 | 2003-04 | Assistant Commissioner Park Street Charge, Kolkata |
| | Wrong imposition of Interest on late payment of Turnover Tax, Increase in Taxable AMC Turnover etc. under WBST ACT. | 139,135 | 2004-05 | Assistant Commissioner Park Street Charge, Kolkata |
| | The dispute relates to non-submission of Form F for interstate branch movement of stock, which the company has filed at the time of hearing with the appellate authorities. The Tribunal has remanded back the case to the assessing officer for fresh assessment | 149,787 | 2002-03 | Trade Tax Tribunal, Lucknow Trade Tax, Lucknow, UP |



| | | | | |
|-------------|---|-----------|---------------------|--|
| | In the Assessment order 8% CST charged for non-submission of Form C and 4% CST charged on CVT & UPS sales instead of 1%. | 119,115 | 2001-02 | Asst. Commissioner Park Street Charge, Kolkata |
| | Dispute with regard to tax rate on ATVM-KIOSK | 8,68,281 | 2007-08 | Deputy Commissioner (appeals) |
| | Additional VAT liability due to increase in turnover, purchase tax liability, disallowance of Input Tax Credit, imposition of interest and penalty under VAT Act. | 268,424 | 2007-08 | Joint Commissioner Park Street Charge, Kolkata |
| | CST liability on account of non-production of Form F and consideration of High SEA Sale under CST Sale & imposition tax on it. | 555,061 | 2007-08 | Joint Commissioner Park Street Charge, Kolkata |
| | Imposition of penalty for late submission of VAT Audit Report. | 100,123 | 2007-08 | Joint Commissioner Jamshedpur Urban Circle, Jamshedpur |
| | Tax Liability increased due to enhancement of Gross Turnover | 39,283 | FY 2009-10 | Joint Commissioner Park Street, Kolkata |
| | Assessment order passed by the Sales Tax officer without proper hearing | 1,97,222 | FY 2006-07 (VAT) | Appellate & Revisional Board, Kolkatta |
| | Assessment order passed by the Sales Tax officer without proper hearing | 19,574 | FY 2006-07 (CST) | Appellate & Revisional Board, Kolkatta |
| | Tax Liability increased due to Non production of declaration forms, Considering labour portion into taxable CTP, Disallowance of ITC partially, Occurance of clerical mistake at the end of CTO while computing tax liability under CTP | 62,50,277 | FY 2010-11 (VAT) | Joint Commissioner Park Street, Kolkata |
| Service Tax | Penalty for belated payment of service tax | 584,433 | FY 2007-08 | CESTAT, Chennai |

- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management the company has not defaulted in repayment of dues to banks. *However there has been delay in honoring Letter of credits to the tune of Rs. 28.65 crores which was converted as term loans.*
- (xii) According to the information and explanations given to us and based on the documents and records produced to us the company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.



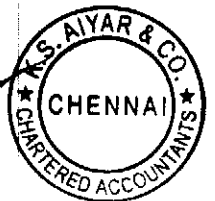
K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the records of the company, the company has availed the term loans and used the same for the intended purpose.
- (xvii) According to the information and explanations given to us and on an overall examination of the utilization of funds, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956. *However the company has made a preferential allotment of 55 lakhs equity shares on preferential basis to M/s CAC Corporation, Japan and the price at which it is issued is not prejudicial to the interest of the company.*
- (xix) The company did not have any outstanding debentures during the year.
- (xx) During the year the company has not raised any money from public by way of issue of shares.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For K.S.Aiyar & Co.,
Chartered Accountants
(Firm Regn No: 100186W)


(S. Karayaraman)
Partner
(M No.200565)



Place: Chennai - 16
Date: 7th May 2014