

AFL/SS/SE/41/2017-2018
05th August, 2017

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

BSE Limited
P.J. Towers
Dalal Street
Mumbai 400 001

Dear Sir,

Sub: Unaudited Financial Results for the quarter ended 30th June, 2017 in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to inform you that the Board of Directors at their meeting held on 05th August, 2017 have taken on record the following decisions:

- Considered and Approved Standalone Unaudited Financial Results for the quarter ended 30/06/2017 on the recommendation of the Audit Committee.
- A Copy of the Limited Review Report from the Auditors for the period ended 30/06/2017.
- Pursuant to Regulation 33 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has opted to submit Standalone Financials for the financial year 2017-2018 onwards.

The meeting commenced at 10:00 AM and concluded at 04:45 P.M.

Please arrange to take the same on record.

Thanking you

Yours faithfully,
For Accel Frontline Limited


S. Sundaramurthy
Company Secretary



Encl : as above

Accel Frontline Limited

Regd Office : 75, Nelson Manickam Road, Aminjikarai, Chennai 600 029.

CIN No: L30006TN1995PLCO31736

Statement of Financial results for the Quarter ended 30 June 2017

(₹ In Lakhs)

S.No	Particulars	Standalone	
		Quarter ended 30 June 2017	Quarter ended 30 June 2016
		(Unaudited)	(Unaudited)
1	Revenue from operations	14,343	8,362
2	Other income	26	20
3	Total revenue (1+2)	14,369	8,382
4	Expenses		
	(a) Cost of raw material and components consumed	229	18
	(b) Purchases of stock-in-trade and stores and spares	8,826	3,489
	(c) Changes in inventories of Stock-in-trade and stores and spares	(56)	(76)
	(d) Excise duty recovered on sales	62	3
	(e) Employee benefits expense	2,316	2,166
	(f) Finance costs	523	481
	(g) Depreciation and amortization expense	155	184
	(h) Other expenses	2,304	2,205
5	Total expenses (a)+(b)+(c)+(d)+(e)+(f)+(g)+(h)	14,359	8,470
6	Profit/ (loss) before tax (3-4)	10	(88)
7	Tax expense:		
	a) Current tax	-	-
	b) Deferred tax	-	-
8	Profit/ (loss) for the period (6-7)	10	(88)
9	Other comprehensive income		
	<i>i) Items that will not be reclassified to profit or loss</i>		
	- Re-measurement gains (losses) on defined benefit plans	17	(22)
10	Other comprehensive income for the period, net of tax	17	(22)
11	Total comprehensive income for the period (8+10)	27	(110)
12	Earnings per equity share (profit/ (loss) after tax)		
	Basic (in ₹) (Face value of ₹ 10 each) (Not annualised)	0.03	(0.30)
	Diluted (in ₹) (Face value of ₹ 10 each) (Not annualised)	0.03	(0.30)
	Earnings per equity share (total comprehensive income)		
	Basic (in ₹) (Face value of ₹ 10 each) (Not annualised)	0.09	(0.37)
	Diluted (in ₹) (Face value of ₹ 10 each) (Not annualised)	0.09	(0.37)

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Notes

- 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 05 August 2017.
- Results for the quarter ended 30 June 2017 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 01 April 2017. Consequently, results for the corresponding quarter ended 30 June 2016, have been restated as per the requirements of the said notification to comply with Ind AS to make them comparable.
- There is a possibility that these quarterly financial results may require adjustments before constituting the final Ind AS financial statements as of and for the year ending 31 March 2018 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by MCA or changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101.
- The networth of the company has been fully eroded as on 30 June 2017. However, the company on a standalone basis has total comprehensive income of ₹ 27 lakhs and has made a cash profit of Rs 557 Lakhs for the period ended 30 June 2017. The company has since disinvested the entire 51% (fifty one percent) stake in its Singapore subsidiary, for a total consideration of \$ 19,380,000 (Singapore Dollars Nineteen Million Three Hundred and Eighty Thousand only) on 10 July 2017. The company received INR equivalent 900,249,450 as full consideration. Consequently to this, the company's networth stands positive on that date. The Company has also made adequate working capital facilities with various banks, which would enable the Company to meet its obligations and operate over the next 12 months and accordingly the financial results for the period ended 30 June 2017 have been prepared on a going concern basis.
- Consequent to a change in the software for recording of inventory transactions pertaining to the maintenance divisions in the previous years, 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 Indian Accounting Standard 2 - Valuation of Inventories. This is a subject matter of qualification in the review report for the year/period ended 31 March 2015, 31 March 2016, 31 March 2017 and quarter ended 30 June 2016, 30 September 2016, 31 December 2016 and 30 June 2017.
- The Company has invested an amount of ₹ 790 lakhs in subsidiary named Accel IT Resources Limited (AITRL) and advanced loan (including interest) amounting to ₹ 487 lakhs. AITRL has reported losses during the current year, its net worth is fully eroded as at 30 June 2017 and its current liabilities exceeds current assets by ₹ 457 lakhs. However, the management of the subsidiary has acquired new customers and is also evaluating various opportunities which includes curtailment of expenses, restructuring of operations in order to optimise revenue generation by investing in technology, increasing customer base. The management of the subsidiary is confident that these plans would enable the subsidiary to improve its financial position thereby enabling the recovery of investments made, loans given and accordingly no provision needs to be made for these investments and loans given in the standalone financial results.

7. Statement of reconciliation of loss after tax under Ind AS and loss after tax reported under previous Indian GAAP (IGAAP) for the quarter ended 30 June 2016 is as follows:

Particulars	₹ In Lakhs	
	Standalone Quarter ended 30 June 2016	(113)
Loss after tax as per previous Indian GAAP (A)		
Adjustments:		
Gain on fair valuation of long term loans and advances		2
Reclassification of net actuarial gain on employee defined benefit obligations		22
Premium on financial guarantee contracts		1
Deferred taxes on above adjustments (net)		
Net adjustments (B)		25
Net loss after tax (before Other Comprehensive Income) as per Ind AS		(88)

8. 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 : 05 August 2017

For Accel Frontline Limited


Malcolm F. Mehta

Chairman & Chief Executive Officer

Accel Frontline Limited

Regd Office : 75, Nelson Manickam Road, Aminjikarai, Chennai 600 029.

CIN No: L30006TN1995PLCO31736

Segment-wise Revenue, Result, Assets and Liabilities*(Rs. In Lakhs)*

Particulars	Standalone	
	Quarter ended 30 June 2017	Quarter ended 30 June 2016
	(Unaudited)	(Unaudited)
1. Segment Revenue		
Systems Integration	9,509	3,652
Infrastructure Management Services	3,453	3,193
Software Services	907	1,109
Warranty Management Services	474	408
Net Sales / Income from Operations	14,343	8,362
2. Segment result		
Systems Integration	324	159
Infrastructure Management Services	531	550
Software Services	(59)	38
Warranty Management Services	(61)	(146)
Total	735	601
Less : (i) Interest expenses	523	481
Less : (ii) Other unallocable expenses	228	228
Add : Other income	26	20
Total Profit/(Loss) Before Tax	10	(88)
3. Segment Assets		
Systems Integration	13,772	6,979
Infrastructure Management Services	9,659	8,939
Software Services	3,527	3,661
Warranty Management Services	1,225	1,230
Unallocated	7,929	6,154
Total Assets	36,112	26,963
4. Segment Liabilities		
Systems Integration	14,274	6,977
Infrastructure Management Services	8,418	7,553
Software Services	4,561	3,487
Warranty Management Services	1,728	1,230
Unallocated	12,069	10,720
Total Liabilities	41,050	29,967

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Independent Auditor's Review Report on Standalone 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 standalone financial results ("Statement") of Accel Frontline Limited ("the Company") for the quarter ended 30 June 2017, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding quarter ended 30 June 2016, including the reconciliation of net loss under Ind AS of the corresponding quarter with net loss reported under previous GAAP, as included in the Statement have been approved by the Board of Directors but have not been subject to limited review or audit. 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 disclosed in note 5 to the financial results, the Company's inventory at maintenance divisions is carried at ₹ 3,742 as at 30 June 2017 (31 March 2017: ₹ 3,594 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 Indian 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 2017, changes in inventories of stock-in-trade and spares and the consequent impact, on the accompanying financial results. Our audit opinion on the financial statements for the year ended 31 March 2017 and 31 March 2016 and the review reports for the quarter and period ended 30 June 2016, 30 September 2016 and 31 December 2016 were also qualified in this regard.



Walker Chandiook & Co LLP

4. Based on our review conducted as above, except for the possible effects of the matter described in previous paragraph, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognized accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements 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.
5. We draw attention to Note 6 to the standalone financial results regarding the Company's long-term investments in its subsidiary and long-term loans and advances (including interest receivable) due from such subsidiary amounting to ₹ 790 lakhs and ₹ 487 lakhs respectively as at 30 June 2017. The net worth of the aforesaid subsidiary has been fully eroded as at 30 June 2017. However, based on the subsidiary's future business plans, which have been developed using certain management assumptions and estimates, the decline in value of the aforesaid investment is considered as temporary in nature and the aforesaid long-term loans and advances (including interest receivable) are considered as fully recoverable. Accordingly, no provision of aforesaid amounts has been recognised in the accompanying standalone financial results. Our opinion is not modified in respect of this matter.
6. We draw attention to note 4 to the financial results which indicates that the Company's total comprehensive income was ₹ 27 lakhs during the period ended 30 June 2017 and, as of that date, the Company's net worth was fully eroded. Further, as of that date, the Company's current liabilities exceeded its current assets by ₹ 10,454 lakhs. These conditions, along with matters as set forth in note 5 above 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

Suresh E S
per Suresh E S
Partner

Membership No. 206931



Place : Chennai

Date : 05 August 2017

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