ACCEL FRONTLINE

GLOBAL IT SERVICES

19th Annual Report 2013 - 14

Forward looking statement

In this annual report, we have mentioned certain forward looking information to enable investors to comprehend our business model and future prospects and make informed investment decisions. This annual report and other communications from us, oral or written, may include certain forward looking statements that set out certain anticipated results based on managements assumptions and plans. Even though the management believes that they have been prudent in making such assumptions, we cannot guarantee that these forward looking statements will be realised. We undertake no obligation to update forward looking statements. The achievement of results is subject to various risks, known and unknown. We request readers to bear this in mind while reading this report.

BOARD OF DIRECTORS

N R Panicker
Executive Chairman (w.e.f. May 7, 2014)

Malcolm F Mehta
Executive Director (w.e.f. July 1, 2014)

R Ramaraj
Independent Director

Bin Cheng
Non-Executive Director (w.e.f. August 13, 2014)

Masaaki Miura
Independent Director (w.e.f. August 13, 2014)

Steve Ting Tuan Toon
Non-Executive Director
(Ceased to be a Director w.e.f. August 13, 2014)

Alok Sharma
Independent Director

Sam (S) Santhosh
Independent Director
(Ceased to be a Director w.e.f. August 13, 2014)

CHIEF FINANCE OFFICER
K. R. Chandrasekaran
(Ceased to be a CFO w.e.f. July 1, 2014)

COMPANY SECRETARY
Sweena Nair

STATUTORY AUDITORS
K S Aiyar & Co.,
Chartered Accountants
#54/2, Paulwells Road,
St. Thomas Mount, Chennai - 600 016

INTERNAL AUDITORS
Grant Thornton
Arihant Nitco Park, 6th floor,
No. 90, Dr.Radhakrishnan Salai,
Mylapore, Chennai - 600 004, India.

SOLICITORS'
S Ramasubramaniam & Associates
6/1, Boshop Wallers Avenue (West)
Mylapore, Chennai - 600 004.

NOMINATION AND REMUNERATION COMMITTEE
Masaaki Miura
Bin Cheng
R Ramaraj

AUDIT COMMITTEE
R Ramaraj
Alok Sharma
Bin Cheng

STAKE HOLDERS RELATIONSHIP COMMITEE
Masaaki Miura
Malcolm F Mehta
R Ramaraj

BANKERS
State Bank of India
IDBI Bank Limited
ICICI Bank Limited
Axis Bank Limited
Sumitomo Mitsui Banking Corporation

REGISTRAR & TRANSFER AGENTS
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bandup West,
Mumbai - 400 078
Tel. : +91.22.25963838
Email : mumbai@linkintime.co.in

REGISTERED OFFICE
75, Nelson Manickam Road
Aminjikarai,
Chennai - 600 029.
Tel : +91.44.4225 2000
Fax : +91.44.2374 1271
Email : info@accelfrontline.in
Website : www.accelfrontline.in
CIN : L30006TN1995PLC031736

Contents

Directors' Report

To

The Members

The Directors are pleased to present the 19th annual report along with the audited financial statements for the financial year ended March 31, 2014.

Financial results INR in lakhs

	Consolidated		Standalone	
	2014	2013	2014	2013
Sales, Services & other income	42650.46	40,137.95	29914.11	32921.26
Earnings before interest, tax, depreciation and amortization (EBITDA)	4066..84	3,325.05	3594.12	3,345.93
Finance costs	2441.29	1,995.07	2327.49	1953.83
Depreciation and amortization expense	1106.53	1,067.77	971.69	968.60
Provision for tax (Net)	69.81	143.54	50.04	143.54
Profit after tax	449.21	118.67	244.78	279.96
Balance brought forward from previous year	1625.69	1.507.02	1329.15	1,049.17
Amount available for appropriation	**2074.90**	**1.625.69**	**1573.93**	**1,329.15**
Balance carried to Balance Sheet	**2074.90**	**1625.59**	**1573.93**	**1,329.15**

Consolidation

The domestic economy continued to languish recording a below 5 % growth for the second consequent year, during FY 14, The constant changes in domestic and global economic landscape continues to create uncertainty in the business environment .The expected recovery of the Indian economy during the second half did not materialize due to adverse political climate prevailed in the country,. However the exchange rates showed some stability during the second half bringing some comfort to our operations. The prospects of growth in the indian economy continues to be challenged due to various factors like depreciating rupee, inflation, current account deficit etc. The company is constantly monitoring the situation and taking various steps for risk mitigation.

On a standalone basis, the revenues from operations and other income stood at INR 29914 lakhs , representing a decline of 9% over previous year. However the EBITDA margins improved as compared to the previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) at INR 3594 lakhs were higher by 7% over previous year.

On a consolidated basis, the revenues from operations and other income stood at INR 42,650 lakhs, representing a growth of 6% over previous year. Earnings before interest, tax, depreciation and amortization (EBITDA) at INR 4067 lakhs were higher by 22% over previous year, due to improvement in the EBITDA margins The decline in the standalone revenues is attributable to planned gradual reduction in system integration business, with lower margins compared to other IT service businesses. However this reduction in revenues was offset by growth in the overseas subsidiary operations and software services and which resulted in better EBITDA margins in FY14 compared to FY13.

Share Capital

During the FY2014, the company allotted 55,00,000 Equity shares on 10th January 2014 by way of preferential allotment to M/s CAC Holdings Corporation.(" CAC") (earlier CAC Corporation) as a part of the shareholders agreement dated 9th December 2013 entered into between the company, its promoters and CAC wherein CAC had agreed to acquire 51% stake in the company. As on 31st March 2014 the paid up capital of the company stood at Rs. 29,76,18,730/-consisting of 2,97,61,873 Equity shares of face value Rs. 10/- each fully paid-up.

CAC have acquired 51,41,175 Equity Shares (i.e. 17.27%) of the company by way of a mandatory open offer. They have also acquired 75,00,000 Equity shares from the existing promoters by way of an Inter-se sale as part of the shareholders and share purchase agreement dated 9th December 2013. With this acquisition, CAC now holds 1,81,41,175 Equity Shares, constituting 60.95% of the Equity Share Capital of the company and have become the holding company. The total promoter holding is 2,64,93,951 Equity Shares (89.02%) and the public shareholding is 32,67,922 Equity Shares (10.98%) in the company.

Since the public shareholding has fallen below the stipulated minimum requirement of 25%, the company is not compliant with Rule 19A of securities contract Regulation(Rules) 1957 (SCRR) and Clause 40A of the Listing Agreement which stipulates a minimum public shareholding of 25%.

The company is taking necessary steps to reduce the promoter shareholding so as to achieve the minimum public shareholding of 25%. As per present regulations this can be achived on or before 31 March 2015.

Human resource development

Accel employs over 3059 full time employees with diverse background. Whose collective efforts have enabled Accel to achieve its organizational goals and set the base right for the next phase of growth.

Accel has restructured its work force into various businesses to ensure that every business is operated and supported equally. The human resource policies have evolved to stay relevant to the changing economic and business environment and enhance organizational agility.

The company has a matured talent management process and environment where performance is rewarded and opportunities are provided for career growth and development. Focused initiatives towards work life balance and safety of employees have helped the company in gaining confidence level of the employees and bring down the attrition levels.

Quality standards

Accel believes in sustained commitment to highest levels of quality to enhance customer satisfaction. During the year the company continued to invest in technologies, infrastructure and processes in order to keep our quality management systems updated.

The Company achieved certifications for:

- ISO 9001:2008 (Quality Management)
- ISO 27001:2005 (Security Management)
- ISO 20000-1:2005
- CMMI Level 3

An employee portal exists for knowledge management and sharing useful information within the Company. Regular knowledge and skill upgradation training programs are conducted by internal as well as external knowledge management experts.

These quality driven processes help in supporting Accel's global delivery model

In order to achieve highest levels of quality and robust information security practices, the company will endeavor to achieve enterprise-wide CMMI Level 5 (for Development) in the near future

Finance, Accounts and Internal control systems

The company has adequate internal control procedures commensurate with the size and nature of its operations. The internal control systems were further strengthened by internal audit carried by an independent firm of Chartered Accountants and a periodical review by the management. The Audit Committee of the board addresses issues raised by internal auditors and the statutory auditors.

The financial objective of the company is to bring in efficiencies of operations at all levels so as to maximize return on capital employed and to generate sufficient cash profits to fund on-going expansions and to meet the growth objectives.

The audit committee and the Board periodically review performance parameters related to financial performance of the company to ensure smooth implementation of the internal control systems and efficient management of the various resources. The audit committee conducts periodic reviews with the management, internal auditor and the statutory auditor. There is an on-going cost monitoring program to control various expenses and the Board reviews the variance analysis.

Report of Corporate Governance and Auditors Certificate on Corporate Governance

A report on Corporate Governance together with auditor's certificate on compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is provided as Annexure III to this report.

The certificate issued by the auditors of the company on corporate governance is given as Annexure IV to this report.

Management Discussion and Analysis

The Management Discussion and Analysis and various initiatives and future prospects of the company are enclosed, separately as Annexure II to this report.

Director's responsibility statement

The directors' responsibility statement pursuant to sub section 2 AA of Section 217 of the Companies Act 1956 is given as Annexure V to this report.

CEO/CFO Certification

The Executive Chairman and the Chief Finance Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Clause 49 (V) of the Listing Agreement. This is provided as Annexure VI to this report

Financial Statements of Subsidiary companies:-

The Company has 8 subsidiaries as on March 31, 2014There has been no material change in the nature of the business of the subsidiaries.

As required under the Listing Agreement entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with the relevant accounting standards as prescribed Under Section 211 (3C) of the Act. The consolidated financial statement discloses the assets, liabilities, income, expenses and other details of the Company and its subsidiaries.

Pursuant to the provisions of Section 212(8)of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2014 is included as an Annexure VIII to this report. The annual accounts of these subsidiaries and the related information will be made available to any member of the company/its subsidiaries seeking such information and are available for inspection by any member of the company/subsidiaries at the Registered Office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, at the Head Offices/ Registered Offices of the respective subsidiary companies.

Dividend

The Directors have not recommended dividend for the year ended March 31, 2014 to conserve resources and to augment the long term working capital for future growth.

Directors

Mr. A.P.Parigi having DIN 00087586 resigned from the Board with effect from 7th May 2014. The Board places on record its deep appreciation and gratitude for his guidance and contribution to the company during his tenure.

Mr. Steve Ting Tuan Toon having DIN 00114004 resigned from the board with effect from 13th August 2014. The Board places on record its deep appreciation and gratitude for his guidance and contribution to the company during his long tenure.

Mr. Bin Cheng (Din No. 06913491) was appointed as a Director to fill a causal vacancy with effect from 13th August 2014, caused due to the resignation of Mr. Steve Ting Tuan Toon. Pursuant to section 161(4) of the companies Act 2013 Mr. Bin Cheng will hold office till such time the director in whose place he is appointed would have held office.

Mr. Steve Ting Tuan Toon who has resigned on 13th August 2014, would have retired by rotation at this Annual General Meeting. Mr. Bin cheng now retires by rotation and has offered himself for appointment.

Mr. Malcolm Farrokh Mehta having DIN 03277490 was appointed as an Additional Director of the Company with effect from 7th May 2014 and he was further appointed as a wholetime director designated as Executive Director with effect from 1st July 2014 to hold office till 30th June 2017.His appointment is being recommended for confirmation in the ensuing Annual General Meeting. The necessary resolutions are being placed before the shareholders for approval.

Mr. Sam (S) Santhosh Independent director has resigned fromt the baord with effect from 13th August 2014. The causal vacancy arisen on account of his resignation is not being filled. The Board places on record its deep appreciation and gratitude for his guidance and contribution to the company during his long tenure.

Mr. Masaaki Miura having Din no. 06915575 was appointed as an Additional Independent director with effect from 13th August 2014. Mr. Miura possess the qualifications and skills relevant for the company's business . The company has received declarations from Mr. Miura that he meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Act and under clause 49 of the Listing agreement. The necessary resolution is being placed before the shareholders for approval.

Auditors

M/s Walker Chandiok & Co.LLP, Chartered Accountants, Chennai bearing ICAI Registration No. 001076N are proposed to be appointed as Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the twenty fourth Annual General Meeting of the Company held thereafter (a period of five years), subject to ratification of the appointment by the members at every AGM held after the ensuing AGM.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from M/s Walker Chandiok & Co. LLP, to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made there under, as may be applicable.

The auditors M/s K S Aiyar & Co, Chartered Accountants have been the Statutory auditors of the company since 2005-2006. As per the Section 139 (2) of the Companies Act 2013 an audit firm can serve as auditors of the company for not more than two terms of five consecutive years. AS the Auditors have completed one term of five consecutive years the company felt the need to rotate the auditor.

Internal Auditors

M/s K S Aiyar and Co the erstwhile statutory Auditors of the company will be the Internal Auditor of the company for the financial year 2014-2015. w.e.f. the conclusion of this AGM.

Credit Rating

Secretarial Standards of the ICSI Secretarial standrads issued by the Institute of Company secretaries of India from time to time are currently recommendatory in nature. The company is , however, complying with most of the standards.

Internal compliants Committee

With regard to the Supreme Court Judgment and guidelines issued in Vishaka case – Gazette publication dated 22nd April 2013, to provide for the effective enforcement of the basic human right of gender equality and guarantee against sexual harassment and abuse, more particularly against sexual harassment at work places, the company has formed a policy for prevention, prohibition and redressal of Sexual harassment of women at workplace. The company has also constituted an Internal Complaints Committee: (ICC) and Enquiry committee to redress such complaints.

Particulars of Employees

The particulars regarding employees of the company pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given as annexure VII to the Director's Report. In terms of sec 219 (1) (b) (iv) of the Companies Act 1956 the Directors Report (excluding annexure VII) is being sent to all the shareholders of the company. Any shareholder interested in obtaining a copy of the said annexure may write to the company secretary at the registered office of the company.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in an Annexure to this report.

Acknowledgement

The directors would like to express their grateful appreciation for the assistance and co- operation received from central and state governments, financial institutions, banks, government authorities, customers, suppliers and investors during the year under review. The directors wish to place on record their deep sense of appreciation, of the dedicated and sincere services rendered by the employees of the company for its success.

For and on behalf of the Board

Chennai, N.R. Panicker
May 7, 2014 Executive Chairman

Annexure I to the Director's Report

Conservation of energy

The company's operations involve low energy consumption to run its various offices and therefore the scope of energy conservation is limited. The company has means and process to constantly monitor the usage of power and optimize the same to the extent possible. Accel is currently in the process of consolidating its facilities, which will help in reduction of energy consumption without any business implications.The company is in the process of evaluating means of utilizing alternate energy sources for betterment of environment and reduce the consumption of conventional energy

Accel has a policy to replace old assets to upgrade to the changing technology and keeping a check on the energy consumption.

Technology absorption, adaptation and innovation

The company is in high technology business and is constantly upgrading and adapting latest technologies to meet the technology challenges.

Research and development (R&D)

The Company has been taking up R&D initiatives to promote innovation and new product development. These research initiatives are primarily in the field of Software, Systems and Application with the objective of coming up with new products, solutions and technology to our customers. and in the platform developed for warranty management business.
The company will continue to invest in these and other areas of research interests with sufficient funds allocated to this.

The company is in the process of getting registered with Department of Scientific & Industrial Research (DSIR).

Foreign Exchange earnings and outgo

The complete details regarding foreign exchange earnings and outgo are being mentioned in the notes to the accounts.

Annexure II to the Director's Report

Management Discussion and Analysis

The IT industry scenario

The IT industry in India continues to go through the slow growth phase The IT services sector's contribution to the domestic GDP is estimated to be around 8% and the sector is estimated to employ around 3 mn people . According to NASSCOM , India continues to be a premier destination for global sourcing of IT services. and the share is expected to be over 50 % . The IT services market is expected to grow by 12 % during the next financial year, driven by exports. The domestic market also is expected to grow around 9-12% during the current financial year.According to NASSCOM the combined potential for Social, Mobile,Analytics and Cloud based technologies is estimated to be between US $ 70 – US$ 200 billions, over the next three years .

In the domestic market Government continues to be the largest IT consumer. The overall business environment in the country was not very conducive to sustain growth, during the previous financial year . It is widely anticipated to improve during the current financial year on account of changed political scenario.

Business overview

Accel is an end-to-end Information Technology services provider specializing in IT Infrastructure Management, System Integration, IT software services and warranty management services.

Accel has a strong PAN India presence in the domestic IT infrastructure management market and serves a number of leading MNCs in India and Indian corporate houses. With its extensive presence and quality of delivery capability, Accel has been successful in retaining most of its customers

Our revenues were largely contributed by IT infrastructure and system integration services, which are driven by domestic IT market. However system integration business in the domestic market has become highly competitive with eroding margins. The company will continue to focus on IT infrastructure management and managed services in the domestic market, where we have a large long standing customer base across India with constant annuity revenues.

The company over the last three years has emerged as a niche player in the software service market with a focus on embedded systems and solutions, outsourced product development, cloud and mobility solutions, remote infrastructure management (RIM), etc for the international markets. The Technology services focus on outsourced product development, testing, sustenance and re-engineering services in consumer products, networking and automotive domain. The customers are spread across US, Japan, UK, Australia and Israel. Enterprise applications services focus on Banking and manufacturing with support for core banking and other enterprise applications

We are also a leading provider of warranty management services for the India market, where our scalable time tested model has been helping us to win new customers and create a highly successful business unit in the company. We provide warranty fulfillment, test and repair services and help desk support services on a PAN India basis for more than 30 International product vendors

Our wholly owned subsidiary in UAE (Accel Frontline JLT) has been growing strong in enterprise IT solutions space and has won several corporate customers in the last five years. We continue to focus on this market .

During the year under review, our existing subsidiary company (Accel Systems and Technologies) in Singapore stabilised its operations in IT security services in Singapore.. This business unit is expected to grow vertically in the coming year and make significant contribution to Company's revenue and margins .

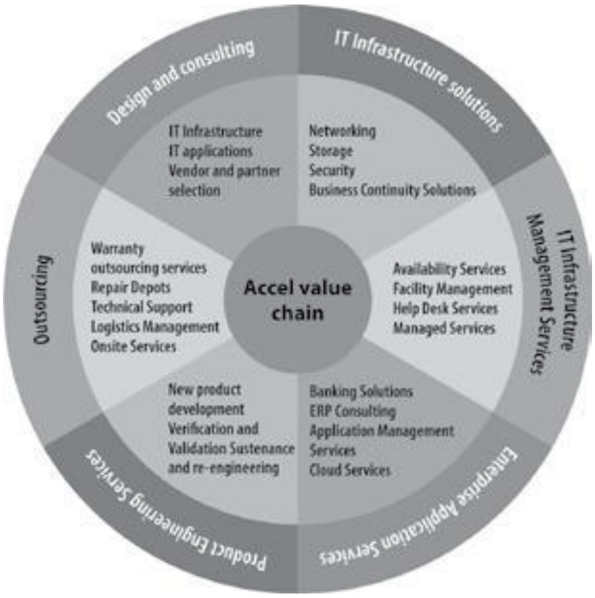
Strategy

Accel's strategy to achieve and strengthen its long term objectives is derived from the following:

1. Presence across IT value chain
2. Established player and PAN India presence
3. Quality and long standing customer base
4. Delivery model
5. Non- linear business model

Presence across IT value chain

Accel has over the years invested in building multiple service offerings. With this, Accel is uniquely positioned to provide end to end solutions at optimum costs to customers. The graph below replicates Accel's service portfolio



Established player and PAN India presence

Accel is an established IT player and has a PAN India presence. This along with a strong brand enables us to launch a new product or service across India in a short span. Accel has offices in 5 countries outside of India viz US, Japan, UK, Dubai and Singapore

Quality and long standing Customer base

Building strong and long lasting relationship with customers is critical to every company's success. Accel has strong relationships with a number of Fortune 500 customers and leading corporate houses in India and overseas. Accel has been able to retain these key customers through process and service excellence.

Being aligned with customers and their requirements has helped us in retaining customers and penetrate new customers.

Delivery model

Accels' delivery model is to provide quality services at low cost of ownership. The company's offshore delivery centre's are strategically located at Trivandrum, Cochin, Chennai and Noida in India.

The hybrid delivery model enables Accel to provide end to end solutions across multiple product segments in the warranty management space.

The domestic IT service operations span across 8 regional offices and over 100+ direct service locations across India in a hub-and-spoke model to help deliver our services on a pan India basis.

The company has strategic partnerships with international technology providers such as Oracle, IBM and Microsoft to deliver solutions and services that are leading edge and industry oriented.

Non- linear business model

While the Company continues to make significant progress in the traditional IT services offerings, it has been pursuing non-linear growth opportunities, which contribute revenue growth without commensurate growth in headcount. The following contribute to Accel's non-linear business model

Products – Accel's products for banking (GBM) is driving non-linear growth through license revenue. These include State Tax Module, New Pension Scheme, Centralized Pension Processing Centre, Centralized EXIM, Ministry Accounts, State Treasury and Post Office catering to Government business carried out by banks.

Accel is also developing embedded products for automotive domain targeted at customers in the Europe

Platform / frameworks - Accel has its own, time tested, web based CRM and logistics management system for its warranty business. It's a fully integrated technology framework developed for IT and telecom product vendors, which helps delivering quality services. These help in optimizing costs for customers.

We also have a range of multi function Kiosk's developed in-house which are used for kiosk based payment solutions

Research and Development

Accel will continue to focus on developing new products and solutions to help customers achieve their business objectives in an optimum manner while continuing to improve the quality and efficiency of service delivery.

Summary of development efforts spent during 2013-14 is given below:

Rs. in Lacs

Amount in INR lakhs	2013-14
Banking related products	225.01
Other products	182.17
Total	**407.18**

Accel will continue to invest in the R & D of various technologies and solutions to stay live with the technology and to meet customer requirements.

Infrastructure

Our registered and corporate office is located at Chennai, India. The company occupies approximately 200,000 square feet of office space across various locations in India. All the major offices and software development centre's are well equipped with all necessary infrastructure facilities

The company is in the process of consolidating its infrastructure facilities to optimize costs, at the same time without impacting quality of delivery. This consolidation is expected to bring in cost efficiencies in the system next year.

Human Resource management – 'key to our success'

As on 31st March 2014, the company had multicultural work force drawn from different disciplines and domain backgrounds. The workforce is spread across 6 countries including India. The human resources strategy enabled the Company to attract, integrate, develop and retain the best talent required for driving business growth. The sustained strategic focus to enhance employee capability, improve efficiency and groom future leaders

We have an established employee recruitment and retention policy, which involves identifying right talents and providing them with appropriate training. The strategy is to fulfill business requirements, maintain high utilization and keep the costs at optimum levels. In the course of achieving these, management is coming up with various policy level initiatives to run the business efficiently at optimum utilization levels, which is expected to yield favorable results in the next financial year.

The Company has created a performance driven environment where performance is recognized and employees are motivated to realize their potential. Management connects with employees on a regular basis and being transparent with the employees has immensely helped in motivating the employees and to realize their full potential.

Accel has its own learning and development programmes to enhance the skills and competencies of the employees. These include leadership development programs to develop business and people competencies. These employees are nurtured to build the leadership capability. The trainings include internal and external trainings

Risk Management

Some of the key business risks faced by the company and plans to mitigate the same is given below:

Key Risk	Impact on Accel	Mitigation plan
Business model	Increased trends in customers moving towards total IT outsourcing deals as a single window solution which includes tech refresh and adaptation of new age technologies. Large solution providers are better positioned to take advantage of this phenomenon	Planned investment in emerging enterprise solutions, mobility and could services. Updating existing products and developing new solutions
Global economic slow down	Economic slowdown in key markets like US and Europe has lead to uncertainties in offshoring opportunities	Despite slowdown, there is good opportunity in these markets for high value add services like embedded solutions, outsourced product development, etc., which will yield cost optimization for the customers Focusing on other emerging markets, which are growing at a faster pace
Dependence on domestic system integration and services business	As Accel is downsizing the hardware related IT system integration business, there is a risk of losing some of the IT services opportunities in the domestic market	Accel plans to stabilize the IT system integration business at an optimum level in order to retain the service market share. The focus will be to manage costs and improve margins
Cost pressure	The increase in key costs like employee costs, infrastructure costs and other operational overhead costs are creating pressure on margins	The operations have been decentralized with every service units being run as a separate business to have greater control on costs and profitability. Core focus to improve utilization and productivity of employees Increase in non-linear business which will not have a direct impact on costs
Supply chain risks	Employees are key assets to the company and the company is exposed to loss of talent. Inability to attract talent could have an impact on delivery	Mature HR processes, providing a competitive environment and opportunities for growth will result in high employee satisfaction and talent retention Learning and development by way of trainings will be key to keep the employees up to date on emerging technologies and meet the changing market and customer demands Improving brand image will be critical in this competitive market
Forex exposure	The company is susceptible to volatility in currencies resulting in transaction exposures	Larger part of costs are incurred in local currency resulting in a natural hedge Currency hedging policies are in place, which are reviewed on a regular basis
High leverage	Accel has a high debt equity ratio with high financing costs. This could impact further borrowing also impact the operations	With a clear plan in place to invest only in high profitable business, control costs and improve collection of receivables , the debt pressure is expected to ease out

Detailed review of financial performance

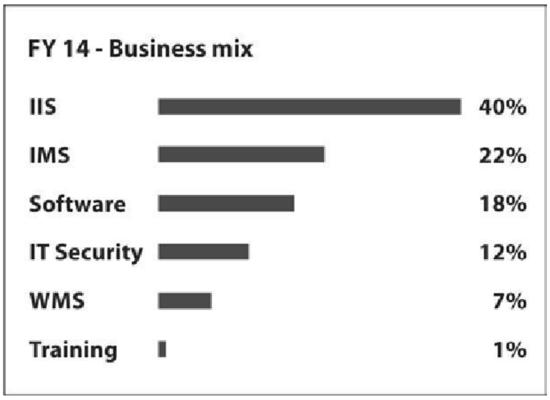
The financial statements are prepared in compliance with the Companies Act, 1956 and Generally Accepted Accounting Principles in India (Indian GAAP). The Company follows the revised schedule VI as notified by the Ministry of Corporate Affairs (MCA) with effect from April 1, 2011

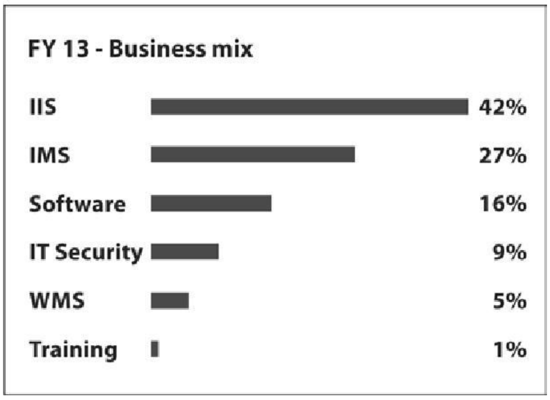
The following table gives an overview of the financial results of Accel Frontline Limited on a consolidated basis

	FY14		FY13		Growth in %
	In INR lakhs	%	In INR lakhs	%	
Revenue from operations	42,133.83	100%	39786.11	100%	6%
Costs					
Raw material costs	17888.72	42.46%	16552.24	41.60%	7%
Employee costs	9393.97	22.30%	8632.18	21.70%	8%
Other costs	11300.96	26.82%	11628.48	29.23%	-3%
Total costs	38583.65	91.57%	36812.9	92.53%	5%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4066.84	9.65%	3325.05	8.36%	18%
Other income	516.63	1.23%	351.83	0.88%	32%
Finance costs	2,441.29	5.79%	1995.07	5.01%	18%
Depreciation and amortisation expense	1,106.53	2.63%	1067.77	2.68%	4%
Profit before tax (PBT)	519.02	1.23%	262.21	0.66%	49%
Total tax expense	69.81	0.17%	143.54	0.36%	-106%
Profit after tax (PAT)	449.21	1.07%	118.67	0.30%	74%

Revenue analysis

The revenue mix by services and a comparison with previous year is given below:





Note- IIS – IT Infrastructure solutions (system integration business of Accel), IMS – IT Infrastructure Management services, WMS – Warranty Management services

The decline in revenue on a stand alone basis for FY14 is attributed to planned reduction in IT system integration business (IIS), with lower margins compared to other business segments . However this reduction in business was partly offset by increase in software and infrastructure management services business, which earns a higher margin apart from overseas businesses . This is evident from the fact that consolidated EBITDA increased from 8.3% in FY13 to 9.5% in FY14 .

Business highlights by services:

1. Accel over the years had grown with IT system integration (IIS), which has historically contributed to about 50% of Company’s consolidated business. Accel, being an established player in the market with a PAN India presence, service has a long standing customer portfolio which includes some of the leading Corporate houses and public sector undertakings (PSUs).

   Revenues from this business declined by 38 % from INR 16810 lakhs in FY13 to INR -12136 lakhs in FY14. While IIS has enabled Accel to penetrate and grow its portfolio services, this domestic centric business inherently earns low margin driven by intense competition from the large players in the market. Given this scenario, management planned to reduce the exposure to this business thereby resulting in lower revenues in FY14. Going forward, the IIS business is expected to stabilize at FY14 levels, which we believe is important to capture the growing IT services business in the domestic market.

2. Accel's IT Infrastructure management services (IMS) includes maintenance services, facility management and managed services and is a key contributor to the profitability of the company. Its customer portfolio includes some of the leading Corporate houses and public sector undertakings (PSUs). While IMS were earlier dependent on IIS for penetrating the market, this has significantly reduced over the years. Management will continue to have a strong focus in this service business. While large players are increasingly focusing this market, we believe that our established presence, service portfolio and quality and long standing relationships with marquee clientele will be a differentiator, to grow this segment

3. Accel's software business is relatively smaller as compared to its peers. However this has been the key focus segment over the last 3 years with a niche service portfolio:

   a. Technology services – focusing on outsourced product development, testing, sustenance and re-engineering services in consumer products, networking and automotive domain. The customers are primarily spread across USA, Japan, UK, Australia and Israel

   b. Enterprise services – focusing on BFSI and manufacturing with technologies such as core banking, Oracle ERP, mobility, cloud computing and managed services

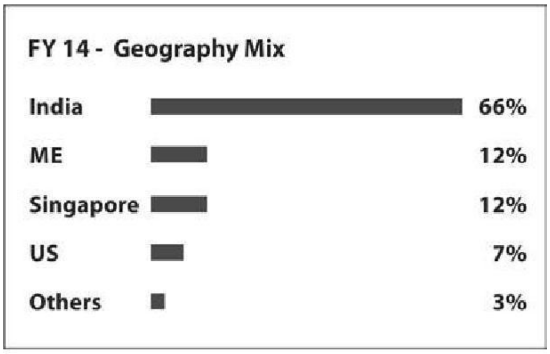
   The software business grew from INR 6340 lakhs in FY13 to INR 7438 lakhs in FY14, representing a 15 % growth. The growth was driven by (a) ramp up of technology service operations in US, Japan and UK and (b) healthy growth in enterprise business driven by BFSI and managed services

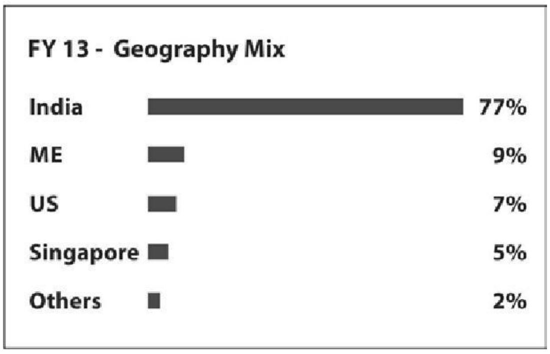
   Accel now has a long standing relationship with some of the fortune 500 corporations and technology companies. With a niche service practice and products in its portfolio, this is expected to be the future for Accel. There is a clear growth path supported by planned investments to ramp up its overseas presence

4. Accel is considered to be a pioneer in the Warranty Management Services space. Its service portfolio broadly includes warranty fulfillment, test and repair services and technical help desk and has a PAN India presence. Accel has its own, time tested, web based, CRM and logistics management framework which helps in managing the operations in an efficient manner and thereby resulting in low costs to its customers.

5. The company ventured into value added IT security services business in Singapore in July 2012. The company earned profits in its first year of operations. This is a fast growing segment and is expected to make a significant contribution to Accel's growth and profitability as this unit ventures into neighbouring markets in the future.

The revenue mix by geography is given below:





Accel's infrastructure management services, warranty management, enterprise software services are primarily driven by domestic IT markets. The India business witnessed a negative growth in FY14 due to decline in IT infrastructure solutions (hardware centric business) and warranty management services. This decline was partly offset by increase in overseas subsidiaries' business and enterprise software services .

The company witnessed a growth in all the overseas markets except Middle East in FY14, driven by lower revenues from hardware and enterprise business owing to delayed closing of new orders. Growth in Singapore market was driven by IT security.

The India market is expected to grow in absolute terms with expected growth in Infrastructure management and warranty management businesses. However the strategy is to grow its overseas market with focus on IT software and IT security businesses. The Middle East market is also expected to grow with new orders firm orders new orders being executed and health pipeline in place.

Customer concentration

During the financial year 2013-14, our Top 10 customers contributed 30% of the revenue (36% for 2012-13) and Top 20 customers contributed 71% of the revenue (41% for 2012-13).

EBITDA margins

On a consolidated basis EBITDA improved from INR 3325 lakhs in FY13 to INR 4067 lakhs in FY14 in absolute terms, EBITDA margin improved from 8.28% in FY13 to 9.5% in FY14. This was driven by change in business mix, with increase, in service revenues and decline in hardware revenues (IIS)

The company is in the process of implementing various initiatives, which are expected to improve margins. These include focus on high margin business, rationalization of FTEs to pipeline, improving productivity of employees, consolidation of infrastructure facilities, etc. These initiatives include are expected to further improve margins

Depreciation and Amortization

The company has been following straight-line basis of depreciation and has depreciated assets based on the rates mentioned in the Companies Act. In respect of application software, estimated useful life of the assets is taken as 7 years and has accordingly amortized the value of the software assets capitalized. Intangible asset in the form of goodwill is being amortized over a period of ten years.

The higher depreciation and amortization charge is due to increase in fixed assets base during the current year

Financing costs

The financing costs increase in FY14 driven by impact of (a) fresh loans taken during the year and (b) full year impact of loans taken during previous financial year 2012-13. With an aggressive plan to bring in cost efficiencies and invest in high margin services, the debt and interest pressure is expected to ease out . During the year the company raised additional equity share capital by issuing shares on a preferential basis to overseas investors, which will also help reduce the finance costs.

Taxation

We have provided for the tax liability under MAT tax rates prescribed under the Income Tax Act, 1961. There is no tax liability for the Dubai subsidiary and we have unabsorbed losses in Some of the overseas subsidiaries

The consolidated balance sheet of Accel Frontline Limited is given below:

Consolidated balance sheet of Accel Frontline Limited

	31 March 2014	31 March 2013
Shareholders' funds		
Share capital	2976.19	2426.19
Minority interest	621.49	398.90
Reserves and surplus	9270.72	7458.74
Total	**12868.40**	**10,283.83**
Non-current liabilities		
Long term borrowings	3048.50	1,045.94
Deferred tax liability	371.33	325.81
Long-term provisions	309.45	486.43
Total	**3728.28**	**1,858.18**
Current liabilities		
Short-term borrowings	8847.99	9,328.85
Trade payables	8195.24	10,554.50
Other current liabilities	4000.33	3,650.44
Short-term provisions	81.29	121.39
	21124.85	**23,655.18**
Total	**37720.53**	**35,797.19**
Fixed assets (net total including capital work in progress)	4920.73	4,704.12
Intangible assets on consolidation	1310.91	1,308.27
Non-current investments	30.00	30
Long-term loans and advances	1155.49	421.29
Long-term Trade receivables	640.28	803.76
	8057.41	**7,267.44**
Current assets		
Inventories	4106.44	4,386.09
Trade receivables	16658.18	14,907.23
Cash and bank balances	1936.74	2,681.18
Short-term loans and advances	1448.22	2,689.76
Other current assets	5513.54	3,865.49
	29663.12	**28,529.75**
Total	**37720.53**	**35,797.19**

Key highlights:

Equity and reserves

During FY14, the company issued equity shares on preferential basis to CAC Holdings Corporation, Japan (CAC). The total amount received including on account of Securities premium was Rs. 2475 lacs. As a result of that, the equity base went up from 2426 lacs to 2976 lacs and securities premium from 4932 lacs to 6857 lacs. Consequent to this investment and other related transactions, the promoters entered into with CAC, and the open offer as per SEBI guidelines, CAC emerged as the single largest shareholder with 60.95%. the holding of erstwhile promoters Accel reduced, to 26.20%

Borrowings

Long term borrowings increased by INR 636 lakhs as at 31 March 2014 with additional term loan from financial institutions to fund long term working capital requirements. Short term borrowings increased with fresh unsecured loans taken from financial institutions to fund the working capital requirement of the company. The term loans are repayable over a period of 3-5 years timeframe

Receivables management

The company continues to have challenges with receivable management, due to its exposure to public sector and Government clientele in India.

A large portion of these receivables are from turnkey projects, which have a longer gestation to implement and the payment terms are generally on commissioning and acceptance and hence the longer duration of the receivable cycle.

The sundry debtors increased by INR 1751 lakhs as at 31 March 2014 from INR 14907 lakhs as at 31 March 2013, driven by higher revenues from overseas subsidiaries' business. While sundry debtors increased in absolute terms, the average collection period decreased from 133 days as at 31 March 2013 to 121 days as at 31 March 2014. The company expects to improve the collection period with strengthening customer credit analysis, aggressive follow ups, advance collection prior to service commencement, etc.

Inventory

Thedecrease in inventory value as at 31 March 2014 is driven by reduction in inventory levels for SI business

Working capital and funding

While the average collection period decreased from 133 days to 121 days due to efficient vendor management, which has helped the company in marginally reducing the overall working capital cycle. The working capital requirements have been funded through a combination of working capital facilities from banks and internal accruals.

The company generates adequate profits to service these borrowings. There was no major increase in fund and non-fund based working capital during financial year 2013-14.

Fixed Assets

During the year, the company increased its gross asset base by 1498 lakhs, primarily driven by purchase of computer and related equipments, leasehold improvements and capitalization of new products developed by Accel.

The additions were to replace old assets as per company policy and also meet the increased asset requirements in service business to achieve the growth. The additions were primarily in India with marginal additions in Singapore

Cash and bank

The cash and bank balances include INR 769 lakhs of margin money placed to avail non-fund based facilities from the banks. The increase in cash and bank balances were primarily driven by cash reserves at Singapore and Dubai.

Loans and advances

Long term loans and advances as at 31 March 2014 include security deposits and deposits with statutory/government authorities. Short term loans and advances as at 31 March 2014 include rent and other deposits, advance to associate companies and other loans and advances. The increase is attributed to trade tax related payments and security deposits.

Other current assets

These include income tax related balances and prepaid expenses. The increase in other current assets balances as at 31 March 2014 were due to increase in prepaid expenses and TDS receivables.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the company's objective, Projections estimates, expectations, may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which the company operates, change in Government regulations, tax laws, interest costs, other statutes and other incidental factors.

Thus the company should and need not be held responsible, if which in not unlikely, the future turns out to be something quite different. Subject to this management disclaimer, this discussion and analysis should be perused.

Annexure III to the Director's Report

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

1) Philosophy on Corporate Governance

Accel Frontline Limited (AFL) is respected for its professional management and good business practices amongst its Clientele. Integrity, emphasis on quality service and transparency in its dealing with all stakeholders are its core values.

AFL believes that good governance generates goodwill among business partners, customers and investors, earns respect from society, brings about a consistent sustainable growth for the Company and generates competitive returns for the investors. Your Company is committed to the principles of good governance.

2) Board of Directors

a) Composition of the Board

The Board of Directors consists of professionals drawn from diverse fields. The Board currently comprises an Executive Chairman, an Executive Director and four Non-Executive Directors. Of the Non-Executive Directors, three are independent which is equal to 50% of the size of the Board. The objective judgment of the independent and Non-Executive Directors on corporate affairs and their collective experience and contributions are valuable to the company.

i) Executive Directors

Executive Chairman *N.R.Panicker (w.e.f 07-05-2014)
Executive Director ***Malcolm F Mehta (w.e.f. 01-07-2014)

ii) Non-Executive Directors

Independent	Alok Sharma Sam (S) Santhosh R. Ramaraj
Non Independent	** Amba Preetham Parigi Steve Ting Tuan Toon

b) Details of Equity Shares held by the Directors as on 10-06-2014

Name of the Director	No of shares
*N.R.Panicker, Executive Chairman	3,72,500

* Mr. N.R.Panicker has been designated as Executive Chairman w.e.f 07-05-2014 and was earlier Chairman and Managing Director

** Mr. Amba Preetham Parigi has resigned w.e.f 07-05-2014

*** Mr. Malcolm F Mehta appointed as Additional director with effect from 07-05-2014. He was further designated as Executive Director with effect from 01-07-2014

c) Details in regard to attendance of Directors at Board Meetings/Shareholders Meetings, the Number of Directorship/(s) held in Indian Pubic Limited Companies and the position of Membership/Chairmanship of Audit Committee/Remuneration Committee / Shareholder's and Investor Grievance Committee.

Name of the Director	Category as at 10-06-2014	No. of Board meetings Attended Out of 09 Meetings Held as on 10-06-2014	Attendance At the last AGM held On 12.08.2013	No. of Director Ship held in Indian Public Limited Companies (excluding Accel Frontline Limited)	Committee/s position as on 10-06-2014 (All companies excluding Accel Frontline Limited)	
					Member	Chairman
N.R. Panicker	Executive Chairman	09	Yes	05	01	01
Steve Ting Tuan Toon	Non Executive Non Independent	05	Yes	Nil	Nil	Nil
Amba Preetham Parigi	Non-Executive Non Independent Director	07	Yes	8	07	00
Alok Sharma	Non-Executive Independent Director	07	No	01	00	00
Sam (S) Santhosh	Non-Executive Independent Director	04	Yes	Nil	Nil	Nil
R.Ramaraj	Non-Executive Independent Director	09	Yes	05	3	01
Malcolm F Mehta	Executive Director	02	No	Nil	Nil	Nil

d) Board's functioning & Procedure

The AFL Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs long term sustainable growth that translates itself into progress, prosperity and the fulfillment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behavior and ensures ethical behavior at all times and strict compliance with laws and regulations.

The items placed at the Meetings of the Board include the following:

- Report on operations of the company.
- Opportunities for organic and inorganic growth;
- Business Plans and analysis of variances periodically as compared to the plans.
- The audited quarterly/half yearly financial results and the audited annual account of the company, both consolidated and on standalone for consideration for approval;
- Financial statements such as cash flow, inventories, sundry debtors and/or other liabilities or claims of substantial nature;
- Status of borrowings and details of material foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if any;
- Delegation of powers to the operational management;
- Any material default in financial obligations to any by the company including substantial non-receipt of monies due to the company.
- Review compliance of all laws applicable to the company including the requirements of listing agreement signed with the stock exchanges and steps taken by the company to rectify instances of non-compliances, if any;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;
- Sale of material nature, of investments, subsidiaries assets, which is not in normal course of business, if any;
- Information on senior appointments below the board level including the appointment/ removal of the Chief Financial Officer (CFO) and the Company Secretary;
- Proposals for joint ventures/collaborations;
- Material communication from government including show cause notices, demand, prosecution, notices and penalty notices, if any, which are materially important;
- Communication to Stock Exchanges, the shareholders and the press regarding company's performance, future plans and other decision/changes of significant importance or of price sensitive nature.

All the items on the Agenda are accompanied by notes giving information on the related subject. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

The Minutes of the meetings of the Board are individually given to all Directors and confirmed at the subsequent Board Meeting. The Minutes of the various committees of the Board are also individually given to the Board and thereafter tabled for discussion at the subsequent Board Meeting.

e) Details of Board Meetings held upto 10-06-2014 and the number of Directors present

Sr.No.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors Present
1.	29.05.2013	06	05
2.	12.08.2013	06	05
3.	12.11.2013	06	04
4.	09.12.2013	06	05
5.	08.01.2014	06	05
6.	18.01.2014	06	04
7.	14.02.2014	06	04
8.	07-05-2014	06	06
9	10-06-2014	06	04

f) Attendance of Last Annual General Meeting.

Five directors of the company attended the last Annual General Meeting held on 12th August 2013.

3. Committees of the Board

a) Audit Committee

The committee was originally constituted on 28th April 2004. It was reconstituted on 11th April 2006, and on 29th September 2011 and again on 31st October 2012 with the terms of reference as specified in clause 49 of the listing agreement with the stock exchanges and also fully confirms to the requirements of section 292A of the Companies Act, 1956 and other applicable provisions of companies act 2013. It addresses itself, to matters pertaining to adequacy of internal controls, reliability of financial statements/others management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statues and other facets of the company's operations that are of vital concern to the company.

The re-constituted committee as on 07-05-2014 comprises of the following persons:

Name of the Member	Category	Capacity
Mr.R. Ramaraj	Non Executive Independent	Chairman
Mr. Alok Sharma	Non Executive Independent	Member
Mr. Sam (S) Santhosh	Non Executive Independent	Member

Chief Finance Officer, General Manager (Corporate Finance), the Internal Auditor and the representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary is the Secretary of the Committee.

The dates on which the Audit Committee Meetings were held and the attendance of the Members at the said meetings are as under:

Sr. No	Date of Meeting	Attendance record of the members R.Ramaraj (Appointed as Chairman with effect from 31.10.2012	*Amba Preetham Parigi (appointed as Member with effect from 31.10.2012	Sam (S) Santhosh (appointed as Member with effect from 31.10.2012	Alok Sharma (appointed as a member with effect from 07-05-2014)
01	29.05.2013	Yes	Yes	Yes	No
02	12.08.2013	Yes	Yes	Yes	No
03	12.11.2013	Yes	No	Yes	No
04	14.02.2014	Yes	Yes	Yes	No
05	07.05.2014	Yes	Yes	Yes	No

* Resigned with effect from 07-05-2014

Internal Auditors

The company had appointed a firm of Chartered Accountants M/s Grant Thornton Chartered Accountants as Internal Auditors to review the Internal Controls systems of the company and to report thereon. The audit committee reviews the report of the Internal Auditors.

b) Stakeholders Relationship Committee

The company has committee titled Shareholders Investor Grievance Committee. The committee was originally constituted on 28th April 2004. It was reconstituted on 11th April 2006, and on 29th September 2011 and again on 31st October 2012, 29th May 2013 , 7th May 2014 with the terms of reference as specified in clause 49 of the listing agreement with the stock exchanges. Pursuant to section 178(5) of the companies Act 2013, the name of the committee is changed to Stakeholders Relationship committee.

Name of the Member	Category	Capacity
Mr. Alok Sharma	Non Executive Independent	Chairman
Mr.R. Ramaraj	Non Executive Independent	Member
Mr. Sam (S) Santhosh	Non Executive Independent	Member

The Shareholders'/Investors' Grievances Committee deals with various matters relating to: -

- Transfer / transmission / consolidation of shares
- Issue of Duplicate Share Certificates
- Review of shares dematerialized / rematerialized and all other related matters.
- Monitors expeditious redressal of Investors' grievances

- Non receipt of Annual Report and declared dividend
- All other matters related to shares
- Reviewing the performance of the Company's Registrars

The dates on which the Stakeholders Relationship committee meetings were held and the attendance of the Members at the said meetings are as under:

Sr. No	Dates of Meeting	Attendance record of the Members			
		*Amba Preetham Parigi (Appointed as Chairman with effect from 29.05.2013	R.Ramaraj (appointed as Member with effect from 29.05.2013	Alok Sharma (appointed as Member with effect from 29.05.2013. designated as Chairman w.e.f 07-05-2014)	Sam (S)Santhosh (appointed as a Member with effect from 07-05-2014
01	29.05.2013	Yes	Yes	No	No
02	12.08.2013	Yes	Yes	No	No
03	12.11.2013	No	Yes	Yes	No
04	14.02.2014	Yes	Yes	Yes	No
05	07.05.2014	No	Yes	Yes	yes

* Resigned with effect from 07-05-2014

c) Nomination and Remuneration Committee

The Remuneration committee was originally constituted on 28th April 2004. It was reconstituted on 11th April 2006, 29th September 2011 and again on 31.st October 2012. The Nomination committee was incorporated on 01st February 2012. Pursuant to the sec 178 of the companies act 2013 the company is required to form a Nomination and remuneration committee consisting of three or more non Executive Directors of which not less than one half will be independent . The company has a Remuneration and Nomination committee separately. so the Board in their meetings held on 07th May 2014 have combined both the committees and titled the committee as " Nomination and remuneration committee." The committee's goal is to ensure that the company attracts and retains qualified employees in accordance with its business plans, that our company fulfills its ethical and legal responsibilities to its employees. The terms of reference of the Nomination Remuneration Committee are given below.

1. To review the remuneration of Managing Director/ Whole time Director, including annual increment and commissions, after reviewing their performance.
2. Review the remuneration policy followed by our Company, taking into consideration the performance of senior executives on certain parameters.
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

Remuneration Policy:

The committee has the powers to determine and recommend to the Board the amount of remuneration, including performance-linked bonus and perquisites , payable to the Managing Director and Whole-Time Directors. In terms of guidelines the company ensures that the remuneration payable to the Executive Directors by way of salary including other allowances and monetary value of perquisites should be within the overall limit as stipulated under the companies Act 1956 and Companies Act 2013 and approved by the shareholders. The remuneration structure of the Managing Director comprises of salary, performance incentive, perquisites and allowances, contributions to Provident Fund and Gratuity.

The committee will oversee the Company's nomination process for the top level management and specifically to identify, screen and review individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors consistent with criteria approved by the Board and to recommend, for approval by the Board, nominees for election at the annual meeting of shareholders. The committee also to make recommendations to the Board regarding candidates for :

- nomination for election or re-election by the shareholders; and
- any Board vacancies that are to be filled by the Board.

The committee may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairperson of the Board of Directors. The committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for nomination to the Board. The committee also will coordinate and oversee the annual self-evaluation of the Board's performance and of individual directors in the governance of the Company.

The re-constituted committee as on 07-05-2014 comprises of the following persons:

Name of the Member	Category	Capacity
Mr. Sam (S) Santhosh	Non Executive Independent	Chairman
Mr. Steve Ting Tuan Toon	Non Executive Non Independent	Member
Mr. Alok Sharma	Non Executive Independent	Member

(i) The details of salary and perquisites (including contributions to Provident Fund/Superannuation Fund) paid/ payable to the Executive Chairman for the year ended March 31, 2014 is as under:

Name	**N.R. Panicker, Executive Chairman**
Salary	4,588,220
Perquisites	1,950,000
Commission	0
Contribution to Provident Fund / Superannuation Fund	621,878
Total	**7,160,098**

(ii) Remuneration to The Non-Executive Directors.

The Non-Executive Directors are being paid sitting fees @ Rs.20,000/- for each Board Meeting and @ Rs.10,000/- for each Committee Meeting attended by them.

4. Subsidiary Companies

The Company has subsidiaries operating from Singapore, Dubai, Japan, North America and UK which are not listed in India or abroad as of date. The company also has an unlisted Indian Subsidiary.

The Statutory Audit Report of the Subsidiary Companies for every financial year are placed before and reviewed by the Audit Committee.

5. General Body Meetings

a) Details of location & time of holding the last three Annual General Meetings.

Year	**Location**	**Date & Time**
16th AGM – 2011	"Rajah Sir Annamalai Chettiar Memorial Trust Hall (Rani Seethai Hall), Mount Road, Chennai	29th Sep. 2011 3.00 PM
17th AGM – 2012	"The Fortune Park Aruna Chennai", Nungambakkam, Chennai	19th Dec. 2012 3.00 PM
18th AGM – 2013	"Rajah Sir Annamalai Chettiar Memorial Trust Hall (Rani Seethai Hall) Mount Road, Chennai 600 001	12th of Aug. 2013 11.00 AM

b) An Extra Ordinary General Meeting of the shareholders of the company was held on 8th January 2014 at 10.30 AM at Pearl Hall, First Floor, "The Aruna Chennai" 144-145, Sterling Road, Chennai 34 for the approval of shareholders :

- For alteration of Articles of Association of the Company by altering/amending/substituting suitably by inserting / deleting and amending the Articles of the Company and
- To raise additional funds through further issue of securities by way of preferential allotment.

c) Special resolutions passed at the last three Annual General Meetings.

During the AGM 29.09.2011, following special resolutions were passed.

To re-appoint Mr. K.R.Chandrasekaran, whole-time director for a period of two years with effect from 27Th April 2011

To appoint Ms. Shruthi Panicker daughter of Mr. N.R. Panicker as an Executive with effect from 13.09.2010 under the provisions of section 314(1)(b) of the Companies Act, 1956.

During the AGM 19-12-2012, the following special resolutions were passed.

To re-appoint Mr. N.R.Panicker as Managing Director of the Company for a period of 3 (Three) years with effect from 01-11-2012 on the terms, conditions including remuneration and perquisites as approved by the shareholders in the Annual General Meeting held on 19/12/2012.

During the EGM 08.01.2014, following special resolutions were passed

For alteration of Articles of Association of the Company by altering/ amending / substituting suitably by inserting / deleting and amending the Articles of the Company and To raise additional funds through further issue of securities by way of preferential allotment to M/s CAC Holdings Corporation (earlier CAC Corporation)

6. Code of Conduct

The Board of Directors has adopted the Code of Conduct for Directors and senior management personnel. The said code has been communicated to the Directors and members of the senior management. The code of Conduct has been displayed on the company's website and the Directors and Senior Management Personnel have confirmed their adherence to the same.

7. Insider Trading:

As per the amended SEBI (Prevention of Insider Trading) Regulations 1992, the company is required to have a Compliance Officer who is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Board has appointed Ms. Sweena Nair, Company Secretary as the Compliance Officer from 2nd January 2008. The Company had adopted a Code of Conduct for all the Directors on the Board as well as Senior level employees at all locations of the Company, who have affirmed the adherence of the same.

8. Disclosure's

a) Disclosure on materially significant related party transactions, i.e the company's transactions that are of material nature, with its promoters, directors and the management, their relatives or subsidiaries, among others that may have potential conflict with the company's interest at large that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note 4.5 of standalone financial Statements forming part of the Annual report.

The company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on consideration of various business, exigencies, such as synergy in operations, sectoral specialization and the company's long term strategy for sectoral investment's, optimization of market share profitability legal requirements, liquidity and capital resources of subsidiaries and associates.

All related party transactions are negotiated on arms length basis, and are intended to further the company's interests.

The particulars of transactions between the Company and its related parties as per the Accounting Standard 18 "Related Party Disclosures" referred under section 211(3(c) of the Companies Act, 1956 are set out in the notes to Accounts for the Annual Report. There have been no materially significant related party transactions, which may have potential conflicts with the interest of the company.

b) Disclosures of Accounting treatment

In the preparation of the financial statements, the company has followed the Accounting Standards referred to under section 211(3)(c) of the companies act 1956. The significant accounting policies that are consistently applied have been set out in the Notes to the Accounts.

c) Risk management

Business risk evaluation and management is on ongoing process within the Organization. During the period under review an exercise on Business Risk Management (BRM) was carried out covering the entire gamut of business operations and the Board was informed about the same.

d) Details of non- compliance by the company, penalties etc

No strictures/penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets after the listing of shares on 30th October 2006 to 31st March, 2014.

e) Mandatory and Non –mandatory requirements

The Company has complied with all the applicable mandatory requirements as provided in Revised clause 49 of the Listing Agreement entered into with the stock Exchanges where company's shares are listed.

The extent of implementation of the non- mandatory requirements are as under:

The Board:

The requirement regarding the non executive is not applicable , since the chairman of the company is the executive chairman.

Remuneration Committee

The company has a Nomination and Remuneration committee meeting the requirements of the Clause 49 of the Listing Agreement and the Companies Act 2013. A detailed note on this committee is provided in the annual report.

Shareholder right

The company is yet to comply with the same.

Audit Qualifications.

There are no Audit qualifications in the financial statements of the company for the year 2013-2014

Whistle blower policy:

The company has a whistle blower policy. This policy is to enable employees to report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of company's code of conduct of ethics policy. This mechanism provided safeguards against victimization of employees, who avail of the mechanism. This also provides for direct access to the Chairman of the Audit committee in exceptional cases. The same has put on the company's website www.accelfrontline.in.

Revised SEBI Guidelines on Corporate Governance

SEBI had notified on October 29, 2004, a revised / updated set of guidelines relating to Corporate Governance which have been incorporated in the Company's Listing Agreement with the Stock Exchanges. The compliance with the earlier guidelines here declared adequate upto March 31, 2005 (since extended upto to December 31, 2005). The revised Guidelines came into effect from January 1, 2006.

The Company is fully compliant with the revised SEBI Guidelines.

As per the latest directive from Securities and Exchange Board of India(SEBI), the transferor and the transferee have to provide documentary evidence of their PAN to effect the Share Transfers.

Corporate Governance – Voluntary Guidelines 2009

The Ministry of Corporate Affairs has issued the 'Corporate Governance – Voluntary Guidelines 2009', for voluntary adoption by the Corporate Sector for further improvement of corporate governance standards and practices. These guidelines intend to provide corporate sector a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Board has decided to adopt the voluntary guidelines .In this reference, the company has authorized Nomination committee to determine and set the criteria for induction of new directors on the Board of the Company, review the strength, structure, size and composition of the board and such other matter related to appointment of Directors. The company has also put in place a mechanism for whistle blowing. The other clauses of the said voluntary Guidelines are being reviewed by the management and will be implemented in a phased manner.

To comply with the requirement of sec 178 of the companies Act 2013 the committee has merged the Nomination committee with the remuneration committee and formed a single committee called Nomination and Remuneration committee.

9. Means of Communication

The unaudited quarterly / half yearly results are announced within forty five days from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchanges. The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the Stock Exchange has been intimated, these results are published in two leading daily newspapers.

The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the share holders and subsequently issues a press release on the said matters.

The quarterly/half yearly annual results as well as the press releases of the company are put on the company's website: www. accelfrontline.in.

10. Investor Services

(i) Investor Complaints received and replied during the year 2013 - 2014

Nature of queries	Received	Redressed	Pending
Correction of name and address	0	0	0
Issue of Duplicate Dividend Warrants	0	0	0
Change of Bank details (Demat)	0	0	0
Non Receipt of Dividend/ Interest/ Redemption Warrants	1	1	0
Non receipt of Annual Report	0	0	0
Total	**1**	**1**	**0**

As at 31st March 2014 NIL investor complaints were pending. Also as at 31st March 2014, NIL Share Transfers and NIL Demat requests were pending.

(ii) The Aggregate Promoters and Non-Promoters shareholding of the Company as at 31st March, 2014 is as shown below.

Category	No. of Shares	% to total paid up capital
Promoters	26493951	89.02
Non-Promoters	3267922	10.98
Total	**29761873**	**100.00**

11. General Information for Shareholders

a) Annual General Meeting

Date	11th September 2014
Time	11.00 A.M
Venue	Narada Gana Sabha Trust, Mini Hall, 314, T.T.K Road, Chennai - 600018

b) Financial Year : April to March

Financial Calendar (Tentative)

Results for quarter ending 30th June 2014	Mid August 2014
Results for quarter ending 30th September 2014	Mid November 2014
Results for quarter ending 31st December 2014	Mid February 2015
Results for year ending 31st March 2015	End May 2015
20th Annual General Meeting (i.e. next year)	September 2015

c) Date of Book Closure. The Register of Members and Share Transfer Books of the Company shall remain closed from Sep 9, 2014 to Sep 11, 2014 (Both days inclusive)

d) Listing on Stock Exchanges and Stock Code / Symbol.

Name of Stock Exchange	Stock Code / Symbol
The National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra (East), Mumbai 400051	AFL
The Bombay Stock Exchange Ltd Phiroze Jeejebhoy Towers Dalal Street, Mumbai 400001	532774
ISIN Number – INE020G01017	

The Annual Listing fees for the year 2014-2015 have been paid to the concerned stock exchanges.

The Company has also paid the annual custody fee for the year 2014-2015 to both the Depositories namely National Securities Depository Limited (NSDL) and Central Depository Limited (CDSL).

Details of shareholding in Demat suspense Account titled" Accel Frontline Limited' opened for shares lying unclaimed in the Escrow Account.

Aggregate No. of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	No. of shareholders who approached issuer for transfer of shares from suspense account during the year	No. of Shareholders to whom shares were transferred from suspense account during the year	Aggregate No. of shareholders and the outstanding shares in the suspense account during the year	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares
(i)	(II)	(III)	(IV)	(V)
6 shareholders holding 894 shares	nil	nil	6 shareholders holding in aggregate 894 shares	The company ensures that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares

e) Shareholding Pattern as on 30th June 2014

Category code	Category of shareholder	Number of Share-holders	Total number of Shares	Number of Shares held in demate-rialized form	Total Shareholding as a percentage of total number of shares		Shares pledged(or other-wise encumbered)	
					As a per-centage of (A+B)	As a percent-age of (A+B+C)	Number of shares	As a percent-age (IX) =
(I)	(Ii)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(VIII)/(IV)*100
(A)	Promoter and Promoter group							
[1]	Indian							
	Individuals / hindu undivided family	1	372500	372500	1.25	1.25	0	0
	Central government / state government(s)	0	0	0	0	0	0	0
	Bodies corporate	1	7797191	7797191	26.2	26.2	3200000	41.04
	Financial institutions / banks	0	0	0	0	0	0	0
	Any other (specify)	0	0	0	0	0	0	0
	Sub total	2	8169691	8169691	27.45	27.45	3200000	39.17
[2]	Foreign							
	Individuals (non-resident individuals / foreign individuals)	0	0	0	0	0	0	0
	Bodies corporate	2	18324260	18324260	61.57	61.57	0	0
	Institutions	0	0	0	0	0	0	0
	Qualified fore. Investor-corporate	0	0	0	0	0	0	0
	Qualified fore.Investor-ind	0	0	0	0	0	0	0
	Any other (specify)	0	0	0	0	0	0	0
	Sub total	2	18324260	18324260	61.57	61.57	0	0
	Total (a)	4	26493951	26493951	89.02	89.02	3200000	12.08
(B)	Public shareholding							
[1]	Institutions							
	Mutual funds / uti	0	0	0	0	0	0	0
	Financial institutions / banks	1	229971	229971	0.77	0.77	0	0
	Central government / state government(s)	0	0	0	0	0	0	0
	Venture capital funds	0	0	0	0	0	0	0
	Insurance companies	0	0	0	0	0	0	0
	Foreign institutional investors	0	0	0	0	0	0	0
	Foreign venture capital investors	0	0	0	0	0	0	0
	Qualified fore. Investor-corporate	0	0	0	0	0	0	0
	Qualified fore. Investor-ind	0	0	0	0	0	0	0
	Sub total	1	229971	229971	0.77	0.77	0	0
[2]	Non-institutions							
	Bodies corporate	107	156782	156782	0.53	0.53	0	0
	Individual shareholders holding nominal share capital upto rs. 1 Lakh.	5553	1527835	1451428	5.13	5.13	0	0
	Individual shareholders holding nominal share capital in excess of rs. 1 Lakh	31	1060322	1026322	3.56	3.56	0	0
	Qualified fore. Investor-corporate	0	0	0	0	0	0	0
	Qualified fore.Investor-ind	0	0	0	0	0	0	0
	Clearing member	42	18585	18585	0.06	0.06	0	0
	Market maker	0	0	0	0	0	0	0
	Non resident indians (repat)	32	257846	252496	0.87	0.87	0	0
	Non resident indians (non repat)	6	16481	16481	0.06	0.06	0	0
	Foreign companies	0	0	0	0	0	0	0

	Overseas bodies corporates	0	0	0	0	0	0	0
	Directors / relatives	0	0	0	0	0	0	0
	Trusts	1	100	100	0	0	0	0
	Sub total	5772	3037951	2922194	10.21	10.21	0	0
	Total (b)	5773	3267922	3152165	10.98	10.98	0	0
	Total (a)+(b)	5777	29761873	29646116	100	100	3200000	10.75
(C)	Shares held by custodians and against which depository receipts have been issued							
	Shares held by custodians	0	0	0	0	0	0	0
	Sub total	0	0	0	0	0	0	0
	Total (c)	0	0	0	0	0	0	0
	Total (a)+(b)+(c)	5777	29761873	29646116	100	100	3200000	10.75

f) Market Price

Month	B S E		N S E	
	High	Low	High	Low
April 2013	35.30	24.80	38.00	24.35
May 2013	30.50	24.40	31.00	24.30
June 2013	28.50	19.80	26.00	21.45
July 2013	26.95	19.50	25.95	19.40
August 2013	24.70	18.95	23.10	18.75
September 2013	24.00	17.65	24.00	17.60
October 2013	33.30	18.00	31.00	18.35
November 2013	37.50	26.55	38.50	26.10
December 2013	43.95	33.40	44.00	33.05
January 2014	44.95	43.10	45.00	43.10
February 2014	47.60	43.60	47.70	43.05
March 2014	46.70	41.00	46.85	40.50

g) Distribution of Shareholding

Distribution of Shareholding as on 31st March 2014 is as under.

Share or Debenture holding of nominal value	Share/ Debenture Holders		Share/ Debenture Amount	
Rs.	Number	% to total	Rs.	% to total
(1)	(2)	(3)	(4)	(5)
Upto 5000	5316	90.13	6553390	2.20
5001-10000	275	4.66	2314330	0.78
10001-20000	129	2.19	2034060	0.68
20001-30000	61	1.03	1591900	0.53
30001-40000	18	0.31	640410	0.22
40001-50000	20	0.34	953760	0.32
50001-100000	31	0.53	2263440	0.76
100001 and above	47	0.81	281267440	94.51
Total	5897	100.00	297618730	100.00

h) Dematerialization of Shares and liquidity as on 31st March 2014

The Shares of the company are compulsorily traded in Dematerialized form and are available for trading on both the depositories in India i.e. NSDL & CDSL. As on 31st March 2014, 99.61% equity shares of the company are held in Dematerialized form.

The company's shares are regularly traded on the NSE and BSE in electronic form.

i) Address for Correspondence

Shareholders desiring to communicate with the company on any matter relating to the shares of the company may either visit in person or write quoting their folio / demat account number at the following address:

Registrars & Share Transfer Agents	Company
Link Intime (India) Pvt. Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400078 Telephone: 022 25963838 Email: mumbai@linkintime.co.in	The Company Secretary Accel Frontline Limited 75, Nelson Manickam Road Aminjikarai, Chennai 600029 Telephone: 044-42252000 Email : sweena.nair@accelfrontline.in

Share holders who hold shares in Dematerialized form should correspond with the Depository participant with whom they have opened Demat Account/s, for their queries relating to shareholding, change of address, ECS facility for dividend, etc. However for enquiries relating to non-receipt of dividend, Annual Reports, Notices, etc. the shareholders should communicate with the Registrar / Company.

j) Share Transfer System and other related matters

k) Share Transfer

The Share Transfer in physical form is presently processed and the share certificates are generally returned to the respective holders with 30 days from the date of receipt.

ii) Nomination facility for shareholding

As per the provisions of the amended Companies Act, 1956, facility for making nomination is available for shareholders in respect of shares held by them. Nomination forms can be obtained from the Registrars and Transfer Agents or from the Company.

12. Compliance certificate of the auditors

The statutory auditors have certified that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement with the stock exchange and the same is annexed to the Directors' report and management Discussions & Analysis.

DECLARATION

As provided under Clause 49 of the listing agreement with the stock exchanges, all Board members & Senior Management Personnel have affirmed compliance with Accel Frontline Limited's Code of Conduct for the year ended 31st March 2014.

For Accel Frontline Limited

Place: Chennai N.R.Panicker
Date : August 13, 2014 Executive Chairman

Annexure IV to the Director's Report

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE
The Members of Accel Frontline Limited.
75, Nelson Manickam Road
Aminjikarai
Chennai-600029

We have examined the compliance of conditions of Corporate Governance by Accel Frontline Limited for the year ended 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance conditions of the corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of the corporate Governance as stipulated in the above mentioned Listing Agreement

We state that, such compliance is neither an assurance as to the future viability of the company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the company.

For and behalf of
K.S. Aiyar & Co
Chartered Accountants

Place: Chennai S.Kalyanaraman
Date : August 13, 2014 Partner (M. No. 200565)

Annexure V to the Director's Report

Directors' Responsibility Statement

Pursuant to Sub-Section 2AA of section 217 of the Companies Act 1956, the Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed.
2. Appropriate Accounting Policies have been selected and applied consistently by the company and that the judgments and the estimates made thereat are prudent and reasonable so as to give a true and fair view of the state of affairs of the company as at March 31, 2012 and of the profit of the company for the year ended March 31, 2014
3. Proper and sufficient care has been taken in maintaining adequate accounting records of the company in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
4. The Annual Accounts of the company as aforesaid have been prepared on a going concern basis.

Annexure VI to the Director's Report

CERTIFICATION BY EXECUTIVE CHAIRMAN AND CHIEF FINANCE OFFICER TO THE BOARD.

We, N.R. Panicker, Executive Chairman and K.R. Chandrasekaran, Chief Finance Officer of Accel Frontline Limited, certify that:

1. We have reviewed the financial statements and cash flow statement for the year and that to the best of our knowledge and belief:

a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) These statements together present a true and fair view of the state of affairs of the Company and are in compliance with the existing Accounting Standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

3. We accept responsibility for the Company's internal control system for financial reporting. We have periodically evaluated the effectiveness of the internal control systems of the company and have disclosed to the auditors and the audit committee deficiencies in the designs or operation of the Internal controls, if any. We have also take effective steps to rectify those deficiencies, if any.

4. We indicate to the auditors and to the Audit Committee:

a) Significant changes in internal control over financial reporting during the year;

b) Significant changes in accounting policies during the year;

c) Instances of significant fraud of which we have become aware of and which involve management or other employees, who have significant role in the Company's internal control system over financial reporting.

N.R. Panicker K.R.Chandrasekaran
Executive Chairman Chief Finance Officer

Date: 07/05/2014
Place: Chennai

Annexure VIII to the Director's Report

2. Statement pursuant to section 212 of the Companies Act, 1956 relating to Company's interest in subsidiary companies.

Name of Subsidiary Company	Accel Systems & Technologies Pte Ltd., Singapore	Accel Frontline JLT, Dubai	Network Programs (Japan) Inc. USA	Network Programs (USA) Inc. USA	Accel Japan KK, Japan	Accel North America, Inc	Accel Technologies Ltd. UK	Accel IT Resources Limited, India
1 The Financial Year of Subsidiary Companies ended on	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014
2A No. of shares held by Accel Frontline Ltd with its nominee in the subsidiary at the end of the Financial Year of the Subsidiary Companies.	11,730,000 shares of SGD .10 per share.	1 share of 0.3 million AED	1,000 equity shares of USD 1 each .	1,500 equity shares without par value	212 shares of 50,000 JPY each.	655,000 shares of USD 1 each.	10,000 shares of GBP.1 each	30,000,000 shares of Rs.10 each
2B Extent of interest of holding company at the end of the financial year of the subsidiary companies	51%	100%	100%	100%	100%	100%	100%	100%
3 The net aggregate of the Subsidiary companies (profit/loss) so far as it concerned the members of the holding company								
A Not dealt with in the Holding company's account								
I For the financial year ended 31st March 2014	SGD 483,869	AED 1,915,475	USD NIL	USD (68,744)	JPY (8,027,774)	USD (256,848)	GBP. (26,006)	INR (6,897,422)
	INR 22,957,739	INR 31,429,702	INR NIL	INR (4,158,736)	INR (4,847,084)	INR (15,538,325Z)	INR (2,502,664)	INR (6,897,422)
II For the previous financial year of the subsidiary company's subsidiaries	SGD 114,439	AED 482,515	USD NIL	USD 19,419	JPY (6,356,882)	USD (216,336)	GBP (52,374)	INR (8,894,068)
	INR 5,000,790	INR 7,133,413	INR NIL	INR 1,054,740	INR (4,178,379)	INR (11,750,090)	INR (4,495,949)	INR (8,894,068)
B Dealt within holding company's account								
I For the financial year ended 31st March, 2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
II For the previous financial year of the subsidiary companies they become the holding company's subsidiaries.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Pursuant to the general exemptions granted by the Ministry of Corporate Affairs, Government of India, the parent company is publishing the consolidated and standalone financial statements of Accel Frontline Limited and its subsidiaries. The financial statements and Auditor's Report of the Individual subsidiaries are available for inspection by the shareholders at the registered office and that of the subsidiary companies concerned. The details of the accounts of the individual subsidiaries is also available on the company's website. The information in aggregate on capital, reserves, total assets, total liabilities, details of investment, turnover, Profit Before Taxation, Profit After Taxation and proposed dividend for each subsidiary are as follows.

Particulars	Accel Systems & Technologies Pte Ltd., Singapore	Accel Frontline JLT, Dubai	Network Programs (Japan) Inc. USA	Network Programs (USA) Inc. USA	Accel Japan KK. Japan	Accel North America, Inc, USA	Accel Technologies Ltd, UK	Accel IT Resources Limited, India
Share Capital (including share application money)	110,075,700	4,879,530	9,014,970	3,004,990	16,985,904	39,365,369	1,947,071	30,000,000
Reserves & Surplus / Profit & Loss Account(Debit Balance)	16,757,990	60,857,218	(1,554,313)	(19,397,297)	(24,758,503)	(30,030,416)	(7,826,238)	(33,346,021)
Total Assets (Fixed Assets + Capital WIP + Current Assets	350,005,407	178,234,250	10,809,523	34,806,656	27,022,055	108,367,118	887,527	45,845,124
Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	223,171,718	112,497,501	3,348,866	51,198,963	34,794,654	99,032,165	6,766,694	49,191,146
Investment	-	-	-	-	-	-	-	-
Turnover	509,840,274	533,844,366		23,651,603	61,975,922	303,448,706	7,741,793	38,621,932
Profit / (Loss) before taxation	24,934,739	31,429,702		(4,158,736)	(4,847,084)	(15,538,325)	(2,502,664)	(6,897,421)
Provision for Taxation	1,977,000	-	-	-	-	-	-	-
Profit / (Loss) after Taxation	22,957,739	31,429,702		(4,158,736)	(4,847,084)	(15,538,325)	(2,502,664)	(6,897,421)
Proposed Dividend	-	-	-	-	-	-	-	-
Exchange rate								
a. P&L items average rate	47.45	16.50	60.50	60.50	0.60	60.50	96.23	1.00
b. Balance sheet items closing rate	47.86	16.27	60.10	60.10	0.59	60.10	99.85	1.00

Independent Auditors' Report on consolidated financial statements

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.

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 accor¬dance 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.

K.S.AIYAR & CO.
Chartered Accountants
(Firm Regn No: 100186W)

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

Place : Chennai - 16
Date : May 7, 2014

Consolidated balance sheet as at

(hs, unless other

	Notes	Mar 31, 2014	Mar 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	2,976	2,426
Share application money pending allotment			
Minority interest		621	399
Reserves and surplus	2.2	9,271	7,459
		12,868	**10,284**
Non-current liabilities			
Long-term borrowings	2.3	3,048	1,046
Deferred tax liability	2.4	371	326
Long-term provisions	2.5	309	486
		3,728	**1,858**
Current liabilities			
Short-term borrowings	2.6	8,848	9,329
Trade payables	2.7	8,195	10,555
Other current liabilities	2.8	4,000	3,650
Short-term provisions	2.9	81	121
		21,124	**23,655**
TOTAL		**37,720**	**35,797**
Assets			
Non-current assets			
Fixed assets	2.10		
Tangible assets - Net		2,453	2,425
Intangible assets - Net		2,448	2,220
		4,901	**4,645**
Capital work-in-progress		20	59
Intangible assets on consolidation		1,311	1,308
Non-current investments	2.11	30	30
Long-term loans and advances	2.12	1,155	1,049
Long-term Trade receivables	2.13	640	804
		8,057	**7,895**
Current assets			
Inventories	2.14	4,106	4,387
Trade receivables	2.15	16,658	14,907
Cash and bank balances	2.16	1,937	2,681
Short-term loans and advances	2.17	1,448	2,062
Other current assets	2.18	5,514	3,865
		29,663	**27,902**
TOTAL		**37,720**	**35,797**
Significant Accounting Policies	1		
Notes to the Balance Sheet	2		
Other Notes	4		

As per our report of even date
For **K.S.AIYAR AND CO**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : May 7, 2014

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

N.R. Panicker
Executive Chairman

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Statement of consolidated profit and loss account for the year ended

(hs, unless other

	Notes	Mar 31, 2014	Mar 31, 2013
Continuing operations			
Income			
Revenue from operations	3.1	42,134	39,786
Other income	3.2	517	352
Total revenue (I)		**42,651**	**40,138**
Expenses			
Cost of raw material and components consumed	3.3	73	168
Purchase of traded goods	3.4	17,602	16,795
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	3.5	214	(410)
Employee benefits expense	3.6	9,394	8,632
Other expenses	3.7	11,301	11,628
Total (II)		**38,584**	**36,813**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		**4,067**	**3,325**
Depreciation and amortization expense	3.8	1,107	1,068
Finance costs	3.9	2,441	1,995
Profit/(loss) before tax		**519**	**262**
Tax expenses			
Current tax		78	115
MAT credit entitlement		(54)	-
Reversal of MAT credit entitlement		-	41
Excess provision of earlier years reversed		-	(11)
Deferred tax		46	(2)
Total tax expense		**70**	**143**
Profit/(loss) for the year from continuing operations		**449**	**119**
Earnings per equity share:			
(1) Basic		1.76	0.49
(2) Diluted		1.76	0.49

Significant Accounting Policies	1
Notes to the Statement of Profit and Loss Account	3
Other Notes	4

As per our report of even date
For **K.S.AIYAR AND CO**
Chartered Accountants
Firm Registration No. 100186W

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Chief Finance Officer

Sweena Nair
Company Secretary

Consolidated Cash Flow Statement for the year ended

(hs, unless other

	March 31, 2014	March 31, 2013
A. Cash flow from operating activities		
Profit before tax	**519**	**262**
Depreciation/ amortization on continuing operation	1,106	1,068
Loss/ (profit) on sale of fixed assets		1
Interest expenses	2,441	1,326
Operating profit before working capital changes	**4,066**	**2,656**
Changes in working capital		
Increase/ (decrease) in trade payables	(2,359)	(328)
Increase / (decrease) in long-term provisions	(132)	163
Increase / (decrease) in short-term provisions	(110)	(390)
Increase/ (decrease) in other current liabilities	350	707
Increase/ (decrease) in other long-term liabilities	636	-
Decrease / (increase) in trade receivables	(1,588)	2,066
Decrease / (increase) in inventories	280	(411)
Decrease / (increase) in long-term loans and advances	(734)	10
Decrease / (increase) in short-term loans and advances	1,242	(1,011)
Decrease / (increase) in other current assets	(1,648)	(426)
Cash generated from /(used in) operations	**(4,063)**	**380**
Net cash flow from/ (used in) operating activities (A)	**3**	**3,036**
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(1,459)	(1,203)
Proceeds from sale of fixed assets	154	5
Net cash flow from/ (used in) investing activities (B)	**(1,305)**	**(1,198)**
C. Cash flows from financing activities		
Proceeds from increase of Equity share capital	550	-
Proceeds from Minority Interest	223	-
Repayment of long-term borrowings		81
Proceeds from short-term borrowings	884	595
Interest paid	(2,441)	(1,326)
Share premium	1925	-
Dividend paid on equity shares		364
Net cash flow from/ (used in) in financing activities (C)	**1141**	**(286)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(161)	1,552
Effect of exchange differences on cash & cash equivalents held in foreign currency	(583)	(42)
Cash and cash equivalents at the beginning of the year	2,681	1,171
Cash and cash equivalents at the end of the year	**1,937**	**2,681**
Components of cash and cash equivalents		
Cash on hand	16	29
With banks- on current account	1,145	1,920
- on deposit account	769	724
- unpaid dividend accounts*	7	8
Total cash and cash equivalents	**1,937**	**2,681**
Summary of significant accounting policies		

* The company can utilize these balances only towards settlement of the respective unpaid dividend, unpaid matured deposits and unpaid matured debenture liabilities.

As per our report of even date
For **K.S.AIYAR AND CO**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : May 7, 2014

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

N.R. Panicker
Executive Chairman

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Director

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Chief Finance Officer

Sweena Nair
Company Secretary

Significant accounting policies forming part of the financial statements

1.01 Background

Accel Frontline Limited ("Accel" or the Company) was incorporated in Chennai in 1995. The Company's principal lines of business in IT services includes, providing system integration solutions comprising network design, hardware and software, IT Infrastructure management solutions, warranty management solutions for imported and indigenous equipments, development, implementation and maintenance of software applications. The company has the following subsidiaries.

Name	Holding	Country of incorporation/ origin
Accel Systems & Technologies Pte. Ltd.,	51%	Incorporated under the laws of Singapore .
Accel Frontline JLT	100%	Established as a wholly owned subsidiary enterprise as per the license by Jumerah Lake Towers, Dubai
Network Programs (USA), Inc.	100%	Incorporated under the laws of the State of Delaware, USA..
Network Programs (Japan), Inc.	100%	Incorporated under the laws of the State of Delaware, USA.
Accel Japan, KK	100%	Incorporated under the law of Japan in Tokyo, Japan.
Accel North America, Inc.	100%	Incorporated under the laws of the State of California, USA.
Accel IT Resources Limited	100%	Incorporated under the laws of India.
Accel Technologies Limited	100%	Incorporated under the laws of United Kingdom

1.02 Statement of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with generally accepted accounting principles (GAAP) in India. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rule, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affects the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes the estimates are prudent and reasonable. Future results could differ from these estimates.

(b) Non Current - Tangible assets

Fixed assets are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met as per Accounting standards 16 and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes all expenses attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on tangible assets

Depreciation on fixed assets is calculated for on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets.,

Asset	Rate of depreciation / amortization (%)
Plant and machinery	4.75
Office equipment	4.75
Furniture and fixtures	6.33
Computer hardware (except computers on lease)	16.21
Vehicles	9.5
Lease hold improvements	Over the lower of estimated useful lives of the assets or the primary period of the lease.

Fixed assets individually costing Rs 5,000 or less are fully depreciated on purchase during the relevant year.

Intangible assets

Intangible assets acquired separately, are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Measurement subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Goodwill arising out of Consolidation is not amortised. The movement in the value of Goodwill on account of exchange fluctuation is recognized during the relevant year.

A summary of amortization rates applied to the company's intangible assets is as below:

	Rates (SLM)
Goodwill	10%
Brands/trademarks	10%
Patents and intellectual property rights (IPR)	10%
Technical know how	10%
Computer software	14.30%

(c) Leases

Where the company is lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other intitial direct costs of leases are capitalized.

A leased asset is depreciated on a straight line basis over the useful life of the asset or the useful life envisaged in the Schedule XIV to the Companies Act, 1956, whichever is higher. However if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(d) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(e) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(f) Inventories

Inventories include raw materials, components, stock in trade, finished goods, stores and spares and work-in progress.

Inventories of raw material, stock-in-trade are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes all charges in bringing the goods to the point of sale.

Inventories of stores and spares are valued at cost, net of provision for diminution in the value. Cost is determined on weighted average cost basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct material and labour and a portion of the manufacturing overheads. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and estimated cost necessary to make the sale.

(g) Revenue recognition

Revenue is recognized to the extent that it is probable tht the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Income from Annual maintenance contracts is recognized proportionately over the period of the respective contracts. Accrued income shown under Other current assets represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

Revenues from maintenance contracts are usually recognized as the service is performed ,by the proportionate completion method. pro-rata over the period of the service as and when services are rendered. The company collects service tax on behalf of the government and remit the same to the government, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Software Services

Software services are either provided on a time & material basis or on a fixed price basis. IT Services provided on a time & material basis are recognized in the period in which the services are performed. IT Services provided on a fixed price basis are recognized based on the milestones as specified in the contracts. Unbilled revenue included under Other Current Assets represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividends

The company recognizes dividend as income only when the right to receive the same is established by the reporting date.

(h) Foreign currency transactions

A foreign currency transaction recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used, for example, an average rate for a week or a month might be used for all transactions in each foreign currency occurring during that period.

Transactions denominated in foreign currencies are recorded at the exchange rate specified by customs authorities on a monthly basis. Current assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the date of the balance sheet. All exchange differences arising on the Conversion/ settlement of foreign currency transactions are accounted for in the profit and loss account, except in the cases where they relate to the acquisition of fixed assets, in which case they are adjusted to the cost of the corresponding asset.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding periodically. The premium or discount on all such contracts arising at the inception of the contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the year. The exchange difference is calculated and recorded in accordance with AS-11

(i) Retirement and employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company's contribution towards the Provident Fund is charged to the Profit and Loss Account. The interest rate payable to the members of the Trust formed by the company for managing the provident fund shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the short fall, if any, shall be made good by the Company.

The Company also provides for retirement benefits in the form of gratuity as per the provisions of "The Payment of Gratuity Act, 1972", which is a defined benefit plan. The Liability in respect of contribution to the gratuity fund is provided for based on actuarial valuation carried out in accordance with revised Accounting Standard AS -15 as at the end of the year.

The Company's policy towards leave for their employees stipulates that the employees can only carry forward their earned leave to the extent allowed as per policy from time to time, without any encashment options. As per revised Accounting Standard AS 15, the Company has provided for compensated absences that are expected to be availed. The liability for compensated absences is determined on the basis of actuarial valuation at the end of the financial year. Any gain or loss arising out of such valuation is recognized in the Profit and Loss Account, as the case may be.

(j) Taxation

Provision for income tax is made for both current and deferred taxes. Provision for current income tax is made at current tax rates based on assessable income.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specific period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income tax Act 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

(k) Earnings per share

The earnings considered in ascertaining the company’s basic and diluted earnings per share comprise of the net profit/loss after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(l) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(m) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Amalgamation accounting

The company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the company to recognize any non-cash element of the consideration at fair value. The company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the general reserve. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

(p) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

2. Notes to the balance sheet

(hs, unless other

2.1 Share Capital	**As at March 31, 2014**	**As at March 31, 2013**
Authorised Capital		
33,000,000 (March 31, 2013: 33,000,000) equity shares of 10/- each	3,300	3,300
Issued, Subscribed & Paid up		
29,761,873 (March 31, 2013: 24,261,873) equity shares of 10/- each	2,976	2,426
Total	**2,976**	**2,426**

2. Notes to the balance sheet

(hs, unless other

2.1.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:-

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Balance at the beginning of the year	24,261,873	2,426.19	24,261,873	2,426.19
Shares Issued during the year	5,500,000	550.00	-	-
Shares cancelled during the year	-	-	-	-
Balance at the end of the year	29,761,873	2,976.19	24,261,873	2,426.19

2.1.2 Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each share holder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding. During the year the company has issued 5,500,000 equity shares on preferential basis to M/s CAC Holdings Corporation (Formerly CAC Corporation), upon the approval from the shareholders of the company in its EGM held on 08.01.2014 and the shares were issued on 10.01.2014

2.1.3 Shares held by holding company and subsidiary/ associates of holding company

Equity Shares	As at March 31, 2014	As at March 31, 2013
CAC Corporation, Tokyo Japan - Holding Company	18,141,175	-
Accel Limited, Promoter Company	7,797,191	14,550,166
N.R. Panicker (Promoter Group)	372,500	1,072,500
Accel Systems Group Inc, (Promoter Group)	183,085	483,085

2.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the company:-

Sr No	Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	CAC Corporation, Tokyo, Japan	18,141,175	60.95%	0	0.00%
2	Accel Limited	7,797,191	26.20%	14,550,166	59.97%
3	N. R. Panicker	372,500	1.25%	1,072,500	4.42%
4	Accel Systems Group Inc	183,085	0.62%	483,085	1.99%
5	Mega Resources Limited	0	0.00%	1,377,178	5.68%

2.2 Reserves & Surplus	As at March 31, 2014	As at March 31, 2013
A. Currency transalation Reserve		
Balance as at the beginning of the year	42	27
Add : Reserve Credited during the year		15
Less : Reserve Utilised during the year	562	
Balance as at the end of the year	**(520)**	**42**
B.Securities Premium Account		
Balance as at the beginning of the year	4,932	4,932
Add : Securities premium credited on Share	1,925	-
issue Balance as at the end of the year	**6,857**	**4,932**
C.General Reserve		
Balance as at the beginning of the year	859	859
Add : Reserve Credited During the year	-	-
Less : Reserve Utilised During the year	-	-
Balance as at the end of the year	**859**	**859**

2. Notes to the balance sheet

(hs, unless other

D. Surplus/ (Deficit) for the year		
Balance as at the beginning of the year	1,626	1,507
Profit /(Loss) For The Year	449	119
Less: Appropriations		
Share of profit pertaining to Minority Interest	-	-
Tax on proposed equity dividend	-	-
Transfer to General Reserve	-	-
Total appropriations	-	-
Balance as at the end of the year	**2,075**	**1,626**
Total	**9,271**	**7,459**

2.3 Long term borrowings	**As at March 31, 2014**	**As at March 31, 2013**
Secured		
Term loan from banks (refer note 2.3.1)	1,530	400
Term loan from financial institutions	-	473
Hire purchase/hypothecation loans (refer note 2.3.2)	44	80
Loan against keyman insurance policy (refer note 2.3.3)	108	93
Loan From related parties (refer note 2.3.4)	1,366	-
Total	**3,048**	**1,046**

2.3.1 The term loan from a bank is secured by a pari passu charge by way of hypothecation of current assets and the moveable assets of the company and personal guarantee of the Executive Chairman and Shares held by promoter company and the immoveable property owned by the Executive Chairman and his personal guarantee in the case of another bank.The loan carries an interest rate of 14.50%(SBI) & 13.50% (DLB) per annum.The loan is repayable over a period of three & Five years (including current maturities) in the below mentioned repayment pattern

Year >> Repayment in Rs. Lacs	State Bank of India	State Bank of India	Dhanlaxmi Bank
2014-15	25.00*4	1000*1 + 25.00*3	13.33 *12
2015-16	60.00*4	84.50*4	13.33 *12
2016-17	71.25*4	-	13.33 *12
2017-18	-	-	13.33 *12
2018-19	-		13.33 *7

2.3.2 The loans have been availed for acquiring certain business assets and are secured by hypothecation of specific assets purchased out of such loans. The loans are repaid in accordance to the repayment schedule agreed with the lenders.

2.3.3 This loan is availed from Life Insurance Corporation of India and is secured against the keyman insurance policy taken and placed with them, which is fully paid up except the interest.

2.3.4 During the year as per the share holder aggrement, the promoter company Accel Limited has lent Rs. 1,366 lakhs to the company for a period of 5 years at an interest rate of 11% p.a.

2.4. Deferred Tax Liability	**As at March 31, 2014**	**As at March 31, 2013**
Deferred Tax (Asset)		
On impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purpose on payment basis	(155)	(179)
Deferred Tax Liability		
On difference between book balance and tax balance of fixed assets	526	505
Closing Deferred Liability / (Asset) – Net	**371**	**326**

2. Notes to the balance sheet

(hs, unless other

2.5. Long-term provisions	As at March 31, 2014	As at March 31, 2013
Provision for gratuity	235	378
Provision for leave benefits	74	108
Total	**309**	**486**

The Provision for Gratuity and Leave Encashment are based on information certified by an independent actuary and relied upon by the auditors

2.6. Short term borrowings	As at March 31, 2014	As at March 31, 2013
Secured		
Cash credit facility from banks (refer note 2.6.1)	8,748	8,829
Loans from financial institutions (refer note 2.6.2)	100	500
Total	**8,848**	**9,329**

2.6.1 Nature of Security and terms of repayment for short term secured borrowings

Type of Borrowing	Nature Of Security	Interest Rate
Cash credit facility from banks - Repayable on Demand	**SBI**- First Charge on Pari Pasu basis on all the current assets & Moveable assets of the company, including Book debts and Inventories. First and exclusive charge on the Properties owned by promoter Company , Accel Limited. Personal Guarantee of The Executive Chairman & Corporate guarantee of Accel Limited. **IDBI** - Pari Pasu Charge on all the current assets & Moveable assets of the company, including Book debts and Inventories. Personal Guarantee of The Executive Chairman & Corporate guarantee of Accel Limited. **AXIS Bank** - Pari Pasu Charge on all the current assets & Moveable assets of the company, including Book debts and Inventories. **Dhanlaxmi Bank** - Pari Pasu Charge on all the current assets & Moveable assets of the company, including Book debts and Inventories. Mortgage of the residential property of the Executive Chairman. Personal Guarantee of The Executive Chairman and pledge of 20 Lakh shares of the company held by the promoter Company Accel Limited & Corporate guarantee of Accel Limited.	"SBI - 14.50% IDBI - 14% & 16% AXIS - 13.50%" DLB - 13.50%

2.6.2 This loan is secured by way of pledge against 12 lakhs equity shares of the company and held by the promoter company M/s.Accel Limited

2.7. Trade Payables	As at March 31, 2014	As at March 31, 2013
Outstanding dues to trade creditors	8,129	10,513
Advances form customers	-	-
Advances refundable	66	42
Total	**8,195**	**10,555**

2.7.1 Dues to micro and small enterprises

The company has received intimation from " Suppliers " regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid for the year ended together with interest paid / payable as required under the said Act have been furnished as stated above.

2. Notes to the balance sheet

(hs, unless other

2.10 Fixed assets

Sl No	Particulars	Gross Block At Cost				Depreciation		
		Cost as at Apr 01,2013	**Addition**	**" Deletion/ Adjustment "**	**As at Mar 31,2014**	**As at Apr 01,2013**	**For the year**	**" Deletion/ Adjustments "**
	Tangible Assets (A)							
1	Office Equipment	341	15	16	340	115	17	15
		(330)	(12)	(1)	(341)	(97)	(18)	(0)
2	Computers	1,893	625	225	2,294	839	337	223
		(1,541)	(513)	(161)	(1,893)	(703)	(293)	(158)
3	Furniture and Fixtures	590	13	24	579	291	45	15
		(574)	(31)	(15)	(590)	(261)	(41)	(12)
4	Plant and machinery	313	8	3	319	107	18	3
		(279)	(35)	(0)	(313)	(90)	(17)	(0)
5	Leasehold improvements	648	8	39	617	302	98	38
		(816)	(100)	(268)	(648)	(460)	(114)	(271)
6	Vehicles	251	49	29	271	94	27	17
		(275)	-	(24)	(251)	(90)	(23)	(19)
7	Buildings	120	-	138	(18)	7	1	9
		(120)	-	-	(120)	(1)	(6)	-
	Total of Tangible Assets	**4,156**	**718**	**474**	**4,401**	**1,754**	**543**	**320**
		(3,935)	(691)	(469)	(4,156)	(1,702)	(512)	(460)
	Exchange Adjustment	22	-	-	35	(0)	13	-
		(8)	-	-	22	(16)	(0)	-
	Adjusted value of tangible assets	**4,179**	**718**	**474**	**4,436**	**1,753**	**556**	**320**
		(3,926)	(691)	(469)	(4,179)	(1,686)	(512)	(460)
	Intangible Assets (B)							
8	Goodwill	1,609	-	-	1,609	218	187	0
		(2,299)	-	(690)	(1,609)	(747)	(161)	(690)
9	Computer Software	2,607	779	-	3,386	1,830	355	-
		(2,366)	(432)	(191)	(2,607)	(1,661)	(360)	(191)
10	Copy Rights/Technical Knowhow	172	-	-	172	120	9	(0)
		(172)	-	-	(172)	(86)	(34)	-
	Total of Intangible Assets	**4,387**	**779**	**-**	**5,167**	**2,168**	**550**	**0**
		(4,837)	(432)	(881)	(4,387)	(2,494)	(555)	(881)
	GRAND TOTAL (A) + (B)	**8,566**	**1,498**	**474**	**9,603**	**3,921**	**1,107**	**320**
		(8,763)	**(1,123)**	**(1,350)**	**(8,566)**	**(4,180)**	**(1,068)**	**(1,342)**

Note: Previous Year Figures are given in brackets & italics.
Capital work in progress of Rs.20 lakhs (Previous year : Rs.59.40 lakhs) as appearing in the balance sheet represents capital assets which are pending completion/installation

2. Notes to the balance sheet

(hs, unless other

2.8	Other Current Liabilities	As at March 31, 2014	As at March 31, 2013
	(a) Current maturities of long-term debt:-		
	Term Loans from banks (Refer Note No.2.3.1)	1,235	300
	Term Loans from financial institutions	-	78
	Hire purchase/hypothecation loans (Refer note no.2.3.2)	130	84
	(b) Unearned service revenue	341	247
	(c) Unpaid dividends	7	7
	(d) Statutory Dues including Provident Fund, Service Tax and Tax Deducted at Source	999	1,457
	(e) Liability for expenses	1,288	1,477
	Total	**4,000**	**3,650**

2.9	Short Term Provisions	As at March 31, 2014	As at March 31, 2013
	Provision for employee benefits	81	62
	Provision for tax on proposed equity dividend	-	59
	Total	**81**	**121**

2.11	Non current investments	As at March 31, 2014	As at March 31, 2013
	Investment in equity instruments		
	Unquoted		
	Telesis Global Solutions Limited	30	30
	96,374 shares of Rs.10/- each fully paid		
	(Previous year: 96,374 shares of Rs.10 each)		
	Total	**30**	**30**

2.12	Long term loans and advances	As at March 31, 2014	As at March 31, 2013
	Security Deposits	351	326
	Rental Deposit	684	628
	Deposits with statutory/government authorities	120	95
	Total	**1,155**	**1,049**

2.13	Long-term trade receivables	As at March 31, 2014	As at March 31, 2013
	Unsecured, considered good	640	804
	Considered doubtful	121	89
		761	893
	Less: Provision for doubtful receivables	(121)	(89)
	Total	**640**	**804**

2.14	Inventories	As at March 31, 2014	As at March 31, 2013
	Raw materials and components	82	158
	Finished goods	371	562
	Traded goods	1,223	1,296
	Stores and spares	2,430	2,371
	Total	**4,106**	**4,387**

2. Notes to the balance sheet

(hs, unless other

2.15	Trade Receivables	As at March 31, 2014	As at March 31, 2013
	Trade receivables	14,332	13,606
	Other receivables	2,326	1,301
	Total	**16,658**	**14,907**

2.16.	Cash and Cash equivalents	As at March 31, 2014	As at March 31, 2013
	Cash on Hand	16	29
	Balances with Banks		
	-on current accounts	1,145	1,920
	-on unpaid dividend accounts	7	7
		1,168	**1,921**
	Other bank balances		
	– on margin money deposits	769	724
	Total	**1,937**	**2,681**

2.17.	Short Term Loans And Advances	As at March 31, 2014	As at March 31, 2013
	Advances to associate companies	152	980
	Other deposits	521	244
	Other loans and advances	775	838
	Total	**1,448**	**2,062**

2.18.	Other Current Assets	As at March 31, 2014	As at March 31, 2013
	Advance income tax, net of tax provisions (Refer note no.2.18.1)	3,832	2,820
	MAT credit entitlement	55	-
	Prepaid expenses	1,627	1,046
	Total	**5,514**	**3,865**

2.18.1 Advance income tax represents tax deducted at source by customers out of the income net of tax provisions. Assessments and Appeals are pending and the amounts are expected to be received/adjusted after the income tax assessments/appeal proceedings are completed by the income tax authorities.

3. Notes to the Statement of Profit and Loss for the year ended

(hs, unless other

3.1.	Revenue from operations	March 31,2014	March 31,2013
	Traded goods	21,287	18,235
	Sale of services	20,875	21,391
	Other operating revenue		
	Scrap sales	-	9
	Other	-	189
	Revenue from operations (gross)	42,162	39,824
	Less: Excise duty	28	38
	Revenue from operations (net)	**42,134**	**39,786**

3. Notes to the Statement of Profit and Loss for the year ended

(hs, unless other

3.2.	Other income	March 31,2014	March 31,2013
	Interest income on		
	Bank deposits	-	50
	Others	51	262
	Other non-operating income	466	40
	Total	**517**	**352**

3.3.	Cost of raw material and components consumed	March 31,2014	March 31,2013
	Inventory at the beginning of the year	154	157
	Add: Purchases	-	165
		154	322
	Less: inventory at the end of the year	81	154
	Cost of raw material and components consumed	**73**	**168**

3.4.	Purchase of traded goods	March 31,2014	March 31,2013
	Traded purchases less returns	17,602	16,795
	Total	**17,602**	**16,795**

3.5.	(Increase)/decrease in inventories	March 31,2014	March 31,2013
	Inventories at the end of the year		
	Traded goods	2,431	2,441
	Spares	1,223	1,295
	Finished goods	371	496
	Total	**4,025**	**4,232**
	Inventories at the beginning of the year		
	Traded goods	2,371	2,232
	Spares	1,295	1,199
	Finished goods	573	391
	Total	4,239	3,822
	Net (Increase) / decrease in Inventory	**214**	**(410)**

3.6.	Employee benefits expense	March 31,2014	March 31,2013
	Salaries, wages and bonus	8,922	7,843
	Contribution to provident and other funds	401	445
	Gratuity expense	(56)	159
	Leave encashment	(34)	13
	Staff welfare expenses	161	172
	Total	**9,394**	**8,632**

3. Notes to the Statement of Profit and Loss for the year ended

(hs, unless other

Disclosure required under AS – 15 (Revised) "Employee

Benefits" i. DEFINED CONTRIBUTION PLAN

Defined Contribution Plan, recognized as expenses for the year as under:

Particulars	March 31,2014	March 31,2013
Employer's Contribution to Provident fund	248.66	284.93
Employers' contribution to Employee State Insurance Corporation	67.18	60.83

ii. DEFINED BENEFIT PLANS

Gratuity – Funded Obligation

a) Actuarial Assumption for the year

Particulars	March 31,2014	March 31,2013
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate*	5.00%	5.00%
Attrition rate	1-3%	1-3%

*The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

b) Reconciliation of present value of obligations

Particulars	March 31,2014	March 31,2013
Present Value of Obligation at the beginning of the year	1,178.02	930.84
Current Services Cost	78.48	417.87
Interest Cost	99.62	92.77
Actuarial (gain)/loss	(535.35)	(188.45)
Benefits Paid	(144.96)	(75.01)
Present Value of Obligation at the end of the year	675.81	1,178.02

c) Net (Asset) / Liability recognized in the Balance Sheet as at year end

Particulars	March 31,2014	March 31,2013
Present value of obligations at the end of the year	675.81	1,178.02
Fair Value of Plan Assets	164.38	216.33
Net (Asset) / Liability recognized in Balance Sheet	511.43	961.69

d) Expenses recognized in the Profit and Loss Account

Particulars	March 31,2014	March 31,2013
Current Service Cost	78.48	417.87
Interest Cost	99.62	92.77
Expected Return on Plan asset	(16.40)	(21.50)
Actuarial (gain) / loss recognized in the period	(535.35)	(188.44)
Total expenses recognized in the Profit and Loss Account for the year	(55.96)	158.56

The above disclosures are based on information certified by an independent actuary, and relied on by the auditors

3. Notes to the Statement of Profit and Loss for the year ended

(hs, unless other

iii. LONG TERM EMPLOYEE BENEFITS

Compensated absences (Leave encashment) – Unfunded Obligation

a) Actuarial Assumption for the year.

Particulars	March 31,2014	March 31,2013
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate	5.00%	5.00%
Expected average remaining lives of working employees (year)	24.62	24.62

b) Reconciliation of present value of obligations

Particulars	March 31,2014	March 31,2013
Present Value of Obligation at the beginning of the year	380.89	354.11
Current Services Cost	643.13	610.11
Interest Cost	56.68	52.28
Actuarial (gain)/loss	(890.21)	(635.61)
Benefits Paid	-	-
Present Value of Obligation at the end of the year	190.49	380.89

c) Net (Asset) / Liability recognized in the Balance Sheet as at year end

Particulars	March 31,2014	March 31,2013
Present value of obligations at the end of the year	190.49	380.89
Fair Value of Plan Assets	-	-
Net (Asset) / Liability recognized in Balance Sheet	190.49	380.89

d) Expenses recognized in the Profit and Loss Account

Particulars	March 31,2014	March 31,2013
Current Service Cost	643.13	610.11
Interest Cost	56.68	52.28
Actuarial (gain) / loss recognized in the period	(890.21)	(635.61)
Total expenses recognized in the Profit and Loss Account for the year	(190.40)	26.78

The above disclosures are based on information certified by an independent actuary and relied on by the auditors.

3.7. Other expenses	March 31,2014	March 31,2013
Sub-contracting and outsourcing cost	5,512	5,764
Rent	1,238	1,318
Power and fuel	275	261
Repairs and maintenance	-	-
- Equipments	19	28
- Leased premises	270	263
- Others	95	81
Insurance	144	86
Rates and taxes	191	268
Communication costs	525	449

3. Notes to the Statement of Profit and Loss for the year ended

(hs, unless other

	March 31,2014	March 31,2013
Travelling and conveyance	1,086	1,128
Printing and stationery	72	105
Freight and forwarding	402	503
Legal and professional fees	586	536
Directors' sitting fees	8	8
Payment to auditor (Refer 3.7.1)	33	27
Advertising and sales promotion	117	119
Brokerage and discounts	2	18
Sales Commission	1	3
Exchange differences	33	131
Bad debts / advances written off	257	152
Provision for doubtful debts and advances	33	41
Loss on sale of fixed assets (net)	3	1
Miscellaneous expenses	399	338
Total	**11,301**	**11,628**

3.7.1. Payment to auditors	**March 31,2014**	**March 31,2013**
As auditor:		
Audit fee	22	21
Limited review	3	3
Other services (certification fees)	6	1
Reimbursement of expenses	2	2
Total	**33**	**27**

3.8. Depreciation and amortization expense	**March 31,2014**	**March 31,2013**
Depreciation of tangible assets	556	512
Amortization of intangible assets	551	556
Total	**1,107**	**1,068**

3.9. Finance costs	**March 31,2014**	**March 31,2013**
Interest	2,024	1,637
Bank charges & Commission	412	351
Exchange Fluctuation in Foreign exchange	5	7
Total	**2,441**	**1,995**

4. Other notes forming part of the financial statements

(hs, unless other

4.1 Minority Interest

Minority interest in the consolidated financial statements represents amount of equity and profits attributable to the minority shareholders. The Minority interest pertains to Accel Systems & Technologies PTE Limited, Singapore, in which the company has 51% equity stake

4.2 Sundry debtors/sundry creditors/loans & advances

a) The balances stated at their values shown under sundry debtors, sundry creditors and loans & advances are subject to confirmation

b) During the year, a provision for doubtful debts was created for Rs.3,312,576/- (previous year Rs.4,109,530/-). A sum of Rs.25,721,877/- (previous year Rs.15,154,325/-) was written off as bad debts as the management felt that these are doubtful of recovery / irrecoverable.

4.3 Contingent liabilities

	2014	2013
Sales tax	8,740,588	6,071,815
Service tax	584,433	4,428,905
Income tax	103,707,400	123,884,050
Central Excise	2,431,495	-
Bank Guarantees outstanding	257,960,823	297,344,600
Provident Fund Authorities	18,417,730	-
Claims against the company not acknowledged as debt	22,233,262	21,952,808

Note : The contingent liability with respect to Income tax as mentioned above has been shown based on the various assessment orders received by the company. However, part of the disallowances as mentioned in the said orders has already been allowed in the subsequent assessment years. The adjustments (if any) will be made in the financials after our appeals before appropriate authorities are disposed off.

During the year 2010-2011, Accel IT Resources Limited hived off its outsourcing division for a total consideration of Rs.500 lacs based on independent valuation from a Chartered Accountant pursuant to the approval of the shareholders in their meeting held on 04th February, 2011 w.e.f closing business hours of 31st March, 2011. The amount of such consideration has been included under “Income from Sale of Business” in the year 31st March, 2011. The transaction included transfer of all contracts, consents, commercial rights, know how, employees outsourced to different organizations, all rights, powers, liabilities relating to or connected with business of providing/ outsourcing IT manpower etc. There was no transfer of tangible assets of the company.

As per clause no.10.7. of the agreement for the sale of the outsourcing division of the company, dated 15th March, 2011, in the unlikely event of the business getting reduced by the Group companies, the company agrees to indemnify the purchaser an amount equivalent to the short fall in the yearly minimum service charges of Rs.1.25 crores as mentioned in clause no.10.5 of the said agreement. The shortfall amount would be paid back to the purchaser at the end of each subsequent financial year. If the short fall is not made good in the next financial year the company has the right to adjust any such refunds on any time before 31st March, 2016.

4.4 Segment reporting

During the year under review, the segment information of the company is as given below.

Rs. In Lacs

Particulars	Year Ended	SI	IMS	SS	WMS	Training	Others	Total
Revenue	Mar/14	22,318	9,318	7,438	2,977	359		42,411
	Mar/13	18,756	10,698	6,340	3,501	491		39,786
Segment Result	Mar/14	762	1,611	1,178	243	(16)		3,778
	Mar/13	216	2,178	854	489	(5)		3,733
Unallocable Expenses (Net)	Mar/14							1,106
	Mar/13							1,067
Operating Income	Mar/14							2,672
	Mar/13							2,666
Other Income (Net)	Mar/14							260
	Mar/13							(408)
Interest Expense	Mar/14							2,413
	Mar/13							1,995
Profit before tax	Mar/14							519
	Mar/13							263
Tax Expense	Mar/14							70
	Mar/13							144
Profit before minority interest	Mar/14							449
	Mar/13							119
Profit for the Year	Mar/14							449
	Mar/13							119
Segment Assets	Mar/14	14,234	8,585	4,222	2,672	615		30,328
	Mar/13	12,744	8,342	5,118	2,514	587		29,305
Unallocable assets	Mar/14						7,393	7,393
	Mar/13						6,492	6,492
Total assets	Mar/14	14,234	8,585	4,222	2,672	615	7,393	37,721
	Mar/13	12,744	8,342	5,118	2,514	587	6,492	35,797
Segment Liabilities	Mar/14	8,574	6,149	2,569	1,859	235		19,386
	Mar/13	9,641	6,146	3,246	2,219	552		21,805
Unallocable liabilities	Mar/14						5,466	5,466
	Mar/13						3,708	3,708
Total liabilities	Mar/14	8,574	6,149	2,569	1,859	235	5,466	24,852
	Mar/13	9,641	6,146	3,246	2,219	552	3,708	25,513
Other Information								
Capital Expenditure	Mar/14	847	16	441	106	50	38	1,498
	Mar/13						1,123	1,123
Depreciation & amortization	Mar/14	159	128	609	123	70	18	1,107
	Mar/13						1,068	1,068
Other Significant non Cash Expenses (allocable)	Mar/14	47	184	3	24	-	-	257
	Mar/13							-
Other Significant non Cash Expenses (unallocable)	Mar/14	-	-	-	-	-	33	33
	Mar/13						193	193

SI - System Integration
IMS - Infrastructure Management Services
SS - Software Services
WMS - Warranty Management Services

4.5 Related party transactions

Related parties where control exists:

Name of the Party	Nature of relationship
CAC Holdings Corporation, Tokyo, Japan	Holding Company
Accel Limited, Chennai	Promoter company

Other related parties with whom transactions have taken place during the year:

Name of the Party	Nature of relationship
Accel Transmatic Limited, Chennai.	Associate Comapny

Key Management Personnel
Mr. N R Panicker — Executive Chairman

Relative of Key Management Personnel
Mrs. Sreekumari Panicker — Wife of the Executive Chairman

Transactions with related parties

Particulars	Promoter company	Associate Company	Key Management personnel
Sales and other income	-	310,140	-
	-	4,560,137	-
Share of Expenses	-	5,357,026	-
	-	-	-
Purchases	-	-	-
	-	1,250,588	-
Rent	7,673,040	3,730,644	1,950,000
	9,759,804	-	2,352,500
Remuneration	-	-	5,210,098
	-	-	6,949,092
Interest Paid	3,005,200	-	-
	-	-	-
Interest Received	5,036,500	8,217,269	-
	-	-	-

Balances outstanding as at the March 31, 2014			
Loans received	136,600,000	-	-
	-	-	-
Receivables	-	2,083,782	-
	-	-	-
Loans and advances	(366,559)	4,333,764	8,202,558
	41,460,446	63,878,005	-
Maximum amount outstanding at any time during the year	57,570,489	65,628,986	-
	44,405,630	63,878,005	-

Note: Numbers appearing in Grey color, represent previous year numbers

4.6 Comparative financial information

The previous year's balances have been regrouped/reclassified wherever necessary to conform to the current year's presentation in accordance with the revised schedule VI of the companies act 1956.

As per our report of even date

For **K.S.AIYAR AND CO**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : May 07, 2014

For and on behalf of the Board of Directors of

Accel Frontline Limited

N.R. Panicker
Executive Chairman

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Independent Auditors' Report on financial statements

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.

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

bb. The report on the accounts of the branch office audited under section 228 by a 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.

K.S.AIYAR & CO.
Chartered Accountants
(Firm Regn No: 100186W)

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

Place : Chennai - 16
Date : May 7, 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, Disallownace 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.

(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.

K.S.AIYAR & CO.
Chartered Accountants
(Firm Regn No: 100186W)

(S.Kalyanaraman)
Place : Chennai - 16 **Partner**
Date : May 7, 2014 **(M No: 200565)**

Balance sheet as at

(hs, unless other

	Notes	March 31,2014	March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	2,976	2,426
Reserves and surplus	2.2	9,290	7,120
		12,266	**9,546**
Non-current liabilities			
Long-term borrowings	2.3	3,041	1,031
Deferred tax liability	2.4	371	326
Long-term provisions	2.5	251	369
		3,663	**1,726**
Current liabilities			
Short-term borrowings	2.6	8,599	9,131
Trade payables	2.7	5,770	8,859
Other current liabilities	2.8	3,287	2,962
Short-term provisions	2.9	82	120
		17,738	**21,072**
TOTAL		**33,667**	**32,344**
Assets			
Non-current assets			
Fixed assets	2.10		
Tangible assets - Net		2,120	1,939
Intangible assets - Net		2,099	2,212
		4,219	**4,151**
Capital work-in-progress		20	60
Non-current investments	2.11	2,498	2,181
Long-term loans and advances	2.12	1,155	959
Long-term Trade receivables	2.13	595	763
		8,487	**8,114**
Current assets			
Inventories	2.14	4,066	4,313
Trade receivables	2.15	13,329	12,538
Cash and bank balances	2.16	814	1,642
Short-term loans and advances	2.17	1,480	1,974
Other current assets	2.18	5,491	3,763
		25,180	**24,230**
TOTAL		**33,667**	**32,344**
Significant Accounting Policies	1		
Notes to the Balance Sheet	2		
Other Notes	4		

As per our report of even date
For **K.S.AIYAR AND CO**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : May 7, 2014

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

N.R. Panicker
Executive Chairman

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Statement of profit and loss account for the year ended

(hs, unless other

	Notes	March 31,2014	March 31, 2013
Continuing operations			
Income			
Revenue from operations	3.1	29,680	32,607
Other income	3.2	234	315
Total revenue (I)		**29,914**	**32,922**
Expenses			
Cost of raw material and components	3.3	72	167
consumed Purchase of traded goods	3.4	12,185	14,462
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	3.5	175	(410)
Employee benefit	3.6	6,135	6,101
expenses Other expenses	3.7	7,753	9,255
Total (II)		**26,320**	**29,575**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		**3,594**	**3,347**
Depreciation and amortization expense	3.8	972	969
Finance costs (Net)	3.9	2,327	1,954
Profit/(loss) before tax		**295**	**424**
Tax expenses			
Current tax		59	115
MAT credit entitlement		(55)	-
Reversal of MAT credit entitlement		-	41
Excess provision of earlier years reversed		-	(10)
Deferred tax		46	(2)
Total tax expense		**50**	**144**
Profit/(loss) for the year from continuing operations		**245**	**280**
Earnings per equity share:			
(1) Basic		0.96	1.15
(2) Diluted		0.96	1.15
Significant Accounting Policies	1		
Notes to the Statement of Profit and Loss Account	3		
Other Notes	4		

As per our report of even date
For **K.S.AIYAR AND CO**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : May 7, 2014

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

N.R. Panicker
Executive Chairman

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

Cash flow statement for the year ended

(hs, unless other

	March 31,2014	March 31,2013
A. Cash flow from operating activities		
Profit before tax	295	424
Adjustments for :		
Depreciation/ amortization on continuing operation	972	969
Loss/ (profit) on sale of fixed assets		0
Interest expenses	2,327	1,666
Operating profit before working capital changes	**3,594**	**3,059**
Changes in working capital		
Increase / (decrease) in trade payables	(3,088)	(668)
Increase / (decrease) in long-term provisions	(72)	128
Increase / (decrease) in short-term provisions	(89)	(27)
Increase / (decrease) in other current liabilities	324	413
Decrease / (increase) in trade receivables	(623)	2,636
Decrease / (increase) in inventories	247	(408)
Decrease / (increase) in long-term loans and advances	(823)	(7)
Decrease / (increase) in short-term loans and advances	1,122	(764)
Decrease / (increase) in other current assets	(1,728)	(451)
Cash generated from /(used in) operations	(4,730)	852
Net cash flow from/ (used in) operating activities (A)	**(1,136)**	**3,911**
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(1,013)	(967)
Proceeds from sale of fixed assets	12	5
Purchase of non-current investments	(317)	(703)
Interest received		213
Net cash flow from/ (used in) investing activities (B)	**(1,318)**	**(1,452)**
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital	550	
Proceeds from long-term borrowings	644	83
Proceeds from short-term borrowings	834	480
Interest paid	(2,327)	(1,954)
Dividend paid on equity shares	-	(364)
Security Premium	1,925	
Net cash flow from/ (used in) in financing activities (C)	**1,626**	**(1,755)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(828)**	**704**
Cash and cash equivalents at the beginning of the year	1,642	938
Cash and cash equivalents at the end of the year	**814**	**1,642**
Components of cash and cash equivalents		
Cash on hand	8	14
With banks- on current account	109	936
- on deposit account	690	685
- unpaid dividend accounts*	7	7
Total cash and cash equivalents (note 18)	**814**	**1,642**

* The company can utilize these balances only towards settlement of the respective unpaid dividend and unpaid matured deposits.

As per our report of even date
For **K.S.AIYAR AND CO**
Chartered Accountants
Firm Registration No. 100186W

S.KALYANARAMAN
Partner
Membership No. 200565

Place : Chennai
Date : May 7, 2014

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

N.R. Panicker
Executive Chairman

R. Ramaraj
Director

K.R. Chandrasekaran
Chief Finance Officer

Sweena Nair
Company Secretary

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of Accel Frontline Limited will be held on Thursday the, 11th of September 2014 at "Narada Gana Sabha Trust, Mini Hall", 314,T.T.K Road, Chennai at 11.00 A.M to transact the following business;

ORDINARY BUSINESS:

1. To consider and adopt:

   (a) The audited financial statement of the Company for the financial year ended March 31,2014, and

   (b) The audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and

   (c) The reports of the Board of Directors and Auditors thereon

2. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution

   "RESOLVED that Mr. Bin Cheng (Din No. 06913491) be and is hereby appointed as a director retiring by rotation."

SPECIAL BUSINESS:

3. **To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

   "RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. Walker Chandiok & Co., LLP, Chartered Accountants, Chennai, bearing ICAI Registration No. 001076N, be and are hereby appointed as the Auditors of the Company, to hold office from the Conclusion of this Annual General Meeting till the conclusion of the Twenty-fourth Annual General Meeting held thereafter (a period of 5 years) (subject to ratification of the appointment by the members at every AGM held after this AGM) on a remuneration as may be fixed by the Board of Directors of the Company"

4. **To appoint Mr. Malcolm F Mehta (DIN: 03277490) as a Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Malcolm F Mehta(DIN: 03277490), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company to hold office"

5. **To appoint Mr. Malcolm F Mehta (DIN: 03277490) as an Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

   "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Malcolm F Mehta (DIN: 00377490) as an Executive Director of the Company, for a period of 3 (three) years with effect from 1st July 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Malcolm F Mehta, (DIN:03277490) subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as maybe necessary, proper or expedient to give effect to this resolution."

6. **To appoint Mr. Masaaki Miura (Din No. 06915575) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution.**

   RESOLVED THAT pursuant to the provisions of Sections 149,152 read with schedule IV and all other applicable provisions of the Companies Act 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014(including any statutory modification(s) or re-enactment thereof for the time being in force and clause 49 of the Listing Agreement Mr. Masaaki Miura (Din no. 06915575.) who was appointed as an Additional Director pursuant to the provisions of section 161(1) of the companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the companies act 2013 from a member proposing his candidature for the office of a Director be and is hereby appointed as an Independent director of the company to hold office for 5 (five) consecutive years for a term upto 12th August 2019

7. To re-appoint Mr. N.R. Panicker (DIN: 00236198) as an Executive Chairman and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the following:

- Extending the period of directorship of Mr. N.R.Panicker from 01/11/2015 to 31/03/2016
- Re-designation of Mr. N.R.Panicker as Executive Chairman from 07/05/2014 to 31/03/2016
- Variation in the terms of remuneration from 01/04/2014 to 31/03/2016

as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. N.R.Panicker, (DIN:00236198) subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as maybe necessary, proper or expedient to give effect to this resolution."

8. **To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution**

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9 **Related Party Transaction Under Section 188 of the Companies Act, 2013 with M/s. CAC Holdings Corporation, Japan.**

To consider and if thought fit, to give assent or dissent to pass the following resolutions as a Special Resolution.

RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions (in any) of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force) and provisions of Articles of Association, subject to compliance of all applicable laws and regulations, consent of members of the company by means of a Special Resolution be and is hereby accorded to the Board of Directors (hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) be and is hereby accorded for execution of any agreement (if any) with M/s. CAC Holdings Corporation, Japan who have agreed to reimburse the cost and other expenses incurred by the company for the employment of Mr. Malcolm F Mehta for the period 01/07/2014 to 30/06/2015.

RESOLVED FURTHER THAT Mr. N.R. Panicker, Executive Chairman be and is hereby authorized to execute the agreement with M/s. CAC Holdings Corporation, Japan and perform all such acts, deeds and to also to sign documents and writings as may be necessary, expedient and incidental thereto including all the negotiations and settlements, to give effect to this resolution and for matter connected therewith or incidental thereto in the best interest of the company.

By order of the Board

Registered Office
75, Nelson Manickam Road
Chennai 600 029

Sweena Nair
Company Secretary

Date: 13th August 2014

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in Annexure A to this notice.

5. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Sections 101 and 136 of the Companies Act 2013 read together with rules made thereunder, permit the listed companies to send the notice of Annual General Meeting and the Annual Report, including financial statements , boards report , etc by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members who have registered their email ids with their respective depository participants or with the share transfer agents of the company.

9. To receive members communications through electronic means, including annual reports and notices, members are requested to kindly register/update their email address with their respective depository participant, where shares are held in electronic form. If, however shares are held in physical form, members are advised to register their email address with Linkintime India Pvt limited, at rnt@helpdesk.com

10. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, (Monday to Friday) from 10.00 A.M to 1.00 P.M up to the date of the Meeting.

11. The following statutory registers are open for inspection of members and others at the registered office of the company as prescribed in respective sections of the Companies Act, 2013 as specified below:

    a. Register of contracts or arrangements in which directors are interested under section 301 of the companies Act 1956 and Register of contracts with related party and contracts and bodies etc in which directors are interested under section 189 of the Companies Act 2013 shall be open for inspection on all working days during business hours.

    b. Register of directors' shareholding under section 307 of the Companies Act 1956 and Register of directors and key managerial personnel and their shareholding under section 170 of the Companies Act 2013 shall be open for inspection on all working days during business hours.

    The aforesaid registers shall be kept open for inspection at the Annual General Meeting by any person attending the meeting.

12. Pursuant to section 91 of the Companies Act 2013 the register of members and share transfer books of the company will remain closed from 9th September 2014 to 11th September 2014 (both days inclusive).

13. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Link Intime India Pvt. Ltd.

14. Pursuant to the provisions of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection fund (Awareness and protection of the Investors) Rules , 2001, any money transferred by the company to the Unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer is required to be transferred by the company to a fund called " Investor Education and Protection fund" (the fund) set up by the central government . Accordingly unclaimed dividend for the year FY2006-7 has been transferred by the company to the aforesaid fund within the prescribed time limit. The amounts of the unclaimed / unpaid dividend for the subsequent years will be transferred to the said fund every year an their respective due dates.

    Members are therefore requested to verify their records and send claims, if any to the relevant years from FY 2007-8 onwards , at the registered office of the company before the respective amounts become due for transfer to the fund.

    Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unclaimed / un-encashed dividends to the designated fund of the Central Government;

Dividend for the Financial Year	Date of Declaration of Dividend	Due date of transfer to the Central Government
2007 – 2008	May 12, 2008	June 17, 2015
2008 – 2009	October 29, 2008	December 04, 2015
2009 – 2010	March 10, 2010	April 14, 2017
2010 – 2011	September 29, 2011	November 03, 2018
2011-2012	December 19, 2012	January 23, 2020

15. Revenue stamp should be affixed on the proxy from. Forms, which are not stamped, are liable to be considered as invalid. Further for the purposes of identification, it is advised to affix the signature of the proxy also in the proxy form.

16. Members who hold shares in electronic form are requested to write their client Id and DP ID number and those who hold shares in physical form are requested to write their folio numbers in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.

17. Members who wish to obtain any information on the company or the accounts may send their queries at least 10 days before the date of the Meeting to the company at No.75, Nelson Manickam Road, Aminjikarai, Chennai 600029, or e-mail at sweena.nair@accelfrontline.in,addressed to the Company Secretary.

18. Members having shares registered in the same name or in the same of order of names but in several folios may please write to the RTA so that the folios can be consolidated. A copy of the letter may please be marked to the company secretary.

19. Pursuant to section 72 of the Companies Act 2013 members holding shares in physical form may file nominations in the prescribed Form SH-13 (a copy of the which is placed on the website of company with the company's share transfer agent. In respect of share held in electronic form, the nomination form may be filed with respective depository participant.

20. The particulars of the Director, retiring by rotation and eligible for re-appointment, are given in the Report of the Directors to the Members .

21. Voting through Electronic means-

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on Thursday , 4th September 2014 (9.00 a.m IST) and ends on Saturday , 6th September 2014 (6.00 p.m IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 8th August 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

The Company has appointed Mr. Soy Joseph of M/s JM and Associates , Practicing Company Secretaries as the Scrutinizer for conducting the e-voting process in fair and transparent manner.

A copy of this notice has been placed on the website of the Company .

By order of the Board

Registered Office
75, Nelson Manickam Road
Chennai 600 029

Sweena Nair
Company Secretary

Date: 13th August 2014

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item no. 2

Mr. Bin Cheng (Din No. 06913491) was appointed as a Director to fill a causal vacancy with effect from 13th August 2014, caused due to the resignation of Mr. Steve Ting Tuan Toon. Pursuant to section 161(4) of the companies Act 2013 Mr. Bin Cheng will hold office till such time the director in whose place he is appointed would have held office.

Mr. Steve Ting Tuan Toon who has resigned on 13th August 2014, would have retired by rotation at this Annual General Meeting.

The company has received a notice in writing from a member under the provisions of the section 160 of the Companies Act 2013 from a member proposing his candidature for the office of a Director alongwith the deposit of requisite amount

Mr. Bin Cheng is not disqualified from being appointed as a director in terms of section 164

Except Mr. Bin Cheng none of the director is concerned or interested in the resolution.

The Board recommends the Ordinary Resolution set out in Item No, 2 of the Notice for approval by the shareholders.

Item no. 3

M/s Walker Chandiok & Co.LLP, Chartered Accountants, Chennai bearing ICAI Registration No. 001076N are proposed to be appointed as Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the Twenty-fourth Annual General Meeting held thereafter (a period of 5 years) (subject to ratification of the appointment by the members at every AGM held after this AGM) on a remuneration as may be fixed by the Board of Directors of the Company

As required under Section 139 of the Companies Act, 2013, the Company has obtained written consent from M/s Walker Chandiok & Co.LLP, to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made there under, as may be applicable.

The erstwhile auditors M/s K S Aiyar & Co , Chartered Accountants have been the Statutory auditors of the company since 2005-2006. As per the Section 139 (2) of the Companies Act 2013 an audit firm can serve as auditors of the company for not more than two terms of five consecutive years. As the Auditors have completed one term of five consecutive years the company felt the need to rotate the auditors.

Accordingly the resolution is put forth before the members for approval by way of special resolution to appoint M/s Walker Chandiok & Co.LLP Chartered Accountants as statutory auditors of the company.

Item No.4:

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Malcolm F Mehta, the nominee of M/s. CAC Holdings Corporation, as an Additional Director of the Company with effect from 7th May, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Malcolm F Mehta would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Malcolm F Mehta for the office of Director of the Company.

Mr. Malcolm F Mehta is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Brief resume of Mr. Malcolm F Mehta, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Annexure A to this notice.

M/s. CAC Holdings Corporation is interested in the resolution set out at Item No. 4 of the Notice, as it pertains to the appointment of its nominee, Mr. Malcolm F. Mehta,

The Board recommends the Ordinary Resolution set out in Item No. 4 of the Notice for approval by the shareholders.

Item No.5

In terms of Clause 13.2 of the shareholders Agreement dated 9th December 2013, entered into with M/s CAC Holdings Corporation ("CAC") and based on the nomination received from CAC and the recommendations received from Nomination and Remuneration Committee ("NaRC") the Board has appointed Mr. Malcolm F Mehta as an Additional director with effect from 7th May 2014. Further the company has also received a letter from CAC dated 6th June 2014 nominating Mr. Malcolm F Mehta as an Executive Director on the company's Board with effect from 1st July 2014 for a period of three years.

Based on the recommendation of the Committee, the Board of Directors of the Company (the 'Board'), at its meeting held on 10th June 2014 has, subject to the approval of members, appointed Mr. Malcolm F Mehta as an Executive Director, for a period of 3 (three) years from 1st July 2014 at the remuneration recommended by the Nomination and Remuneration Committee (the 'NaRC Committee') of the Board and approved by the Board.

It is proposed to seek the members' approval for the appointment of and remuneration payable to Mr. Malcolm F Mehta as an Executive Director, in terms of the applicable provisions of the Act. Broad particulars of the terms of appointment of and remuneration payable to Mr. Malcolm F Mehta are as under:

Name	Details	Amount
Mr. Malcolm F Mehta	Salary	450,000

a) PERQUISITES AND OTHER ALLOWANCES:

In addition to the salary Mr. Malcolm F.Mehta shall also be entitled to the following perquisites and other allowances.

i. House Rent Allowance of Rs. 2,45,000/- (Rupees Two Lakhs Forty Five Thousand Only) per month. Payment of other related expenses in connection with renting of house over and above the rental accommodation and House Rent Allowance will be borne by the company

ii. Company will reimburse the cost incurred on car leased/ hired by the expatriate (including fuel, car running cost, driver salary etc.) on actual basis.

iii. Contribution to employee provident fund @12% of the basic salary, restricted to Rs. 1800/- per month.

iv. Gratuity as per the rules of the Company and the same shall not exceed half a month's salary for each completed year of service.

v. Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of Company. A reasonable ceiling for such expenses may however be fixed in this regard by the Board.

vi. Leave travel allowance of Rs. 140,000/- (Rupees One Lakh Forty Thousand Only) per annum.

vii. A vacation of 30 days for every 11 months of service.

viii. Special leave in case of every emergency.

ix. No sitting fees shall be paid for attending the meetings of the Board of Directors or Committee and as a director of any subsidiary from the date of appointment.

x. Special allowance of Rs. 1,15,943/- (Rupees One Lakh Fifteen Thousand Nine Hundred and Forty Three Only) per month.

xi. The Company also agrees to bear the cost of taxes and provident Fund of Mr. Malcolm F. Mehta such that Mr. Malcolm F. Mehta gets the above salary as his salary payable.

(x) Any increment in salary and perquisites and remuneration by way of incentive / bonus / performance linked incentive payable to Mr. Malcolm F Mehta, as may be determined by the Board and / or the NaRC Committee of the Board, shall not be included for the purpose of computation of the aforesaid ceiling of remuneration provided that such payment shall be within the overall ceiling of remuneration.

(b) Remuneration based on net profits:

In addition to the salary, perquisites and allowances as set out above, Mr. Malcolm F Mehta shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors and Executive Directors of the Company will be determined by the Board and / or the NaRC Committee of the Board for each financial year.

(c) Minimum Remuneration:

If in any year during the tenure of appointment of Mr. Malcolm F.Mehta, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to Mr.Malcolm F. Mehta, by way of above salary, perquisites and other allowances subject to the provisions of Section 197,198, 200 and Schedule V of the Companies Act, 2013 and such approvals of members and of the Central Government as may be required. In addition to above he shall also be eligible to the perquisites provided in para 2(1) of Schedule VII of the Companies Act, 2013 or as may be prescribed by the Central Government from time to time.

The overall remuneration payable every year to the Whole-time Directors and Executive Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate one percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof.

(d) Variation and Alteration

The Board shall have the power to effect any variations, alterations or modifications in future in respect of the aforesaid terms of appointment and remuneration of Mr. Malcolm F. Mehta within the limits specified in Sections 197, 198 and 200 of the Companies Act, 2013 or any statutory modifications, subscriptions or re-enactments thereof, as may be agreed to by the Board and Mr. Malcolm F. Mehta.

(e) Reimbursement of Expenses:

Expenses incurred for travelling, board and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

(f) Responsibilities

i. Mr. Malcolm F. Mehta will work for the Company in his capacity as an Executive Director. Mr. Malcolm F. Mehta as a Director of CAC Holding Corporation and other CAC group companies is allowed to continue as a Director of CAC Holdings Corporation and other CAC group companies. Mr. Malcolm F. Mehta is also allowed accept appointment as Director in other companies whether in India or outside India and to discharge his duties as such Director.

ii. Mr. Malcolm F. Mehta will be reporting to the Executive Chairman on operational matters and to the Board with regards to Corporate Governance.

iii. Mr. Malcolm F.Mehta shall exercise such powers and perform such duties as the Board may from time to time determine.

(g) General

(i) The Executive Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Executive Director will be under the overall authority of the Executive Chairman.

(ii) The Executive Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

(iii) The Executive Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

(iv) The office of the Executive Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Mr. Malcolm F Mehta satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Malcolm F. Mehta under Section 190 of the Act.

Brief resume of Mr. Malcolm F.Mehta, nature of his expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Annexure A to this notice. Members are informed that pursuant to second proviso of section 188(1) of the Companies Act 2013 , no member of the company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party. Further, by its recent General Circular No. 30/2014 dated 17.07.2014, the Ministry of Corporate Affairs has clarified that the term 'Related Party' in the second proviso to Section 188(1) refers only to such Related Party as may be a Related Party in the context of the contract or arrangement for which the special resolution is being passed.

M/s. CAC Holdings Corporation is the Holding Company of the Company. In light of the provisions of Section 2(76)(viii)(A) of the Companies Act 2013, M/s. CAC Holdings Corporation is a Related Party.

M/s. CAC Holdings Corporation is interested in the resolution set out at Item No.5 of the Notice, which pertains to the appointment and remuneration payable to its nominee, Mr. Malcolm F. Mehta.

Mr. Malcolm F. Mehta is interested in the resolution set out at Item No. 4 and 5 of the Notice, which pertain to his appointments and remuneration payable .

The relatives of Mr. Malcolm F. Mehta may be deemed to be interested in the resolutions set out respectively at Item 4 and 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Special Resolution set out at Item No 5 of the Notice for approval by the shareholders.

Item No.6

The Board of Directors of the company appointed, pursuant to the provisions of section 161(1) of the Act and the Articles of Association of the company Mr. Masaaki Miura as an Additional Director of the company with effect from 13th August 2014.

In terms of the provisions of section 161(1) of the Act Mr. Masaaki Miura would hold office upto the date of the ensuing Annual General Meeting.

The company has received a notice in writing from a member alongwith the deposit of requisite amount under section 160 of the Act proposing the candidature of Mr. Masaaki Miura for the office of director of the company.

Mr. Masaaki Miura is not disqualified from being appointed as a director in terms of section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of Independence should a company propose to appoint an independent director on its Board. As per the said Section 149 , an independent director can hold office for a term upto 5 (five) consecutive years on the board of a company and he shall not be included in the total number of directorship for retirement by rotation.

The company has received a declaration from Mr. Masaaki Miura that he meets with the criteria of independence as prescribed both under sub-section(6) of section 149 of the Act and under clause 49 of the Listing Agreement . Mr. Masaaki Miura possesses appropriate skills, expertise and knowledge relevant to the company's business.

In the opinion of the Board, Mr. Masaaki Miura fulfills the conditions of his appointment as an independent Director as specified in the Act and the Listing Agreement. Mr. Masaaki Miura is independent of the management.

Brief resume of Mr. Masaaki Miura, nature of his appointment specific functional areas and name of companies in which he holds directorship and membership / chairmanship of Board committees, shareholding and relationship between directors inter se as stipulated under clause 49 of the Listing Agreement with the stock exchange are provided in the Annexure A to the notice.

Keeping in view his vast expertise and knowledge, it will be in the interest of the company that Mr. Masaaki Miura is appointed as an Independent Director.

Copy of the letter of appointment of Mr. Masaaki Miura as an Independent Director setting out the terms and the conditions is available for inspection by members as the registered office of the company.

This statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the stock exchanges.

Except Mr. Masaaki Miura none of the director is concerned or interested in the resolution.

The Board commends the Special resolution set out at Item no. 6 of the Notice for the approval by the shareholders.

Item no.7

In terms of Clause 13.2 of the shareholders Agreement dated 9th December 2013, entered between the present Promoters M/s Accel Limited and Associates and the New Promoter M/s CAC Holdings Corporation ("CAC") to which the company also is a party, the company has varied the terms and conditions of appointment and remuneration Mr. N.R.Panicker, who is the Nominee of Accel Limited.

The Nomination and Remuneration Committee (NaRC) in their meeting held on 7th May 2014, have recommended based on which the Board of Directors have approved the following subject to the approval of the shareholders in the General Meeting and /or approval of Central government as may be applicable.

Extended the period of directorship of Mr. N R Panicker till 31st March 2016;

Re-designation as Executive Chairman with effect from 7th May 2014 to 31st March 2016

Revision of salary from the 01st April 2014 to 31st March 2016.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Mr. N.R. Panicker as Executive Chairman, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. N.R.Panicker are as under:

Name	Details	Amount
Mr. N.R.Panicker	Salary	600,000

a) PREQUISITES AND OTHER ALLOWANCES:

In addition to the salary payable, Mr. N.R.Panicker shall also be entitled to the following perquisites and other allowances.

(i) Residential accommodation or House Rent Allowance of Rs.3,00,000/- (Rupees Three Lakhs Only) per month

(ii) Reimbursement of gas, electricity, water and furnishing, security, petrol, driver's salary and car which shall be valued as per the Income Tax Rules, 1962 and will be subject to a ceiling of Rs.1,50,000/- (Rupees One Lakh Fifty Thousand Only) per month.

(iii) Reimbursement of Medical expenses incurred for self and family which will be subject to ceiling of one month's salary in a year or three months' salary over a period of three years.

(iv) Leave and Travel Allowance of Rs. 600,000(Rs. Six lakhs only) for self and family once in a year in accordance with the rules specified by the Company.

(v) Club fees subject to a maximum of one club, provided no admission or life membership fee shall be paid.

(vi) Personal accident insurance as per rules of the company and premium not to exceed Rs.1000/- per month

(vii) Company will contribute upto 12% of the basic salary to the Company/Public Provident Fund. The contribution towards Provident Fund will not be included in the computation of the ceiling on perquisites to the extent this is not taxable under the Income Tax Act 1961.

(viii) Gratuity as per the rules of the Company and the same shall not exceed half a month's salary for each completed year of service.

(ix) Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company

(x) Earned / Privilege leave on full pay and allowances, as per rules of the company but not more than one month's leave for every eleven months of service.

(xi) Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of Company. A reasonable ceiling for such expenses may however be fixed in this regard by the Board.

(xii) No sitting fees shall be paid for attending the meetings of the Board of Directors or Committee thereof from the date of appointment.

b) PERFORMANCE BONUS:

In addition to the salary, perquisites and allowances aforesaid, Mr. N.R.Panicker shall also be entitled to remuneration by way of performance bonus linked to turnover and profits of the company for any financial year subject to a maximum of Rs 36,00,000/- (Rupees Thirty Six Lakhs) per annum.

c) MINIMUM REMUNERATION:

If in any year during the tenure of appointment of Mr. N.R.Panicker the company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to Mr. N.R.Panicker, by way of above salary, perquisites and other allowances subject to the provisions of Section 197,198, 200 and Schedule V of the Companies Act, 2013 and such approvals of members and of the Central Government as may be required. In addition to above, thereto he shall also be eligible to the perquisites provided in para 2(1) of Schedule VII of the Companies Act, 2013 or as may be prescribed by the Central Government from time to time.

d) VARIATION AND ALTERATIONS:

The Board shall have the power to effect any variations, alterations or modifications in future in respect of the aforesaid terms of appointment and remuneration of Mr. N.R.Panicker within the limits specified in Sections 197, 198 and 200 of the Companies Act, 2013 or any statutory modifications, subscriptions or re-enactments thereof, as may be agreed to by the Board and Mr. N.R.Panicker.

(e) REMUNERATION BASED ON NET PROFITS:

In addition to the salary, perquisites and allowances as set out above, Mr. N.R.Panicker shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors and Executive Directors of the Company will be determined by the Board and / or the NaRC Committee of the Board for each financial year.

The overall remuneration payable every year to the Whole-time Directors and Executive Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate one percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof

(f) REIMBURSEMENT OF EXPENSES:

Expenses incurred for travelling, board and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

(g) GENERAL:

(i) The Executive Chairman shall exercise and perform such powers and duties as the Board may from time to time determine and the Executive Chairman shall be subject to any directions and restrictions from time to time given or imposed by the Board and shall report to the Board.

(ii) The Executive Chairman shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

(iii) The Executive Chairman shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

Mr. N.R.Panicker satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. N.R.Panicker under Section 190 of the Act.

Brief resume of Mr. N.R.Panicker, nature of his expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Annexure A in this notice Members are informed that pursuant to second proviso of section 188(1) of the Companies Act 2013 , no member of the company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party. Further, by its recent General Circular No. 30/2014 dated 17.07.2014, the Ministry of Corporate Affairs has clarified that the term 'Related Party' in the second proviso to Section 188(1) refers only to such Related Party as may be a Related Party in the context of the contract or arrangement for which the special resolution is being passed.

Mr. N.R.Panicker is also a director of Accel Limited and alongwith his relatives hold more than 2% of the paid-up share capital of Accel Limited . In light of the provisions of section 2(76)(iv) of the Companies Act 2013 Accel Limited is a Related Party.

M/s.. Accel Limited is interested in the resolution set out at Item No.7 of the Notice, which pertains to the appointment and remuneration payable to its nominee, Mr. N. R. Panicker.

Mr. N.R.Panicker is interested in the resolution set out at Item No.7 of the Notice, which pertain to his appointments and remuneration payable .

The relatives of Mr. N.R.Panicker may be deemed to be interested in the resolutions set out respectively at Item 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Special Resolutions set out at Item Nos.7 of the Notice for approval by the shareholders.

Item No.8

The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Subject to however to certain articles which has been incorporated as per the promoter shareholder agreement dated 9th December 2013.

Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

(a) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;

(b) existing articles have been streamlined and aligned with the Act;

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

Item No.9

The provisions of section 188 of the Companies Act 2013, governs the related party transactions, requiring a company to obtain prior approval of the Board of Directors and in case the paid up share capital of a company is Rs.10 crores or more, the prior approval of shareholders by way of a special resolution.

The provisions of Section 188(3) also provides that any contract or arrangement entered into under Section 188(1) may be ratified by the board as the case may be by the shareholders at a meeting within three months from the date on which that such contract or arrangement was entered into.

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed arrangement with M/s CAC Holdings Corporation, Japan who have, by their Letter of Confirmation dated 11th August 2014, agreed to reimburse the cost and other expenses incurred by the company for the employment of Mr. Malcolm F Mehta for the period 01/07/2014 to 30/06/2015.

All the prescribed disclosures required to be given under the provisions of Companies 2013 and the Company's (meetings of the board and its power) rules, 2014 are given herein below for the kind perusal of members.

Particulars of the proposed arrangement for the purpose of approvals u/s 188 of the Companies Act 2013

A) The name of the related party and nature of relationship : M/s CAC Holdings Corporation, Holding company

B) The name of the director or key managerial personnel who is related, if any : Mr. Malcolm F Mehta

c) Nature, material terms, monetary value and particulars of the contract or arrangement: please refer the details given in the explanatory note for item no.5

Members are informed that pursuant to second proviso of section 188(1) of the Companies Act 2013, no member of the company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party. Further, by its recent General Circular No. 30/2014 dated 17.07.2014, the Ministry of Corporate Affairs has clarified that the term 'Related Par ty' in the second proviso to Section 188(1) refers only to such Related Party as may be a Related Party in the context of the contract or arrangement for which the special resolution is being passed.

M/s. CAC Holdings Corporation is the Holding Company of the Company. In light of the provisions of Section 2(76)(viii)(A) of the Companies Act 2013, M/s. CAC Holdings Corporation is a Related Party.

M/s.. CAC Holdings Corporation is interested in the resolution set out at Item No.9 of the Notice, which pertain to the proposed arrangement with M/s. CAC Holdings Corporation.

Mr. Malcolm F Mehta is interested in the resolution set out at Item No. 9 of the Notice, which pertain to the remuneration payable to him.

The Board of Directors of your company has approved this item in the Board Meeting held on 13th August 2014 and recommends the resolution as set out accompanying notice for the approval of members of the company as special resolutions.

None of the Directors and key managerial personnel (other than as mentioned above) and their relatives are deemed to be concerned or interested, financial or otherwise in the proposed special resolutions.

Annexure A

Details of directors seeking appointment/re-apointment at the Annual General Meeting scheduled to be held on September 11, 2014

(pursuant to clause (IV) (G) (I) and clause (IV) E of the Listing Agreement :

Mr. N.R.Panicker

N.R Panicker is a technocrat with over 31 years of experience in the IT industry. He is the founder of the Accel group of companies, head quartered at Chennai. He graduated in Electronics and Communication Engineering from the University of Kerala in 1976. He held various positions in HCL Limited (now known as HCL Info systems Limited), from 1977 to 1990. Dataquest has ranked N.R. Panicker among the Top 10 Key Influencers in the Indian IT industry in 2005. He is an active participant in The Indus Entrepreneurs and Computer Society of India.

N. R. Panicker is a Director on the Board of Accel Limited, one of the Promoter of Accel Frontline Limited. He also is on Board of other group / subsidiary companies as under as on 31.03.2014.

- Accel Transmatic Limited
- Accel Tele.Net Limited
- Accel Systems and Technologies Pte. Ltd., Singapore
- Accel Frontline JLT, Dubai
- Accel IT Resources Limited
- Network Programs USA INC, USA
- Network Programs Japan INC, USA
- Accel Japan KK
- Accel Media Ventures Limited

N.R. Panicker is also Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee of Accel Transmatic Limited

Mr. Malcolm F Mehta

Malcolm F. Mehta has extensive experience in international business. He has a track record of driving growth and has experience in mergers and acquisitions, planning, strategy and business development. Malcolm has a robust record of success in achieving complex objectives within the timelines leading to long term and sustainable growth and profitability. He has strong leadership and effective communication skills.

Malcolm is a Director on the Board of CAC Holdings Corporation, the parent company of CAC group. He is also on the Board of other CAC group companies. Prior to his association with CAC, he was with Hexaware Technologies Limited and before that with Japan External Trade Organization (JETRO).

He has an MBA from Anaheim University besides having a Diploma in Japanese Business Management from Kumamoto Gakuen University in Japan. He holds Level 1 in Japanese Language Proficiency Test (JLPT-1).

Mr. Masaaki Miura

Masaaki Miura is an experienced businessman in the management and business development. He had been working for Mitsui & Co. Ltd., for 36 years which provides an excellent business model unique to Japan, in Japan and overseas such as USA, Singapore, and Taiwan.

In 1994-2000, he was stationed in Silicon Valley, CA as CEO of Mitsui Comtek Corp (1998-) where deeply involved in venture investment and semiconductor/device business for major PC players such as Dell, HP. Venture investment had brought a huge amount of capital gain to Mitsui then.

Since 2000, he had focused on IT security in Japan where he established Mitsui Bussan Secure Direction Inc. (MBSD) in 2003. Currently MBSD is very successful as a leading player with top level capabilities.

Since 2005 he was active in the US as COO of IT business unit of Mitsui USA, stationed in New York. He established the IT investment company named Mitsui Incubase, on the other hand acquired Sunwise Inc., major solar system integrator in the US by watching at the renewable energy industry in the US.

Since 2009 he was a deputy COO of IT business unit of Mitsui where he supervised Media industry in addition to IT industry. During the time he was a director of BS-TBS Corp. a major BS satellite broadcasting corp., and of Mitsui Knowledge Industry Inc. a listed medium-sized system integrator.

In 2010-2013 he was a representative director of ShopnetHomeshopping Inc. a major TV shopping player in Taiwan, which Mitsui acquired in 2009. He played in a key role in the great growth of the company.

Currently after retirement from Mitsui, he is a director of Generic Solutions Corp, IT venture for database analysis solution, and a senior advisor of Novatec Corp. engineering company for digital consumer electronics and home automation.

Masaaki Miura graduated from department of administration engineering faculty of Science and Technology, KeioUniversity in 1977.

Mr. Bin Cheng

Bin Cheng has been with CAC for more than 20 years. He started in CAC America in 1992 as Project Manager, mainly involved in systems development for large international banks. His job has then taken him to work in CAC Europe before moving to CAC Hong Kong as General Manager in 1999.

In 2000, Bin Cheng was assigned to head a new office established by the Group - CAC Shanghai Corporation. Since then, he has served as the company's Chief Executive. Bin Cheng is also the Chairman of GoldenTech Computer Technology (Suzhou) after a majority of its shares were acquired by CAC Corporation in April 2002. In 2014, Bin Cheng was elected as a director of CAC Holdings

Bin Cheng has lead CAC Shanghai to significant growth over the last 10 years playing a pivotal role in developing the relationship and the subsequent business alliances with numerous multinational corporations and has been instrumental in creating CAC Shanghai's business strategy for utilizing Chinese Information Technology professionals to meet the technology needs of global clients.

Bin Cheng graduated in 1987 with a Bachelor's Degree in Electrical Engineering. Two years after, he earned his Master's in Applied Electronics from the Tokyo Institute of Technology, then went on as a research assistant majoring Artificial Intelligence at the University of Maryland.

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges.

1.	Name of the Company	Accel Frontline Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of observation	Un-qualified
4.	Frequency of observation	Whether appeared first time N.A / respective_______ / since how long period_________
5.	To be signed by- CEO / Managing Director/Executive Chairman	Signature N.R.Panicker Executive Chairman
	CFO	Signature K.R.Chandrasekaran CFO
	Auditor of the Company	Signature S. Kalyanaraman Partner K.S.Aiyar & Co Chartered Accountants
	Audit Committee Chairman	Signature R.Ramaraj Chairman of Audit Committee