ACCEL FRONTLINE
GLOBAL IT SERVICES

AFL/SS/SE/03/2016-2017
09th November, 2016

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

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

Dear Sir,

Sub: Unaudited Financial Results for the quarter and year to date ended 30.09.2016 in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to inform you that the Board of Directors at their meeting held on 09th November, 2016 have taken on record the following decisions:

- Considered and Approved Standalone and Consolidated un audited financial results along with the Statement of Assets & Liabilities for the quarter and year to date ended 30.09.2016 on the recommendation of the Audit Committee.

- A Copy of the Limited Review report from the Auditors for the period ended 30.09.2016.

The meeting commenced at 09.30 AM and concluded at 05.30 P.M.

Please arrange to take the same on record.

Thanking you

Yours faithfully,
For Accel Frontline Limited

S. Sundaramurthy
Company Secretary

Encl: a.a.

Accel Frontline Limited
Regd Office: 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029
CIN No: L30006TN1995PLC031736

Statement of Unaudited results for the Second Quarter and Six Months ended 30 September 2016

Part I		(₹ in Lakhs) Consolidated						(₹ in Lakhs) Standalone					
Sl No	Particulars	3 Months ended 30 September 2016	Preceding 3 months ended 30 June 2016	Corresponding 3 months ended 30 September 2015 in the previous year	Year to date figures for current period ended 30 September 2016	Year to date figures for previous period ended 30 September 2015	Previous year ended 31 March 2016	3 Months ended 30 September 2016	Preceding 3 months ended 30 June 2016	Corresponding 3 months ended 30 September 2015 in the previous year	Year to date figures for current period ended 30 September 2016	Year to date figures for previous period ended 30 September 2015	Previous year ended 31 March 2016
		(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Audited)*
1	**Income from Operations**												
	(a) Net Sales/income from operations (Net of excise duty)	13,393	12,813	11,366	26,206	20,319	51,105	8,410	8,359	8,273	16,769	13,796	32,249
	(b) Other operating income	-	-	-	-	-	-	-	-	-	-	-	-
	Total income from Operations (net) (a)+(b)	**13,393**	**12,813**	**11,366**	**26,206**	**20,319**	**51,105**	**8,410**	**8,359**	**8,273**	**16,769**	**13,796**	**32,249**
2	**Expenses**												
	(a) Cost of raw materials consumed	101	18	784	119	788	717	101	18	784	119	788	717
	(b) Purchase of stock-in-trade	4,936	5,044	3,972	9,980	7,841	19,870	3,533	3,489	2,748	7,022	4,867	12,403
	(c) Changes in inventories of finished goods and stock-in-trade	(37)	(75)	(170)	(112)	(461)	483	(37)	(76)	(170)	(113)	(469)	451
	(d) Employee benefits expense	4,242	3,892	3,485	8,134	6,669	13,866	2,372	2,188	2,237	4,560	4,264	8,589
	(e) Depreciation and amortisation expense	332	269	307	601	603	1,262	201	184	266	385	522	846
	(f) Sub-contracting and outsourcing cost	1,626	1,685	1,429	3,311	2,595	6,438	1,017	1,118	1,294	2,135	2,435	4,527
	(g) Other expenses	1,610	1,537	2,286	3,147	3,824	8,421	1,194	1,087	1,954	2,281	3,222	6,552
	Total expenses (a)+(b)+(c)+(d)+(e)+(f)+(g)	**12,810**	**12,370**	**12,093**	**25,180**	**21,859**	**51,056**	**8,381**	**8,008**	**9,113**	**16,389**	**15,629**	**34,085**
3	**Profit/(Loss) from operations before other income, finance costs and prior period items and tax (1-2)**	583	443	(727)	1,026	(1,540)	49	29	351	(840)	380	(1,833)	(1,836)
4	Other income	42	36	14	78	48	188	40	17	14	57	48	98
5	**Profit/(Loss) from ordinary activities before finance costs and prior period items and tax (3 + 4)**	625	479	(713)	1,104	(1,492)	237	69	368	(826)	437	(1,785)	(1,738)
6	Finance costs	640	514	494	1,154	1,003	2,083	606	481	467	1,087	946	1,957
7	**Loss from ordinary activities before prior period items and tax (5-6)**	(15)	(35)	(1,207)	(50)	(2,495)	(1,847)	(537)	(113)	(1,293)	(650)	(2,731)	(3,695)
8	Exceptional items	-	-	-	-	-	2,800	-	-	-	-	-	1,932
9	**Loss from ordinary activities but before prior period items and tax (7-8)**	(15)	(35)	(1,207)	(50)	(2,495)	(4,647)	(537)	(113)	(1,293)	(650)	(2,731)	(5,627)
10	Prior period items	-	-	-	-	-	8,665	-	-	-	-	-	8,071
11	**Loss from ordinary activities before tax (9-10)**	(15)	(35)	(1,207)	(50)	(2,495)	(13,312)	(537)	(113)	(1,293)	(650)	(2,731)	(13,698)
12	Tax expense												
	(a) Current tax	209	-	66	209	96	214	-	-	-	-	-	-
	(b) Deferred tax	56	-	-	56	-	156	-	-	-	-	-	61
	Total tax expense (a)+(b)	265	-	66	265	96	370	-	-	-	-	-	61
13	**Net loss after taxes but before minority interest (11-12)**	(280)	(35)	(1,273)	(315)	(2,591)	(13,682)	(537)	(113)	(1,293)	(650)	(2,731)	(13,759)
14	Minority interest	(316)	(164)	(148)	(480)	(221)	(822)	-	-	-	-	-	-
15	**Net loss for the period (13-14)**	(596)	(199)	(1,421)	(795)	(2,812)	(14,504)	(537)	(113)	(1,293)	(650)	(2,731)	(13,759)
16	Paid- up equity share capital (Face value per share ₹ 10)	2,976	2,976	2,976	2,976	2,976	2,976	2,976	2,976	2,976	2,976	2,976	2,976
17	Reserves excluding revaluation reserves as per the balance sheet of previous accounting year						(5,246)						(5,332)
18	**Earnings Per Share (EPS)** (of Face value of ₹ 10/- each) (not annualised):												
	(a) Basic	(2.00)	(0.67)	(4.77)	(2.67)	(9.45)	(48.73)	(1.80)	(0.38)	(4.34)	(2.18)	(9.18)	(46.23)
	(b) Diluted	(2.00)	(0.67)	(4.77)	(2.67)	(9.45)	(48.73)	(1.80)	(0.38)	(4.34)	(2.18)	(9.18)	(46.23)

Notes :

1 The above results were reviewed by the Audit Committee and approved and taken on record by the Board at its meeting held on 09 November 2016 and a review of the same has been carried out by the Statutory Auditors of the Company.

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

3 The ongoing exercise in relation to receivables, inventories and fixed assets etc., is under progress as at 30 September 2016. However, the management is of the opinion that the provisions/write off's made are appropriate as on date. This is the subject matter of qualifications in the Auditors' report for the year ended 31 March 2016 and review report for the quarter ended 30 June 2016 and 30 September 2016.

4 The Group has incurred a loss after tax of Rs. 596 lakhs for the current period and the company's Net worth has been fully eroded as of 30 September 2016. The Company has strengthened its management team and also secured working capital facilities with various banks, which should enable the company to meet its obligations and operate over the next 12 months and accordingly the financial results for the quarter ended 30 September 2016 have been prepared on a going concern basis. During the current period ended 30 September 2016, the Company has also made a cash profit of Rs 216 lakhs.

5 Consequent to a change in the software for recording of inventory transactions pertaining to the maintenance divisions, the Company has valued its inventory pertaining to these divisions on the basis of a method that approximates weighted average cost. The Company is in the process of customizing its software to meet the requirements of Accounting Standard 2 – Valuation of Inventories. This is a subject matter of qualification in the audit/review report for the year ended 31 March 2015, 31 March 2016 and quarter ended 30 June 2016 and 30 September 2016.

6 Previous quarter / year's figures have been regrouped and rearranged wherever necessary.

PLACE: CHENNAI.
DATE: 09-NOV-2016

1

For Accel Frontline Limited
MMehta.
Malcolm F.Mehta
Executive Director

ACCEL FRONTLINE LIMITED CHENNAI 600 029

Accel Frontline Limited
Regd Office: 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029
CIN No: L30006TN1995PLC031736

Segment-wise Revenue, Result, Assets and Liabilities

Particulars	(₹ In Lakhs) Consolidated						(₹ In Lakhs) Standalone					
	3 Months ended 30 September 2016	Preceding 3 months ended 30 June 2016	Corresponding 3 months ended 30 September 2015 in the previous year	Year to date figures for current period ended 30 September 2016	Year to date figures for previous period ended 30 September 2015	Previous year ended 31 March 2016	3 Months ended 30 September 2016	Preceding 3 months ended 30 June 2016	Corresponding 3 months ended 30 September 2015 in the previous year	Year to date figures for current period ended 30 September 2016	Year to date figures for previous period ended 30 September 2015	Previous year ended 31 March 2016
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Audited)*
1. Segment Revenue												
Systems Integration	6,672	6,384	5,926	13,056	10,255	26,177	3,613	3,649	3,646	7,262	5,239	13,242
Infrastructure Management Services	3,907	3,796	2,619	7,703	4,861	14,502	3,247	3,193	2,619	6,440	4,861	12,072
Software Services	2,339	2,186	2,152	4,525	3,919	8,170	1,125	1,109	1,426	2,234	2,577	4,942
Warranty Management Services	425	408	582	833	1,119	1,993	425	408	582	833	1,119	1,993
Training	50	39	87	89	165	263	-	-	-	-	-	-
Net Sales / Income from Operations	13,393	12,813	11,366	26,206	20,319	51,105	8,410	8,359	8,273	16,769	13,796	32,249
2. Segment result												
Systems Integration	564	250	109	814	111	858	(28)	167	21	139	(177)	(551)
Infrastructure Management Services	435	573	(540)	1,008	(957)	1,384	355	528	(540)	883	(957)	547
Software Services	(121)	48	196	(73)	136	(282)	(56)	33	178	(23)	145	22
Warranty Management Services	(64)	(149)	(79)	(213)	(164)	(344)	(64)	(149)	(79)	(213)	(164)	(344)
Training	(53)	(51)	7	(104)	14	(61)	-	-	-	-	-	-
Total	761	671	(307)	1,432	(860)	1,555	207	579	(420)	786	(1,153)	(326)
Less : (i) Finance costs	640	514	494	1,154	1,003	2,083	606	481	467	1,087	946	1,957
Less : (ii) Other unallocable expenses	176	228	420	404	680	12,972	178	228	420	406	680	11,513
Add : Unallocable income	40	36	14	76	48	188	40	17	14	57	48	98
Total Loss Before Tax	(15)	(35)	(1,207)	(50)	(2,495)	(13,312)	(537)	(113)	(1,293)	(650)	(2,731)	(13,698)
3. Segment assets												
Systems Integration	14,950	15,553	14,011	14,950	14,011	14,846	7,112	6,892	8,869	7,112	8,869	6,437
Infrastructure Management Services	11,465	8,975	11,890	11,465	11,890	9,402	10,305	8,975	11,890	10,305	11,890	8,472
Software Services	4,362	5,693	7,620	4,362	7,620	4,414	2,897	3,678	4,790	2,897	4,790	2,916
Warranty Management Services	1,328	1,409	2,105	1,328	2,105	1,664	1,328	1,409	2,105	1,328	2,105	1,664
Training	202	218	235	202	235	200	-	-	-	-	-	-
Unallocated	5,152	5,141	5,313	5,152	5,313	4,808	6,629	6,086	6,446	6,629	6,446	6,290
Total assets	37,459	36,989	41,174	37,459	41,174	35,334	28,271	27,040	34,100	28,271	34,100	25,779
4.Segment Liabilities												
Systems Integration	9,606	11,795	9,410	9,606	9,410	10,402	6,448	6,420	6,643	6,448	6,643	6,210
Infrastructure Management Services	9,846	8,611	9,628	9,846	9,628	9,404	8,482	8,611	9,628	8,482	9,628	8,213
Software Services	4,473	5,289	4,397	4,473	4,397	4,151	2,132	2,894	1,992	2,132	1,992	2,204
Warranty Management Services	955	1,335	1,474	955	1,474	1,538	955	1,335	1,474	955	1,474	1,538
Training	90	97	99	90	99	313	-	-	-	-	-	-
Unallocated	13,260	10,247	5,690	13,260	5,690	9,971	13,260	10,247	5,690	13,260	5,690	9,971
Total liabilities	38,230	37,374	30,698	38,230	30,698	35,779	31,277	29,507	25,427	31,277	25,427	28,135

ACCEL FRONTLINE LIMITED CHENNAI 600 029

For ACCEL FRONTLINE LIMITED

M Mehta

Malcolm F Mehta
Executive Director

Accel Frontline Limited

CIN No: L30006TN1995PLCO31736

Statement of Assets and Liabilities

₹ In Lakhs

Particulars	Consolidated		Standalone	
	As at 30 September 2016	As at 31 March 2016	As at 30 September 2016	As at 31 March 2016
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	2,976	2,976	2,976	2,976
Reserves and surplus	(6,040)	(5,246)	(5,982)	(5,332)
	(3,064)	(2,270)	(3,006)	(2,356)
Minority Interest	2,293	1,825	-	-
Non-current liabilities				
Long-term borrowings	6,620	6,630	5,438	5,436
Deferred tax liability, net	150	95	-	-
Long-term provisions	1,045	943	824	798
	7,815	7,668	6,262	6,234
Current liabilities				
Short-term borrowings	16,793	13,829	16,740	13,823
Trade payables	5,202	6,452	3,449	3,300
Other current liabilities	8,080	7,568	4,538	4,590
Short-term provisions	340	262	288	188
	30,415	28,111	25,015	21,901
Total	37,459	35,334	28,271	25,779
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	1,896	1,652	754	863
Intangible assets	1,678	1,884	1,678	1,884
Capital work-in-progress	3	-	3	-
Intangible assets under development	-	-	-	-
Goodwill on consolidation	1,094	1,094	-	-
Non-current investments	-	-	2,227	2,227
Deferred tax asset	-	-	-	-
Long-term loans and advances	4,876	4,773	4,681	4,628
Other non current assets	719	735	719	734
	10,266	10,138	10,062	10,336
Current assets				
Inventories	3,710	3,647	3,708	3,646
Trade receivables	15,902	15,269	11,104	8,818
Cash and bank balances	3,626	3,576	456	954
Short-term loans and advances	3,022	2,196	2,178	1,517
Other current assets	933	508	763	508
	27,193	25,196	18,209	15,443
Total	37,459	35,334	28,271	25,779

For ACCEL FRONTLINE LIMITED

ACCEL FRONTLINE LIMITED CHENNAI 600 029

MMehta

Malcolm F Mehta
Executive Director

Walker Chandiok & Co LLP

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

To the Board of Directors of Accel Frontline Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("the Statement") of Accel Frontline Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), for the quarter ended 30 September 2016 and the year to date results for the period 01 April 2016 to 30 September 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. As detailed in note 3 to the financial results and according to the information and explanations given to us, in respect of the trade receivables amounting to ₹ 11,744 lakhs as at 30 September 2016 (30 June 2016: ₹ 11,216 lakhs, 31 March 2016: ₹ 9,166 lakhs), the management is taking steps including obtaining balance confirmations to assess the existence of the said trade receivables and/or any additional adjustments required to the trade receivables. Pending completion of the aforesaid process and in absence of sufficient appropriate evidence, we are unable to comment upon the existence of the aforesaid trade receivables or any adjustments required to the remaining trade receivables and the consequent impact, if any, on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

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4. As disclosed in note 5 to the financial results, the Company's inventory at maintenance divisions is carried at ₹ 4,136 lakhs as at 30 September 2016 (30 June 2016: ₹ 3,922 lakhs, 31 March 2016: ₹ 3,823 lakhs). According to the information and explanations given to us, the management is unable to comply with the requirement of valuing the inventory in accordance with the requirements of Accounting standard (AS) 2 – Valuation of Inventories. Owing to the nature of the Company's records relating to valuation of inventory pertaining to its maintenance division, and in the absence of sufficient appropriate evidence, we are unable to comment upon the impact of the aforesaid matter on carrying value of aforesaid inventory as at 30 September 2016, changes in inventories of stock-in-trade and spares, prior period items, and the consequent impact, on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

5. As disclosed in note 3 to the financial results, the Company has provided for an amount of ₹ 750 lakhs during the previous year ended 31 March 2016 in respect of discrepancies noted on the physical verification of inventory of maintenance division as at 31 March 2016. The management is presently in the process of evaluating the reasons for such material discrepancies noted on the aforesaid physical verification. Pending completion of such process and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of the provision so recognized and the corresponding impact, if any, on the existence of inventory, purchases of stock-in-trade, trade payables and consequential impact on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

6. As disclosed in note 3 to the financial results, the Company's fixed assets as at 30 September 2016 comprise fixed assets having a gross book value of ₹ 3,175 lakhs (30 June 2016: ₹ 3,125 lakhs, 31 March 2016: ₹ 3,104 lakhs) and accumulated depreciation of ₹ 2,474 lakhs (30 June 2016: ₹ 2,384 lakhs, 31 March 2016: ₹ 2,309 lakhs), in respect of which company is in the process of conducting a physical verification and reconciliation with books of account. Pending completion of such process and in the absence of other sufficient appropriate audit evidence, we are unable to comment upon the existence and carrying value of the aforesaid assets, depreciation expense for the quarter and period ended 30 September 2016 and accumulated depreciation in respect thereof and the consequential impact on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

7. Based on our review conducted as above and upon consideration of the review reports of other auditors, except for the effects / possible effects of qualifications as described in the previous paragraphs, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

WALKER CHANDIOK & CO. LLP
CHENNAI
CHARTERED ACCOUNTANTS

8. We draw attention to note 4 to the financial results which indicates that the Group has incurred loss after tax and minority interest of ₹ 596 lakhs and ₹ 795 lakhs for the quarter and period ended 30 September 2016 respectively, the Group's negative reserves amounted to ₹ 6,040 lakhs resulting in complete erosion of the net worth of the Group. Further, as of that date, the Group's current liabilities exceeded its current assets by ₹ 3,222 lakhs. These conditions, along with matters as set forth in note 3 and 4 indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our review report is not qualified in respect of this matter.

9. We did not review the interim financial results of 8 subsidiaries, included in the Statement, whose interim financial results reflect total revenues of ₹ 5,481 lakhs and ₹ 10,510 lakhs for the quarter and period ended 30 September 2016 respectively, net profit after tax and prior period items of ₹ 257 lakhs and ₹ 335 lakhs for the quarter and period ended 30 September 2016 respectively and total assets of ₹ 12,075 lakhs as at quarter ended 30 September 2016. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us and our report in respect thereof is based solely on the review reports of such other auditors. Our review report is not qualified in respect of this matter.

Walker Chandiok & Co LLP

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

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

WALKER CHANDIOK & CO. LLP
CHENNAI
CHARTERED ACCOUNTANTS

Place: Chennai
Date: 09 November 2016

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
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Review Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Accel Frontline Limited

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of Accel Frontline Limited ("the Company") for the quarter ended 30 September 2016 and the year to date results for the period 01 April 2016 to 30 September 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. As detailed in note 3 to the financial results and according to the information and explanations given to us, in respect of the trade receivables amounting to ₹ 11,744 lakhs as at 30 September 2016 (30 June 2016: ₹ 11,216 lakhs, 31 March 2016: ₹ 9,166 lakhs), the management is taking steps including obtaining balance confirmations to assess the existence of the said trade receivables and/or any additional adjustments required to the trade receivables. Pending completion of the aforesaid process and in absence of sufficient appropriate evidence, we are unable to comment upon the existence of the aforesaid trade receivables or any adjustments required to the remaining trade receivables and the consequent impact, if any, on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

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4. As disclosed in note 5 to the financial results, the Company's inventory at maintenance divisions is carried at ₹ 4,136 lakhs as at 30 September 2016 (30 June 2016: ₹ 3,922 lakhs, 31 March 2016: ₹ 3,823 lakhs). According to the information and explanations given to us, the management is unable to comply with the requirement of valuing the inventory in accordance with the requirements of Accounting standard (AS) 2 – Valuation of Inventories. Owing to the nature of the Company's records relating to valuation of inventory pertaining to its maintenance division, and in the absence of sufficient appropriate evidence, we are unable to comment upon the impact of the aforesaid matter on carrying value of aforesaid inventory as at 30 September 2016, changes in inventories of stock-in-trade and spares, prior period items, and the consequent impact, on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

5. As disclosed in note 3 to the financial results, the Company has provided for an amount of ₹ 750 lakhs during the previous year ended 31 March 2016 in respect of discrepancies noted on the physical verification of inventory of maintenance division as at 31 March 2016. The management is presently in the process of evaluating the reasons for such material discrepancies noted on the aforesaid physical verification. Pending completion of such process and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of the provision so recognized and the corresponding impact, if any, on the existence of inventory, purchases of stock-in-trade, trade payables and consequential impact on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

6. As disclosed in note 3 to the financial results, the Company's fixed assets as at 30 September 2016 comprise fixed assets having a gross book value of ₹ 3,175 lakhs (30 June 2016: ₹ 3,125 lakhs, 31 March 2016: ₹ 3,104 lakhs) and accumulated depreciation of ₹ 2,474 lakhs (30 June 2016: ₹ 2,384 lakhs, 31 March 2016: ₹ 2,309 lakhs), in respect of which company is in the process of conducting a physical verification and reconciliation with books of account. Pending completion of such process and in the absence of other sufficient appropriate audit evidence, we are unable to comment upon the existence and carrying value of the aforesaid assets, depreciation expense for the quarter and period ended 30 September 2016 and accumulated depreciation in respect thereof and the consequential impact on the accompanying financial results. Our review report on the quarterly financial results for the quarter ended 30 June 2016 and audit opinion on the financial statements for the year ended 31 March 2016 were also qualified in this regard.

7. Based on our review conducted as above, except for the effects of qualifications as described in the previous paragraphs, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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8. We draw attention to note 4 to the financial results which indicates that the Company has incurred loss after tax of ₹ 537 lakhs and ₹ 650 lakhs for the quarter and period ended 30 September 2016 respectively, the Company's negative reserves as at 30 September 2016 amounted to ₹ 5,982 lakhs resulting in complete erosion of the net worth of the Company. Further, as of that date, the Company's current liabilities exceeded its current assets by ₹ 6,806 lakhs. These conditions, along with matters as set forth in note 3 and 4 indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our review report is not qualified in respect of this matter.

Walker Chandiok & Co LLP

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

per **Sumesh E S**
Partner
Membership No. 209631

WALKER CHANDIOK & Co. LLP
CHENNAI
CHARTERED ACCOUNTANTS

Place : Chennai
Date : 09 November 2016