

AFL/SS/SE/14/2016-2017
4th February, 2017

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 31.12.2016 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 4th February, 2017 have taken on record the following decisions:

- Considered and Approved Standalone and Consolidated unaudited financial results for the quarter and year to date ended 31.12.2016 on the recommendation of the Audit Committee.
- A Copy of the Limited Review report from the Auditors for the period ended 31.12.2016.

The meeting commenced at 11:00 AM and concluded at 02:45 P.M.

Please arrange to take the same on record.

Thanking you

Yours faithfully,
For Accel Frontline Limited



S. Sundaramurthy
Company Secretary

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Notes:

The above results were reviewed by the Audit Committee and approved and taken on record by the Board at its meeting held on 4th February 2017 and a review of the same has been carried out by the Statutory Auditors of the Company.

The consolidated financial results comprise the financial results of the Company and its subsidiaries.

The ongoing exercise in relation to receivables, inventories and fixed assets etc., is under progress as at 31 December 2016. The process of receiving balance confirmation of accountables from customers is ongoing and will continue till the end of the financial year. The management has performed physical verification of stocks. The process regarding verification of fixed assets is in progress and will be completed by the end of the financial year. Pending this exercise, the management is of the opinion that the provisions/warrant 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, 30 September 2016 and 31 December 2016.

The Company and its subsidiaries on a consolidated basis has incurred a loss after tax of Rs. 994 lakhs for the current period and the Net worth has been fully eroded as of 31 December 2016. The company on a standalone basis has incurred a loss of Rs. 1,124 lakhs for the current period and the Net worth has been fully eroded as of 31st December 2016. However, the company has made a cash profit of Rs. 214 lakhs during the current period ended 31 December 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 31 December 2016 have been prepared on a going concern basis.

Consequent to a change in the software for recording of inventory transactions pertaining to the maintenance divisions, 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, 30 September 2016 and 31 December 2016.

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



For Accel Frontline Limited

M. K. Meltz

Malcolm F. Meltz
Chairman & Executive Director

Place : Chennai

Date : 04 February 2017

(2)

Particulars	₹ in Lakhs						₹ in Lakhs						
	3 Months ended 31 December 2016	Preceding 3 months ended 30 September 2016	Corresponding 3 months ended 31 December 2015 in the previous year	Year to date figures for period ended 31 December 2016	Year to date figures for period ended 31 December 2015	Previous year ended 31 March 2016	3 Months ended 31 December 2016	Preceding 3 months ended 30 September 2016	Corresponding 3 months ended 31 December 2015 in the previous year	Year to date figures for period ended 31 December 2016	Year to date figures for period ended 31 December 2015	Year to date figures for period ended 31 December 2015	Previous year ended 31 March 2016
1. Segment Revenue	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
System Integration	8,739	6,072	7,808	21,795	18,064	26,177	3,665	3,613	4,217	10,927	9,456	13,242	
Infrastructure Management Services	4,288	3,907	3,034	11,991	7,895	14,502	3,454	3,247	3,034	9,894	7,895	12,072	
Software Services	2,189	2,339	2,091	6,714	6,010	8,170	1,007	1,125	1,242	3,241	3,819	4,942	
Warranty Management Services	437	425	485	1,270	1,617	1,903	437	425	485	1,270	1,617	1,903	
Training	43	50	56	132	220	263							
Net Sales / Income from Operations	15,696	13,393	13,474	41,902	33,806	51,105	8,563	8,410	8,978	25,332	22,787	32,249	
2. Segment result													
System Integration	782	564	237	1,595	348	858	51	(28)	(349)	199	(726)	(551)	
Infrastructure Management Services	625	435	(387)	1,632	(1,344)	1,384	509	355	(387)	1,392	(1,344)	547	
Software Services	(105)	(121)	(290)	(178)	(154)	(282)	(75)	(56)	(144)	(98)	1	22	
Warranty Management Services	(100)	(64)	(142)	(313)	(293)	(344)	(100)	(64)	(142)	(313)	(293)	(344)	
Training	(46)	(53)	(32)	(149)	(18)	(61)							
Total	1,186	761	(614)	2,587	(1,461)	1,555	385	207	(1,222)	1,171	(2,362)	(326)	
Less: (i) Interest expenses	669	640	518	1,521	1,521	2,083	621	606	502	1,708	1,448	1,957	
Less: (ii) Other unallocable expenses	323	178	447	728	1,127	12,973	266	178	416	672	1,095	1,957	
Add: Other income	36	42	17	114	52	188	28	40	17	85	52	98	
Total Profit/(Loss) Before Tax	200	(15)	(1,562)	150	(4,057)	(13,313)	(474)	(537)	(2,123)	(1,124)	(4,853)	(13,698)	
3. Segment Assets													
System Integration	18,559	14,950	14,581	18,559	14,581	14,846	7,896	7,112	9,501	7,896	9,501	6,437	
Infrastructure Management Services	11,025	11,465	11,956	11,025	11,956	9,402	9,749	10,305	11,133	9,749	11,133	8,472	
Software Services	4,268	4,362	6,465	4,268	6,465	4,414	3,359	2,897	3,417	3,359	3,417	2,916	
Warranty Management Services	1,336	1,328	2,197	1,336	2,197	1,664	1,336	1,338	1,771	1,336	1,771	1,664	
Training	188	202	215	188	215	200							
Unallocated	5,378	5,152	5,660	5,378	5,660	4,808	6,848	6,629	6,831	6,848	6,831	6,290	
Total Assets	40,754	37,459	41,074	40,754	41,074	35,334	29,188	28,271	32,653	29,188	32,653	25,779	
3. Segment Liabilities													
System Integration	13,171	9,606	10,139	13,171	10,139	10,402	7,799	6,448	6,726	7,799	6,726	6,210	
Infrastructure Management Services	10,155	9,846	10,019	10,155	10,019	9,404	8,736	8,482	10,240	8,736	10,240	8,213	
Software Services	4,797	4,473	4,597	4,797	4,597	4,151	2,702	2,132	2,078	2,702	2,078	2,204	
Warranty Management Services	1,144	955	1,629	1,144	1,629	1,538	1,144	955	1,383	1,144	1,383	1,538	
Training	97	90	113	97	113	313							
Unallocated	12,287	13,250	5,788	12,287	5,788	9,971	12,287	13,260	5,676	12,287	5,676	9,971	
Total Liabilities	41,651	38,250	32,285	41,651	32,285	35,779	32,668	31,277	26,103	32,668	26,103	28,136	

Place: Chennai
 Date: 04 February 2017



N. Praloka

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Review Report on Quarterly Consolidated 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 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 31 December 2016 and the year to date results for the period 01 April 2016 to 31 December 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 ₹ 11,721 lakhs as at 31 December 2016 (30 September: ₹ 11,744 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 financial results for the quarter and six months period ended 30 September 2016, 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.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AIC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

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4. As disclosed in note 5 to the financial results, the Company's inventory at maintenance divisions is carried at ₹ 4,342 lakhs as at 31 December 2016 (30 September 2016: ₹ 4,136 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 31 December 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 and period ended 30 September 2016 , 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 had 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 as at 31 March 2016. 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 changes in inventories of finished goods and stock-in-trade, trade payables and consequential impact on the accompanying financial results. Our review report on the financial results for the quarter and six months period ended 30 September 2016, 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. However, the Company has performed a physical verification of the inventory of the maintenance division and recorded the value of the inventories physically available as at 31 December 2016.
6. As disclosed in note 3 to the financial results, the Company's fixed assets as at 31 December 2016 comprise fixed assets having a gross book value of ₹ 3,199 lakhs (30 September 2016: ₹ 3,175 lakhs, 31 March 2016: ₹ 3,104 lakhs) and accumulated depreciation of ₹ 2,557 lakhs (30 September 2016: ₹ 2,474 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 nine months period ended 31 December 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 and period ended 30 September 2016 , 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.




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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 ₹ 200 lakhs and ₹ 994 lakhs for the quarter and nine months period ended 31 December 2016 respectively, the Group's negative reserves amounted to ₹ 6,359 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 ₹ 3,844 lakhs. These conditions, along with matters as set forth in note 3 and 4 to the financial results 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 ₹ 7,613 lakhs and ₹ 18,123 lakhs for the quarter and nine months period ended 31 December 2016 respectively, net profit after tax and prior period items of ₹ 618 lakhs and ₹ 953 lakhs for the quarter and nine months period ended 31 December 2016 respectively and total assets of ₹ 15,017 lakhs as at 31 December 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 Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Sumesh E S
per Sumesh E S
Partner
Membership No. 206934



Place: Chennai

Date: 04 February 2017

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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 31 December 2016 and the year to date results for the period 01 April 2016 to 31 December 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 ₹ 11,721 lakhs as at 31 December 2016 (30 September: ₹ 11,744 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 financial results for the quarter and six months period ended 30 September 2016, 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.



4. As disclosed in note 5 to the financial results, the Company's inventory at maintenance divisions is carried at ₹ 4,342 lakhs as at 31 December 2016 (30 September 2016: ₹ 4,136 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 31 December 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 financial results for the quarter and six months period ended 30 September 2016, 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 had 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 as at 31 March 2016. 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 changes in inventories of finished goods and stock-in-trade, trade payables and consequential impact on the accompanying financial results. Our review report on the financial results for the quarter and six months period ended 30 September 2016, 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. However, the Company has performed a physical verification of the inventory of the maintenance division and recorded the value of the inventories physically available as at 31 December 2016.
6. As disclosed in note 3 to the financial results, the Company's fixed assets as at 31 December 2016 comprise fixed assets having a gross book value of ₹ 3,199 lakhs (30 September 2016: ₹ 3,175 lakhs, 31 March 2016: ₹ 3,104 lakhs) and accumulated depreciation of ₹ 2,557 lakhs (30 September 2016: ₹ 2,474 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 nine months period ended 31 December 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 and six months period ended 30 September 2016, 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 ₹ 474 lakhs and ₹ 1,124 lakhs for the quarter and nine months period ended 31 December 2016 respectively, the Company's negative reserves as at 31 December 2016 amounted to ₹ 6,456 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 ₹ 7,502 lakhs. These conditions, along with matters as set forth in note 3 and 4 to the financial results 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 Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Sumesh E S
per Sumesh E S
Partner

Membership No. 209631



Place : Chennai

Date : 04 February 2017

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