

**AFL/SS/SE/34/2018-2019**

**27th September, 2018**

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

The BSE Ltd.  
P.J. Towers  
Dalal Street  
Mumbai 400 001

Dear Sir,

**Sub: Submission of Annual Report as per Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.**

Please find attached herewith a copy of the 23rd Annual Report of the Company for the financial year ended 2017-2018.

Kindly acknowledge and take this into your records.

Thanking You,

Yours faithfully

**For Accel Frontline Limited**



**S.Sundaramurthy**  
**Company Secretary**



Enc.:a.a.



**ACCEL FRONTLINE**  
**GLOBAL IT SERVICES**

*23rd Annual Report*  
*2017 - 18*

## Company Information

### Board of Directors

<b>Mr. Malcolm F. Mehta</b>	- Chairman & Chief Executive Officer
<b>Mr. Bin Cheng</b>	- Non-Executive & Non-Independent
<b>Mrs. Ruchi Naithani</b>	- Independent Director
<b>Mr. Raj Khalid</b>	- Independent Director
<b>Mr. Rajesh R. Muni</b>	- Independent Director
<b>Mr. R. Ramaraj</b>	- Independent Director (upto 10 <sup>th</sup> October, 2017)

### Committees

#### Audit Committee

<b>Mr. Rajesh R. Muni</b>	- Chairman
<b>Mr. Bin Cheng</b>	- Member
<b>Mrs. Ruchi Naithani</b>	- Member
<b>Mr. Raj Khalid</b>	- Member
<b>Mr. R. Ramaraj</b>	- Member (upto 10 <sup>th</sup> October, 2017)

#### Stakeholders Relationship Committee

<b>Mr. Raj Khalid</b>	- Chairman
<b>Mr. Bin Cheng</b>	- Member
<b>Mr. Rajesh R. Muni</b>	- Member (w.e.f. 04th November, 2017)
<b>Mr. R. Ramaraj</b>	- Member (upto 10 <sup>th</sup> October, 2017)

#### Nomination and Remuneration Committee

<b>Mrs. Ruchi Naithani</b>	- Chairperson
<b>Mr. Bin Cheng</b>	- Member
<b>Mr. Raj Khalid</b>	- Member

#### Management Team

<b>Mr. Maqbool Hassan</b>	(President - Practice & Delivery)
<b>Mr. Milind Kalurkar</b>	(President - Overseas Sales)
<b>Mr. Jayesh Ahluwalia</b>	(President - Sales)
<b>Mr. Satyen Parikh</b>	(President - Corporate)
<b>Mr. Murali Gopalakrishnan</b>	(Chief Financial Officer - w.e.f. 7th December, 2017)
<b>Mr. S. Sundaramurthy</b>	(Company Secretary)
<b>Mr. B. Chandramouli</b>	(Vice President - WMS)
<b>Mr. Vibhuti Pandey</b>	(Vice President - HR & Admin)
<b>Mr. R. Neelakantan</b>	(Chief Financial Officer - upto 29th November, 2017)

#### Statutory Auditors

M/s. Walker Chandiook & Co LLP  
Chartered Accountants, Chennai.

#### Internal Auditors

M/s. Sudit K. Parekh & Co.  
Chartered Accountants, Mumbai.

#### Secretarial Auditors

Mr. M. Alagar  
Practicing Company Secretary,  
M/s. M. Alagar & Associates, Chennai.

#### Legal Advisors

M/s. Economic Laws Practice (ELP),  
Advocates & Solicitors, Mumbai.

#### Principal Bankers

Mizuho Bank Ltd.  
Sumitomo Mitsui Banking Corporation

#### Registrars & Share Transfer Agents

M/s. Link Intime India Pvt. Ltd.  
Mumbai.

#### Stock Exchanges where Company's shares are listed

National Stock Exchange of India Limited,  
(Stock Code - AFL)  
BSE Limited (Stock Code - 532774)

#### Registered & Corporate Office

First Floor, Dowlath Towers,  
New Door Nos 57,59, 61 & 63,  
Taylors Road, Kilpauk, Chennai - 600 010.

#### Company's Website

[www.accelfrontline.com](http://www.accelfrontline.com)

#### Corporate Identity Number

L30006TN1995PLC031736  
ISIN: INE020G01017

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**NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING**

**Accel Frontline Limited**

Registered Office: 57, 59, 61, 63,  
Taylors Road, Dowlath Towers,  
First Floor, Kilpauk, Chennai - 600 010.  
CIN: L30006TN1995PLC031736

**TO**

**THE MEMBERS OF ACCEL FRONTLINE LIMITED**

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the members of Accel Frontline Limited will be held on Wednesday, the 19th September, 2018 at "The Music Academy Mini Hall, TTK Road, Alwarpet, Chennai - 600 014" at 10:30 A.M. to transact the following businesses:

**Ordinary Business:**

1. To consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company as at 31st March, 2018 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bin Cheng, (DIN: 06913491) who retires by rotation and, being eligible, offers himself for re-appointment.

**Special Business:**

3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

To adopt new Articles of Association of the Company.

"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 or any other law for the time being in force (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 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.

**By order of the Board of Directors  
For Accel Frontline Limited**

**Place: Chennai**

**Malcolm F. Mehta**

**Date: 07<sup>th</sup> August, 2018**

**Chairman & Chief Executive Officer**

**NOTES:**

1. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Register of the Company will remain closed from Thursday, 13th September, 2018 to Wednesday, 19th September, 2018 (both days inclusive).
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the Meeting is annexed hereto.
3. **A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote on a poll instead of himself / herself and such proxy need not be a member of the Company.**
4. **A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. Provided that a member holding more than 10% 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 proxy for any other person or member.**
5. **Proxies, in order to be effective should be duly stamped, completed, signed and must be sent to the Company so as to receive at its Registered Office not later than 48 hours before the commencement of the AGM.**
6. Corporate members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the AGM.
7. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the AGM.
8. Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
9. The Register of Contracts and Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
10. The Notice of 23rd AGM, details and instructions for e-voting and the Annual Report of the Company for the year ended 31st March, 2018 is uploaded on the Company's website [www.accelfrontline.com](http://www.accelfrontline.com) and may be accessed by the members. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection on all working days (except Saturday & Sunday) from 11:00 A.M. to 04:00 P.M. Copies of the above documents are being sent by electronic mode to the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

11. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Wednesday, 12th September, 2018 only shall be entitled to avail the remote e-voting facility as well as voting in the AGM.
12. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Wednesday, 12th September, 2018 ("Incremental Members") may obtain the User ID and Password by either sending an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or calling on Toll Free No. 1800-222-990. If the member is already registered with NSDL e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.
13. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
14. Trading in the shares of the Company can be done in dematerialized form only. Dematerialization would facilitate paperless trading through state-of-the art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest. Pursuant to SEBI Notification dated 08th June, 2018, it has been mandated by SEBI that transfer of securities of a listed company would be carried out in dematerialized form only as per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
15. The members who have not encashed their Dividend Warrants for previous financial years (viz. 2010-11 & 2011-12) are requested to send the same for revalidation to the Company's Registrars & Transfer Agents.
16. Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the Registrar & Transfer Agents. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will as per Section 124 of the Companies Act, 2013, be transferred to IEPF. The Company has transferred the unpaid or unclaimed dividends declared upto Financial Year 2009-2010 to the Investor Education and Protection Fund (IEPF). Pursuant to the provisions of IEPF, the Company has uploaded the details of Unpaid and Unclaimed amounts lying with the Company as on the 15th September, 2017 (date of the last Annual General Meeting on the website of the Company and also on the website of the Ministry of Corporate Affairs).
17. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's Registrar & Transfer Agents. In respect of shares held in Electronic / Demat form, the nomination form may be filed with the respective Depository Participant.
18. As required in terms of SEBI (LODR) Regulations, 2015, the information (including profile and expertise in specific functional areas) pertaining to Directors recommended for appointment / reappointment in the AGM is forming part of the Explanatory Statement given below.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their DPs with whom they are maintaining their Demat accounts and members holding shares in physical form to the Company / Registrar & Transfer Agents.
20. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company on all working days (except Saturday & Sunday) from 11:00 A.M. to 04:00 P.M., up to the date of the AGM of the Company.
21. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Company / Depository Participant(s) for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
22. Voting through electronic means:
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot or polling paper or e-voting shall be made available at the AGM and the members attending the meeting

who have not cast their vote by remote e- voting shall be able to exercise their right at the meeting through any means made available at the venue

- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Saturday, 15th September, 2018 (9:00 A.M.) and ends on Tuesday, 18th September, 2018 (5:00 P.M). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, 12th September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

**V. How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:*

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below:	
Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’
  - (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on **“Forgot User Details/Password?”**(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **“Physical User Reset Password?”** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [alagar@geniconsolutions.com](mailto:alagar@geniconsolutions.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **“Forgot User Details/Password?”** or **“Physical User Reset Password?”** option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

- VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Wednesday, 12th September, 2018.
- VIII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, 12th September, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using **“Forgot User Details/Password?”** or **“Physical User Reset Password?”** option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800- 222-990.
- IX. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- X. A person, whose name is recorded in the register of members or in the register of beneficial owner maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through e-voting or ballot paper or polling paper.
- XI. Mr. M. Alagar, Practicing Company Secretary (Member ship No. F7488 and CoP No. 8196) of M/s. M. Alagar & Associates, Practicing Company Secretaries, Chennai has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of e-voting or Ballot Paper or Polling Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.



XIII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XIV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.accelfrontline.com](http://www.accelfrontline.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited and BSE Limited, Mumbai.

**Explanatory Statement in respect of the Special Business pursuant to Section 102(1) of The Companies Act, 2013.**

**Item No. 3**

Consequent to change in the promoters of the company and also to make suitable changes to be in conformity with the Companies (Amendment) Act, 2017, it is proposed to amend the Articles of Association of the Company.

The Articles of Association of the Company which contains the regulations relating to the promoters needs to be amended consequent to change in the promoters of the company along with other changes to the Articles of Association in line

with the Companies (Amendment) Act, 2017. It is therefore considered desirable to adopt a comprehensive new set of Articles in substitution and to the exclusion of the existing Articles as approved by the Board of Directors meeting held on 07th August, 2018.

In terms of Section 14 of the Companies Act 2013, the consent of the Members by way of a special resolution is required for adoption of new set of AoA of the Company and accordingly, the approval of the shareholders is being sought.

The draft of the new AOA to be adopted is made available for inspection by the members at the registered office of the Company on all working days except Saturday & Sunday (from 11:00 A.M. to 04:00 P.M.) up to the date of closing of voting i.e. 18th September, 2018.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise in the proposed resolution.

Accordingly, the Board recommends the Special Resolution for approval by the shareholders, as set out in Item No.3 of this notice pursuant to the provisions of the Companies Act, 2013, your Directors recommend and seek the approval of shareholders by way of Special Resolution.

**By order of the Board of Directors  
For Accel Frontline Limited**

**Place: Chennai  
Date: 07<sup>th</sup> August, 2018**

**Malcolm F. Mehta  
Chairman & Chief Executive Officer**

**Annexure to the Notice dated 07th August, 2018**  
**Details of Directors retiring by Rotation / seeking Re-Appointment at the Meeting**

<b>Name</b>	<b>Mr. Bin Cheng</b>
Date of Birth	12th November, 1962
Date of Appointment	13th August, 2014
Qualification	Bachelor's Degree in Electrical Engineering. Master's in Applied Electronics from the Tokyo Institute of Technology, Research Assistant majoring Artificial Intelligence at the University of Maryland.
Expertise	Expertise of more than 20 years in CAC, systems development for large international banks, 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.
Chairmanship / Membership of the Committees of the Board of Director of the Company	1. Audit Committee – Member. 2. Stakeholders Relationship Committee – Member. 3. Nomination and Remuneration Committee – Member.
Directorship of other Companies (excluding Foreign Companies / Section 8 Companies)	NIL
Chairmanship / Membership of the Committee of other companies in which he is a Director	NIL
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on 31st March, 2018.	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL
Number of meetings attended during the year	Please refer Corporate Governance Section of the 23rd Annual Report 2017-18.

## DIRECTORS' REPORT

To  
**THE MEMBERS OF ACCEL FRONTLINE LIMITED**

The Directors are pleased to present the 23rd Annual Report of the Company together with Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2018.

### 1. FINANCIAL RESULTS

₹ in lakhs

Particulars	Consolidated		Standalone	
	March 2018	March 2017	March 2018	March 2017
Total Revenue	51,804	59,134	40,724	36,550
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,233	3,038	2,109	1,135
Finance costs	1,923	2,490	1,810	2,356
Depreciation and amortization expense and impairment loss	833	1,464	643	890
Profit / (loss) before tax and exceptional items	(1,523)	(916)	(344)	(2,111)
Exceptional items	4,071	(134)	6,661	-
Profit / (loss) before tax	2,548	(1,050)	6,317	(2,111)
Tax expense	1,338	377	1,225	-
Profit / (loss) for the year	1,210	(1,427)	5,092	(2,111)
Other comprehensive income for the year, net of tax	137	(162)	59	43
Total comprehensive income for the year	1,347	(1,589)	5,151	(2,068)
Minority interest	(224)	(1,009)	-	-
Total comprehensive income after Minority Interest	1,123	(2,598)	5,151	(2,068)

### 2. BUSINESS PERFORMANCE

On a consolidated basis your Company achieved a revenue of ₹ 51,804 for FY 2017-18 as against ₹ 59,134 in the previous year. These are not comparable numbers as the performance for FY 17 includes full 12 months operation of M/s. Accel Systems & Technologies Pte. Ltd. and FY 18 has only 3 months consequent to sale of this subsidiary in July 17. Revenue from standalone operations for the FY 2017-18 stood at ₹ 40,089 which is a growth of 10% over the FY 2016-17 ₹ 36,370. The EBITDA on a consolidated basis was ₹ 1,233 and on a standalone basis stood at ₹ 2,109.

On disposal of M/s. Accel Systems & Technologies Pte. Ltd. (ASTL), a subsidiary company, your Company earned a profit of ₹ 8,227 on a standalone basis and ₹ 5,637 on a consolidated basis during the year.

### 3. DIVIDEND

In view of the fact the Company has incurred operating losses, the Directors have not recommended dividend for the year ended 31st March, 2018.

### 4. HUMAN RESOURCES DEVELOPMENT

The Company understands that employees are vital and valuable assets for the Company. It also believes in transforming manpower resources from "Asset" to "Strategic Asset" by increasing their capabilities. The Company recognises people as the primary source of its competitiveness and continues

its focus on people development by leveraging technology. In line with this business philosophy, the Company has initiated training of resources to meet the market requirements and deliver high quality services to our clients. The thrust of Human Resource has been on improvement of the performance of employees through training and development. The Company has rolled out a significant change in the Organisation Structure of the Company which has come into force from April 1, 2018.

Employee relations remained cordial throughout the year and the Company had 2,377 permanent employees on its rolls as on March 31, 2018. The Board places on record its sincere appreciation for the valuable contribution made by the employees across all levels in the growth of the Company.

### 5. POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has adopted a Policy on Prevention of Sexual Harassment at Workplace which is in line with the requirements of The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy has been formed in order to prohibit, prevent or deter the commission acts of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under the Policy and the Policy is gender neutral. During the year under review, there were no complaints received by the ICC and no cases were pending for disposal.

## 6. BUSINESS EXCELLENCE AND QUALITY INITIATIVES

The Company believes in sustained efforts to maintain 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 has certifications for:

- ISO 9001:2015 (Quality Management System)
- ISO 27001:2013 (Information Security Management System)
- ISO 20000-1:2011 (Service Management System)
- CMMI Level 3 Dev 1.3

The Company has various policies, processes and systems in place that will not only enable strengthening and smooth functioning of the operations but also improve the quality of operations. In order to achieve highest levels of quality and robust information security practices, the Company will progressively endeavour to achieve enterprise-wide CMMI Level 5 (for Development) in the near future.

## 7. DOCUMENTS PLACED ON THE WEBSITE (www.accelfrontline.com)

The following documents have been placed on the Company's website in compliance with the Companies Act:

- a. Financial Statements of the Company and Consolidated Financial Statements.
- b. Separate audited accounts in respect of subsidiaries as per fourth proviso to Section 136(1).
- c. Details of Vigil Mechanism for Directors and Employees to report genuine concerns as per proviso to Section 177(10).
- d. The Terms and Conditions of appointment of Independent Directors.
- e. Details of unpaid dividend as per Section 124(2).

## 8. SUBSIDIARY COMPANIES

The Company has wholly owned subsidiaries operating in Japan, UAE, United States of America and United Kingdom which are not listed in India or abroad as of date. The Company also has a wholly owned unlisted Indian Subsidiary. The Statutory Audit Report of the Subsidiary Companies for the financial year are placed before the Audit Committee and reviewed by them. Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary. Pursuant to the provisions of sub-section (3) of Section 129 of the Act and read with rule 5 of the Companies (Accounts) Rules, 2014, the salient features of the financial Statement of the subsidiaries are set out in the prescribed Form AOC-1, which forms part of the Annual Report.

The Company has disposed off the entire investment (51% of equity) in M/s. Accel Systems & Technologies Pte. Ltd. (ASTL), Singapore. The sale proceeds of the investment has been reported under Exceptional Income in the Statement of Profit and Loss of the Company for the year ended March 31, 2018.

## 9. CORPORATE GOVERNANCE REPORT REQUIRED UNDER THE COMPANIES ACT, 2013 AND SEBI (LODR) REGULATIONS, 2015.

As per SEBI LODR Regulations, 2015, Corporate Governance Report with Auditors Certificate on Compliance with the conditions of Corporate Governance is attached and form part of this report.

## 10. MANAGEMENT DISCUSSION & ANALYSIS

In terms of Regulation 34 of SEBI (LODR) Regulations, a separate Annexure II to this Report is enclosed where the Management Discussion and Analysis and various initiatives and future prospects of the Company are provided.

## 11. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(5) of the Act, the Board of Directors of the Company hereby confirms that:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2018, applicable Accounting Standards have been followed and there were no material departures from the same;
- ii. we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2018 and of the profit and loss of the Company for the year ended on that date;
- iii. we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. we have prepared the annual accounts for the financial year ended March 31, 2018 on a going concern basis;
- v. we have laid down internal financial controls and the same have been followed by the Company and that such internal financial controls are adequate and operating effectively; and
- vi. we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 12. Statutory Auditors Report.

Management response to the qualification in the Statutory Auditor's Report:

As disclosed in Note No. 32 to the Consolidated Financial Statements, the management of the wholly owned Indian subsidiary M/s. Accel IT Resources Limited (AITRL) has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centres accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary thereby enabling the recovery of these investments and loans given along with interest, in the standalone financial results. Consequently the Company Management is of the view that no provision needs to be made for the investment or loan given to the subsidiary.

## 13. IMPORTANT DISCLOSURES MADE BY THE COMPANY UNDER REGULATION 30 OF THE SEBI (LODR) REGULATIONS, 2015 TO THE STOCK EXCHANGES

- The petition filed by Accel Limited against the Company, its Directors, then Company Secretary and the then Chief Financial Officer is dismissed as withdrawn as per the order received from NCLT on 6th September, 2017.
- The Board of Directors approved the closure / dissolution of the wholly owned subsidiary M/s. Network Programs (Japan), INC. in United States of America.

- The receipt of orders from The Hon'ble Securities Appellate Tribunal on Graded Surveillance Measures (GSM) and about removal of scrip of the company from the GSM.

#### **14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has strong commitment towards conservation of energy and adoption of latest technology in its areas of operations. The particulars as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014, are set out in an Annexure-III to this Report.

#### **15. SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors met on February 6, 2018 and evaluated the performance of Non- Independent Directors and the Board as a whole. Details regarding the same is provided in the Corporate Governance Report.

#### **16. EVALUATION OF THE BOARD'S PERFORMANCE**

The Board has carried out an evaluation of its own performance, also that of its Directors individually and its Committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance report.

#### **17. AUDITORS**

##### **a) Statutory Auditors**

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013) were appointed as the Statutory Auditors for a period of five years till the conclusion of the 24th Annual General Meeting (AGM).

##### **b) Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. M.Alagar, Practising Company Secretary (Membership No. F7488 and CoP No. 8196) of M/s. M.Alagar & Associates, Practising Company Secretaries, Chennai to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit Report is annexed as Annexure V to this report. The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

#### **18. PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Company (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report. No employee draws remuneration in excess of the limits in terms of the provisions of the Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **19. FIXED DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits within the meaning of sub-section (31) of Section 2 and Section 73 of the Companies Act, 2013 and the Rules framed thereunder

from public and as such, no amount on account of principal or interest on deposits from public were outstanding as on the date of the Balance Sheet.

#### **20. CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, Corporate Social Responsibility Committee was formed to recommend: (a) the policy on Corporate Social Responsibility and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors.

#### **21. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

##### **Directors**

- Mr. Bin Cheng, Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.
- Mr. R.Ramaraj, Non-Executive Independent Director of the Company had resigned from the Directorship of the Company with effect from 10th October, 2017.

##### **Key Managerial Personnel (KMP)**

- Mr. Murali Gopalakrishnan had been appointed as the Chief Financial Officer (CFO) and Key Managerial Personnel (KMP) of the Company with effect from 07th December, 2017.
- Mr. R.Neelakantan had resigned from the position of Chief Financial Officer (CFO) and Key Managerial Personnel (KMP) of the Company with effect from 29th November, 2017.

#### **22. NAME CHANGE PROCESS**

The Board sought the consent of Shareholders of the Company by way of special resolution through Postal Ballot as per the notice issued to the Shareholders on 28-06-2018 for Change in the name of the Company from 'M/s. Accel Frontline Limited' to 'M/s. Inspirisys Solutions Limited' and consequent amendment to Memorandum of Association and Articles of Association of the Company. The special resolution was passed by the Shareholders of the Company with requisite majority and accordingly the Postal Ballot results were declared on 30-07-2018.

#### **23. ACKNOWLEDGEMENTS**

Your Directors take this opportunity to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank all valuable stakeholders viz., customers, suppliers, alliance partners, bankers and other business associates for the continued and excellent support given by them to the Company and their confidence reposed in the management. The Directors acknowledge the unstinted commitment and valuable contribution of all employees of the Company.

Your Directors also appreciate and value the trust reposed in them by Members of the Company.

**For and on behalf of the Board of Directors**

**Place: Chennai**

**Malcolm F. Mehta**

**Date: 07<sup>th</sup> August, 2018**

**Chairman & Chief Executive Officer**

## **ANNEXURE - I TO THE DIRECTOR'S REPORT**

### **1. EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 is enclosed at Annexure-IV in the prescribed form MGT-9 and forms part of this Report.

### **2. NUMBER OF MEETINGS OF THE BOARD**

6 meeting of the Board of Directors of the Company were held during the year. For details of the meetings, please refer the Corporate Governance Report, which forms part of this Report.

### **3. INDEPENDENT DIRECTORS' DECLARATION**

Mrs. Ruchi Naithani, Mr. Raj Khalid and Mr. Rajesh R. Muni who are Independent Directors, have submitted a declaration that each of them meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and SEBI LODR Regulations. Further, there have been no change in the circumstances which may affect their status as independent director during the year.

### **4. POLICY OF DIRECTORS' APPOINTMENT AND REMUNERATION**

Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act are covered in Corporate Governance Report which forms part of this Report. Further, information about elements of remuneration package of individual directors is provided in the extract of Annual Return (under Section 92(3) of the Act), in Annexure-IV as per the prescribed form MGT-9.

### **5. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT**

As provided under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members & Senior Management Personnel have affirmed compliance with Accel Frontline Limited Code of Conduct for the year ended 31st March, 2018.

### **6. RELATIONSHIP BETWEEN DIRECTORS INTER-SE**

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 No. 36 of Notes forming part of the Financial Statements as at and for the year ended March 31, 2018. The Company's related party transactions are primarily with its subsidiaries and associates. The related party transactions are entered into based on consideration of various business, exigencies, such as synergy in operations, sectorial specialization and

the Company's long term strategy for sectorial investment's, optimization of market share profitability, legal requirements, liquidity and capital resources of subsidiaries and associates.

All related party transactions are negotiated on arm's 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 188 of the Companies Act, 2013 are set out in the Notes forming part of the financial statement as at and for the year ended March 31, 2018. There have been no materially significant related party transactions, which may have potential conflicts with the interest of the company.

### **7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The details of the Loans and Investments made by company are given in the notes to the financial statements. The company has not given any Guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

### **8. TRANSACTIONS WITH RELATED PARTIES**

The Company has entered into contract / arrangements with the related parties in the ordinary course of business and on arm's length basis. Thus provisions of Section 188(1) of the Act are not applicable.

### **9. INTERNAL CONTROL**

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 auditors and the statutory auditors.

### **10. RISK MANAGEMENT**

The Risk Management is overseen by the Board of Directors of the Company on a continuous basis. The Board oversees

Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which form part of the Board Report.

**11. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS (Weblink: [www.accelfrontline.com](http://www.accelfrontline.com))**

The Company has practice of conducting familiarization program of the Independent Directors as detailed in the Corporate Governance Report which forms part of the Annual Report.

**12. VIGIL MECHANISM**

The Company has established a Vigil Mechanism for Directors and employees to report their genuine concerns. For details, please refer to the Corporate Governance Report which forms part of the Annual Report.

**13. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES**

Subsidiaries of the Company are engaged in the business of providing ITES services or business solutions or consulting including business process outsourcing services. There has been no material change in the nature of the business of the subsidiaries. The Company's subsidiaries consists of: 1. Accel Frontline DMCC, Dubai, 2. Accel North America, Inc., 3. Network Programs (USA) Inc., 4. Accel Japan KK, Japan, 5. Accel Technologies Limited, U.K. and 6. Accel IT Resources Limited. The subsidiaries earned a gross revenue of ₹ 10,090 during the Financial Year 2017 -18 compared to ₹ 14,917 during Financial Year 2016-17. The gross revenue was lower in FY 18 compared to FY 17 on account of poor business performance of Accel Frontline DMCC, Dubai owing to market conditions prevailing in the geography. The Net losses of these subsidiaries on consolidated basis is ₹ 1,706 during Financial Year 2017-18 compared to a loss of ₹ 1,338 during Financial Year 2016-17. Reduction in revenue from Dubai subsidiary has contributed to the higher losses in FY18. The revenue and net profit / (loss) numbers given above do not include M/s. Accel Systems & Technologies Pte. Ltd. (ASTL) which was disposed off in July 2017. Financial position of each of the subsidiaries is provided in a separate statement AOC-1, attached to the Financial Statement pursuant to first proviso to Section 129(3) of the Act.

- The Company has sold its entire stake (51% of Equity) in its subsidiary company M/s. Accel Systems & Technologies Pte. Ltd. (ASTL) Singapore for S\$ 19.38 Million (Singapore Dollars Nineteen Million Three Hundred and Eighty Thousand Only) to M/s. StarHub Ltd., Singapore on 10th July, 2017 and ASTL is now no longer a Subsidiary of the Company.
- The Board of Directors approved the closure / dissolution of the wholly owned subsidiary M/s. Network Programs (Japan), INC. (NPJ) in United States of America. Accordingly the NPJ has been closed w.e.f 28th March, 2018 and is no longer a

wholly owned subsidiary of the Company.

**14. PARTICULARS OF REMUNERATION**

The information required under Section 197 of the Act and the Rules made thereunder, in respect of employees of the Company, is follows:-

- (a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

Except Mr. Malcolm F. Mehta, no directors were in receipt of remuneration except sitting fees. For this purpose, Sitting fees paid to the Directors have not been considered as Remuneration.

Name of the Director	Ratio to median remuneration	Remuneration paid (₹ In Lakhs)
Mr. Malcolm F. Mehta*	157	314.21

\* M/s. CAC Holdings Corporation, Japan is reimbursing the cost and other expenses incurred by the Company for the employment of Mr. Malcolm F. Mehta.

- (b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Person	% increase in remuneration
Mr. Malcolm F. Mehta, Chairman & Chief Executive Officer	Nil
Mr. R. Neelakantan, Chief Financial Officer (upto 29/11/2017)	Nil
Mr. S. Sundaramurthy, Company Secretary	Nil
Mr. Murali Gopalakrishnan, Chief Financial Officer (w.e.f 07/12/2017)	Nil

- (c) The percentage increase in the median remuneration of employees in the financial year was NIL.

- (d) The number of permanent employees on the rolls of Company;  
There were 2,377 permanent employees on the rolls of Company as at March 31, 2018.

- (e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average increase in salaries of employees other than managerial personnel in 2017-18 was 1.9%. Percentage increase in the managerial remuneration for the year was Nil.

(f) Affirmation that the remuneration is as per the remuneration policy of the Company;

The Company's remuneration policy is based on the performance of the employees and that of the Company. The Company's compensation consists of fixed component, benefits and variable pay based on the individual's performance which is measured through the annual appraisal process.

(g) Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Company (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 are given below.

Sl. No.	Name	Designation	CTC Remuneration (₹. In Lakhs)	Nature of Employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Last or previous employment	% of Equity Shares held	Relative of Director or Manager
1	Mr. Malcolm F. Mehta	Chairman & Chief Executive Officer	314.21	Regular	01st July, 2014	50	M/s. Hexaware Technologies Limited	-	No
2	Mr. Murali. Gopalakrishnan	Chief Financial Officer	60.00	Regular	07th December, 2017	53	M/s. Spencers Retail Ltd.	-	No
3	Mr. Maqbool Hassan	President - Practice & Delivery	60.00	Regular	14th August, 1997	53	M/s. HCL Limited	0.02%	No
4	Mr. Jayesh Ahluwalia	President - Sales	45.00	Regular	16th January, 1991	52	M/s. Pertech Computers Ltd.	-	No
5	Mr. Dipak Kothari	General Manager	31.00	Regular	05th July, 2017	52	M/s. Miles Software Solutions	-	No
6	Mr. R.S.Ramachandran	General Manager - IT	30.00	Regular	3rd April, 2017	56	M/s. Bahwan Cybertek Pvt. Ltd.	-	No
7	Mr. Sanatan Seal	Vice President	29.14	Regular	20th June, 1995	50	M/s. PCS Industries Ltd.	0.01%	No
8	Mr. P.C. John Bright	General Manager	28.08	Regular	18th August, 2014	47	M/s. IBM	-	No
9	Mr. Sunil Manocha	Regional Manager- Sales	26.11	Regular	02nd April, 2007	46	M/s. Computers and Components LLC	-	No
10	Mr. Jayaraj Kannan	Head - MSG	26.00	Regular	02nd November, 2015	44	M/s. BMS Corp.	-	No

Notes:

1. Remuneration shown above includes salary, bonus and contribution to provident fund, superannuation fund and perquisites valued as per Income Tax Rules, wherever applicable and in other cases at actual cost to the Company.

#### 15. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON EXECUTIVE DIRECTORS

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

**For and on behalf of the Board of Directors**

Place: Chennai  
Date: 07<sup>th</sup> August, 2018

**Malcolm F. Mehta**  
Chairman & Chief Executive Officer



**ANNEXURE-II****MANAGEMENT DISCUSSION AND ANALYSIS****A. INDUSTRY STRUCTURE AND DEVELOPMENTS**

According to Gartner, Worldwide IT spend is estimated to be USD 3.7 Trillion in current year of 2018. This represents an increase of 4.5% from past year of 2017. It is forecasted to scale up to USD 3.9 Trillion by end of 2019. Such spending will trigger most conventional businesses undergoing Digital Transformation and embracing IT enabled automation. Factors which restricted growth in the past – conservative approach in investment, almost flat international trade, weak demands are all showing signs of rebounding. The primary factors to drive global prospects are new tax reductions and increased spending in the United States (USA) aided by record levels of unemployment and additional fiscal stimulus in Germany. However, risk of geopolitical tension, trade war, protectionism, Oil prices and currency volatility still remains a concern over the prospects of recovery. Focused Geographies for AFL: North America, Middle East, Japan and select ASEAN countries in addition to India are similarly showing an increased uptake / confidence in embracing contemporary technologies.

On the domestic front, the country is going to polls in few critical states before heading to General Assembly Elections by mid 2019, so there could be ease of governance driven - people appeasing initiatives forthcoming. The general mood among all sizes of businesses (Private and Public Sector) is bit tentative owing to the political climate and possibility driving more transparency in all their transactions. This also provides immense opportunity to IT Services Companies aligning their solutions (e.g. GBM Module of AFL aiding Banks in automating / complying with RBI documentation needs). According to NASSCOM, currently the traditional services (ISO, CADM, ITSM, Software Testing etc.) continue to have a major share of revenue (~80%), the share of digital revenue is increasing rapidly. Market evolution and thrust to get along with the disruptive environment is likely to lead the way to a new face of IT-BPM industry.

**B. OPPORTUNITIES & THREATS**

The strong growth in the U.S. economy is contributing to the overall growth in the IT market globally. This is creating new opportunities for Indian IT players. The Indian IT market is also expected to continue growing with focus on the digital and other initiatives taken by the government. While the start-up rush has subsided, the valuation of quite a few start-ups has gone through the roof. Artificial intelligence (AI), machine learning and robotics is expected to be extremely disruptive but at the same time open new areas of business. Public and

private sector funding in India to modernize the country's infrastructure will need IT to play a key role and will have long term benefits to all. IT will play a major role in successful implementation and running of the systems required to support these initiatives. The organization restructuring carried out in the Company that came into effect from April 2018 with focus on BFSI, Government/ PSU, Telecom, Manufacturing and Healthcare places the Company in a good position to target business in these industry verticals. With our IT infra services we would be offering services in the IT security, cloud-mobility, IOT and product engineering fields. The restructuring is also done with an objective to provide our service offerings on a global basis including to our overseas subsidiaries to help them leverage on our capabilities in India.

While the global economy is growing, the likelihood of full scale trade wars cannot be ruled out. The tariffs applied on a wide range of goods and services are creating serious challenges in global trade and could have long lasting consequences. Restriction in movement of human beings and goods/services in this modern era is unlikely to succeed in the long run but it has the potential to cause tremendous chaos and conflicts in the short term.

**C. FOCUS AREAS OF THE COMPANY**

The Company has been slowly and steadily moving out of the low margin IT Hardware business and focussing its efforts on IT services. This has started showing results in improving the profitability and the company will continue to pursue offering high end enterprise services in Cloud, Mobility and IT Security services etc. to our clients in India and overseas. Consequently the company has reorganized its business to focus on 5 practices Viz., IT Infra services, IT Security, Cloud & Mobility, IOT and Product Engineering Development across the Banking, Telecom, Manufacturing, Government/PSU, Healthcare verticals.

With the practice wise focus, we expect better opportunities for our IOT and Cloud – Mobility business and will give us access to markets hitherto we do not have any presence. The product engineering development business is also getting revamped to address the demands of our overseas clients, especially from North America and Japan.

Our IT Security service is growing and we also see lot of opportunities for these services in the overseas market. The IT security team is being strengthened to cater to the growing demands.

Warranty Management Services (WMS) business has been struggling for the past few years. It has aligned its business to new verticals a few months back. The division has undergone change in leadership and is expected to improve its performance.

The overall focus of the Company continues to be on increasing the share of the services business in India, increase the share of the exports / overseas business, cross-sell its services across divisions and geographies, develop niche products and services and target private sector including multinational companies in India. All the above measures will help in improving the profitability of the Company over the long run.

#### D. RISK MANAGEMENT

The Board continues to provide the guidance to the company in terms of ascertaining the risk factors as applicable to the company's business and providing the

direction to assess and mitigate the same. The company periodically assesses the risks involved in the business and reports to the Board for them to take necessary steps in mitigating them.

#### E. DETAILED REVIEW OF FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the Companies Act, 2013 and Ind AS.

The following table gives an overview of the financial results of the company on a consolidated basis:

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	In ₹ Lakhs	%	In ₹ Lakhs	%
<b>Revenue</b>				
Revenue from operations	51,067	100%	58,916	100%
Other income	737	100%	218	100%
<b>Total revenue</b>	<b>51,804</b>	<b>100%</b>	<b>59,134</b>	<b>100%</b>
<b>Expenses</b>				
Materials / Service costs	29,069	56%	32,315	55%
Employee benefits expense	14,566	28%	16,688	28%
Other expenses	6,936	13%	7,093	12%
<b>Total expenses</b>	<b>50,571</b>	<b>98%</b>	<b>56,096</b>	<b>95%</b>
<b>EBITDA</b>	<b>1,233</b>	<b>2%</b>	<b>3,038</b>	<b>5%</b>
Finance costs	1,923	4%	2,490	4%
Depreciation and amortization expense and impairment loss	833	2%	1,464	2%
<b>Profit / (loss) before tax and exceptional items</b>	<b>(1,523)</b>	<b>-3%</b>	<b>(916)</b>	<b>-2%</b>
Exceptional items	(4,071)	-8%	134	0%
<b>Profit / (loss) before tax</b>	<b>2,548</b>	<b>5%</b>	<b>(1,050)</b>	<b>-2%</b>
<b>Tax expense</b>	<b>1,338</b>	<b>3%</b>	<b>377</b>	<b>1%</b>
Profit / (loss) for the year	<b>1,210</b>	<b>2%</b>	<b>(1,427)</b>	<b>-2%</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>137</b>	<b>0%</b>	<b>(162)</b>	<b>0%</b>
<b>Total comprehensive income for the year</b>	<b>1,347</b>	<b>3%</b>	<b>(1,589)</b>	<b>-3%</b>
Minority interest	<b>(224)</b>	<b>0%</b>	<b>(1,009)</b>	<b>-2%</b>
<b>Total comprehensive income after Minority Interest</b>	<b>1,123</b>	<b>2%</b>	<b>(2,598)</b>	<b>-4%</b>

**F. REVENUE ANALYSIS**

₹ in lakhs

BUSINESS MIX	FY 2018	%	FY 2017	%
SI - System Integration	25,598	50%	31,926	54%
IMS - Infrastructure Management Services	15,704	31%	16,320	28%
SS - Software Services	7,646	15%	8,786	15%
WMS - Warranty Management Services	1,972	4%	1,720	3%
Training	147	-	164	-
<b>TOTAL</b>	<b>51,067</b>	<b>-</b>	<b>58,916</b>	<b>-</b>

**G. ANALYSIS OF BUSINESS BY SERVICE**

Our India business still has a significant component of System Integration (SI), but we have consciously been participating only in SI projects which contributes to our Annuity services business. We have also been strategically coming out of high volume - low margin, end user device based hardware maintenance contracts and focussing on enterprise services, which has marginally impacting the revenue, but has helped us increase profits.

In the coming years, we expect the Infra and IT security services to be export revenue earners apart from the software services Viz, IOT, Cloud-Mobility & Project engineering Development.

We have increased cooperation with CAC in Japan and our joint efforts in the Automotive sector has started yielding some results. We are also setting up an off shore development center for our Japanese clients.

Our Dubai subsidiary had challenges in performance over the last two years. We have revamped the team there and aligned the business in line with the Practice - Vertical focus of the company with the blended service offerings of onsite and off shore from India. We expect a turn around of the subsidiary in FY 18 - 19.

The U.S. and Japan subsidiaries performance is not on expected lines considering the potential of business in these markets. With the new organization structure we are expecting more synergy and support to these subsidiaries from India.

The WMS business has steadied over the past year and is showing signs of improvement. While business is not yet profitable we are expecting that with increased revenue it could turn around.

**H. HUMAN RESOURCE MANAGEMENT.**

Company recognizes the immense value of it's true assets – Human Assets in the business we are in. Right time resourcing with Right Talents and Retaining them is a continuous challenge. Establishing a business aligned, business aware HR function is one step the company has initiated. Employee Delight Initiatives are evolved / improvised to ensure retention of required talent. Performance Measurement Guidelines with Quarterly led Reviews are aimed to ensure building up the company which is Performance Driven. An initiative around updating the Employee Guidelines & Policies to keep it

current has been kickstarted, as well as implementing a more user friendly - employee driven HRMS system. The Company today has 2,377 full time employees spread across the country and various operating divisions as at March 31, 2018. The Company endeavours policies such as L&D to nurture, empower & retain talent. Career Growth Plans and Lateral Functional hire policy provides opportunities to each employee in pursuing their career aspirations, be it exploring to work in varied functions or on advanced technologies. AFL prides itself in being more humane and aligned organization where Passion, Fun and Customer Happiness Quotient are paramount. This company thus provides a platform for personal growth and success.

**I. 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.

**J. FINANCING COSTS**

The company had obtained working capital loans from Japanese banks at a much lower cost on account of guarantees from the holding company from Japan. This has helped the company to contain the interest costs.

**K. TAXATION**

Consequent to sale of M/s. Accel Systems & Technologies Pte. Ltd. Singapore, the Company has recognised long term capital gain and computed tax on the same as appropriate.

The Consolidated Balance Sheet of Accel Frontline Limited is given below :

₹ in lakhs

Consolidated Balance Sheet of Accel Frontline Limited		
	31-Mar-18	31-Mar-17
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	676	1,400
Goodwill	1,344	1,796
Other Intangible assets	498	724
Intangible asset under development	41	-
Financial assets		
- Investments	-	-
- Trade receivables	45	47
- Bank balances	1,310	692
- Other financial assets	551	670
Income tax assets (net)	4,730	4,215
Other non-current assets	622	544
	<b>9,817</b>	<b>10,088</b>
<b>Current assets</b>		
Inventories	1,524	3,821
Financial assets		
- Trade receivables	12,551	16,643
- Cash and cash equivalents	891	4,705
- Bank balances other than those mentioned in cash and cash equivalents	2	224
- Loans	-	-
- Other financial assets	515	355
Other current assets	2,971	4,059
	<b>18,454</b>	<b>29,807</b>
<b>Total assets</b>	<b>28,271</b>	<b>39,895</b>
<b>Equity</b>		
Equity share capital	2,976	2,976
Other equity	(6,697)	(7,780)
	<b>(3,721)</b>	<b>(4,804)</b>
<b>Non - Controlling Interests</b>	-	<b>2,690</b>
<b>Non-current liabilities</b>		
Financial liabilities		
- Borrowings	4,183	6,373
Deferred tax liabilities (Net)	-	129
Provisions	665	905
	<b>4,848</b>	<b>7,407</b>
<b>Current liabilities</b>		
Financial liabilities		
- Borrowings	14,050	18,545
- Trade payables	6,413	6,831
- Other financial liabilities	3,022	4,745
Other current liabilities	3,270	4,068
Provisions	389	413
	<b>27,144</b>	<b>34,602</b>
<b>Total equity and liabilities</b>	<b>28,271</b>	<b>39,895</b>

**Key Highlights**

**A. Equity and Reserves**

The Equity Capital of the Company remained unchanged during the year.

**B. Borrowings**

The Long Term Borrowings of the Company with respect to External Commercial Borrowings remained the same except for exchange fluctuations impact. The other long term borrowings and working capital facilities with the Banks were reduced consequent to cash inflow from sale of M/s. Accel Systems & Technologies Pte. Ltd. Singapore in July 2017.

**C. Receivables Management**

The company has written off/provided for bad debts of ₹ 918 Lakhs on standalone basis and ₹ 940 Lakhs on consolidated basis during the financial year. The Receivables (before allowances for credit loss) which are classified as "Current" under the new Ind AS stands at ₹ 14,156 Lakhs as at March 31, 2018 as compared to ₹ 17,727 Lakhs as at March 31, 2017. The collections have been strengthened which has resulted in reduction of Receivables.

**D. Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include change in Government regulations, tax laws, economic & political developments within and outside the country and such other factors.

**For and on behalf of the Board of Directors**

Place: Chennai Malcolm F. Mehta  
Date: 07<sup>th</sup> August, 2018 Chairman & Chief Executive Officer

**ANNEXURE-III**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [(In terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)]**

**A. 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 however, has means and processes to constantly monitor the usage of power and optimize the same to the extent possible.

**B. TECHNOLOGY ABSORPTION**

The Company is constantly upgrading and adapting new technologies to meet the technology challenges.

**C. RESEARCH AND DEVELOPMENT (R&D)**

During the year under review, the company has not initiated any new R&D activity.

**D. FOREIGN EXCHANGE EARNING AND OUTGO**

Details of Foreign Exchange Earnings and Outgo is given below:

₹ in lakhs

Sl. No.	Particulars	2017 - 2018	2016 - 2017
(i)	Total Foreign Exchange earned	2,987	3,355
(ii)	Total Foreign Exchange outflow	392	987

**Annexure IV**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018.**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L30006TN1995PLC031736
ii.	Registration Date	8 <sup>th</sup> June, 1995
iii.	Name of the Company	Accel Frontline Limited
iv.	Category/Sub-Category of the Company	Information Technology
v.	Address of the Registered office and contact details	First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India. Tel: 044 - 42252000 Fax: 044- 26424271 Email: info@accelfrontline.com Website: www.accelfrontline.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083. Tel: 022-49186270 Fax: 022-49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Systems Integration	99831326	51 %
2	Infrastructure Management Service	99831326	34 %
3	Software Services	99831512	10 %
4	Warranty Management Services	99831323	5 %

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**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	CAC Holdings Corporation 24-1, Hakozaki-cho, Nihonbashi Chuo-ku, Tokyo 103-0015, Japan.	N.A	Holding	60.00%	2(46)
2.	Accel IT Resources Limited Chateau D' Ampa, 5th Floor, No. 37, Nelson Manickam Road, Aminjikarai, Chennai – 600 029.	U80903TN2007PLC062824	Subsidiary	100%	2(87)
3.	Accel Systems & Technologies Pte. Ltd., Singapore 22 Kallang Ave., #03-04 Singapore - 339413	N.A.	Subsidiary (ceased to be a subsidiary of the company w.e.f 10/07/2017)	51.00%	2(87)
4.	Accel Frontline DMCC, Dubai Office No. 2803, Saba 1 Tower Cluster E, P.O. Box: 488019, Jumeirah Lake Towers, Dubai, UAE.	N.A.	Subsidiary	100%	2(87)
5.	Network Programs (Japan) Inc., USA 1430, Broadway, Suite No. 1805, New York, NY - 10018, USA	N.A.	Subsidiary (wound up on 28/03/2018)	100%	2(87)
6.	Network Programs (USA) Inc., USA 1430, Broadway, Suite No. 1805, New York, NY - 10018, USA	N.A	Subsidiary	100%	2(87)
7.	Accel Japan Kabushiki Kaisha, Japan 4F, Dai 2 Kounan Hirose Building, 3-5-24 Kounan Minato-ku, Tokyo - 108-0075, Japan	N.A	Subsidiary	100%	2(87)
8.	Accel North America Inc., USA 2975 Bowers Ave Ste 323 Santa Clara CA 95051	N.A	Subsidiary	100%	2(87)
9.	Accel Technologies Ltd., UK 268, Bath Road, Slough, Berkshire SL1 4DX	N.A	Subsidiary	100%	2(87)

*This space is intentionally left blank*

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/ HUF	0	0	0	0	0	0	0	0	0
b. Central Govt.	0	0	0	0	0	0	0	0	0
c. State Govt.(s)	0	0	0	0	0	0	0	0	0
d. Bodies Corp.	42,81,194	0	42,81,194	14.38	0	0	0	0	(14.38)
e. Banks / FI	0	0	0	0	0	0	0	0	0
f. Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>42,81,194</b>	<b>0</b>	<b>42,81,194</b>	<b>14.38</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14.38)</b>
<b>2. Foreign</b>									
g. NRIs-Individuals	0	0	0	0	0	0	0	0	0
h. Other-Individuals	0	0	0	0	0	0	0	0	0
i. Bodies Corp.	1,80,40,210	0	1,80,40,210	60.62	1,78,57,125	0	1,78,57,125	60.00	(0.62)
j. Banks / FI	0	0	0	0	0	0	0	0	0
k. Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>1,80,40,210</b>	<b>0</b>	<b>1,80,40,210</b>	<b>60.62</b>	<b>1,78,57,125</b>	<b>0</b>	<b>1,78,57,125</b>	<b>60.00</b>	<b>(0.62)</b>
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>2,23,21,404</b>	<b>0</b>	<b>2,23,21,404</b>	<b>75.00</b>	<b>1,78,57,125</b>	<b>0</b>	<b>1,78,57,125</b>	<b>60.00</b>	<b>(15.00)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b. Banks / FI	29,895	0	29,895	0.10	29,890	0	29,890	0.10	0
c. Central Govt	0	0	0	0	0	0	0	0	0
d. State Govt(s)	0	0	0	0	0	0	0	0	0
e. Venture Capital Funds	0	0	0	0	0	0	0	0	0
f. Insurance Companies	0	0	0	0	0	0	0	0	0
g. FIIs	0	0	0	0	0	0	0	0	0
h. Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i. Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1)</b>	<b>29,895</b>	<b>0</b>	<b>29,895</b>	<b>0.10</b>	<b>29,890</b>	<b>0</b>	<b>29,890</b>	<b>0.10</b>	<b>0</b>



Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non Institutions</b>									
<b>a. Bodies Corp.</b>									
(i) Indian	10,56,302	0	10,56,302	3.55	51,90,637	0	51,90,637	17.44	13.89
(ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b. Individuals</b>									
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	33,98,385	71,507	34,69,892	11.66	31,09,381	48,357	31,57,738	10.61	(1.05)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	20,24,885	0	20,24,885	6.80	26,66,905	0	26,66,905	8.96	2.16
<b>c) Others (Specify)</b>									
i) Clearing Member	99,510	0	99,510	0.33	1,35,285	0	1,35,285	0.45	0.12
ii) Non Resident Indians (REPAT)	3,14,425	5,350	3,19,775	1.07	3,09,689	5,350	3,15,039	1.06	(0.01)
iii) Non Resident Indians (NON REPAT)	21,196	0	21,196	0.07	22,846	0	22,846	0.08	0.01
iv) Trusts	1,400	0	1,400	0.00	0	0	0	0	(0.00)
v) Hindu Undivided family	4,17,614	0	4,17,614	1.40	3,62,483	0	3,62,483	1.22	(0.18)
vi) IEPF	0	0	0	0	23,925	0	23,925	0.08	0.08
<b>Sub-total (B)(2)</b>	<b>73,33,717</b>	<b>76,857</b>	<b>74,10,574</b>	<b>24.88</b>	<b>1,18,21,151</b>	<b>53,707</b>	<b>1,18,74,858</b>	<b>39.90</b>	<b>15.02</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>73,63,612</b>	<b>76,857</b>	<b>74,40,469</b>	<b>25.00</b>	<b>1,18,51,041</b>	<b>53,707</b>	<b>1,19,04,748</b>	<b>40.00</b>	<b>15.00</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>2,96,85,016</b>	<b>76,857</b>	<b>2,97,61,873</b>	<b>100</b>	<b>2,97,08,166</b>	<b>53,707</b>	<b>2,97,61,873</b>	<b>100</b>	

Note: Percentage in bracket represents negative percentage.

## ii. Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (01-04-2017)			Shareholding at the end of the year (31-03-2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	CAC Holdings Corporation	1,78,57,125	60.00	0	1,78,57,125	60.00	0	0
2	Accel Limited	42,81,194	14.38	0	0	0	0	(14.38)
3	Accel Systems Group Inc.	1,83,085	0.62	0	0	0	0	(0.62)
	<b>Total</b>	<b>2,23,21,404</b>	<b>75.00</b>	<b>0</b>	<b>1,78,57,125</b>	<b>60.00</b>	<b>0</b>	<b>(15.00)</b>

**iii. Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	2,23,21,404	75.00	2,23,21,404	75.00
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): 1. 21.07.2017 - Transfer 2. 25.08.2017 - Transfer	(42,81,194) (1,83,085)	(14.38) (0.62)		
3	At the End of the year	1,78,57,125	60.00	1,78,57,125	60.00

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Shareholder	Shareholding at the Beginning of the year 01.04.2017		Cumulative Shareholding during the year	
		No. of Shares	% of the Total shares of the company	No. of Shares	% of the Total shares of the company
1	<b>AMICORP TRUSTEES (INDIA) PRIVATE LIMITED</b>				
	At the Beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus /sweat equity etc): *	44,64,279	15.00		
	At the End of the year or on the date of separation, if Separated during the year.	44,64,279	15.00	44,64,279	15.00
2	<b>ASHWIN DUNGERSHI DEDHIA</b>				
	At the Beginning of the year	2,92,228	0.98	2,92,228	0.98
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	0	0		
	At the End of the year or on the date of separation, if separated during the year.	2,92,228	0.98	2,92,228	0.98
3.	<b>KANCHAN DUNGERSHI DEDHIA ASHOK DUNGERSHI DEDHIA</b>				
	At the Beginning of the year	2,78,452	0.94	2,78,452	0.94
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	13,548	0.04		
	At the End of the year or on the date of separation, if separated during the year.	2,92,000	0.98	2,92,000	0.98
4.	<b>RAHUL KAYAN</b>				
	At the Beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	2,62,817	0.88		
	At the End of the year or on the date of separation, if separated during the year.	2,62,817	0.88	2,62,817	0.88

5.	<b>PRAFUL MEHTA DEEPAK MEHTA</b>				
	At the Beginning of the year	2,07,000	0.70	2,07,000	0.70
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	34,417	0.11		
	At the End of the year or on the date of separation, if separated during the year.	2,41,417	0.81	2,41,417	0.81
6.	<b>KANTA DUNGERSHI DEDHIA</b>				
	At the Beginning of the year	1,66,360	0.56	1,66,360	0.56
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	63,880	0.21		
	At the End of the year or on the date of separation, if separated during the year.	2,30,240	0.77	2,30,240	0.77
7.	<b>RAVINDRAKUMAR VINAYKUMAR RUIA AKSHAY RAVINDRAKUMAR RUIA</b>				
	At the Beginning of the year	1,58,040	0.53	1,58,040	0.53
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	0	0		
	At the End of the year or on the date of separation, if separated during the year.	1,58,040	0.53	1,58,040	0.53
8.	<b>VEJBAI DUNGERSHI DEDHIA</b>				
	At the Beginning of the year	1,28,299	0.43	1,28,299	0.43
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	22,083	0.08		
	At the End of the year or on the date of separation, if separated during the year.	1,50,382	0.51	1,50,382	0.51
9.	<b>DIVYESH AMBALAL SHAH SMITA DIVYESH SHAH</b>				
	At the Beginning of the year	68,431	0.23	68,431	0.23
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	66,957	0.22		
	At the End of the year or on the date of separation, if separated during the year.	1,35,388	0.45	1,35,388	0.45
10.	<b>SATISH GOPALAKRISHNA PILLAI</b>				
	At the Beginning of the year	1,16,202	0.39	1,16,202	0.39
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):*	0	0		
	At the End of the year or on the date of separation, if separated during the year.	1,16,202	0.39	1,16,202	0.39

\* It is not feasible to track movement of shares on daily basis. The changes are because of market transactions.

The above details are given as on 31st March, 2018. The Company is listed and 99.82% shareholding is in dematerialized form.

The aforesaid holdings by top Ten Shareholders is based on market operations.

**v. Shareholding of Directors and Key Managerial personnel**

Directors and Key Managerial Personnel do not have any shareholding in the Company.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01-04-2017				
i) Principal Amount	18,586	5,181	NIL	23,767
ii) Interest due but not paid	43	-	NIL	43
iii) Interest accrued but not due	-	102	NIL	102
<b>Total (i+ii+iii)</b>	<b>18,629</b>	<b>5,283</b>	<b>NIL</b>	<b>23,912</b>
Change in Indebtedness during the financial year				
- Addition	1,17,136	NIL	NIL	1,17,136
- Reduction	(1,22,298)	(1,415)	NIL	(1,23,713)
<b>Net Change</b>	<b>(5,162)</b>	<b>(1,415)</b>	<b>NIL</b>	<b>(6,577)</b>
Indebtedness at the end of the financial year 31-03-2018				
i) Principal Amount	13,431	3,826	NIL	17,257
ii) Interest due but not paid	36	-	NIL	36
iii) Interest accrued but not due	-	42	NIL	42
<b>Total (i+ii+iii)</b>	<b>13,467</b>	<b>3,868</b>	<b>NIL</b>	<b>17,335</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. Malcolm F. Mehta Chairman & Chief Executive Officer (WTD)*	Total
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	172.96	172.96
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	138.61	138.61
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00
2.	Stock Option	0.00	0.00
3.	Sweat Equity	0.00	0.00
4.	Commission		
	- as % of profit	0.00	0.00
	- others, specify...	0.00	0.00
5.	Others, please specify - Retirement Benefits	2.65	2.65
	<b>Total (A)</b>	<b>314.22</b>	<b>314.22</b>
	Ceiling as per the Act	Not Applicable	-

(\* ) M/s. CAC Holdings Corporation, Japan are reimbursing the cost and other expenses incurred by the Company for the employment of Mr. Malcolm F. Mehta.

**B. Remuneration to other Directors**

Sl. No.	Particulars of Remuneration	Mr. Rajesh R. Muni	Mrs. Ruchi Naithani	Mr. Raj Khalid	Mr.R.Ramaraj (Upto 10.10.2017)	Total (₹ in Lakhs)
1.	<b>Independent Directors</b>					
	• Fee for attending board/ committee meetings	5.20	5.20	4.80	1.80	17.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (1)</b>	<b>5.20</b>	<b>5.20</b>	<b>4.80</b>	<b>1.80</b>	<b>17.00</b>
2.	<b>Other Non-Executive Directors</b>					<b>Total (₹ in Lakhs)</b>
	• Fee for attending board/ committee meetings	0.00	0.00	0.00	0.00	0.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total (B) = (1+2)</b>	<b>5.20</b>	<b>5.20</b>	<b>4.80</b>	<b>1.80</b>	<b>17.00</b>
	<b>Total Managerial Remuneration (A)</b>					<b>314.22</b>
	<b>Total Remuneration (A+B)</b>					<b>331.22</b>
	Overall Ceiling as per the Act	Not Applicable				

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

Sl. No.	Particulars of Remuneration	Mr. R. Neelakantan, Chief Financial Officer (upto 29/11/2017)	Mr. Murali Gopalakrishnan, Chief Financial Officer (w.e.f 07/12/2017)	Mr. S.Sundaramurthy, Company Secretary	Total (₹ in Lakhs)
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	49.51	17.42	14.40	81.33
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.22	0.09	0.00	0.31
	(c) Profits in lieu of salary under section 17 (3) of Income-tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00
4.	Commission				
	- as % of profit	0.00	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00	0.00
5.	Others, please specify Retirement Benefits				
	PF Contribution	0.16	0.07	0.22	0.45
	Gratuity Contribution	0.65	0.36	0.27	1.28
	<b>Total</b>	<b>50.54</b>	<b>17.94</b>	<b>14.89</b>	<b>83.37</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There was no penalties / punishment / compounding of offences for the year ending 31<sup>st</sup> March, 2018.

## Form No. MR-3

**SECRETARIAL AUDIT REPORT**  
 For the Financial Year 2017-18

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
 Rule No. 9 of the Companies  
 (Appointment and Remuneration Personnel) Rules, 2014]

To,  
 The Members

**Accel Frontline Limited**

1st Floor, Dowlath Towers,  
 New Door Nos.57,59,61 & 63,  
 Taylors Road, Kilpauk, Chennai - 600 010.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Accel Frontline Limited** (hereinafter called the "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended March 31, 2018 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2018 according to the provisions of:

1. The Companies Act, 2013 ('Act') and the rules made thereunder, as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as amended from time to time;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time;
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;- Not applicable to the Company during the audit Period
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable to the Company during the audit Period
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- To the extent applicable to the company
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;- Not applicable to the Company during the audit Period
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;- Not applicable to the Company during the audit period
6. All other laws as may be specifically applicable to the Industry from time to time in which the company is operated, say, example SEZ Act and regulations made thereunder, etc.,

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

**I further report that** based on the explanation given, information received, and process explained, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour laws, rules, regulations and guidelines. The Company has confirmed compliance with the following labour and industrial laws;

- a) The Tamil Nadu Shops & Establishment Act, 1947
- b) The Employees' State Insurance Act, 1948
- c) The Workmen's Compensation Act, 1923
- d) The Payment of Bonus Act, 1965
- e) The Payment of Gratuity act, 1972
- f) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- g) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- h) The Equal Remuneration Act, 1976 and The Equal Remuneration Rules, 1976
- i) The Tamil Nadu Labour Welfare Fund Act, 1972
- j) The Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992.
- k) The Minimum Wages Act, 1948
- l) The Maternity Benefit Act, 1961
- m) The Payment of Wages Act, 1936

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Environmental, Labour and Industrial laws, rules, regulations and guidelines made thereunder.

**I further report** there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the Company's affairs.

**For M. Alagar & Associates**

**Place: Chennai**  
**Date: 07<sup>th</sup> August, 2018**

**M. Alagar**  
**FCS No: 7488**  
**COP No.: 8196**

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**'Annexure A'**

**To,**  
**The Members**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M. Alagar & Associates**

**Place: Chennai**  
**Date: 07<sup>th</sup> August, 2018**

**M. Alagar**  
**FCS No: 7488**  
**COP No.: 8196**

## CORPORATE GOVERNANCE REPORT

### 1. Company's Philosophy on Corporate Governance.

The Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements but is a combination of practices and compliance with laws and regulations leading to effective control and management of the Organization. The Company's inherent core values has a superior level of business ethics, effective supervision and enhancement of shareholder value. We consider stakeholders as our partners in our success and remain committed to maximizing stakeholder's value. Good Corporate Governance leads to long term stakeholder's value. The Company strives to be a customer-first and quality-obsessed corporate entity.

Corporate Governance rests upon transparent accounting policies, , timely disclosures, constant monitoring and an independent Board.

Your Company is committed to the adoption of and adherence to the best Corporate Governance practices at all times. Good Governance practices stem from the dynamic culture and positive mind set of the organization.

A Report on Compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

### GOVERNANCE STRUCTURE

The Company's Governance structure comprises of the Board of Directors and the Committees of the Board at the apex level and the Executive Management at the operational level. The Board sets out the overall corporate objectives and provides direction and independence to the Management to achieve these corporate objectives within a given framework.

**Board of Directors** - The Board of Directors and its Committees play a fundamental role in upholding and nurturing the principles of good governance which translates into ethical business practices, transparency and accountability in the Company's dealing with its members and other stakeholders and the utilization of resources for creating sustainable growth and thereby creation of shareholder value.

**Committee of Directors** - Recognizing the immense contribution that committees make in assisting the Board of Directors in discharging its duties and responsibilities and with a view to have a close focus on various facets of the business, the Board has constituted the following Committees

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination & Remuneration Committee

which are mandatory Committees.

#### 1.1 Key Activities of the Board during the year.

The Board critically evaluates and provides strategic direction to the Company, management policies and their effectiveness. The Board's mandate is to oversee the Company's strategic direction, review and monitor performance, ensure regulatory compliance and safeguard shareholders interest. Their

main function is to ensure that long term interests of the stakeholders are being served. The agenda for Board reviews / include strategic review from each of the Board Committees, a detailed analysis and review of annual strategic and operation plans and capital allocation and budgets. In addition, the Board reviews the business plans of all the Business Divisions of the Company. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for future growth of the Company. Voluntary Corporate Governance Guidelines of the Ministry of Corporate Affairs, Government of India broadly outline a framework for corporate sector on important parameters like appointment of directors, guiding principles to remunerate directors, responsibilities of the Board, risk management, the enhanced role of Audit Committee and conduct of Secretarial Audit.

#### 1.2 Role of the Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors for effective decision making at the meeting. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the company and regulatory authorities. All the Directors of the Company have access to the services of the Company Secretary. The Company Secretary ensures that all the decisions and observations of the Board are covered and implemented through Action Taken Report (ATR) and Board is appraised of the actions taken.

#### 1.3 Selection and Appointment of New Directors on the Board

The requirements of the skill-sets on the Board and the broad guidelines are issued by AFL. Eminent persons having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment of new Directors on the Board. The number of directorships, memberships and chairmanships in various committees of other companies by such persons is also considered.

#### 1.4 Selection criteria of Board Members.

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual member. Board members are expected to possess expertise, leadership skills required to manage and guide a high growth. The members are not related to any Executive or Independent Director.

#### 1.5 Familiarization Program of Independent Directors.

The Familiarization Program for Independent Directors of the Company was being conducted on completion of Board Meetings and the details of such familiarization program are disseminated on the website of the Company [www.accelfrontline.com](http://www.accelfrontline.com)



### 1.6 Prevention of Insider Trading.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, a Securities Dealing Code "Company's Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices" for Prevention of Insider Trading is in place. The objective of the Code is to prevent purchase and / or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this code, all Officers / Designated Employees and Directors are prevented from dealing in the company's shares during the closure of Trading Window.

To deal in securities beyond specified limit, permission of Compliance Officer is also required. All Specified Persons who buy or sell any number of shares of the company does not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. The aforesaid code is available at the website of the company [www.accelfrontline.com](http://www.accelfrontline.com)

### 1.7 Vigil Mechanism.

The Company has formulated a Whistle Blower Policy of Vigil Mechanism and has established a mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Code of Conduct or Ethics Policy. The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities / unethical behaviour. All suspected violations and reportable matters are reported to the Chairman of the Audit Committee directly. The company affirms that no personnel has been denied access to the Audit Committee. Further details are available in the Whistle Blower Policy / Vigil Mechanism of the company posted in Company's Website [www.accelfrontline.com](http://www.accelfrontline.com)

### 2. Board of Directors.

The Company has a high profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. Directors are provided with well-structured and comprehensive agenda papers in advance. All material information is incorporated in the Agenda for facilitating meaningful and focused discussion in the meeting. During the year, information as per SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 has been placed before the Board for its consideration from time to time as and when required. Minutes of the Board Meetings / Committee Meetings are circulated to the Directors well in advance and confirmed at the subsequent meetings.

### 2.1 Composition of Board.

The Board has an optimum combination of Executive, Non - Executive and Independent Directors, which ensure proper governance and management.

The Board of the company consist of an Executive Director, One Non - Executive Director and Three Independent Directors including one Woman Director. The Company has an appropriate size of the Board for real strategic discussion and avails benefit of diverse experience and view points.

All directors are individuals of integrity and courage, with relevant skills and experience to bring judgment to bear on the business of the Company.

### 2.2 Non-Executive Independent Directors' compensation and disclosures

The Non-Executive Independent Directors are paid sitting fees within the limits prescribed under Section 197 of the Act and the rules made thereon. The Non-Executive Independent Directors did not have any material pecuniary relationship or transactions with the Company except the payment of sitting fees to them during the year 2017-2018.

Independent Directors are not serving as Independent Directors in more than seven listed companies. None of Directors of the Company hold the position as Whole Time Director in Company itself nor serve as Independent Director in more than three listed companies.

### 2.3 Other provisions as to Board and Committees

The Board comprises of Mr. Malcolm F. Mehta as Chairman and Chief Executive Officer, Mr. Bin Cheng as Non-Executive Director and Mrs. Ruchi Naithani, Mr. Raj Khalid and Mr. Rajesh R. Muni as Independent Non - Executive Directors.

Six (6) meetings of the Board of Directors were held on 06/05/2017, 26/05/2017, 05/08/2017, 04/11/2017, 06/02/2018 and 29/03/2018. The maximum time gap between any two consecutive meetings did not exceed 120 days.

None of the Directors on the Board are Members of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2018 have been made by the Directors as per Regulation 26 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Details of attendance of Directors at Board Meetings and at the last Annual General Meeting held on 15th September, 2017 with particulars of their Directorships, Chairmanship and Membership of Board Committees of the companies showing the position as on 31st March, 2018 are given below:

Names of the Director	Category as at 31-03-2018	No. of Board Meetings attended Out of 6 meetings held as on 31.03.2018	Attendance at the last AGM held on 15.09.2017	No. of Directorship held in Indian Public Limited Companies (excluding Accel Frontline Limited)	Committee/s position as on 31.03.2018 (All companies excluding Accel Frontline Limited)	
					Member	Chairman
Mr. Malcolm F. Mehta	Chairman and Chief Executive Officer	6	Yes	01	0	0
Mr. Bin Cheng	Non Executive Non Independent	5	Yes	0	0	0
Mrs. Ruchi Naithani	Non Executive Independent	6	Yes	0	0	0
Mr. Raj Khalid	Non Executive Independent	5	Yes	0	0	0
Mr. Rajesh R. Muni	Non Executive Independent	6	Yes	01	01	01
Mr. R. Ramaraj (Director upto 10/10/2017)	Non Executive Independent	2	Yes	03	1	0

Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies, Section 8 of Companies Act, 2013 / Section 25 of the Companies Act, 1956 and Foreign Companies.

Chairmanships / Memberships of Board Committees include only Audit Committee and Stakeholders Relationship Committee of Public Limited Companies.

The Company has received declarations of independence as prescribed under Section 149(6) & (7) of the Companies Act, 2013 from Independent Directors. All requisite declarations have been placed before the Board.

No Director of the Company is related to any other Director of the Company.

#### 2.4 Code of Conduct

(i) The Board of Directors has laid down Code of Conduct for Board of Directors and Senior Management of the Company. The copies of Code of Conduct as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company [www.accelfrontline.com](http://www.accelfrontline.com).

(ii) The Members of the Board and Senior Management Personnel have affirmed the compliance with the Code applicable to them during the year ended on 31st March, 2018. The Annual Report of the Company contains a Certificate signed by the Chairman and Chief Executive Officer in terms of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the compliance declarations received from Directors and Senior Management.

#### 2.5 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 fulfilment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behaviour and ensures ethical behaviour at all times and strict compliance with laws and regulations.

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

- Report on operations of the company;
- Annual Operating Plans and budgets;
- Opportunities for organic and inorganic growth;
- Business Plans and analysis of variances periodically as compared to the plans;
- The quarterly/half yearly financial results and the annual accounts of the company, both consolidated and on standalone for consideration and approval;
- Minutes of the meetings of audit committee and other committees;
- 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;
- Delegation of powers to the operational management;
- Review of compliance reports pertaining to all laws applicable to the company, as well as steps taken by the company to rectify instances of non-compliances;

- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;
- Sale of investments, subsidiary, assets which are material in nature and not in normal course of business;
- Information on senior appointments below the board level including the appointment/removal of the Chief Financial Officer (CFO) and the Company Secretary (CS);
- Proposals for joint ventures/collaborations;
- Non-compliance of any regulatory, statutory or listing requirements.
- Material communication from government including show cause notices, demand, prosecution, notices and penalty notices, if any, which are materially important;
- Communication to Stock Exchanges and the shareholders regarding company's performance, future plans and other decision/changes of significant importance or of price sensitive nature;
- Various Quarterly/Half Yearly Stock Exchange compliance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 circulated to all Directors and confirmed at the subsequent Board Meeting.

**2.6 Details of Board Meetings held upto 31/03/2018 and the number of Directors present are given below:**

Sr. No.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors Present
1.	06-05-2017	6	5
2.	26-05-2017	6	5
3.	05-08-2017	6	5
4.	04-11-2017	5	5
5.	06-02-2018	5	5
6.	29-03-2018	5	5

**3. Board Committees**

**3.1 Audit Committee**

**(A) Qualified and Independent Audit Committee**

The Company complies with Section 177 of the Companies Act, 2013 as well as requirements under the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 pertaining to the Audit Committee. Its functioning is as under:

- The Audit Committee presently consists of the four Non-Executive Directors, out of which three are Independent Directors;
- All members of the Committee are financially literate and having the requisite financial management expertise;

- The Chairman of the Audit Committee is an Independent Director;
- The Chairman of the Audit Committee was present at the last Annual General Meeting held on 15th September, 2017.

**(B) Terms of reference**

The terms of reference of the Audit Committee include inter-alia:

- Oversight of Company's Financial reporting process and the disclosure of its financial information;
- Recommendation of appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by them;
- Reviewing with the Management, the annual financial statements and Auditors' report thereon;
- Matters to be included in the Directors' Responsibility statement to be included in the Boards' Report;
- Changes, if any, in the accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and legal requirements relating to financial statements;
- Approval or subsequent modification of transactions of the company with related parties;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Scrutiny of Inter Corporate Loans and investments;
- Evaluation of Internal financial controls and risk management systems;
- Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern;
- To review the functioning of whistle blower mechanism;

**(C) Composition, Names of Members and Chairperson, its meetings and attendance:**

The Composition of the Committee is:

Mr. Rajesh R. Muni	Chairman (w.e.f. 26-05-2017)
Mr. Bin Cheng	Member
Mrs. Ruchi Naithani	Member
Mr. Raj Khalid	Member
Mr. R.Ramaraj	Member (upto 10-10-2017)

During the year, 5 (five) Audit Committee meetings were held on 06-05-2017, 26-05-2017, 05-08-2017, 04-11-2017 and 06-02-2018.

The composition of the Audit Committee and number of meetings attended by the Members during the year are given below:

Name of Member	Category	Meetings Held	Meetings Attended
Mr. Rajesh R. Muni	Independent	5	5
Mr. Bin Cheng	Non-Executive, Non-Independent	5	4
Mrs. Ruchi Naithani	Independent	5	5
Mr. Raj Khalid	Independent	5	4
Mr. R.Ramaraj (upto 10-10-2017)	Independent	5	2

The Committee meetings are attended by invitation by the Chief Financial Officer, representatives of the Statutory Auditors and the Internal Auditors. The Company Secretary acts as the Secretary of the Audit Committee.

**3.2 Nomination and Remuneration Committee**

**(A) Constitution**

The Nomination and Remuneration Committee comprises of :

Mrs. Ruchi Naithani	Chairperson
Mr. Raj Khalid	Member
Mr. Bin Cheng	Member

**(B) Terms of reference**

Terms of reference of the Nomination and Remuneration Committee include:

- To identify persons who are qualified to become directors and who may be appointed in senior management, recommend to the board their appointment and removal;
- Formulation of criteria for determining the qualifications, positive attributes and independence of the director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

- Formulation of criteria for evaluation of performance of Independent Directors and Board of Directors.

**(C) Meetings and attendance during the year:**

During the year 2 (two) meetings of Nomination and Remuneration Committee were held on 02-05-2017 and 04-11-2017.

The composition of the Nomination and Remuneration Committee and number of meetings attended by the Members during the year are given below:

Name of Member	Category	Meetings held	Meetings attended
Mrs. Ruchi Naithani	Independent	2	2
Mr. Raj Khalid	Independent	2	1
Mr. Bin Cheng	Non Executive, Non Independent	2	2

**(D) Nomination and Remuneration policy**

The Nomination and Remuneration policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

The Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

The Nomination and Remuneration Policy approved by the Board of Directors is posted on the website of the Company [www.accelfrontline.com](http://www.accelfrontline.com).

**(E) Performance evaluation of Independent Directors**

The Nomination and Remuneration Committee evaluates the performance of Independent Directors and recommends Commission, if any payable to them based on Board structure, their commitment towards attending the meetings of the Board / Committees, contribution, Board culture and dynamics, internal controls, governance, their attention to the affairs of the Company and their overall performance apart from sitting fees paid for each Board and committee meetings attended by them.

**(F) Remuneration to Chairman and Chief Executive Officer**

(a) Mr. Malcolm F. Mehta, is the Chairman and Chief Executive Officer of the Company. The salary, benefits and perquisites paid to Mr. Malcolm F. Mehta were Rs. 314.22 Lakhs. M/s. CAC Holdings Corporation, Japan is reimbursing the cost and other expenses incurred by the Company for the employment of Mr. Malcolm F. Mehta.

**(G) Remuneration to Non-Executive Directors**

(a) The Non-Executive Directors are entitled to sitting fee for attending the Board/Committee Meetings as detailed below.

Board Meeting	₹ 60,000/- per meeting
Audit Committee	₹ 20,000/- per meeting
Nomination and Remuneration Committee	₹ 20,000/- per meeting
Stakeholders' Relationship Committee	₹ 20,000/- per meeting
Independent Directors Committee	₹ 20,000/- per meeting

The Board considered the performance of the Non-Executive Directors based on their attendance and contribution at the Board and Committee meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Payment of Sitting Fees to the Non-Executive Directors for the year ended 31st March, 2018 are as under:

Names of Director	Sitting Fee (₹ In Lakhs)	Commission (₹ In Lakhs)	Total (₹ In Lakhs)
Mr. Rajesh R. Muni	5.20	Nil	5.20
Mrs. Ruchi Naithani	5.20	Nil	5.20
Mr. Raj Khalid	4.80	Nil	4.80
Mr. R. Ramaraj (upto 10-10-2017)	1.80	Nil	1.80

**Notes:**

- The Non-Executive Directors have disclosed that they do not hold any shares in the Company.
- There has been no pecuniary relationship or transactions other than above of the Non-Executive Directors vis-à-vis the Company during the year under review.

**3.3 Stakeholders Relationship Committee**
**(A) Composition, Members, its meetings and attendance**

Stakeholders Relationship Committee comprises of:

Mr. Raj Khalid	Chairman
Mr. R. Ramaraj	Member (upto 10-10-2017)
Mr. Bin Cheng	Member
Mr. Rajesh R. Muni	Member (w.e.f. 04-11-2017)

The Committee is set to consider and resolve the grievances of the shareholders. The Committee also recommends measures for overall improvement of the quality of Investor services.

During the year, 4 (four) meetings of the Stakeholders Relationship Committee were held on 06-05-2017, 05-08-2017, 04-11-2017 and 06-02-2018.

The composition of the Stakeholders Relationship Committee and number of meetings attended by the Members during the year are given below:

Name of Member	Category	Meetings Held	Meetings Attended
Mr. Raj Khalid	Independent	4	3
Mr. R. Ramaraj (upto 10-10-2017)	Independent	4	1
Mr. Bin Cheng	Non Executive, Non Independent	4	4
Mr. Rajesh R. Muni (w.e.f. 04-11-2017)	Independent	4	2

**(B) Annual Performance Evaluation**

Pursuant to the provisions of the Act and the SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship committee respectively. The inputs received from directors covering various aspects of the Board functioning such as adequacy of the composition of the board and its committees, governance, internal controls and financial reporting was considered.

To evaluate the performance of the individual directors, the Board considered the criteria of attendance and level of participation, independence of judgment exercised by independent directors, independent relationship etc.

**(C) Separate Meeting of Independent Directors**

During the year under review, the Independent Directors met on 06/02/2018 inter alia to:

- Review the Performance of Non-Independent Directors and the Board of Directors as a whole;
- Review the Performance of the Chairperson of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Assess the quality, quantity and time lines of flow of information between the Management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting without the presence of Non- Independent Directors and members of the Management.

**(D) Name and Designation of the Compliance Officer**

Mr. S. Sundaramurthy, Company Secretary been designated as Compliance Officer of the Company in line with the requirement of Listing Regulations and can be contacted at:

**Accel Frontline Limited**

First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India.  
 Tel: 044 - 4225 2071 / Fax: 044 - 2642 4271

Email: sundaramurthy.s@accelfrontline.com

**(E) Complaints received and redressed during the year 2017-18.**

Opening Balance	Received during the year 2017-2018	Resolved during the year 2017-2018	Closing Balance
0	04	04	0

**(F) Suspense Account for the unclaimed shares**

The unclaimed shares from the Suspense Account has been transferred to Investors Education and Protection Fund (IEPF) as per IEPF Rules, 2016.

**(G) Transfer of Unclaimed Dividend to IEPF**

During the year 2017 - 2018, the company has transferred the unclaimed dividend of ₹ 1,28,024/- for the financial year 2009-2010 to IEPF.

**(H) Unclaimed Dividend**

Year - wise list of the shareholders who have not claimed their dividend is posted at website of MCA as well as website of the Company www.accelfrontline.com in line with MCA Circular.

**(I) Transfer of shares to IEPF.**

As per amended IEPF (Accounting, Audit, Transfer and Refund) Rules, 2017, the company has transferred the underlying shares to the IEPF authority for which the dividends were not claimed for the financial year 2009-2010.

**Information in respect of unclaimed dividends due to be transferred to IEPF is given below:**

Dividend for the Financial Year	Date of Declaration of Dividend	Due date of transfer to IEPF
2010 - 2011	29th September, 2011	03rd November, 2018
2011 - 2012	19th December, 2012	23rd January, 2020

**(J) Subsidiary Company**

- (i) The Company has One Indian Subsidiary Company.
- (ii) The Financial Statements of the unlisted foreign subsidiary companies are being placed before the Board.

**4. Disclosures**

**(A) Basis of related party transactions**

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no related party transactions that may have potential conflict with the interest of the Company at large.
- (iii) There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on an arm's length basis.

- (iv) The Board has approved a policy for related party transactions which has been uploaded on the Company's website www.accelfrontline.com.

**(B) Disclosure of Accounting Treatment**

Pursuant to the notification issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 01st April, 2017. Accordingly the financial statements from the year 2017-18 have been prepared in compliance with the said Rules.

**(C) Board Disclosures - Risk Management**

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Board of Directors review these procedures periodically.

**(D) Proceeds from public issues, right issues, preferential issues etc.**

The Company did not have any of the above issues during the year under review.

**(E) Secretarial Audit Report**

The Company has obtained Secretarial Audit Report from the Company Secretary in Practice for compliance with Section 204 (1) of the Companies Act, 2013. A text of the Annual Secretarial Audit Report is annexed elsewhere.

**(F) Management Discussion and Analysis Report**

The Management Discussion and Analysis Report have been included separately in the Annual Report to the Shareholders.

**(G) Shareholders**

- (i) The financial results are put on the Company's website www.accelfrontline.com under the Investors Section.
- (ii) The Company has also sent Annual Reports through email to those Shareholders who have registered their email ids with Depository Participant.
- (iii) Mr. Bin Cheng (DIN: 06913491) is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**5. Compliance on Corporate Governance**

The quarterly Compliance Report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer. Pursuant to Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Auditor's Certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

**6. Mandatory and Non-Mandatory requirements.**

The Company has complied with all the applicable mandatory requirements as provided in SEBI (LODR) Regulations, 2015. The status on the compliance with the non-mandatory recommendation as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015 is as under:

**(i) The Board**

The requirement regarding the Non-Executive Chairman is not applicable.

**(ii) Shareholder Rights**

The Company's financial results are published in the Newspaper as per the Listing Requirements and also posted

in the Company's website www.accelfrontline.com along with other important events.

**(iii) Modified opinion(s) in audit report**

There are Audit qualifications in the Financial Statements of the Company for the year 2017- 2018 and the comments to the qualifications are mentioned in the Directors Report.

**(iv) Separate posts of Chairperson and Chief Executive Officer**

The Company may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.

**(v) Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

**7. General Body Meetings**

**(A) Location and time of General Meetings held in the last 3 years:**

Year	Date	Venue of Meeting	Time	Whether any Special Resolution passed in previous AGM
2015	25-09-2015	"The Music Academy Mini Hall", TTK Road, Alwarpet, Chennai - 600 018.	11.00 A.M.	No
2016	28-11-2016	"The Music Academy Mini Hall", TTK Road, Alwarpet, Chennai - 600 018.	09.00 A.M	Yes(*)
2017	15-09-2017	"The Music Academy Mini Hall", TTK Road, Alwarpet, Chennai - 600 014.	02:30 P.M.	Yes(*)

**(\*) Special Resolution passed in the previous AGM**

Year	Purpose
2016	<ul style="list-style-type: none"> <li>➤ Re-Appointment of Mr. R.Ramaraj as an Independent Director.</li> <li>➤ Consent under Section 180(1)(c) of the Companies Act, 2013 for Borrowings.</li> </ul>
2017	<ul style="list-style-type: none"> <li>➤ Reappointment of Whole Time Director Mr. Malcolm F. Mehta to be designated as the Chairman and Chief Executive Officer of the Company.</li> </ul>

1. Change in the name of the Company from 'M/s. Accel Frontline Limited' to 'M/s. Inspirisys Solutions Limited' and consequent amendment to Memorandum of Association and Articles of Association of the Company.

The special resolution was passed by the Shareholders of the Company with requisite majority

The result of the Postal Ballot is given below

Particulars	No. / % of votes cast in favour	No. / % of votes cast Against
Item No.1	E-votes - 1,80,06,455 98.28%	E-votes - NIL
For change in the name of the Company from 'M/s. Accel Frontline Limited' to 'M/s. Inspirisys Solutions Limited' and consequent amendment to Memorandum of Association and Articles of Association of the Company.	Ballot votes - 3,14,861 1.71%	Ballot votes - 76 0.02%
	Total Votes - 1,83,21,316 99.99%	Total Votes - 76 0.02%

**(B) Special Resolution Passed at Extra Ordinary General Meeting:**

1. An Extra Ordinary General Meeting of the shareholders of the Company was held on 27th March, 2017 at 09.00 A.M. at The Music Academy Mini Hall, TTK Road, Alwarpet, Chennai - 600 014 for the approval of shareholders:

- To sell / dispose the entire stake of a Subsidiary Company in Singapore.

**2. Special Resolution Passed through Postal Ballot:**

The Board sought the consent of Shareholders of the Company by way of special resolution through Postal Ballot as per the notice issued to the Shareholders on 28-06-2018 for:

Person who conducted the Postal Ballot exercise:

Mr. M.Alagar, Practicing Company Secretary (Membership No. F7488 and CoP No. 8196) of M/s. M.Alagar & Associates, Practicing Company Secretaries, Chennai, was appointed to act as the scrutinizer for conducting postal ballot voting process including voting through electronic means in a fair and transparent manner.

Whether any Special Resolution is proposed to be conducted through Postal Ballot and procedure for the same:

If required, shall be conducted as per Law.

Procedure for Postal Ballot:

- The Postal Ballot Notice dated 26th June 2018, together with Explanatory Statement, form and postage prepaid business reply envelopes was dispatched to all the Shareholders.
- The voting under the Postal Ballot was kept open from 29th June, 2018 (09:00 A.M. onwards) till 28th July, 2018 (upto 5:00 P.M.) (either physically or through electronic mode).
- The Scrutinizer submitted his report on the result of Postal Ballot on 30th July, 2018 and the result was announced by the authorised person of your Company on the same date.

**(C) Means of Communication**

The Company's website is a comprehensive reference on AFL's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on investors serves to inform the shareholders, by giving complete financial details, shareholding pattern, information relating to stock exchanges, list of shareholders who have not claimed their dividends to comply with MCA Guidelines. The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, annual report and the company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

Quarterly results in which newspaper normally published	Financial Express and Malai Sudar
Any website where displayed	Yes. It is published in the Company's website <a href="http://www.accelfrontline.com">www.accelfrontline.com</a> under Investors Section

**General Shareholder Information**

**(i) Annual General Meeting:**

Date	Wednesday, 19th September, 2018
Time	10 : 30 A.M.
Venue	The Music Academy Mini Hall, TTK Road, Alwarpet, Chennai - 600 014.

**(ii) Financial Year : April to March**

Financial Calendar (Tentative)

Results for quarter ending 30 <sup>th</sup> June, 2018	Mid August, 2018
Results for quarter ending 30 <sup>th</sup> September, 2018	Mid November, 2018
Results for quarter ending 31 <sup>st</sup> December, 2018	Mid February, 2019
Results for year ending 31 <sup>st</sup> March, 2019	End May, 2019

**(iii) Book Closure**

Date of Book Closure	Thursday, 13th September, 2018 to Wednesday, 19th September, 2018 (both days inclusive)
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**(iv) Listing on Stock Exchanges and Stock Code / Symbol.**

Name of Stock Exchange	Stock Code / Symbol
The National Stock Exchange of India Limited. Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.	AFL
The BSE Limited. Phiroze Jeebhoy Towers, Dalal Street, Mumbai - 400 001.	532774
ISIN Number - INE020G01017	

The Annual Listing fees for the year 2018-2019 have been paid to the concerned Stock Exchanges.



**(v) Market price information**

a. The reported high and low price during each month in last financial year on National Stock Exchange and BSE, are given below:

Month	N S E		B S E	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2017	81.65	67.50	81.80	67.85
May 2017	71.25	54.15	71.35	54.15
June 2017	57.00	46.55	57.75	46.55
July 2017	57.20	42.40	59.75	43.00
August 2017	44.85	30.50	46.00	30.45
September 2017	39.40	35.20	36.85	33.35
October 2017	33.45	31.80	31.70	28.80
November 2017	38.60	30.30	36.60	29.65
December 2017	45.60	37.00	49.80	34.80
January 2018	72.75	54.00	73.60	57.60
February 2018	59.40	45.65	59.20	45.10
March 2018	59.50	51.65	59.95	50.85

b. Performance in comparison to broad-based indices such BSE Sensex and Nifty 100.

(i) AFL share price on BSE vis-à-vis BSE Sensex April - March 2018.

Month	BSE Sensex Close	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month	Turnover (Lakhs)
April 2017	29,918.40	81.80	67.85	72.70	4,02,615	300.22
May 2017	31,145.80	71.35	54.15	57.00	1,55,977	95.41
June 2017	30,921.61	57.75	46.55	46.60	63,368	33.47
July 2017	32,514.94	59.75	43.00	46.25	64,421	33.23
August 2017	31,730.49	46.00	30.45	34.55	23,496	8.27
September 2017	31,283.72	36.85	33.35	33.35	11,232	4.01
October 2017	33,213.13	31.70	28.80	30.20	70,656	20.61
November 2017	33,149.35	36.60	29.65	36.60	4,826	1.56
December 2017	34,056.83	49.80	34.80	49.80	51,679	20.77
January 2018	35,965.02	73.60	57.60	59.15	7,45,752	508.23
February 2018	34,184.04	59.20	45.10	54.95	3,46,868	184.49
March 2018	32,968.68	59.95	50.85	54.20	4,11,199	226.76

**(ii) AFL share price on NSE vis-à-vis Nifty 100 Close price April - March 2018.**

Month	Nifty 100 Close	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month	Turnover (Lakhs)
April 2017	9,652.45	81.65	67.50	72.35	10,34,565	772.45
May 2017	9,909.60	71.25	54.15	57.50	3,91,636	238.26
June 2017	9,835.40	57.00	46.55	47.00	1,30,284	68.99
July 2017	1,0417.80	57.20	42.40	45.00	1,38,819	70.10
August 2017	10,286.55	44.85	30.50	37.55	49,162	18.04
September 2017	10,143.90	39.40	35.20	35.20	5,925	2.20
October 2017	10,740.85	33.45	31.80	31.85	6,797	2.17
November 2017	10,650.75	38.60	30.30	38.60	32,903	11.06
December 2017	10,985.15	45.60	37.00	45.60	86,126	34.66
January 2018	11,393.55	72.75	54.00	58.35	6,16,938	408.03
February 2018	10,861.40	59.40	45.65	54.80	2,58,735	133.77
March 2018	10,478.40	59.50	51.65	53.05	2,61,404	143.16

**(vi) Registrars and Share Transfer Agents**

The Members are requested to correspond to the Company's Registrars & Share Transfer Agents:

**M/s. Link Intime India Private Limited**

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083.

Tel: 022-49186270

Fax: 022-49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**(vii) Shareholding as on 31st March, 2018**
**(a) Distribution of shareholding as on 31<sup>st</sup> March, 2018**

Shares – Range		Number of Share Holders	% of Total Share Holders	Total Shares for the Range	% of Issued Capital
From	To				
1	500	5,972	83.41	7,60,927	2.56
501	1,000	484	6.76	4,07,528	1.37
1,001	2,000	252	3.51	4,05,698	1.36
2,001	3,000	140	1.96	3,64,145	1.22
3,001	4,000	52	0.73	1,88,463	0.63
4,001	5,000	64	0.89	3,00,529	1.01
5,001	10,000	105	1.47	7,75,562	2.61
10,001 and above		91	1.27	2,65,59,021	89.24
<b>Total</b>		<b>7,160</b>	<b>100.00</b>	<b>2,97,61,873</b>	<b>100.00</b>

**(b) Shareholding pattern as on 31<sup>st</sup> March, 2018**

Category	No. of shares held	% to the total paid up capital
<b>Promoters</b>		
Foreign	1,78,57,125	60.00
<b>Non Promoters</b>		
Financial Institution/Banks	29,890	0.10
Other Bodies Corporate	51,90,637	17.44
NRIs	3,37,885	1.14
Clearing Member	1,35,285	0.45
Hindu Undivided Family	3,62,483	1.22
Public	58,24,643	19.57
IEPF	23,925	0.08

**Capital of the Company**

Authorized Capital .. ₹ 33,00,00,000

Paid-up Capital .. ₹ 29,76,18,730

**(c) Top Ten Shareholders as on 31<sup>st</sup> March, 2018**

Sl. No.	Category	Name of the Shareholder	No. of shares held	% to the total paid up capital
1	Promoter	CAC Holdings Corporation	1,78,57,125	60.00
2	Non-Promoter	Amicorp Trustees (India) Private Limited	44,64,279	15.00
3	Non-Promoter	Ashwin Dungershi Dedhia	2,92,228	0.98
4	Non-Promoter	Kanchan Dungershi Dedhia Ashok Dungershi Dedhia	2,92,000	0.98
5	Non-Promoter	Rahul Kayan	2,62,817	0.88
6	Non-Promoter	Praful Mehta Deepak Mehta	2,41,417	0.81
7	Non-Promoter	Kanta Dungershi Dedhia	2,30,240	0.77
8	Non-Promoter	Ravindrakumar Vinaykumar Ruia Akshay Ravindrakumar Ruia	1,58,040	0.53
9	Non-Promoter	Vejbai Dungershi Dedhia	1,50,382	0.51
10	Non-Promoter	Divyesh Ambalal Shah Smita Divyesh Shah	1,35,388	0.45

**Dematerialization of shares and liquidity**

99.82% of the equity shares have been dematerialized as on 31st March, 2018.

The Company's shares can be traded only in dematerialized form as per SEBI notification. The Company has entered into an Agreement with NSDL and CDSL whereby shareholders have the option to dematerialize their shares with either of the depositories. Equity shares are actively traded in BSE and NSE.

**(viii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**(ix) Plant locations**

The Company has a manufacturing unit at Maduravoyal, Chennai.

**(x) Address for correspondence**

The Company Secretary  
Accel Frontline Limited  
First Floor, Dowlath Towers,  
New Door Nos. 57, 59, 61 & 63,  
Taylors Road, Kilpauk, Chennai - 600 010,  
Tamil Nadu, India.  
Tel: 044 – 4225 2071 / Fax: 044 – 2642 4271

**(xi) Reconciliation of Share Capital**

As stipulated by SEBI, a qualified Practising Company Secretary carries out audit of Reconciliation of Share Capital to reconcile the total admitted, issued and listed capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and Stock Exchanges.

**8. Other Disclosures:**

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

None of the transactions with any of the related parties were in conflict with the Company's interest.

(b) Details of non compliance by the listed entity, penalties and strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.

A fine was imposed on the Company for non-compliance of Listing Regulation 33, (submission of audited financial statement) for not adopting the audited financial results for the year ended 31st March, 2016 within the stipulated time of 30th May, 2016. Later, the Company had submitted the Audited Financial Results on 1st August, 2016.

(c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;

The Company has established a mechanism called 'Vigil Mechanism' for directors and employees to report to the appropriate authorities of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics policy and provides safeguard against victimization of employees who avail the mechanism. During the year under review, no employee was denied access to the Audit Committee.

(d) Web link where policy for determining 'material' subsidiaries is disclosed.

The policy on Material Subsidiaries is disclosed in the Company's website [www.accelfrontline.com](http://www.accelfrontline.com).

(e) Web link where policy on dealing with related party transactions is disclosed;

The Policy on dealing with related party transactions is disclosed in the Company's website [www.accelfrontline.com](http://www.accelfrontline.com).

**9. Non-compliance of any requirement of corporate governance report of sub paras (2) to (10) of Para C to Schedule V of the Listing Regulations.**

The Company has complied with the requirements in this regard.

**10. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.**

Particulars	Regulation Number	Compliance status (Yes/No/NA)	Compliance observed for the following
Board of Directors	17	Yes	<ul style="list-style-type: none"> <li>Board composition</li> <li>Meeting of Board of directors</li> <li>Review of Compliance Reports</li> <li>Plans for orderly succession for appointments</li> <li>Code of Conduct</li> <li>Fees/compensation</li> <li>Minimum Information to be placed before the Board</li> <li>Compliance Certificate</li> <li>Risk Assessment &amp; Management</li> <li>Performance Evaluation of Independent Directors</li> </ul>
Audit Committee	18	Yes	<ul style="list-style-type: none"> <li>Composition</li> <li>Meeting of Audit Committee</li> <li>Powers of Audit Committee</li> <li>Role of Audit Committee and review of information by the committee</li> </ul>
Nomination & remuneration committee	19	Yes	<ul style="list-style-type: none"> <li>Composition</li> <li>Role of the committee</li> </ul>
Stakeholder Relationship Committee	20	Yes	<ul style="list-style-type: none"> <li>Composition</li> <li>Role of the committee</li> </ul>
Risk management committee	21	Not Applicable	<ul style="list-style-type: none"> <li>The Company is not in the list of top 100 listed entities by market capitalization</li> </ul>
Vigil Mechanism	22	Yes	<ul style="list-style-type: none"> <li>Formulation of Vigil Mechanism for Directors and employees</li> <li>Adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.</li> </ul>
Related Party Transaction	23	Yes	<ul style="list-style-type: none"> <li>Policy on materiality of related party transactions and on dealing with related party transaction.</li> <li>Prior or omnibus approval of Audit Committee for all related party transactions</li> </ul>
Corporate Governance requirements with respect to subsidiary of listed entity	24	Yes	<ul style="list-style-type: none"> <li>Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary</li> <li>Minutes of the meetings of the board of directors of the unlisted subsidiary is placed at the meeting of the board of directors of the Company</li> </ul>
Obligations with respect to Independent Directors	25	Yes	<ul style="list-style-type: none"> <li>Maximum Directorship and tenure</li> <li>Meeting of Independent Directors</li> <li>Familiarization of Independent Directors</li> </ul>
Obligations with respect to Directors and Senior Management	26	Yes	<ul style="list-style-type: none"> <li>Memberships/Chairmanships in Committees</li> <li>Affirmation with Compliance with code of conduct from Directors and Senior Management</li> <li>Disclosure of Shareholding by Non-Executive Directors</li> </ul>
Other Corporate Governance requirements	27	Yes	<ul style="list-style-type: none"> <li>Compliance with Discretionary requirements</li> <li>Filing of quarterly compliance report on Corporate Governance</li> </ul>
Website	46(2)(b) to (i)	Yes	<ul style="list-style-type: none"> <li>Terms and conditions of appointment of independent directors</li> <li>composition of various committees of board of directors</li> <li>Code of conduct of board of directors and senior management personnel</li> <li>Details of establishment of vigil mechanism/ Whistle Blower policy</li> <li>Criteria of making payments to non-executive directors</li> <li>Policy on dealing with related party transactions</li> <li>policy for determining 'material' subsidiaries</li> <li>Details of familiarization programmes imparted to independent directors</li> </ul>

## Independent Auditor's Certificate on Corporate Governance

### To the Members of Accel Frontline Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 23 October 2017.
2. We have examined the compliance of conditions of corporate governance by Accel Frontline Limited ('the Company') for the year ended on 31 March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

#### Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

#### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

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

#### Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

#### For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

#### Sumesh E S

Partner

Membership No.: 206931

Place: Chennai

Date: 09<sup>th</sup> May, 2018

**COMPLIANCE CERTIFICATE**

The Chairman & Chief Executive Officer and the Chief Financial Officer of the Company give annual certification to the Board in terms of Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Annual Certification given by the Chairman & Chief Executive Officer and the Chief Financial Officer is given below:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. They are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Chennai  
Date: 09<sup>th</sup> May, 2018

Malcolm F. Mehta  
Chairman & Chief Executive Officer

Murali Gopalakrishnan  
Chief Financial Officer

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**Declaration signed by the Chairman & Chief Executive Officer stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management.**

As provided under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members & Senior Management Personnel have affirmed compliance with Accel Frontline Limited's Code of Conduct for the year ended 31st March, 2018.

Place: Chennai  
Date: 09<sup>th</sup> May, 2018

Malcolm F. Mehta  
Chairman & Chief Executive Officer

**Independent Auditor's Report**

**To the Members of Accel Frontline Limited**

**Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of Accel Frontline Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditors of the Company's branch at Singapore.

**Management's Responsibility for the Standalone Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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

financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these standalone financial statements.

**Basis for Qualified Opinion**

8. As disclosed in Note 33 to the standalone financial statements, the Company has made investments in its subsidiary company, Accel IT Resources Limited, amounting to INR 790 lakhs and has given loans to such subsidiary company amounting to INR 622 lakhs, which are outstanding as at 31 March 2018. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management has drawn up business plans for the subsidiary company and is of the view that its investment and loans advanced to the subsidiary company will be recovered over the years. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of the aforementioned investments and financial assets - loans as at 31 March 2018, and the impact of adjustments, if any, that may be required to such carrying values in the accompanying standalone financial statements.

**Qualified Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid standalone 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

10. We draw attention to Note 32 to the standalone financial statements relating to the Company's inventory valuation as at 31 March 2018 and related disclosures. The Company, in the current year, has followed and complied with the requirements of Ind AS 2 - Valuation of Inventory and has accounted for the impact relating to non-compliance with accounting policy in the earlier years. As a result of impracticability of determining the impact on the comparative financial information including the impact on beginning of such period, due to reasons disclosed in the aforesaid note, the change in the valuation of Inventory has been made only prospectively as at 31

March 2018, in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, to this extent, the current period figures and corresponding figures are not comparable. Our opinion is not modified in respect of this matter.

**Other Matters**

11. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 01 August 2016 and 26 May 2017 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India interms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - a) we have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us;
  - c) the reports on the accounts of the branch office of the Company audited under Section 143(8) of the Act by the branch auditor has been sent to us and have been properly dealt with by us in preparing this report;
  - d) the standalone financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branch not visited by us;
  - e) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

- f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- h) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 09 May 2018 as per Annexure B expressed a qualified opinion;
- i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 43 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. the disclosure requirement relating to holding as well as dealings in specified bank notes were applicable for the period 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this is not applicable.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sumesh E S**

Partner

Membership No.: 206931

**Place:** Chennai

**Date:** 09 May 2018



**Annexure A to the Independent Auditor's Report of even date to the members of Accel Frontline Limited, on the standalone financial statements for the year ended 31 March 2018**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.
  - (b) the schedules of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;
  - (c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of principal amount and interest.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 of the Act in respect of loans, investments, guarantees and security. In our opinion, the Company has complied with the provisions of Section 186 except Section 186 (5) of the Act relating to prior approval of public financial institutions for loans given to Accel IT Resources Limited amounting to INR 538 lakhs which is also the balance as at 31 March 2018.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and service tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹) Lakhs	Amount paid under Protest (₹) Lakhs	Period to which the amount relates	Forum where dispute is pending
Kerala Value Added Tax Act, 2003	Tax	44	35	2007-08	Commissioner of Commercial Taxes
Uttar Pradesh Trade Tax Act, 1948	Tax	1	-	2002-03	Trade Tax Tribunal
West Bengal Sales Tax Act, 1994	Tax	1	-	2001-02	Commercial Tax Officer
West Bengal Sales Tax Act, 1994	Tax and Interest	2	-	2003-04 and 2004-05	Assistant Commissioner
Jharkhand Value Added Tax, 2005	Penalty	1	-	2007-08	Joint Commissioner
Kerala Value Added Tax Act, 2003	Tax	69	21	2013-14 and 2014-15	Commercial Tax Officer
Kerala Value Added Tax Act, 2003	Tax	1	-	2015-16	Assistant Commissioner (intelligence)
Kerala Value Added Tax Act, 2003	Tax	47	10	2011-12 and 2012-13	Deputy Commissioner, Appeals II
Uttar Pradesh Trade Tax Act, 1948	Tax	146	42	2010-11, 2011-12 and 2012-13	Deputy Commissioner
Rajasthan Value Added Tax, 2003	Tax	4	-	2011-12	Assistant Commissioner
Kerala Value Added Tax Act, 2003	Tax and Penalty	128	-	2013-14 and 2014-15	Deputy Commissioner (Appeals)
Customs and Excise Act, 1964	Tax, Interest and Penalty	411	175	2014-15	CESTAT
Income Tax Act, 1961	Tax	844	-	2005-06 to 2007-08	High Court
Income Tax Act, 1961	Tax	327	-	2008-09	High Court and CIT Appeals
Income Tax Act, 1961	Tax	110	-	2010-11	High Court
Income Tax Act, 1961	Tax	121	-	2010-11	Assessing Officer
Income Tax Act, 1961	Tax	248	-	2012-13	Commissioner of Income Tax (Appeals)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank during the year. The Company has no borrowings obtained from government and the Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable IndAS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sumesh E S**

Partner

Membership No.: 206931

**Place:** Chennai

**Date:** 09 May 2018

**Annexure B to the Independent Auditor's Report of even date to the members of Accel Frontline Limited on the standalone financial statements for the year ended 31 March 2018**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Accel Frontline Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Basis of Qualified Opinion**

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2018:

The Company did not have an appropriate internal control system towards estimating the value in use of its investment in subsidiary to assess the requirement of recognising an impairment loss as laid down under Indian Accounting Standard ('Ind AS') 36 'Impairment of Assets', which resulted or could have potentially resulted in a material misstatement in the value of Company's investments, provision for impairment and its consequential impact on corresponding earnings and reserves and surplus including applicable disclosures in the Company's standalone financial statements.

'A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Qualified Opinion**

9. In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of control criteria, the Company has in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.
10. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2018, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sumesh E S**

Partner

Membership No.: 206931

**Place:** Chennai

**Date:** 09 May 2018

**Balance Sheet as at 31 March 2018**

₹ in Lakhs

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	616	556	863
Goodwill	3	542	703	864
Other Intangible assets	3	499	724	1,020
Intangible assets under development	3	41	-	-
Financial assets				
- Investments	4	1,452	2,227	2,227
- Trade receivables	11	45	47	92
- Bank balances	5	1,310	692	642
- Other financial assets	6	417	592	691
Deferred tax assets (net)	7	-	-	-
Income tax assets (net)	8	4,715	4,198	3,277
Other non-current assets	9	511	483	523
		<b>10,148</b>	<b>10,222</b>	<b>10,199</b>
<b>Current assets</b>				
Inventories	10	1,280	3,821	3,646
Financial assets				
- Trade receivables	11	12,483	11,627	8,818
- Cash and cash equivalents	12	528	241	950
- Bank balances other than those mentioned in cash and cash equivalents	12	2	4	4
- Loans	13	795	579	352
- Other financial assets	6	476	212	149
Other current assets	14	2,422	2,058	1,574
		<b>17,986</b>	<b>18,542</b>	<b>15,493</b>
<b>Total assets</b>		<b>28,134</b>	<b>28,764</b>	<b>25,692</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	15	2,976	2,976	2,976
Other equity	16	(2,328)	(7,479)	(5,411)
<b>Total equity</b>		<b>648</b>	<b>(4,503)</b>	<b>(2,435)</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	17	3,876	5,445	5,503
Provisions	18	601	689	799
		<b>4,477</b>	<b>6,134</b>	<b>6,302</b>
Current liabilities				
Financial liabilities				
- Borrowings	17	13,440	18,448	13,865
- Trade payables	19	-	-	-
Dues to micro and small enterprises		-	-	-
Dues to others		4,784	2,822	3,300
- Other financial liabilities	20	2,001	2,991	2,147
Other current liabilities	21	2,499	2,569	2,326
Provisions	18	285	303	187
		<b>23,009</b>	<b>27,133</b>	<b>21,825</b>
<b>Total liabilities</b>		<b>27,486</b>	<b>33,267</b>	<b>28,127</b>
<b>Total equity and liabilities</b>		<b>28,134</b>	<b>28,764</b>	<b>25,692</b>

**Notes 1 to 45 form an integral part of these standalone financial statements**

In terms of our report attached

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**Sumesh E S**

Partner

(Membership No : 206931)

**Place : Chennai**
**Date : 09 May 2018**

For and on behalf of the Board of Directors

**Malcolm F. Mehta**

Chairman &amp; Chief Executive Officer

(DIN: 03277490)

**Murali Gopalakrishnan**

Chief Financial Officer

**Place : Chennai**
**Date : 09 May 2018**
**Rajesh Ramniklal Muni**

Director

(DIN: 00193527)

**S Sundaramurthy**

Company Secretary

**Statement of Profit and Loss for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Note No.	For the Year ended 31 March 2018	For the Year ended 31 March 2017
<b>INCOME</b>			
Revenue from operations	22	40,089	36,370
Other income	23	635	180
<b>Total income</b>		<b>40,724</b>	<b>36,550</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	24	551	189
Purchases of stock-in-trade and stores and spares		18,349	16,704
Changes in inventories of stock in trade and stores and spares	25	800	(105)
Excise duty on sale of goods		118	43
Employee benefits expense	26	9,271	9,277
Other expenses	29	9,526	9,307
<b>Total expenses</b>		<b>38,615</b>	<b>35,415</b>
<b>Earnings before Interest, tax, depreciation and amortization</b>		<b>2,109</b>	<b>1,135</b>
Finance costs	27	1,810	2,356
Depreciation and amortization expense and impairment loss	28	643	890
<b>Loss before exceptional items and tax</b>		<b>(344)</b>	<b>(2,111)</b>
Exceptional items	30	6,661	-
<b>Profit / (loss) before tax</b>		<b>6,317</b>	<b>(2,111)</b>
<b>Tax expense</b>			
a) Current tax		1,225	-
b) Deferred tax		-	-
		1,225	-
<b>Profit / (loss) for the year</b>		<b>5,092</b>	<b>(2,111)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
- Re-measurement gains / (losses) on defined benefit plans		59	43
- Income tax relating to items that will not be reclassified to profit and loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>59</b>	<b>43</b>
<b>Total comprehensive income for the year</b>		<b>5,151</b>	<b>(2,068)</b>
Earnings per equity share	34		
Basic (In ₹)		17.11	(7.09)
Diluted (In ₹)		17.11	(7.09)

**Notes 1 to 45 form an integral part of these standalone financial statements**

In terms of our report attached

For and on behalf of the Board of Directors

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**Malcolm F. Mehta**

Chairman &amp; Chief Executive Officer

(DIN: 03277490)

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(DIN: 00193527)

**Sumesh E S**

Partner

(Membership No : 206931)

**Murali Gopalakrishnan**

Chief Financial Officer

**S Sundaramurthy**

Company Secretary

**Place:** Chennai

**Date:** 09 May 2018

**Place:** Chennai

**Date:** 09 May 2018

**Cash Flow Statement for the year ended 31 March 2018**

₹ in Lakhs

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	6,317	(2,111)
<b>Adjustments for:</b>		
Depreciation and amortization expense	643	890
Interest expense (including changes in financial instruments)	1,810	2,356
Interest Income	(501)	(116)
Provision for doubtful receivables	918	738
Provision for doubtful advances	-	27
Provision for inventory	194	(241)
Provision for gratuity and compensated absences	(65)	58
Bad debts written off	243	248
Net unrealised foreign exchange gain	(19)	(33)
Provision for warranty	18	(52)
Profit on sale of fixed assets	(7)	(1)
Inventory write off	1,566	-
Profit on sale of investments	(8,227)	-
<b>Operating profit before working capital changes</b>	<b>2,890</b>	<b>2,245</b>
(Increase) / Decrease in inventories	781	(416)
(Increase) / Decrease in trade receivables	(1,994)	(3,802)
(Increase) / Decrease in other financial assets	(89)	36
(Increase) / Decrease in other non-current assets	(28)	40
(Increase) / Decrease in other current assets	(354)	(511)
Increase / (Decrease) in trade payables	1,962	(477)
Increase / (Decrease) in other financial liabilities	(982)	848
Increase / (Decrease) in other current liabilities	(70)	243
<b>Cash generated from/(used) in operating activities</b>	<b>2,116</b>	<b>(1,794)</b>
Direct taxes paid, (net)	(517)	(921)
<b>Net cash generated from/(used) in operating activities</b>	<b>1,599</b>	<b>(2,715)</b>
Purchase of property, plant and equipment and intangible assets	(365)	(126)
Proceeds from Sale of property, plant and equipment and intangible assets	14	1
Sale of non current investments	9,002	-
Direct taxes paid, net on Sale of Non Current Investments	(1,225)	-
Interest received	468	88
Loans to related parties	(216)	(174)
Net movement in bank deposits	(616)	(50)
<b>Net cash generated from/(used) in investing activities</b>	<b>7,062</b>	<b>(261)</b>
<b>C. Cash flow from financing activities</b>		
Repayment of long term Borrowings	(1,435)	26
Repayment of short term Borrowings	(5,166)	4,583
Interest paid	(1,773)	(2,342)
<b>Net cash (used) in/generated from financing activities</b>	<b>(8,374)</b>	<b>2,267</b>
<b>D. Net change in cash and cash equivalents</b>	<b>287</b>	<b>(709)</b>
E. Cash and cash equivalents at the beginning	241	950
<b>F. Cash and cash equivalents at the end</b>	<b>528</b>	<b>241</b>
<b>Cash and cash equivalents include</b>		
Cash on hand	3	5
Balances with banks		
- in current accounts	525	236
<b>Cash and cash equivalents as per note 12</b>	<b>528</b>	<b>241</b>

**Notes 1 to 45 form an integral part of these standalone financial statements**

 In terms of our report attached  
**For Walker Chandiok & Co LLP**  
 Chartered Accountants  
 Firm Registration No. 001076N/N500013

**Sumesh E S**  
 Partner  
 (Membership No : 206931)

**Place :** Chennai  
**Date :** 09 May 2018

For and on behalf of the Board of Directors

**Malcolm F. Mehta**  
 Chairman & Chief Executive Officer  
 (DIN: 03277490)

**Murali Gopalakrishnan**  
 Chief Financial Officer

**Place :** Chennai  
**Date :** 09 May 2018

**Rajesh Ramniklal Muni**  
 Director  
 (DIN: 00193527)

**S Sundaramurthy**  
 Company Secretary

**Statement of Changes in Equity for the year ended 31 March 2018**

₹ in Lakhs

**A. Equity Share Capital**

Particulars	Note No.	Amount
<b>Balance as at 01 April 2016</b>		<b>2,976</b>
Changes in equity share capital during the year	15	-
<b>Balance as at 31 March 2017</b>		<b>2,976</b>
Changes in equity share capital during the year		-
<b>Balance as at 31 March 2018</b>		<b>2,976</b>

**B. Other Equity**

Particulars	Note No.	Reserves and Surplus			Other reserves	Total
		General reserve	Retained Earnings	Securities Premium Reserve	Accumulated other comprehensive income	
<b>Balances as at 01 April 2016</b>		859	(12,869)	6,857	(258)	(5,411)
Profit/(loss) for the year		-	(2,111)	-	-	(2,111)
Other comprehensive income		-	-	-	43	43
<b>Balances as at 31 March 2017</b>	16	<b>859</b>	<b>(14,980)</b>	<b>6,857</b>	<b>(215)</b>	<b>(7,479)</b>
Profit for the year			5,092		-	5,092
Other comprehensive income					59	59
<b>Balances as at 31 March 2018</b>		<b>859</b>	<b>(9,888)</b>	<b>6,857</b>	<b>(156)</b>	<b>(2,328)</b>

**Notes 1 to 45 form an integral part of these standalone financial statements**

In terms of our report attached

For and on behalf of the Board of Directors

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**Malcolm F. Mehta**

 Chairman & Chief Executive Officer  
 (DIN: 03277490)

**Rajesh Ramniklal Muni**

 Director  
 (DIN: 00193527)

**Sumesh E S**

Partner

(Membership No : 206931)

**Murali Gopalakrishnan**

Chief Financial Officer

**S Sundaramurthy**

Company Secretary

**Place:** Chennai

**Date:** 09 May 2018

**Place:** Chennai

**Date:** 09 May 2018



## Notes forming part of Standalone Financial Statements for the year ended 31 March 2018

### 1. Background

Accel Frontline Limited ("AFL" or the Company) was incorporated on 8 June 1995. The Company's principal lines of business is IT services which includes, providing system integration solutions comprising network design, hardware and software, IT infrastructure management solutions, warranty management solutions for imported and indigenous equipment, development, implementation and maintenance of software applications.

### 2. Summary of significant accounting policies

#### a) Basis of preparation and presentation of standalone financial statements

##### i) Accounting convention

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods upto and including the year ended March 31, 2017, the company prepared its financial statements in accordance with the accounting standards notified under the Section 133 of the Companies Act, 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP).

These are the company's first annual financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note 39 First Time Adoption of Ind AS.

All amounts included in the financial statements are reported in Indian Rupees and have been rounded off to nearest ₹ Lakhs.

##### ii) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the group has not applied as they are effective for annual periods beginning on or after 01 April, 2018:

##### a. Ind AS 115-Revenue from Contract with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue, when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed as at the date of initial application.

##### b. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The amendment clarifies on the accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. In the event of multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Appendix further clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income is the date on which an entity has received or paid an advance consideration in a foreign currency towards the asset, expense or income.

Based on the initial assessment, the group does not expect any material change to the financial statements with the implementation of the above pronouncements.

##### iii) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

##### b) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### Significant management estimates and judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

##### Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2018

and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

**Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**Capitalisation of internally developed intangible assets**

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

**Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

**Recoverability of advances / receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Useful lives of depreciable / amortisable assets**

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

**Inventory**

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

**Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**c) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

**d) Property, plant and equipment**

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Property, plant and equipment [other than leasehold improvements] are depreciated using straight line method over the estimated useful lives of the assets, which are in line with the lives prescribed under Schedule II to the Companies Act, 2013.

Lease hold improvements are amortised over the lower of estimated useful lives of the assets or the primary period of the lease.

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

**e) Intangible assets**

The Company has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development. Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Particulars	Useful life
Goodwill	10 years
Technical know-how	10 years
Software	7 years

**f) Impairment of property, plant and equipment and intangible assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be

impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**g) Revenue recognition**

Revenue from contracts with customers is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The specific recognition criteria described below must also be met before revenue is recognized.

**Sale of goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which is incidental to the dispatch or delivery of goods to customers. Sales include excise duty, where applicable but exclude other taxes and is net of rebates and discounts.

**Income from services**

Income from Annual maintenance contracts is recognized proportionately over the period of the respective contracts. Unbilled revenue 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 taxes on behalf of the government and remits the same to the government; therefore, it is not an economic benefit flowing to the Group. 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 proportionate completion method. Unbilled revenue included under other current assets represents amount recognized based on services

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2018

performed in advance of billing in accordance with contractual terms.

### **Interest income**

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

### **Dividend**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

## **h) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average basis and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable. Inventories are written down for obsolete/slow moving/non moving items wherever necessary.

## **i) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

### **Defined contribution plan**

#### **(i) Provident fund**

This is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

### **Defined benefit plan**

#### **(i) Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

#### **(ii) Compensated absences**

The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of non vesting benefit. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service,

are treated as a reduction of service cost. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

### **Short-term employee benefits**

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

## **j) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### **Finance Lease**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease period. Associated costs such as maintenance and insurance, are expensed as incurred.

### **Operating Lease**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## **k) Foreign currency transactions**

### **Functional and presentation currency**

The functional currency of the Company is the Indian

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

Rupee. These financial statements are presented in Indian Rupees (₹)

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

-Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

-Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**l) Borrowing costs**

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**m) Investments in subsidiaries**

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**n) Income taxes**

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**o) Provisions and contingencies**

**Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**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 not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2018

of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**Contingent assets**

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

**p) Financial instruments****Financial assets****Initial recognition and measurement**

Financial assets (other than trade receivables) are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Subsequent measurement of financial assets is described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Amortized cost
- b. Fair Value Through Other Comprehensive Income (FVTOCI) or
- c. Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

**(i) Financial asset at amortised cost**

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

**(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)**

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and

interest on the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e., share-by-share) basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

**(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

**De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's standalone balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2018

the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

##### Gains or losses on liabilities held for trading are recognised in the profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However,

the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

##### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### q) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

**Trade receivables**

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

**Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

**r) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**s) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which

are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified the following as reportable segments: a) System integration (SI) solutions comprising supply, installation, commissioning of network design, hardware, software and related services, b) IT Infrastructure management solutions (IMS), c) Software development and support (SS), d) Warranty management solutions (WMS).]

**u) Earnings/ (Loss) per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**v) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of 3 months or less, as applicable.



Notes forming part of Standalone Financial Statements for the year ended 31 March 2018

₹ in Lakhs

Particulars	TANGIBLE ASSETS							INTANGIBLE ASSETS				
	Leasehold improvements	Plant and machinery	Furniture and electrical fittings	Office equipment	Computers	Vehicles	Total of tangible assets (A)	Goodwill	Other intangible assets	Total of intangible assets (B)	Grand Total (A+B)	Intangibles under development
<b>Gross block</b>												
Balance as at 01 April 2016 (Deemed Cost)	104	141	74	22	453	69	863	864	1,020	1,884	2,747	-
Additions	4	-	3	10	102	-	119	-	7	7	126	-
Deletions	(46)	(23)	(4)	(2)	(55)	-	(130)	-	-	-	(130)	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>62</b>	<b>118</b>	<b>73</b>	<b>30</b>	<b>500</b>	<b>69</b>	<b>852</b>	<b>864</b>	<b>1,027</b>	<b>1,891</b>	<b>2,743</b>	-
<b>Balance as at 1 April 2017</b>	<b>62</b>	<b>118</b>	<b>73</b>	<b>30</b>	<b>500</b>	<b>69</b>	<b>852</b>	<b>864</b>	<b>1,027</b>	<b>1,891</b>	<b>2,743</b>	-
Additions	222	7	2	16	65	1	313	-	11	11	324	41
Deletions	(11)	-	-	-	-	(10)	(21)	-	-	-	(21)	-
<b>Balance as at 31 March 2018</b>	<b>273</b>	<b>125</b>	<b>75</b>	<b>46</b>	<b>565</b>	<b>60</b>	<b>1,144</b>	<b>864</b>	<b>1,038</b>	<b>1,902</b>	<b>3,046</b>	<b>41</b>
<b>Accumulated depreciation/amortization</b>												
Depreciation/amortization for the year	81	40	17	20	247	21	426	161	257	418	844	-
Impairment	-	-	-	-	-	-	-	-	46	46	46	-
Reversal on deletions	(46)	(23)	(4)	(2)	(55)	-	(130)	-	-	-	(130)	-
<b>Balance as at 31 March 2017</b>	<b>35</b>	<b>17</b>	<b>13</b>	<b>18</b>	<b>192</b>	<b>21</b>	<b>296</b>	<b>161</b>	<b>303</b>	<b>464</b>	<b>760</b>	-
Depreciation/amortization for the year	51	18	13	9	137	18	246	161	236	397	643	-
Reversal on deletions	(11)	-	-	-	-	(3)	(14)	-	-	-	(14)	-
<b>Balance as at 31 March 2018</b>	<b>75</b>	<b>35</b>	<b>26</b>	<b>27</b>	<b>329</b>	<b>36</b>	<b>528</b>	<b>322</b>	<b>539</b>	<b>861</b>	<b>1,389</b>	-
<b>Net Block</b>												
Balance as at 01 April 2016	104	141	74	22	453	69	863	864	1,020	1,884	2,747	-
Balance as at 31 March 2017	27	101	60	12	308	48	556	703	724	1,427	1,983	-
<b>Balance as at 31 March 2018</b>	<b>198</b>	<b>90</b>	<b>49</b>	<b>19</b>	<b>236</b>	<b>24</b>	<b>616</b>	<b>542</b>	<b>499</b>	<b>1,041</b>	<b>1,657</b>	<b>41</b>

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

**(a) Deemed carrying cost**

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used previous GAAP carrying value as deemed costs.

**(b) Contractual obligations**

There are no contractual commitments for the acquisition of property, plant and equipment. (Also refer note 44)

**(c) Property, plant and equipment pledged as security**

The following assets are purchased under finance lease. Hence the finance lease are secured against the asset purchased. The gross block and net carrying amount of the assets acquired under finance lease as at:

Particulars	31 March 2018		31 March 2017		01 April 2016	
	Gross block	Net block	Gross block	Net block	Gross block	Net block
Vehicles	26	14	26	21	51	-
Computers	41	16	41	28	41	-
<b>Total</b>	<b>67</b>	<b>30</b>	<b>67</b>	<b>49</b>	<b>92</b>	<b>-</b>

**(d) Intangibles under development**

Intangibles under development represents the banking software being developed which will be used to earn licensing income

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**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>4. Investments - Non-current</b>			
<b>Investments carried at cost</b>			
<b>i) Investments in equity instruments of subsidiaries (fully paid-up) (Unquoted)</b>			
<b>Accel Systems &amp; Technologies Pte Limited, Singapore (Also, refer note (a) below)</b> (NIL (Previous year - 11,730,000) shares of SGD 0.10 each fully paid)	-	775	775
<b>Accel Frontline DMCC, Dubai</b> (300 (Previous year-300) share of AED 1,000 fully paid up)	120	120	120
<b>Accel Japan Kabushiki Kaisha, Japan</b> (371 (Previous year : 212) ordinary shares of JPY 50,000 each and JPY Nil (Previous year: JPY 15,855,000) share application money pending allotment)	118	118	118
<b>Network Programs (Japan), Inc., USA (Also, refer note (b) below)</b> (NIL (Previous year: 1500) shares without par value fully paid )	-	224	224
<b>Network Programs (USA) Inc., USA</b> (1000 (Previous year: 1000) shares of \$ 1 each fully paid )	51	51	51
<b>Accel North America Inc., USA</b> (655,000 (Previous year : 655,000) shares of \$1 each fully paid up)	373	373	373
<b>Accel IT Resources Limited, India (Also, refer note 33)</b> (3,000,000 (Previous year : 3,000,000) shares of ₹ 10 each fully paid up)	790	790	790
<b>Accel Technologies Ltd, UK</b> (19,500 (Previous year : 19,500) equity shares of GBP 1 each fully paid up)	17	17	17
	<b>1,469</b>	<b>2,468</b>	<b>2,468</b>
Less: Provision for impairment in the value of investment	(17)	(241)	(241)
<b>Total of (i)</b>	<b>1,452</b>	<b>2,227</b>	<b>2,227</b>
<b>ii) Investments carried at fair value through profit and loss</b>			
<b>Investments in equity investmemnts of other companies (fully paid-up) (Unquoted)</b>			
<b>Telesis Global Solutions Limited, India</b> (96,374 (Previous year : 96,374) equity shares of ₹ 10 each fully paid up)	30	30	30
Less: Provision for impairment in the value of investments	(30)	(30)	(30)
<b>Total of (ii)</b>	-	-	-
<b>Total non-current investments</b>	<b>1,452</b>	<b>2,227</b>	<b>2,227</b>
Aggregate amount of unquoted investments	1,499	2,498	2,498
Aggregate provision for impairment in value of investments	(47)	(271)	(271)
<b>Extent of Investment in subsidiaries</b>			
Accel Systems & Technologies Pte Limited, Singapore	0%	51%	51%
Accel Frontline DMCC, Dubai	100%	100%	100%
Accel Japan Kabushiki Kaisha, Japan	100%	100%	100%
Network Programs (Japan), Inc., USA	0%	100%	100%
Network Programs (USA) Inc., USA	100%	100%	100%
Accel North America Inc., USA	100%	100%	100%
Accel IT Resources Limited, India	100%	100%	100%
Accel Technologies Ltd, UK	100%	100%	100%

(a) The Company has disinvested the entire 51% (fifty one percent) stake in its Singapore subsidiary, for a total consideration of S\$ 19,380,000 (Singapore Dollars Nineteen Million Three Hundred and Eighty Thousand only) on 10 July 2017, equivalent to INR 9,002. The profit made on such sale of investment to the tune of ₹ 8,227 has been disclosed under exceptional item, in the standalone financial results (also refer Note 30)

(b) The subsidiary named Networks Programs Japan Inc. USA stands liquidated as at 31 March 2018.

(c) Refer note 37 for determination of their fair values and also note 38 for market risk and credit risk of investments.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>5 Bank balances</b>			
Non-current bank balances	1,310	692	642
	<b>1,310</b>	<b>692</b>	<b>642</b>
Non-current bank balances represents, interest bearing deposits with bank with more than 12 months maturities. These margin money deposits are given as lien to obtain bank guarantee. These bank guarantee are issued to customers as collateral for execution of contracts.			
<b>6 Other financial assets</b>			
(Unsecured, considered good unless otherwise stated)			
<b>a) Non-current</b>			
Security deposits	210	301	372
Rental deposits	207	276	294
Other deposits			
- Considered good	-	15	25
- Considered doubtful	-	13	6
	<b>417</b>	<b>605</b>	<b>697</b>
Less : Allowances for expected credit loss	-	(13)	(6)
	<b>417</b>	<b>592</b>	<b>691</b>
<b>b) Current</b>			
(Unsecured, considered good unless otherwise stated)			
Security deposits	229	-	-
Rental deposits	178	119	56
Other receivables	58	93	86
Other loans and advances - staff advances			
- Considered good	11	-	7
- Considered doubtful	31	31	31
	507	243	180
Less : Allowances for expected credit loss	(31)	(31)	(31)
	<b>476</b>	<b>212</b>	<b>149</b>
There are no other financial assets due from directors or other officers of the Company. The carrying amount of the other financial assets are considered as a reasonable approximation of fair value.			
A description of the Company's financial instrument risks, including risk management objectives and policies are given in Note 38.			
<b>7 Deferred tax asset (net)*</b>			
The breakup of net deferred tax asset is as follows:			
Deferred tax liability arising on account of :			
- Timing difference between depreciation/ amortization as per financials and depreciation as per tax	(189)	(308)	(220)
	<b>(189)</b>	<b>(308)</b>	<b>(220)</b>
Deferred tax asset arising on account of :			
- Provision for employee benefits	340	365	324
- Allowances for expected credit loss	494	293	79
- Provision for impairment in value of investments	5	74	74
- Unabsorbed depreciation and business loss	3,131	3,481	1,353
- Others	34	-	-
	4,004	4,213	1,830
<b>Net deferred tax asset*</b>	<b>-</b>	<b>-</b>	<b>-</b>
*The Company has not recognised deferred tax asset as it is not probable that the taxable profit will be available for utilizing the unused tax losses and temporary differences. The Company has neither recognised deferred tax expense nor income in the statement of profit and loss and other comprehensive income for the year ended 31 March 2018 and 31 March 2017 and consequently reconciliation for the same is not disclosed.			
<b>8 Income tax assets (net)</b>			
Advance Tax (net of provision for tax)	4,715	4,198	3,277
	<b>4,715</b>	<b>4,198</b>	<b>3,277</b>

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>9 Other non-current assets</b>			
Balances with government authorities			
- Considered good	365	273	273
- Considered doubtful	-	14	14
Prepaid expenses	146	210	250
	511	497	537
Less: Provisions for doubtful balances	-	(14)	(14)
	<b>511</b>	<b>483</b>	<b>523</b>

All of the Company's other non-current assets have been reviewed for indicators of impairment. There were allowances for doubtful balances during the year 2017-18 : Nil (31 March 2017: ₹ 14, 01 April 2016: ₹ 14) which was identified on a case to case basis from the balances.

**10 Inventories**

Raw materials	73	248	178
Stock-in-trade (includes goods-in-transit: ₹ 26 (As at 31 March 17: ₹ 21))	704	589	836
Stores and spares (includes goods-in-transit: ₹ 25 (As at 31 March 17: ₹ 67)) (Also, refer note 32)	968	3,462	3,823
Less: Provision for inventory obsolescence	(465)	(478)	(1,191)
	<b>1,280</b>	<b>3,821</b>	<b>3,646</b>

**11 Trade receivables**
**(Unsecured)**
**Non Current**

Considered good - Customer retention

	45	47	92
	45	47	92

**Current**

Considered good

	(A) 12,483	11,627	8,818
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Considered doubtful

	(B) 1,583	948	256
	14,066	12,575	9,074

Less : Allowances for expected credit loss

	(C) (1,583)	(948)	(256)
	<b>(A+B+C) 12,483</b>	<b>11,627</b>	<b>8,818</b>

Trade receivables include due from related parties amounting to ₹ 2,051 (31 March 2017: ₹ 1,185). The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

All of the Company's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 1,583 (2016-17: ₹ 948) has been recorded accordingly within other expenses. The Company has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer.

Movement in allowances for expected credit loss	As at 31 March 2018	As at 31 March 2017
<b>Balance at beginning of the year</b>	948	256
Additions/(reversal) during the year, net	918	738
Utilised during the year	(283)	(46)
<b>Balance at end of the year</b>	<b>1,583</b>	<b>948</b>

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at		As at	
	31 March 2018		31 March 2017	
<b>12 Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Cash on hand	3	5		4
Cheques on hand	0	0		49
Balances with banks - current accounts	525	236		897
	<b>(A)</b>	<b>528</b>	<b>241</b>	<b>950</b>
<b>Bank balances other than mentioned in cash and cash equivalents</b>				
Unpaid dividend account	2	4		4
	<b>(B)</b>	<b>2</b>	<b>4</b>	<b>4</b>
<b>Total (A+B)</b>		<b>530</b>	<b>245</b>	<b>954</b>
<b>13 Loans</b>				
(Unsecured considered good unless otherwise stated)				
Loans and advances to related parties (Also, refer note 36)				
Considered good	795	579		352
Considered doubtful	54	54		52
		849		633
		(54)		(52)
Less : Allowances for expected credit loss				
		<b>795</b>	<b>579</b>	<b>352</b>
<b>14 Other current assets</b>				
Unbilled revenue	726	681		422
Balances with government authorities	49	104		64
Prepaid expenses	1,570	1,090		976
Other loans and advances	21	22		-
Advance to supplier				
- Considered good	56	161		112
- Considered doubtful	-	-		35
		<b>2,422</b>	<b>2,058</b>	<b>1,609</b>
Less: Provisions for doubtful advances		-	-	(35)
		<b>2,422</b>	<b>2,058</b>	<b>1,574</b>

All of the Company's other current assets have been reviewed for indicators of impairment. There were allowances for doubtful advances relating to supplier advances during the year as at 01 April, 2016 to the extent of ₹ 35 which was identified on a case to case basis from the advances given to the suppliers.

Particulars	As at		As at		As at	
	31 March 2018		31 March 2017		01 April 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b>15 Equity Share Capital</b>						
<b>Authorized</b>						
Equity shares of ₹ 10 each	33,000,000	3,300	33,000,000	3,300	33,000,000	3,300
<b>Authorized</b>						
Equity shares of ₹ 10 each	29,761,873	2,976	29,761,873	2,976	29,761,873	2,976
	<b>29,761,873</b>	<b>2,976</b>	<b>29,761,873</b>	<b>2,976</b>	<b>29,761,873</b>	<b>2,976</b>

a) There were no movements in the share capital during the current and the previous years.

b) Shares held by the holding company

Equity shares of ₹ 10 each

CAC Holdings Corporation	17,857,125	1,786	17,857,125	1,786	17,857,125	1,786
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**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at		As at		As at	
	31 March 2018		31 March 2017		01 April 2016	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
<b>c) Shareholders holding more than 5% of the aggregate shares in the Company</b>						
Equity shares of ₹ 10 each						
CAC Holding Corporation, Holding company	17,857,125	60%	17,857,125	60.00%	17,857,125	60.00%
Amicorp Trustees (India) Private Limited (also refer Note 45)	4,464,279	15%	-	-	-	-
Accel Limited, Promoter company	-	-	4,281,194	14.38%	4,281,194	14.38%
<b>d) Terms/ rights attached to equity shares</b>						
The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. 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.						
<b>e)</b>	There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last 5 years immediately preceding 31 March 2018.					
<b>f) Capital management policies and procedures</b>	The Company's capital management objectives are:					
	- to safeguard the Company's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.					
	- to maintain an optimum capital structure to reduce the cost of capital					
	In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares, or sell investments / other assets to reduce debt.					
	For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings and cash credit facility, if any, less cash and cash equivalents as presented on the face of the balance sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting years are summarized as follows:					

Particulars		As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Borrowings		17,326	23,911	19,390
Cash and bank balances		1,840	937	1,596
<b>Net debt</b>	<b>(A)</b>	<b>15,486</b>	<b>22,974</b>	<b>17,794</b>
<b>Total equity</b>	<b>(B)</b>	<b>648</b>	<b>(4,503)</b>	<b>(2,435)</b>
<b>Overall financing</b>	<b>(A+B)</b>	<b>16,134</b>	<b>18,471</b>	<b>15,359</b>
<b>Gearing ratio</b>		<b>96%</b>	<b>124%</b>	<b>116%</b>

Particulars		As at 31 March 2018	As at 31 March 2017
<b>16 Other Equity</b>			
<b>Securities premium reserve</b>		<b>6,857</b>	<b>6,857</b>
Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.			
<b>General reserve</b>		<b>859</b>	<b>859</b>
General reserve represents an appropriation of profits by the Company.			
<b>Retained earnings</b>			
Balance at the beginning of the year		(14,980)	(12,869)
Add : Transferred from statement of profit and loss		5,092	(2,111)
<b>Balance at the end of the year</b>		<b>(9,888)</b>	<b>(14,980)</b>
Retained earnings comprises of prior years profits after tax			

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018** ₹ in Lakhs

Particulars	As at	As at
	31 March 2018	31 March 2017
<b>Accumulated other comprehensive income</b>		
Balance at the beginning of the year	(215)	(258)
Add : Transfer from other comprehensive income	59	43
Balance at the end of the year	<b>(156)</b>	<b>(215)</b>
<b>Total Other equity</b>	<b>(2,328)</b>	<b>(7,479)</b>

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	01 April 2016
<b>17 Borrowings</b>			
<b>A) Non-current</b>			
<b>a) Secured</b>			
Finance lease obligations (Also, refer note (i) below)	18	39	61
Loan against keyman insurance policy (Also, refer note (ii) below)	-	141	129
	18	180	190
Less: Classified as other financial liabilities			
Current maturities of long-term borrowings (Also, refer note 20)	(10)	(18)	(22)
	8	162	168
<b>B) Unsecured</b>			
Loans and advances from related parties (Also, refer note (iii) below)	3,868	5,283	5,335
	<b>3,876</b>	<b>5,445</b>	<b>5,503</b>

- i) 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 equated monthly instalments from date of loan and carry interest rate between 5% to 9% per annum. Also, refer note 3(c).

The details of lease commitments in terms of Minimum lease payments (MLP) and Present value (PV) of MLP are as follows:

Particulars	As at		As at		As at	
	31 March 2018		31 March 2017		01 April 2016	
	MLP	PV of MLP	MLP	PV of MLP	MLPPV of MLP	
<b>Payments falling due:</b>						
Payable not later than 1 year	11	10	24	21	27	22
Payable later than one year but not later than 5 years	9	8	20	18	44	39
<b>Total</b>	<b>20</b>	<b>18</b>	<b>44</b>	<b>39</b>	<b>71</b>	<b>61</b>
Less: Amounts representing interest	2		5	-	10	-
	<b>18</b>	<b>18</b>	<b>39</b>	<b>39</b>	<b>61</b>	<b>61</b>

- ii) Represents loan availed from Life Insurance Corporation of India, repayable at the time of maturity of the policy or adjustment with maturity value of the policy and is secured against the keyman insurance policy placed with them, which is fully paid up.

- iii) The loans and advances from related parties represents loan from the holding company, CAC Holding Corporations, to the tune of ₹ 3,868 (including interest payable) (As at 31 March 2017: ₹ 3,851 and as at 01 April 2016: ₹ 3,940) with an interest rate of 4.5%+6 months LIBOR rate, per annum; the entire amount being repayable in 2021-22 and from Accel Limited, promoter company to the tune of ₹ Nil (As at 31 March 2017: ₹ 1,440 and as at 01 April 2016: ₹ 1,395) with an interest rate of 11% per annum, the entire amount being repayable in 2019-20. However, the Company has repaid the later loan amount in 2017-18. Also, refer note 36(c).

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	01 April 2016
<b>B) Current</b>			
<b>a) Secured (from banks)</b>			
<b>(i) Repayable on demand</b>			
- Cash credit	-	17	1,223
<b>(ii) Others</b>			
- Letter of credit	4,240	6,682	3,228
<b>b) Secured (from others)</b>			
- Loan against keyman insurance policy	154	-	-
Also, refer Note 17(ii)			



**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at		As at		
	31 March 2018		31 March 2017		
				As at 01 April 2016	
<b>17.1 Borrowings (Continued)</b>					
<b>c) Unsecured (from banks)</b>					
- Working capital demand loan	4,537		4,542		8,422
- Short term loan	1,100		1,250		-
- Cash credit	3,409		5,957		992
	<b>13,440</b>		<b>18,448</b>		<b>13,865</b>
<b>Details of guarantee</b>					
Guaranteed by holding company					
From banks					
- Working capital demand loan	4,537		4,542		4,542
- Short term loan	1,100		1,250		-
- Cash credit	3,409		5,957		393
- Letter of credit	4,240		6,090		1,069
Guaranteed by erstwhile promoter and promoter company					
From banks					
- Cash credit	-		17		1,223
- Letter of credit	-		-		330

**Details of security**

The Company has availed a working capital demand loan worth ₹ 4,537 (as at 31 March 2017: ₹ 4,542 and as at 01 April 2016: ₹ 4,542) valid till 31 March 2018 from Sumitomo Mitsui Banking Corporation at an interest rate of 9.5% (as at 31 March 2017: 9.85% and 01 April 2016: 10.90%) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

The Company has also availed a short term loan facility ₹ 1,100 (as at 31 March 2017: ₹ 1,250 and as at 01 April 2016 ₹ Nil) from Mizuho Bank Ltd at an interest rate based on market conditions (subject to minimum of Marginal cost of funds based lending rate (MCLR)) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

Cash credits guaranteed by holding company represents:

i) The Company has availed a cash credit facility worth ₹ 3,314 (as at 31 March 2017: ₹ 5,669 and as at 01 April 2016: ₹ 3,880) from Mizuho Bank Limited at an interest rate based on market conditions (subject to minimum of Marginal cost of funds based lending rate (MCLR 11%)) which has been secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

ii) The Company has availed a cash credit facility outstanding from Sumitomo Mitsui Banking Corporation worth ₹ 95 (as at 31 March 2017: ₹ 288 and as at 01 April 2016: ₹ 393) at an interest rate of 9.50% which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

Cash credits guaranteed by promoter and promoter company represents:

i) Cash credit availed from State Bank of India worth Nil (as at 31 March 2017: ₹ 2 and as at 01 April 2016: ₹ 595) at an interest rate of 16.30% which is secured by first charge on pari passu basis on all the current assets and moveable assets of the Company, including book debts and inventories and first charge on certain properties owned by promoter company.

ii) Cash credit availed from Industrial Development Bank of India worth Nil (as at 31 March 2017: ₹ 15 and as at 01 April 2016: ₹ 29) at an interest rate of 14% which is secured by first pari passu charge on all the current assets and moveable fixed assets of the Company, including book debts and inventories and irrevocable and unconditional personal guarantee of the promoter.

The Company has also availed cash credits from Axis bank worth Nil (as at 31 March 2017: Nil and 01 April 2016: ₹ 599) at an interest rate of 12.50% which is secured by pari passu charge on all the current assets and moveable assets of the Company, including book debts and inventories.

The Company has availed letter of credits from banks which are secured by the Corporate Guarantee provided by CAC Holdings Corporation, Japan and hypothecation of goods purchased under the letter of credit, repayable based on the LC period ranging from 60 to 150 days.

Particulars	As at		As at		As at	
	31 March 2018		31 March 2017		01 April 2016	
	Long term	Short term	Long term	Short term	Long term	Short term
<b>18 Provisions</b>						
Provisions for employee benefits						
Gratuity (refer note (a) below)	510	176	578	193	629	73
Compensated absences	55	37	87	44	110	32
Provision for warranty	36	72	24	66	60	82
	<b>601</b>	<b>285</b>	<b>689</b>	<b>303</b>	<b>799</b>	<b>187</b>

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**18 Provisions (continued)**
**a) Employee benefits**
**i) Gratuity**

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (“the Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by Life Insurance Corporation.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Change in projected benefit obligation</b>			
Projected benefit obligation at the beginning of the year	778	737	563
Current service cost	94	110	86
Interest cost	52	58	46
Actuarial (gain)/ loss	(55)	(42)	139
Past service cost	27	-	-
Benefits paid	(150)	(85)	(97)
<b>Projected benefit obligation at the end of the year</b>	<b>746</b>	<b>778</b>	<b>738</b>
<b>Change in plan assets</b>			
Fair value of plan assets at the beginning of the year	7	35	96
Expected return on plan assets	-	3	8
Employer contributions	198	53	6
Benefits paid	(150)	(85)	(97)
Other adjustments	-	-	14
Actuarial gain on plan assets	4	1	8
<b>Fair value of plan assets at the end of the year</b>	<b>59</b>	<b>7</b>	<b>35</b>
The scheme is managed on funded basis.			
<b>Reconciliation of present value of obligation on the fair value of plan assets to the liability recognised</b>			
Present value of projected benefit obligation at the end of the year	746	778	738
Fair value of plan assets at the end of the year	59	7	35
<b>Liability recognized in the balance sheet</b>	<b>686</b>	<b>771</b>	<b>703</b>
<b>Thereof</b>			
Unfunded	686	771	703
<b>Gratuity cost for the year</b>			
Current service cost	94	110	86
Past service cost	27	-	-
Interest cost	52	58	46
Expected returns on plan assets	-	(3)	(8)
Total amount recognised in profit or loss	173	165	124
Actuarial (gain)/loss	(59)	(43)	132
Total amount recognised in other comprehensive income	(59)	(43)	132
<b>Net gratuity costs recognized in the income statement</b>	<b>114</b>	<b>122</b>	<b>256</b>

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Principal actuarial assumptions used:</b>			
Discount rate	7.00%	6.60%	7.80%
Long-term rate of compensation increase	8.00%	8.00%	7.50%
Expected rate of return on plan assets	8.00%	7.50%	8.00%
Average remaining life (in years)	24	25	25
Attrition rate	23% - 38%	12% - 34%	5%-20%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Based on historical data, the Company expects contributions of ₹ 764 to be paid in 2018-19. The weighted average duration of the defined benefit obligation as at 31 March 2018 is 3 years (31 March 2017: 4 years)

**Employee benefits - Maturity profile**

Particulars	1 Year	Between 2-5 Years	Between 6-10 years	Over 10 year	Total
<b>31 March 2018</b>					
Defined benefit obligation	236	483	187	47	953
<b>31 March 2017</b>					
Defined benefit obligation	200	461	266	128	1,055

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2018.

	Attrition rate		Discount rate		Future salary	
	increases	Increase	increases	Increase	increases	Increase
<b>31 March 2018</b>						
> Sensitivity Level	1%	-1%	1%	-1%	1%	-1%
> Impact on defined benefit obligation	710	804	723	770	768	724
<b>31 March 2017</b>						
> Sensitivity Level	1%	-1%	1%	-1%	1%	-1%
> Impact on defined benefit obligation	740	844	748	811	808	750

**(ii) Compensated absences**

The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences.

Principal actuarial assumptions used :	2017 - 2018	2016 - 2017	2015 - 2016
Discount rate	7.00%	6.60%	7.80%
Long-term rate of compensation increase	8.00%	8.00%	7.50%
Average remaining life	24	25	25
Attrition rate	23% - 38%	12% - 34%	5%-20%

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>b) Provision for warranty</b>			
Balance at the beginning of the year	90	142	5
Created during the year, net	18	-	183
Utilised/reversed during the year	-	(52)	(46)
<b>Balance at the end of the year</b>	<b>108</b>	<b>90</b>	<b>142</b>

A provision is recognized for expected warranty claims on supply of goods, based on past experience of level of repairs and returns. The current and non-current classification of the provision is made based on the remaining warranty period of the goods supplied as at the balance sheet date. The assumptions used to calculate the provision for warranties are based on the Company's current status of goods supplied that are under warranty and information available about expenditure more probable to be incurred based on the Company's warranty terms which provides for a warranty period of about 36 months.

**19 Trade payables**

Dues to micro and small enterprises*	-	-	-
Dues to others	4,784	2,822	3,300
	<b>4,784</b>	<b>2,822</b>	<b>3,300</b>

\*There are no micro and small enterprises, as defined under the provisions of Micro, Small and Medium Enterprises Development Act 2006, to whom the Company owes dues as at the reporting date. The micro and small enterprises have been identified by the management on the basis of information available with the Company and have been relied upon by the auditors.

The carrying values of trade payables are considered to be a reasonable approximation of fair value.

**20 Other financial liabilities**
**Financial liabilities at fair value through profit and loss**
**Current**

Current maturities of finance lease obligations (also refer Note 17(a))	10	18	22
Unpaid dividends	2	4	4
Employee related payables	609	1,106	903
Other accrued liabilities	1,380	1,863	1,218
<b>Total financial liabilities</b>	<b>2,001</b>	<b>2,991</b>	<b>2,147</b>

Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investors Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

**21 Other current liabilities**

Statutory dues	384	284	213
Unearned revenue	2,115	2,285	2,113
	<b>2,499</b>	<b>2,569</b>	<b>2,326</b>

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>22 Revenue from operations</b>		
Sale of goods	21,008	16,966
Sale of services	19,081	19,404
	<b>40,089</b>	<b>36,370</b>
<b>23 Other income</b>		
Interest income	468	88
Unwinding of discount on deposits	33	28
Other non-operating income	134	64
	<b>635</b>	<b>180</b>

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>24 Cost of raw materials consumed</b>		
Opening stock (Net of provision)	189	119
Add : Purchases during the year	376	259
Less: Closing stock (Net of provision)	(14)	(189)
	<b>551</b>	<b>189</b>
The management estimates the provision for inventories based on its assessment of the net realisable value considering various factors such as ageing of the inventories and technological obsolescence of these inventories.		
<b>25 Changes in inventories of stock-in-trade and stores and spares</b>		
<b>Closing stock:</b>		
Stock-in-trade	704	589
Stores and spares	968	3,462
Less: Provision for inventories	(406)	(419)
	<b>1,266</b>	<b>3,632</b>
<b>Opening stock:</b>		
Stock-in-trade	589	836
Stores and spares	3,462	3,823
Less: Provision for inventories	(419)	(1,132)
	<b>3,632</b>	<b>3,527</b>
Less: Transferred to exceptional items (Also, refer note 30 & 32)	(1,566)	-
<b>Net decrease/ (increase) in inventories</b>	<b>800</b>	<b>(105)</b>
The management estimates the provision for inventories based on its assessment of the net realisable value considering various factors such as ageing of the inventories and technological obsolescence of these inventories.		
<b>26 Employee benefits expense</b>		
Salaries and wages	8,409	8,421
Gratuity expense (Also, refer note 18)	173	165
Contribution to provident and other defined contribution funds	590	555
Staff welfare expenses	99	136
	<b>9,271</b>	<b>9,277</b>
<b>27 Finance costs</b>		
Interest expenses	1,621	2,106
Other borrowing cost	189	250
	<b>1,810</b>	<b>2,356</b>
<b>28 Depreciation, amortization expense and impairment loss</b>		
Depreciation of tangible assets (Also, refer note 3)	246	426
Amortization of intangible assets (Also, refer note 3)	397	418
Impairment loss of intangible assets (Also, refer note 3)	-	46
	<b>643</b>	<b>890</b>
<b>29 Other expenses</b>		
Sub-contracting and outsourcing cost	4,150	4,260
Rent	925	850
Printing and stationery	63	81
Power and fuel	205	218

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>29 Other expenses (continued)</b>		
Provision for doubtful receivables	918	738
Legal and professional fees	850	590
Travelling and conveyance	720	724
Freight and forwarding	436	366
Communication expenses	250	320
Repairs and maintenance		
Leased premises	248	251
Equipments	4	9
Others	121	76
Insurance	102	94
Rates and taxes	47	102
Bad debts written off	243	248
Directors' sitting fees	18	17
Payments to auditors (Also, refer note 35)	59	83
Provision for warranty	18	-
Provision for doubtful advances	-	27
Miscellaneous expenses	149	253
	<b>9,526</b>	<b>9,307</b>
<b>30 Exceptional items</b>		
Write off of maintenance division inventories (Also, refer note 32)	1,566	-
Profit on sale of investments (Also, refer note 4(a))	(8,227)	-
	<b>(6,661)</b>	<b>-</b>
<b>31 Income taxes</b>		
The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are:		
Current tax:		
Current tax	1,225	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
<b>Tax expense reported in the statement of profit and loss</b>	<b>1,225</b>	<b>-</b>
Deferred tax related to net (gain) on remeasurements of defined benefit plans recognized in other comprehensive income	-	-
<b>Tax expense reported in other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Tax reconciliation:</b>		
The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 23.07 % (2016-17: 34.61%) and the reported tax expense in the statement of profit and loss are as follows:		
Accounting profit/ (loss) before taxes	6,317	(2,111)
Enacted tax rates*	23.07%	34.61%
Tax on profit at enacted tax rate	1,457	-
<b>Adjustments:</b>		
- Indexation benefit on sale of long term investment	(79)	-
- Loss on sale of investment	(108)	-
- Unabsorbed depreciation of earlier years utilised	(295)	-
- Origination and reversal of temporary differences (Net)	317	-
- Mat credit pertaining to earlier years utilised	(67)	-
<b>Actual tax expense</b>	<b>1,225</b>	<b>-</b>
Current tax	1,225	-
Deferred tax	-	-
<b>Tax expense reported in the statement of profit and loss</b>	<b>1,225</b>	<b>-</b>

\*The effective tax rate considered is 23.07% because the Company has only capital gains in the current year.

- 32** During the year, the management has completed the process of valuation of its inventories to be in line with the requirements of Ind AS 2 - Valuation of Inventories. The exercise has been carried out by adopting purchase price data available with the company to arrive at the Weighted Average Price as also valuing the refurbished stocks adopting certain prudent estimates. The value of such inventory computed on weighted average basis is with respect to maintenance division of the Company. Further, based on data with respect to the

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

pattern of usage of inventories available with the company, the management has developed various estimates to determine the net realizable value of these inventories. The revised weighted average prices, estimates and assumptions were developed in the current year and that similar relevant data is not available for making reliable estimates for the earlier years for comparison purposes. The management believes that it is impracticable to recreate the information required to facilitate a retrospective restatement. Accordingly, the impact relating to this exercise, as at 31 March 2018, amounting to ₹ 1,566 is disclosed as exceptional items.

- 33** The Company has invested ₹ 790 in a subsidiary named Accel IT Resources Limited (AITRL). Further, the Company has advanced loan (including interest) amounting to ₹ 622. The net worth of AITRL is negative as at 31st March 2018. The management of the subsidiary has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centres accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary thereby enabling the recovery of these investments and loans given along with interest. Consequently the Company Management is of the view that the investment and the loan will be recovered, hence no provision needs to be made for the same.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>34 Earnings per equity share</b>		
<b>i. For Profit for the year</b>		
<b>a) Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	17.11	(7.09)
<b>b) Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	17.11	(7.09)
<b>ii. For total comprehensive income</b>		
<b>a) Basic earnings per share</b>		
Basic earnings per share attributable to the equity holders of the Company	17.31	(6.95)
<b>b) Diluted earnings per share</b>		
Diluted earnings per share attributable to the equity holders of the Company	17.31	(6.95)
<b>iii. Reconciliation of earnings used in calculating earnings per share</b>		
<b>Basic earnings per share</b>		
Profit attributable to equity holders of the Company used in calculating basic earnings per share Profit/(Loss) for the year	5,092	(2,111)
	<b>5,092</b>	<b>(2,111)</b>
<b>Dilutive earnings per share</b>		
Profit attributable to equity holders of the Company used in calculating dilutive earnings per share	5,092	(2,111)
Dilutive effect on the profit	-	-
	<b>5,092</b>	<b>(2,111)</b>
	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Number of shares</b>	<b>Number of shares</b>
<b>Weighted average number of share used as the denominator</b>		
Weighted average number of equity share used as the denominator in calculating basic earnings per share	29,761,873	29,761,873
Adjustments for calculation of dilutive earnings per share:	-	-
<b>Weighted average number of equity share and potential equity shares used as the denominator in calculating dilutive earnings per share</b>	<b>29,761,873</b>	<b>29,761,873</b>
<b>35 Payment to auditors *</b>		
As auditor		
Statutory audit #	54	62
Limited review	3	3
Reimbursement of expenses	2	6
Other services	-	12
	<b>59</b>	<b>83</b>

\* excluding applicable taxes

# includes overruns relating to 2016-17 - ₹ 15 (Previous year - ₹ 25)

**36 Related Parties**
**a) Names of related parties and nature of relationship**

<b>Name of related party</b>	<b>Nature of relationship</b>
CAC Holdings Corporation, Tokyo, Japan	Holding company
Accel Limited, Chennai	Promoter company (till 21 August 2017)
CAC Corporation, Tokyo, Japan	Fellow subsidiary
Accel Systems & Technologies Pte Limited	Subsidiary (till 10 July 2017)
Accel Frontline DMCC, Dubai	Subsidiary
Accel Japan Kabushiki Kaisha, Japan	Subsidiary
Network Programs (Japan), Inc., USA	Subsidiary (till 31 March 2018)
Network Programs (USA) Inc., USA	Subsidiary
Accel North America Inc., USA	Subsidiary
Accel IT Resources Limited, India	Subsidiary
Accel Technologies Ltd, UK	Subsidiary
Accel Transmatic Limited, Chennai	Subsidiary of promoter company (till 21 August 2017)
Malcolm F. Mehta, Chairman and Chief Executive Officer	Key Management Personnel (KMP)
R Neelakantan, Chief Financial Officer	Key Management Personnel (KMP) (till 29 November 2017)
Murali Gopalakrishnan, Chief Financial Officer	Key Management Personnel (KMP) (from 7 December 2017)
S Sundaramurthy, Company Secretary	Key Management Personnel (KMP)
R Ramaraj	Independent director (till 10 October 2017)
Raj Khalid	Independent director
Bin Cheng	Independent director
Rajesh Ramniklal Muni	Independent director (from 6 May 2017)
Ruchi Naithani	Independent director



**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

b) Transactions with related parties

		Year ended 31 March 2018						Year ended 31 March 2017												
		Name of the related party	Sale of services	Interest expense	Remuneration*	Other expense	Interest income	Guarantee received	Reimbursements received			Name of the related party	Sale of services	Interest expense	Remuneration*	Other expense	Interest income	Guarantee received	Reimbursements received	
		CAC Holdings Corporation, Tokyo, Japan	12	234	-	-	-	-	249			CAC Holding Corporation, Tokyo, Japan	-	223	-	-	-	-	18,500	225
		CAC Corporation, Tokyo, Japan	-	-	-	-	-	-	22			CAC Corporation, Tokyo, Japan	-	-	-	-	-	-	-	204
		Accel Limited, Chennai	-	45	-	-	-	-	-			Accel Limited, Chennai	-	150	-	-	88	-	-	-
		Accel Frontline DMCC, Dubai	-	-	-	-	16	-	-			Accel Frontline DMCC, Dubai	-	-	-	-	-	-	-	-
		Network Programs (USA) Inc., USA	57	-	-	-	-	-	-			Network Programs (USA) Inc., USA	80	-	-	-	-	-	-	-
		Accel North America Inc., USA	1,282	-	-	-	-	-	-			Accel North America Inc., USA	1,819	-	-	-	-	-	-	-
		Accel IT Resources Limited, Chennai	-	-	-	-	55	-	-			Accel IT Resources Limited, Chennai	-	-	-	-	-	-	-	-
		Accel Transmatic Limited, Chennai	-	-	-	-	-	-	6			Accel Transmatic Limited, Chennai	3	-	-	-	38	-	-	-
		Accel Technologies Ltd, UK	29	-	-	-	-	-	-			Accel Technologies Ltd, UK	-	-	-	-	14	-	-	-
		Malcolm F Mehta #	-	-	249	-	-	-	-			Malcolm F Mehta #	-	-	-	-	-	-	-	-
		R Neelakantan	-	-	34	-	-	-	-			R Neelakantan	-	-	-	-	-	-	-	-
		Murali Gopalakrishnan	-	-	14	-	-	-	-			Murali Gopalakrishnan	-	-	-	-	-	-	-	-
		S Sundaramurthy	-	-	14	-	-	-	-			S Sundaramurthy	-	-	-	-	-	-	-	-
		Raj Khalid	-	-	5	-	-	-	-			Raj Khalid	-	-	-	-	-	-	-	-
		Ramaraj	-	-	2	-	-	-	-			Ramaraj	-	-	-	-	-	-	-	-
		Rajesh Ramniklal Muni	-	-	5	-	-	-	-			Rajesh Ramniklal Muni	-	-	-	-	-	-	-	-
		Ruchi Naithani	-	-	5	-	-	-	-			Ruchi Naithani	-	-	-	-	-	-	-	-

\*Gratuity and Compensated absences are being provided based on actuarial valuation performed for the Company as a whole and accordingly is not identifiable separately for the KMPs

# Payment to Mr Malcolm F. Mehta is reimbursed by CAC Holdings Corporation, Tokyo, Japan

Notes forming part of Standalone Financial Statements for the year ended 31 March 2018

c) Balance with related parties ₹ in Lakhs

Name of the related party	As at 31 March 2018						As at 31 March 2017					
	Advances/ Amount recoverable	Loans Payable	Trade receivables	Unbilled revenue	Guarantee received	Payables	Advances/ Amount recoverable	Loans Payable	Trade receivables	Unbilled revenue	Guarantee received	Payables
CAC Holdings Corporation, Tokyo, Japan	13	3,868	-	-	25,500	-	12	3,851	-	25,500	-	-
CAC Corporation, Tokyo, Japan	-	-	1	-	-	-	1	-	-	-	-	-
Accel Limited, Chennai	-	-	-	-	-	-	69	1,440	-	-	-	-
Accel Frontline DMCC, Dubai,	181	-	-	-	-	-	156	-	-	-	-	-
Network Programs (USA) Inc., USA	-	-	159	-	-	-	-	-	112	-	-	-
Accel North America Inc., USA	-	-	1,860	97	-	-	-	-	1,073	140	-	-
Accel IT Resources Limited, Chennai	622	-	-	-	-	-	422	-	-	-	2	-
Accel Technologies Ltd, UK	54	-	31	-	-	-	54	-	-	-	-	-
Accel Transmatic Limited, Chennai	-	-	-	-	-	-	3	-	-	-	-	-
N.R.Panicker	-	-	-	-	-	-	18	-	-	-	-	-
R Neelakantan	-	-	-	-	-	-	-	-	-	-	-	2
S Sundaramurthy	-	-	-	-	-	-	-	-	-	-	-	1

d) List of guarantees given to subsidiaries

Particulars	As at 31 March 2018		As at 31 March 2017	
	Amount of guarantee	Purpose of guarantee	Amount of guarantee	Purpose of guarantee
Guarantees issued by the Company on behalf of its subsidiary - For Accel North America Inc., USA - For Network Programs (USA) Inc., USA	- -	- -	1,491 454	For securing loan from the holding company

e) Maximum balances outstanding during the year is in accordance with Schedule V SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Name of the related party	Year ended 31 March 2018			Year ended 31 March 2017		
	Loans received	Advances / Amounts recoverable	Loans received	Advances / Amounts recoverable	Loans received	Advances / Amounts recoverable
CAC Holding Corporation, Tokyo, Japan	3,934	-	4,031	-	33	-
CAC Corporation, Tokyo, Japan	-	-	-	-	14	-
Accel Limited, Chennai	1,366	-	1,366	-	69	-
Accel Frontline DMCC, Dubai	-	-	-	-	158	-
Network Programs (USA) Inc., USA	-	-	-	-	8	-
Accel IT Resources Limited, Chennai	-	-	-	-	422	-
Accel Technologies Ltd, UK	-	-	-	-	52	-
Accel Transmatic Limited, Chennai	-	-	-	-	3	-

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**37 Fair value measurement**

**Fair value measurement hierarchy**

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain financial assets which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

- > **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- > **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- > **Level 3:** Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at 31 March 2018, 31 March 2017 and 01 April 2016 :

**(a) Quantitative disclosures fair value measurement hierarchy for assets as at 31 March:**

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>i) Financial assets measured at fair value</b>					
<b>Fair value through statement of profit and loss</b>					
<b>Investments</b>					
	31 March 2018		-	-	30
	31 March 2017		-	-	30
	01 April 2016		-	-	30

Investment in Telesis Global Solutions Limited, India is valued at the amount invested as sufficient more recent information is not available to measure fair value and the cost is considered to be the best estimate of the fair value for these securities.

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	01 April 2016
<b>ii) Liabilities measured at amortised cost:</b>			
<b>a) Interest-bearing loans and borrowings:</b>			
Floating rate borrowings	3,868	3,814	3,902
Fixed rate borrowings	13,458	20,079	15,466

The fair values of the Company's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

Loans, cash and bank balances, trade receivables, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

**38. Financial risk management**

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its and group companies operations. The Company's principal financial assets include loans, trade and other receivables, investments, cash and deposits that derive directly from its operations.

The Company is exposed to market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management assesses the financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**a) Market risk**

The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which results from both its operation and investing activities.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Company did not have any floating rate borrowings except for the borrowings from the Holding Company which is charged at LIBOR + 4%.

**c) Interest rate sensitivity**

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31 March 2018 (31 March 2017: +/- 1%, 1 April 2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Year	Increase/(Decrease) in Basis points	Effect on profit before tax
31 March 2018	100	38.68
31 March 2017	100	38.14
31 March 2016	100	39.02
31 March 2018	-100	(38.68)
31 March 2017	-100	(38.14)
31 March 2016	-100	(39.02)

**d) Foreign currency risk**

Most of the Company's transactions are carried out in Indian rupees. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars (USD), United Arab Emirates dirham (AED) and Great Britain Pound (GBP). The Company's foreign currency exposure is predominantly against the group and related entities.

Foreign currency denominated financial assets and financial liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

Particulars	Foreign currency exposure (in ₹)		
	USD	GBP	AED
<b>31 March 2018</b>			
Financial assets	2,578	41	-
Financial liabilities	3,826	-	-
<b>31 March 2017</b>			
Financial assets	1,704	64	7
Financial liabilities	3,886	-	-
<b>01 April 2016</b>			
Financial assets	1,227	52	18
Financial liabilities	3,940	-	-

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/INR exchange rate, AED/INR exchange rate and GBP/INR exchange rate, 'all other things being equal'. It assumes a +/- 1% change of the USD/INR exchange rate for the year ended at 31 March 2018 (31 March 2017: 1%), +/- 1% change of the AED/INR exchange rate for the year ended 31 March 2018 (31 March 2017: 1%) and a +/- 1% change is considered for the GBP/INR exchange rate for the year ended at 31 March 2018 (31 March 2017: 1%).

If the INR had strengthened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%), AED by 1% during the year ended 31 March 2018 (31 March 2017: 1%) and GBP by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively then this would have had the following impact profit before tax and equity before tax:

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Profit before tax</b>		
USD	+1% (12)	(22)
GBP	+1% -	1
AED	+1% -	-
<b>Equity before tax</b>		
USD	+1% (12)	(22)
GBP	+1% -	1
AED	+1% -	-

If the INR had weakened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%) and EUR by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively then there would an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

**e) Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting period, as summarised below:

Particulars	31 March 2018	31 March 2017	01 April 2016
<b>Classes of financial assets</b>			
Trade receivables	12,528	11,674	8,910
Bank balance	1,840	937	1,596
Loans	795	579	352
Other Financials assets	893	804	840

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents and fixed deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of rental deposits and security deposits which are given to landlords or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

**f) Liquidity risk**

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and bank's short term credit facilities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade receivables are all contractually due within twelve months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

As at 31 March, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

As at 31 March 2018	Current		Non Current
	Within 6 months	6 to 12 months	1 to 5 years
Borrowings	2,966	10,474	4,289
Trade and other payables	4,784	-	-
Other financial liabilities	2,001	-	-
<b>As at 31 March 2017</b>			
Borrowings	16,755	1,693	6,333
Trade and other payables	2,822	-	-
Other financial liabilities	2,991	-	-
<b>As at 01 April 2016</b>			
Borrowings	13,422	443	6,552
Trade and other payables	3,300	-	-
Other financial liabilities	2,147	-	-

**39. First-time adoption of Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with Companies (Accounting Standard) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act (Previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017. This note explains the principal adjustments made by the Company in restating its statement of financial position as at 01 April 2016 and its previously published financial statements as at and for the year ended 31 March 2017 under previous GAAP.

**a) First time adoption exemptions applied**

Upon transition, Ind AS 101 permits certain exemptions from full retrospective application of Ind AS. The Company has applied the mandatory exceptions and certain optional exemptions, as set out below:

**Mandatory exceptions adopted by the Company**
**(i) De-recognition of financial assets and liabilities**

The de-recognition criteria of Ind AS 109 Financial Instruments has been applied prospectively for transactions occurring on or after the date of transition to Ind AS. Non-derivative financial assets and non-derivative financial liabilities derecognized before date of transition under previous GAAP are not recognized on the opening Ind AS balance sheet.

**(ii) Estimates**

Hindsight is not used to create or revise estimates. The estimates made by the Company under previous GAAP were not revised for the application of Ind AS except where necessary to reflect any differences in accounting policies or errors.

**(iii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess the classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has elected to apply this exemption to its financial assets.

**Optional exemptions availed by the Company**
**(i) Property, Plant and Equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The Company has elected to use carrying value under previous GAAP as the deemed cost on the date of transition to Ind AS for all property, plant and equipment (including intangible assets). The Company has elected to regard those values of property as deemed cost at the date of the transition since they were broadly comparable to fair value.

**(ii) Business combination**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

**(iii) Investment in subsidiaries**

Investment in subsidiaries are measured at the carrying value under previous GAAP on the date of transition to Ind AS. These carrying value under previous GAAP are considered to be the deemed cost as at the date of transition.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**(iv) Leases**

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

**39 b) Reconciliation of Equity**
**Reconciliation of Equity as at 31 March 2017**

	Foot note	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		556	-	556
Goodwill		703	-	703
Other intangible assets		724	-	724
<b>Financial assets</b>				
- Investments		2,227	-	2,227
- Trade receivables		47	-	47
- Bank balances		692	-	692
- Other financial assets	d	666	(74)	592
Income tax assets (net)		4,198	-	4,198
Other non-current assets		483	-	483
		10,296	(74)	10,222
<b>Current assets</b>				
Inventories		3,821	-	3,821
Financial assets				
- Trade receivables		11,627	-	11,627
- Cash and cash equivalents		241	-	241
- Bank balances other than those mentioned in cash and cash equivalents		4	-	4
- Loans		579	-	579
- Other financial assets		212	-	212
Other current assets		2,058	-	2,058
		18,542	-	18,542
<b>Total assets</b>		<b>28,838</b>	<b>(74)</b>	<b>28,764</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		2,976	-	2,976
Other equity	a-e	(7,413)	(66)	(7,479)
<b>Total equity</b>		<b>(4,437)</b>	<b>(66)</b>	<b>(4,503)</b>
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings		5,445	-	5,445
Provisions		689	-	689
		6,134	-	6,134
<b>Current liabilities</b>				
Financial Liabilities				
- Borrowings		18,448	-	18,448
- Trade payables		2,822	-	2,822
- Other financial liabilities	e	2,999	(8)	2,991
Other current liabilities		2,569	-	2,569
Provisions		303	-	303
<b>Total liabilities</b>		<b>27,141</b>	<b>(8)</b>	<b>27,133</b>
<b>Total equity and liabilities</b>		<b>28,838</b>	<b>(74)</b>	<b>28,764</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**39 c) Reconciliation of profit and loss for the year ended 31 March 2017**

	Foot note	Previous GAAP*	Adjustments	Ind AS
<b>Revenue</b>				
Revenue from operations	c	36,327	43	36,370
Other income	d & e	152	28	180
<b>Total income</b>		<b>36,479</b>	<b>71</b>	<b>36,550</b>
<b>Expenses</b>				
Cost of raw materials consumed		189	-	189
Purchases of stock-in-trade and stores and spares		16,704	-	16,704
Changes in inventories of stock in trade and stores and spares		(105)	-	(105)
Excise duty recovered on sales	c	-	43	43
Employee benefits expense	a	9,234	43	9,277
Finance costs	d & e	2,341	15	2,356
Depreciation and amortisation expense		890	-	890
Other expenses		9,307	-	9,307
<b>Total expenses</b>		<b>38,560</b>	<b>101</b>	<b>38,661</b>
<b>Profit / (loss) before tax and exceptional items</b>		<b>(2,081)</b>	<b>(30)</b>	<b>(2,111)</b>
Exceptional items		-	-	-
<b>Profit / (loss) before tax</b>		<b>(2,081)</b>	<b>(30)</b>	<b>(2,111)</b>
<b>Tax expense</b>		-	-	-
<b>Profit/ (loss) for the year</b>		<b>(2,081)</b>	<b>(30)</b>	<b>(2,111)</b>
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
- Re-measurement gains/ (losses) on defined benefit plans	a,b	-	43	43
- Income tax relating to items that will not be reclassified to profit and loss		-	-	-
<b>Other comprehensive income for the year, net of tax</b>		-	<b>43</b>	<b>43</b>
<b>Total comprehensive income for the year</b>		<b>(2,081)</b>	<b>13</b>	<b>(2,068)</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

**39 d) Reconciliation of Equity as at 31 March 2016 (Date of transition to IND AS)**

	Foot note	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		863	-	863
Goodwill		864	-	864
Other intangible assets		1,020	-	1,020
<b>Financial assets</b>				
- Investments		2,227	-	2,227
- Bank balances		642	-	642
- Trade Receivables		92	-	92
- Other financial assets	d	779	(88)	691
Deferred tax assets (Net)		-	-	-
Income tax assets (net)		3,277	-	3,277
Other non-current assets		523	-	523
		<b>10,287</b>	<b>(88)</b>	<b>10,199</b>



**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

	Foot note	Previous GAAP*	Adjustments	Ind AS
<b>Current assets</b>				
Inventories		3,646	-	3,646
Financial assets				
- Trade receivables		8,818	-	8,818
- Cash and cash equivalents		950	-	950
- Bank balances other than those mentioned in cash and cash equivalents		4	-	4
- Loans		352	-	352
- Other financial assets		149	-	149
Other current assets		1,575	(1)	1,574
		15,494	-	15,493
<b>Total assets</b>		<b>25,781</b>	<b>(89)</b>	<b>25,692</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		2,976	-	2,976
Other equity	a-e	(5,331)	(80)	(5,411)
<b>Total equity</b>		<b>(2,355)</b>	<b>(80)</b>	<b>(2,435)</b>
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings		5,503	-	5,503
Provisions		799	-	799
		6,302	-	6,302
<b>Current liabilities</b>				
Financial Liabilities				
- Borrowings		13,865	-	13,865
- Trade payables		3,300	-	3,300
- Other financial liabilities	e	2,155	(8)	2,147
Other current liabilities		2,326	-	2,326
Provisions		187	-	187
<b>Total liabilities</b>		<b>21,833</b>	<b>(8)</b>	<b>21,825</b>
<b>Total equity and liabilities</b>		<b>25,780</b>	<b>(88)</b>	<b>25,692</b>

**Footnotes to the reconciliations**
**a) Defined benefit obligation**

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to other equity through other comprehensive income.

**b) Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**c) Excise Duty**

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expense. This change has resulted in an increase of total revenue and total expense for the year ended 31 March 2017 by ₹ 43. There is no impact on the total equity and profit.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**d) Financial assets**

Under Ind AS, financial assets other than receivables having a fixed maturity period are to be measured at fair value less transaction costs under Ind AS 109. The Net present value of cash flows which are receivable as a contractual right is considered to be the "fair value" of the financial instrument. The rate used for discounting the rental deposits is the risk free government bond rate as on reporting date. The difference between the restated value and the carrying amount has been adjusted to the opening reserves. As per Ind AS 113, paragraphs B13-30 specify discount rate adjustment techniques which have been used for fair valuing the deposits having fixed maturity period. Under the previous GAAP, these financial assets were valued as the sum of cash flows receivable during their period of life.

**e) Financial liabilities**

Franchisee deposits are discounted using the risk free government bond rates and the difference between the restated value and the carrying value is adjusted to the opening reserves. As per Ind AS 113, paragraphs B13-30 specify discount rate adjustment techniques which have been used for fair valuing the franchisee deposits having fixed maturity period. Under the previous GAAP, these financial liabilities were valued as the sum of cash flows payable during their period of life.

**40 Fair value**
**Financial instruments by category**

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Amortized cost	Carrying value	Amortized cost	Carrying value	Amortized cost	Carrying value
<b>Financial assets</b>						
Investments	-	1,452	-	2,227	-	2,227
Trade receivables	12,528	-	11,674	-	8,910	-
Cash and cash equivalents	528	-	241	-	950	-
Bank balances	1,312	-	696	-	646	-
Loans	795	-	579	-	352	-
Other financial assets	893	-	804	-	840	-
<b>Total financial assets</b>	<b>16,056</b>	<b>1,452</b>	<b>13,994</b>	<b>2,227</b>	<b>11,698</b>	<b>2,227</b>
<b>Financial liabilities</b>						
Borrowings	17,316	-	23,893	-	19,368	-
Trade payables	4,784	-	2,822	-	3,300	-
Other financial liabilities	2,001	-	2,991	-	2,147	-
<b>Total financial liabilities</b>	<b>24,101</b>	<b>-</b>	<b>29,706</b>	<b>-</b>	<b>24,815</b>	<b>-</b>

**41 Leases**
**Disclosures in respect of non-cancellable operating leases**

The lease rentals charged for the years ended 31 March 2018 and 2017 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
<b>The total of future minimum lease payments for each of the following periods:</b>		
(i) Not later than one year	279	101
(ii) Due later than one year and not later than five years	312	85
	<b>591</b>	<b>186</b>
<b>Lease payments charged off to the statement of profit and loss</b>	<b>925</b>	<b>850</b>

**42 Segment reporting**

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements.

**Notes forming part of Standalone Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**43 Contingent liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017
Sales tax	373	310
Income tax	1,650	2,219
Corporate guarantee	-	3,555
Customs duty	236	411
Provident fund -	-	46
Others	188	212
	<b>2,447</b>	<b>6,753</b>

**44 Commitments**

The Company did not have any capital commitments as at the balance sheet date (Previous year: Nil). Other commitments are cancellable at the option of the company and hence not disclosed.

- 45** In terms of the Settlement Agreement and Release dated March 15, 2017 entered into between Accel Frontline Limited ('the Company'), CAC Holdings Corporation, Japan (the current promoter) and Accel Limited, Mr N R Panicker and Accel Systems Group Inc, (the erstwhile promoter group of Accel Frontline Limited) 44,64,279 shares (representing 15% of the shareholding of the company) held by the erstwhile promoter group was transferred by such erstwhile promoter group to a Trust between 21st July 2017 and 25th August 2017. The Company does not control this trust including the decisions relating to dealing with these shares. However, the Company is the end beneficiary only of the consideration if and when the shares are sold by the trustees.

**Notes 1 to 45 form an integral part of these standalone financial statements**

In terms of our report attached

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

**Sumesh E S**  
 Partner  
 (Membership No : 206931)

**Place :** Chennai  
**Date :** 09 May 2018

For and on behalf of the Board of Directors

**Malcolm F. Mehta**  
 Chairman & Chief Executive Officer  
 (DIN: 03277490)

**Murali Gopalakrishnan**  
 Chief Financial Officer

**Place :** Chennai  
**Date :** 09 May 2018

**Rajesh Ramniklal Muni**  
 Director  
 (DIN: 00193527)

**S Sundaramurthy**  
 Company Secretary

**FORM AOC - 1**  
**(PURSUANT TO FIRST PROVISOR TO SUB SECTION(3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)**  
**STATEMENT CONTAINING SAILENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES.**

₹ in Lakhs

Sl. No.	1	2	3	4	5	6
Name of the Subsidiary	Accel Frontline DMCC	Accel North America Inc	Accel Technologies Ltd	Accel Japan KK	Network Programs USA Inc	Accel IT Resources Ltd
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	As on 31-03-2018	As on 31-03-2018	As on 31-03-2018	As on 31-03-2018	As on 31-03-2018	As on 31-03-2018
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	SGD - Exchange Rate as on 31.03.2017 - 46.30	AED - Exchange Rate as on 31.03.2017 - 17.61	USD - Exchange Rate as on 31.03.2017 - 64.83	GBP- Exchange Rate as on 31.03.2017 - 80.87	JPY-Exchange Rate as on 31.03.2017- 0.57	USD - Exchange Rate as on 31.03.2017 - 64.83
Share capital	53	426	18	65	33	300
Reserves & surplus	(1,061)	(1,604)	(165)	(562)	(358)	(865)
Total assets	2,030	1,508	30	598	344	113
Total Liabilities	3,038	2,685	177	1,094	670	678
Investments	-	-	-	-	-	-
Turnover	4,424	3,040	36	2,315	110	165
Profit before taxation	(801)	(390)	(22)	(234)	17	(204)
Provision for taxation	-	-	-	-	-	-
Profit after taxation	(801)	(390)	(22)	(234)	17	(204)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil
% of shareholding	100	100	100	100	100	100

For and on behalf of the Board of Directors

**Malcolm F. Mehta**  
Chairman & Chief Executive Officer  
(DIN: 03277490)

**Rajesh Ramniklal Muni**  
Director  
(DIN: 00193527)

**Murali Gopalakrishnan**  
Chief Financial Officer

**S Sundaramurthy**  
Company Secretary

**Place :** Chennai  
**Date :** 09 May 2018

**Independent Auditor's Report**

**To the Members of Accel Frontline Limited**

**Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of Accel Frontline Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditors of the company's branch at Singapore.

**Management's Responsibility for the Consolidated Financial Statements.**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group are responsible for 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. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 11 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.

**Basis for Qualified Opinion**

8. As disclosed in Note 32 to the consolidated financial statements, the Group has recognized goodwill of INR 414

lakhs relating to investment in the subsidiary company, Accel IT Resources Limited. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management is of the view that no adjustment is required to the carrying value of goodwill recognized as above based on revised business plans and other detailed reasons mentioned in aforesaid note. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of such goodwill as at 31 March 2018, and the impact of any adjustment that may be required to such carrying value in the accompanying consolidated financial statements.

**Qualified Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above the aforesaid 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, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

**Emphasis of Matter**

10. We draw attention to Note 31 to the consolidated financial statements relating to the Company's inventory valuation as at 31 March 2018 and related disclosures. The Company, in the current year, has followed and complied with the requirements of Ind AS 2 - Valuation of Inventory and has accounted for the impact relating to non-compliance with accounting policy in the earlier years. As a result of impracticability of determining the impact on the comparative financial information including the impact on beginning of such period, due to reasons disclosed in the aforesaid note, the change in valuation of Inventory has been made only prospectively as at 31 March 2018 in the accompanying consolidated financial statements, in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, to this extent, the current period figures and corresponding figures are not comparable. Our opinion is not modified in respect of this matter.

**Other Matter**

11. We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of ₹ 4,622 lakhs and net liabilities of ₹ 3,759 lakhs as at 31 March 2018, total revenues of ₹ 12,430 lakhs and net cash outflows amounting to ₹ 4,165 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

12. The company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 26 May 2017 and 01 August 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

13. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries we report, to the extent applicable, that:
  - a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so

- far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matters described in paragraph 8 of the Basis for Qualified Opinion paragraph with respect to the financial statements of the Holding Company;
- c) The reports on the accounts of the branch office of the Holding Company covered under the Act, audited under Section 143(8) of the Act by branch auditors have been sent to us, as applicable, and have been properly dealt with in preparing this report;
- d) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- e) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph with respect to the Holding Company;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 42 to the consolidated financial statements.
- (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act during the year ended 31 March 2018;
- (iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

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

**Place :** Chennai  
**Date :** 09 May 2018

**Annexure A**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the consolidated financial statements of the Accel Frontline Limited ("the Holding Company") and its subsidiary, (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2018 we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating

the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the IFCoFR of the Holding Company, its subsidiary company as aforesaid.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2018:

The Holding Company did not have an appropriate internal control system towards estimating the value in use of its investment in subsidiary to assess the requirement of recognising an impairment loss as laid down under Indian Accounting Standard ('Ind AS') 36 'Impairment of Assets', which resulted or could have potentially resulted in a material misstatement in the value of Company's investments, provision for impairment and



its consequential impact on corresponding earnings and reserves and surplus including applicable disclosures in the Company's consolidated financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Qualified Opinion**

9. In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.
10. In our opinion, the subsidiary company, incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the subsidiary company considering the essential components of internal control stated in Guidance Note by ICAI.

**Other Matters**

11. We did not audit the IFCoFR insofar as it relates to one

subsidiary companies whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 13 lakhs as at 31 March 2018, total revenues (after eliminating intra-group transactions) of ₹ 143 lakhs and net cash outflows amounting to ₹ 1.05 lakhs for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary company, which is company incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiary, which is company incorporated in India, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Membership No.:206931

**Place:** Chennai

**Date:** 09 May 2018

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**Consolidated Balance Sheet as at 31 March 2018**

₹ in Lakhs

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	676	1,400	1,652
Goodwill	3	1,344	1,796	1,957
Other intangible assets	3	498	724	1,021
Intangible assets under development	3	41	-	-
Financial assets				
- Investments	4	-	-	-
- Trade receivables	11	45	47	93
- Bank balances	5	1,310	692	642
- Other financial assets	6	551	670	751
Income tax assets (net)	8	4,730	4,215	3,296
Other non-current assets	9	622	544	582
		<b>9,817</b>	<b>10,088</b>	<b>9,994</b>
<b>Current assets</b>				
Inventories	10	1,524	3,821	3,647
<b>Financial assets</b>				
- Trade receivables	11	12,551	16,643	15,269
- Cash and cash equivalents	12	891	4,705	3,416
- Bank balances other than those mentioned in cash and cash equivalents	12	2	224	209
- Other financial assets	6	515	355	335
Other current assets	13	2,971	4,059	2,377
		<b>18,454</b>	<b>29,807</b>	<b>25,253</b>
<b>Total assets</b>		<b>28,271</b>	<b>39,895</b>	<b>35,247</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	14	2,976	2,976	2,976
Other equity	15	(6,697)	(7,780)	(5,326)
<b>Equity attributable to owners</b>		<b>(3,721)</b>	<b>(4,804)</b>	<b>(2,350)</b>
Non - Controlling Interests		-	2,690	1,825
<b>Total Equity</b>		<b>(3,721)</b>	<b>(2,114)</b>	<b>(525)</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	16	4,183	6,373	6,697
Deferred tax liabilities (Net)	7	-	129	95
Provisions	17	665	905	943
		<b>4,848</b>	<b>7,407</b>	<b>7,735</b>
Current liabilities				
Financial liabilities				
- Borrowings	16	14,050	18,545	13,873
- Trade payables	18	-	-	-
Dues to micro and small enterprises		-	-	-
Dues to others		6,413	6,831	6,452
- Other financial liabilities	19	3,022	4,745	3,655
Other current liabilities	20	3,270	4,068	3,795
Provisions	17	389	413	262
		<b>27,144</b>	<b>34,602</b>	<b>28,037</b>
<b>Total liabilities</b>		<b>31,992</b>	<b>42,009</b>	<b>35,772</b>
<b>Total equity and liabilities</b>		<b>28,271</b>	<b>39,895</b>	<b>35,247</b>

**Notes 1 to 46 form an integral part of these Consolidated financial statements**

This is the Consolidated Balance sheet referred to in our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**Sumesh E S**

Partner

(Membership No : 206931)

**Place :** Chennai

**Date :** 09 May 2018

For and on behalf of the Board of Directors

**Malcolm F. Mehta**

Chairman &amp; Chief Executive Officer

(DIN: 03277490)

**Murali Gopalakrishnan**

Chief Financial Officer

**Place :** Chennai

**Date :** 09 May 2018

**Rajesh Ramniklal Muni**

Director

(DIN: 00193527)

**S Sundaramurthy**

Company Secretary

**Consolidated Statement of Profit and Loss for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Note	Year ended 31 March 2018			Year ended 31 March 2017		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
<b>Income</b>							
Revenue from operations	21	48,559	2,508	<b>51,067</b>	49,429	9,487	<b>58,916</b>
Other income	22	732	5	<b>737</b>	164	54	<b>218</b>
<b>Total revenue</b>		<b>49,290</b>	<b>2,514</b>	<b>51,804</b>	<b>49,593</b>	<b>9,541</b>	<b>59,134</b>
<b>Expenses</b>							
Cost of raw materials consumed	23	551	-	<b>551</b>	189	-	<b>189</b>
Purchases of stock-in-trade and stores and spares		20,770	1,101	<b>21,871</b>	21,405	3,892	<b>25,297</b>
Changes in inventories of stock in trade and stores and spares	24	554	-	<b>554</b>	(104)	-	<b>(104)</b>
Excise duty on sale of goods		118	-	<b>118</b>	43	-	<b>43</b>
Employee benefits expense	25	13,998	568	<b>14,566</b>	14,502	2,186	<b>16,688</b>
Other expenses	28	12,800	111	<b>12,911</b>	13,442	541	<b>13,983</b>
<b>Total Expenses</b>		<b>48,790</b>	<b>1,780</b>	<b>50,571</b>	<b>49,477</b>	<b>6,619</b>	<b>56,096</b>
<b>Profit before finance cost, depreciation and exceptional items</b>		<b>500</b>	<b>734</b>	<b>1,233</b>	<b>116</b>	<b>2,922</b>	<b>3,038</b>
Finance costs	26	1,923	-	<b>1,923</b>	2,490	-	<b>2,490</b>
Depreciation and amortization expense and impairment loss	27	670	163	<b>833</b>	978	486	<b>1,464</b>
<b>Profit before tax and exceptional items</b>		<b>(2,093)</b>	<b>570</b>	<b>(1,523)</b>	<b>(3,352)</b>	<b>2,436</b>	<b>(916)</b>
Exceptional items	29	1,566	(5,637)	<b>(4,071)</b>	134	-	<b>134</b>
<b>Profit / (loss) before tax</b>		<b>(3,659)</b>	<b>6,207</b>	<b>2,548</b>	<b>(3,486)</b>	<b>2,436</b>	<b>(1,050)</b>
<b>Tax expense</b>							
a) Current tax		209	1,114	<b>1,323</b>	-	335	<b>335</b>
b) Deferred tax		-	15	<b>15</b>	-	42	<b>42</b>
		<b>209</b>	<b>1,129</b>	<b>1,338</b>	<b>-</b>	<b>377</b>	<b>377</b>
<b>Profit / (loss) for the year</b>		<b>(3,868)</b>	<b>5,078</b>	<b>1,210</b>	<b>(3,486)</b>	<b>2,059</b>	<b>(1,427)</b>
<b>Other comprehensive income</b>							
<i>i) Items that will be reclassified to profit or loss</i>							
- Exchange difference on translation of foreign subsidiaries		31	-	<b>31</b>	(73)	-	<b>(73)</b>
<i>ii) Items that will not be reclassified to profit and loss</i>							
- Re-measurement gains/ (losses) on defined benefit plans		66	-	<b>66</b>	55	-	<b>55</b>
- Exchange difference on translation of foreign subsidiaries		-	40	<b>40</b>	-	(144)	<b>(144)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>97</b>	<b>40</b>	<b>137</b>	<b>(18)</b>	<b>(144)</b>	<b>(162)</b>
<b>Total comprehensive income for the year</b>		<b>(3,771)</b>	<b>5,118</b>	<b>1,347</b>	<b>(3,504)</b>	<b>1,915</b>	<b>(1,589)</b>
<b>Profit attributable to:</b>							
Owners of the Company		(3,868)	4,854	<b>986</b>	(3,486)	1,051	<b>(2,436)</b>
Non-controlling interest		-	224	<b>224</b>	-	1,009	<b>1,009</b>
		<b>(3,868)</b>	<b>5,078</b>	<b>1,210</b>	<b>(3,486)</b>	<b>2,059</b>	<b>(1,427)</b>
<b>Other comprehensive income attributable to:</b>							
Owners of the Company				<b>97</b>			<b>(18)</b>
Non-controlling interest				<b>40</b>			<b>(144)</b>
				<b>137</b>			<b>(162)</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company				<b>1,083</b>			<b>(2,454)</b>
Non-controlling interest				<b>265</b>			<b>865</b>
				<b>1,347</b>			<b>(1,589)</b>
<b>Earnings per equity share</b>							
<b>For continuing operations</b>							
Basic & Diluted (in ₹) (Face value of ₹ 10 each)	33			<b>(13.00)</b>			<b>(11.71)</b>
<b>For discontinued operations</b>							
Basic & Diluted (in ₹) (Face value of ₹ 10 each)	33			<b>17.06</b>			<b>6.92</b>
<b>For continuing and discontinued operations</b>							
Basic & Diluted (in ₹) (Face value of ₹ 10 each)	33			<b>4.07</b>			<b>(4.79)</b>

**Notes 1 to 46 form an integral part of these Consolidated financial statements**

This is the Consolidated statement of Profit and Loss referred to in our report of even date

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**Sumesh E S**

Partner

(Membership No : 206931)

Place : Chennai

Date : 09 May 2018

For and on behalf of the Board of Directors

**Malcolm F. Mehta**

Chairman &amp; Chief Executive Officer

(DIN: 03277490)

**Murali Gopalakrishnan**

Chief Financial Officer

Place : Chennai

Date : 09 May 2018

**Rajesh Ramniklal Muni**

Director

(DIN: 00193527)

**S Sundaramurthy**

Company Secretary

**Consolidated Statement of Cash Flows for the year ended 31 March 2018**

₹ in Lakhs

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before exceptional items and tax		
Continuing operations	(2,093)	(3,352)
Discontinued operations	570	2,436
<b>Adjustments for:</b>		
Depreciation and amortization expense	833	1,464
Interest expense (including changes in financial instruments)	1,923	2,490
Unrealized foreign exchange (gain)/loss	3	(77)
Provision for gratuity and compensated absences	(283)	166
Unwinding interest	4	(14)
(Profit)/Loss on sale of fixed assets (net)	(7)	(1)
Provision for warranty	19	(53)
Provision for doubtful receivables	941	866
Provision for doubtful advances	-	27
Bad debts written-off	491	308
Interest income	(413)	(42)
<b>Operating profit before working capital changes</b>	<b>1,988</b>	<b>4,218</b>
<b>Adjustments for:</b>		
Increase /(decrease) in trade payables	(418)	379
Increase /(decrease) in financial Liabilities	(1,008)	1,090
Increase /(decrease) in other current liabilities	(799)	272
(Increase) /decrease in inventories	2,297	(174)
(Increase) /decrease in trade receivables	2,641	(2,614)
(Increase) /decrease in Other Financial Assets - Non Current Assets	(41)	34
(Increase) /decrease in Other Non Current Assets	(60)	22
(Increase) /decrease in Other Current Assets	1,088	(1,682)
<b>Cash generated from operations</b>	<b>5,688</b>	<b>1,545</b>
Direct taxes paid, net	(808)	(705)
<b>Net cash generated from operating activities</b>	<b>4,880</b>	<b>840</b>
<b>B. Cash flow from investing activities</b>		
Purchase of assets (including capital work in progress)	(616)	(778)
Sale proceeds on disposal of assets	1144	1
Interest received	413	42
Movement in bank deposits	(396)	(65)
<b>Net cash used in investing activities</b>	<b>545</b>	<b>(800)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds / (repayments) from short term borrowings, net	(6,101)	4,672
Repayments of long term borrowings	(1,464)	(443)
Interest paid to banks and related parties	(1,739)	(2,655)
<b>Net cash (used in)/generated from financing activities</b>	<b>(9,304)</b>	<b>1,574</b>
<b>D. Net cash (decrease)/increase during the year</b>	<b>(3,879)</b>	<b>1,614</b>
E. Cash and cash equivalents at the beginning	4,705	3,416
Effects of foreign currency translation	(64)	325
<b>F. Cash and cash equivalents at the end</b>	<b>891</b>	<b>4,705</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	6	7
Balances with banks - in current accounts	885	4,698
<b>Cash and cash equivalents as per note 13</b>	<b>891</b>	<b>4,705</b>

**Notes 1 to 46 form an integral part of these Consolidated financial statements**

This is the Consolidated statement of Cash Flows referred to in our report of even date

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**Sumesh E S**

Partner

(Membership No : 206931)

**Place :** Chennai

**Date :** 09 May 2018

For and on behalf of the Board of Directors

**Malcolm F. Mehta**

Chairman &amp; Chief Executive Officer

(DIN: 03277490)

**Murali Gopalakrishnan**

Chief Financial Officer

**Place :** Chennai

**Date :** 09 May 2018

**Rajesh Ramniklal Muni**

Director

(DIN: 00193527)

**S Sundaramurthy**

Company Secretary

in Lakhs

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018  
Consolidated Financial Statement of Changes in Equity for the year ended 31 March 2018**

**A. Equity Share Capital**

Particulars	Note No.	Amount
<b>Balance as at 01 April 2016</b>		<b>2,976</b>
Changes in equity share capital during the year	14	-
<b>Balance as at 31 March 2017</b>		<b>2,976</b>
Changes in equity share capital during the year		-
<b>Balance as at 31 March 2018</b>		<b>2,976</b>

**B. Other Equity**

Particulars	Note No.	Attributable to owners of the parent				Non - controlling interests	Total other equity
		Reserves and Surplus		Other reserves			
		General reserve	Retained Earnings	Securities Premium Reserve	Foreign currency translation reserves		
<b>Balances as at 01 April 2016</b>		<b>859</b>	<b>(13,112)</b>	<b>6,857</b>	<b>327</b>	<b>(257)</b>	<b>(3,501)</b>
(Loss) for the year		-	(2,436)	-	-	-	(1,427)
Other comprehensive income		-	-	-	(73)	55	(162)
Transferred from Retained earnings to general reserves		-	-	-	-	-	-
<b>Balances as at 31 March 2017</b>	<b>15</b>	<b>859</b>	<b>(15,548)</b>	<b>6,857</b>	<b>254</b>	<b>(202)</b>	<b>(5,090)</b>
Profit for the year		-	986	-	-	-	1,210
Other comprehensive income		-	-	-	31	66	137
Other items - Sale of investment		-	-	-	-	-	(2,954)
<b>Balances as at 31 March 2018</b>		<b>859</b>	<b>(14,562)</b>	<b>6,857</b>	<b>285</b>	<b>(136)</b>	<b>(6,697)</b>

**Notes 1 to 46 form an integral part of these Consolidate financial statements**

In terms of our report attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N5000013

For and on behalf of the Board of Directors

**Malcolm F. Mehta**

Chairman & Chief Executive Officer

(DIN: 03277490)

**Rajesh Ramniklal Muni**

Director

(DIN: 00193527)

**Sumesh E S**

Partner

(Membership No : 206931)

Place : Chennai

Date : 09 May 2018

**Murali Gopalakrishnan**

Chief Financial Officer

**S Sundaramurthy**

Company Secretary

Place : Chennai

Date : 09 May 2018

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

**1. Background**

Accel Frontline Limited ("AFL" or the Company) and its subsidiaries (collectively referred to as "the Group") was incorporated on 8 June 1995. The Group's principal lines of business is IT services which includes, providing system integration solutions comprising network design, hardware and software, IT infrastructure management solutions, warranty management solutions for imported and indigenous equipment, development, implementation and maintenance of software applications.

**2. Summary of significant accounting policies****a) Basis of preparation and presentation of consolidated financial statements****i) Accounting convention**

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods upto and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with the accounting standards notified under the Section 133 of the Companies Act, 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP).

These are the Group's first annual financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Group has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Group are provided in Note 39 First Time Adoption of Ind AS.

All amounts included in the financial statements are reported in Indian Rupees and have been rounded off to nearest decimal of ₹ Lakhs.

**ii) Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 01 April, 2018:

**a. Ind AS 115- Revenue from Contract with Customers:**

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue, when it becomes effective. The core principle of Ind AS 115 is that an entity

should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed as at the date of initial application.

**b) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

The amendment clarifies on the accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. In the event of multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Appendix further clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income is the date on which an entity has received or paid an advance consideration in a foreign currency towards the asset, expense or income.

Based on the initial assessment, the Company does not expect any material change to the financial statements with the implementation of the above pronouncements.

**iii) Basis of measurement**

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

**iv) Basis of Consolidation**

The Consolidated financial statements include the financial statements of the Subsidiary companies as listed below. The financial statements of the subsidiary undertakings forming part of these consolidated financial statements are drawn up to 31 March 2018. Subsidiaries are all entities over which the Holding Company has the ability to control the financial and operating policies. All material intercompany transactions and accounts are eliminated on consolidation.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

The company has the following subsidiaries.

Name	Holding	Country of incorporation/origin
Accel Systems & Technologies Pte. Ltd., Singapore. (refer note a below)	51%	Incorporated under the laws of Singapore.
Accel Frontline DMCC, Dubai, (formerly Accel Frontline JLT, Dubai)	100%	Established as a wholly owned subsidiary enterprise as per the license by DMCC, Dubai
Network Programs (USA), Inc., USA	100%	Incorporated under the laws of the State of Delaware, USA.
Network Programs (Japan), Inc., USA (refer note b below)	100%	Incorporated under the laws of the State of Delaware, USA.
Accel Japan Kabushiki Kaisha, Japan	100%	Incorporated under the laws of Japan in Tokyo, Japan.
Accel North America, Inc., USA-	100%	Incorporated under the laws of the State of California, USA.
Accel IT Resources Limited, India	100%	Incorporated under the laws of India.
Accel Technologies Limited, UK	100%	Incorporated under the laws of United Kingdom

(a) The Company has disinvested the entire 51% (fifty one percent) stake in its Singapore subsidiary, for a total consideration of S\$ 19,380,000 (Singapore Dollars Nineteen Million Three Hundred and Eighty Thousand only) on 10 July 2017, equivalent to INR 9,002.

(b) The subsidiary named Networks Programs Japan Inc. USA stands liquidated as at 31 March 2018.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Ind AS 110 - Consolidated Financial Statements and accounting standards as specified in the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses resulting from intra-group transactions are also eliminated except to the extent recoverable value of related assets is lower than their cost to the Group. Profit or loss of subsidiaries acquired or disposed during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted.

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date the control ceases.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and balance sheet respectively. Non-controlling interests in net profits/

losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the owners of the Parent. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual/legal obligation on the minorities, the same is accounted for by the Parent, except where there is a contractual/legal obligation on minority interests.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint venture are recognised as a reduction in the carrying amount of the investment. After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee. If the investee subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity accounted investments are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Excess of acquisition cost over the carrying amount of the Parent's share of equity of the acquiree at the date of acquisition is recognized as goodwill. In cases where the share of the equity in the acquiree as on the date of acquisition is in excess of acquisition cost, such excess of share in equity is recognised as 'Capital reserve' and classified under 'Reserves and Surplus'. The Parent's share of equity in the subsidiary is determined on the basis of book values of assets and liabilities as per the financial

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

statements of the subsidiary as at the date of acquisition.

The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the Parent and its share in the relevant reserves of the subsidiary.

As per Ind AS 110 - Consolidated Financial Statements prescribed under the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary or the Parent having no bearing on the true and fair view of the consolidated financial statements of the group are not disclosed in the consolidated financial statements.

### **b) Use of estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **Significant management estimates and judgements**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

#### **Classification of leases**

The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

#### **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic

limits or uncertainties in various tax jurisdictions

#### **Capitalisation of internally developed intangible assets**

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

#### **Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators for impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### **Recoverability of advances / receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

#### **Useful lives of depreciable / amortisable assets**

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

#### **Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### **Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### **c) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.



**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has evaluated and considered its operating cycle as 12 months.

**d) Property, plant and equipment**

The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready or substantially ready for use, as intended by group.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Property, plant and equipment [other than freehold land and lease hold land (perpetual lease)] are depreciated using straight line method over the estimated useful lives of the assets, which are in line with the lives prescribed under Schedule II to the Companies Act, 2013.

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately. Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

**e) Intangible assets**

The Group has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

**f) Impairment of property, plant and equipment and intangible assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

**g) Revenue recognition**

Revenue from contracts with customers is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The specific recognition criteria described below must also be met before revenue is recognized.

**Sale of goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which is incidental to the dispatch or delivery of goods to customers. Sales include excise duty, where applicable but exclude other taxes and is net of rebates and discounts.

**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 Group collects taxes on behalf of the government and remits the same to the government; therefore, it is not an economic benefit flowing to the Group. 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 proportionate completion method. Unbilled revenue included under other current assets represents amount recognized based on services performed in advance of billing in accordance with contractual terms.

**Interest income**

Interest income is reported on an accrual basis using the effective interest rate method and is included under the head "other income" in the Statement of Profit and Loss.

**Dividend**

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

**h) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average basis and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable.

Inventories are written down for obsolete / slow moving / non moving items wherever necessary.

**i) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

**Defined contribution plan**

**(i) Provident fund**

This is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Group has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

**Defined benefit plan**

**(i) Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

**(ii) Compensated absences**

The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

**Short-term employee benefits**

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**j) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### Finance Lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease period. Associated cost such as maintenance and insurance, are expensed as incurred.

### Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### k) Foreign currency transactions

#### Functional and presentation currency

The functional currency of the Group is the Indian Rupee. These financial statements are presented in Indian Rupees (₹)

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment

hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

-Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

-Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### l) Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### m) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**n) Provisions and contingencies**

**Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**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 not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

**Contingent assets**

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

**o) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets (other than trade receivables) are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Subsequent measurement of financial assets is described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- i) Amortized cost
- ii) Fair Value Through Other Comprehensive Income (FVTOCI) or
- c. Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

**(i) Financial asset at amortised cost**

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

**(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)**

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e., share-by-share) basis.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

### (iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

### De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all

the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

#### Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowing**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**p) Impairment of financial assets**

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit

enhancements that are integral to the contractual terms. The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables

**Trade receivables**

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

**Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

**q) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**r) Cash and cash equivalents**

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**s) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified the following as reportable segments: a) system integration (SI) solutions comprising supply, installation, commissioning of network design, hardware, software and related services, b) IT Infrastructure management solutions (IMS), c) software development and support (SS), d) warranty management solutions (WMS), e) Training.

**t) Earnings/ (Loss) per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the

period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**u) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of 3 months or less, as applicable.

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

₹ in Lakhs

Particulars	TANGIBLE ASSETS							INTANGIBLE ASSETS				
	Leasehold improvements	Plant and machinery	Furniture and electrical fittings	Office equipment	Computers	Vehicles	Total of tangible assets (A)	Goodwill	Other intangible assets	Total of intangible assets (B)	Grand Total (A+B)	Intangibles under development
<b>Gross block</b>												
Balance as at 01 April 2016 (Deemed Cost)	144	154	134	23	1,088	109	1,652	1,957	1,021	2,978	4,630	-
Additions	17	-	5	13	736	-	771	-	7	7	778	-
Deletions	(46)	(23)	(4)	(2)	(55)	-	(130)	-	-	-	(130)	-
Exchange fluctuation	(4)	-	(1)	(1)	(51)	(1)	(58)	-	(8)	(8)	(66)	-
<b>Balance as at 31 March 2017</b>	<b>111</b>	<b>131</b>	<b>134</b>	<b>33</b>	<b>1,718</b>	<b>108</b>	<b>2,235</b>	<b>1,957</b>	<b>1,020</b>	<b>2,977</b>	<b>5,212</b>	-
Balance as at 1 April 2017	111	131	134	33	1,718	108	2,235	1,957	1,020	2,977	5,212	-
Additions	226	9	11	16	301	1	564	-	11	11	575	41
Deletions	(3)	-	-	-	-	(10)	(13)	-	-	-	(13)	-
Disposals	-	-	12	1	(872)	(6)	(865)	(291)	-	(291)	(1,156)	-
Exchange fluctuation	-	-	-	-	22	(1)	21	-	-	-	21	-
<b>Balance as at 31 March 2018</b>	<b>334</b>	<b>140</b>	<b>157</b>	<b>50</b>	<b>1,169</b>	<b>92</b>	<b>1,942</b>	<b>1,666</b>	<b>1,031</b>	<b>2,697</b>	<b>4,639</b>	<b>41</b>
<b>Accumulated depreciation/amortization</b>												
Balance as at 01 April 2016												
Depreciation/amortization for the year	109	41	38	20	724	26	958	161	258	419	1,377	-
Reversal on disposal of assets	(46)	(24)	(4)	(2)	(55)	-	(131)	-	2	2	(129)	-
Impairment loss	-	-	24	-	18	-	42	-	45	45	87	-
Exchange fluctuation	(3)	-	(1)	(1)	(28)	(1)	(34)	-	(9)	(9)	(43)	-
<b>Balance as at 31 March 2017</b>	<b>60</b>	<b>17</b>	<b>57</b>	<b>17</b>	<b>659</b>	<b>25</b>	<b>835</b>	<b>161</b>	<b>296</b>	<b>457</b>	<b>1,292</b>	-
Depreciation/amortization for the year	69	18	23	12	291	23	436	161	236	397	833	-
Reversal on deletions	-	-	-	-	(14)	(4)	(18)	-	-	-	(18)	-
Exchange fluctuation	(1)	-	-	-	14	-	13	-	1	1	14	-
<b>Balance as at 31 March 2018</b>	<b>128</b>	<b>34</b>	<b>79</b>	<b>29</b>	<b>950</b>	<b>44</b>	<b>1,266</b>	<b>322</b>	<b>533</b>	<b>855</b>	<b>2,121</b>	-
<b>Net Block</b>												
Balance as at 01 April 2016	144	154	134	23	1,088	109	1,652	1,957	1,021	2,978	4,630	-
Balance as at 31 March 2017	51	114	77	16	1,059	83	1,400	1,796	724	2,520	3,920	-
Balance as at 31 March 2018	207	105	78	21	219	48	676	1,344	498	1,842	2,518	41



## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018

**(a) Deemed carrying cost**

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used previous GAAP carrying value as deemed costs.

**(b) Contractual obligations**

There are no contractual commitments for the acquisition of property, plant and equipment. (Also refer note 44)

**(c) Property, plant and equipment pledged as security**

The following assets are purchased under finance lease. Hence the finance lease are secured against the asset purchased.

Particulars	31 March 2018		31 March 2017		01 April 2016	
	Gross block	Net block	Gross block	Net block	Gross block	Net block
Vehicles	26	14	26	21	51	-
Computers	41	16	41	28	41	-
<b>Total</b>	<b>67</b>	<b>30</b>	<b>67</b>	<b>49</b>	<b>92</b>	<b>-</b>

**(d) Intangibles under development**

Intangibles under development represents the banking software being developed which will be used to earn licensing income

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**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>4. Investments - Non-current</b>			
<b>Investments carried at fair value through profit and loss</b>			
i) Investments in equity investments of other companies (fully paid-up) (Unquoted)			
Telesis Global Solutions Limited, India	30	30	30
(96,374 (Previous year : 96,374) equity shares of ₹ 10 each fully paid up)			
<b>Less: Provision for impairment in the value of investments</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>
	<u>-</u>	<u>-</u>	<u>-</u>
Aggregate amount of unquoted investments	30	30	30
Aggregate provision for impairment in value of investments	(30)	(30)	(30)
Refer note 37 for determination of their fair values and also note 38 for market risk and credit risk of investments.			
<b>5 Bank balances</b>			
Non-current bank balances (Also, refer note 12)	1,310	692	642
	<u><b>1,310</b></u>	<u><b>692</b></u>	<u><b>642</b></u>
Non-current bank balances represents, interest bearing deposits with bank with more than 12 months maturities. These margin money deposits are given as lien to obtain bank guarantee. These bank guarantee are issued to customers as collateral for execution of contracts.			
<b>6 Other financial assets</b>			
(Unsecured, considered good unless otherwise stated)			
<b>a) Non-current</b>			
Security deposits	232	359	428
Rental deposits	231	294	294
Other loans and advances			
- Considered good	88	2	29
- Considered doubtful	-	-	6
Other deposits			
- Considered good	-	15	-
- Considered doubtful	-	13	-
	<u>551</u>	<u>683</u>	<u>757</u>
Less : Allowances for expected credit loss	-	(13)	(6)
	<u><b>551</b></u>	<u><b>670</b></u>	<u><b>751</b></u>
<b>b) Current</b>			
(Unsecured, considered good unless otherwise stated)			
Security deposits	229	40	39
Rental deposits	210	151	95
Other receivable	58	93	37
Other loans and advances			
- Considered good	18	71	164
- Considered doubtful	31	31	31
	<u>546</u>	<u>386</u>	<u>366</u>
Less : Allowances for expected credit loss	(31)	(31)	(31)
	<u><b>515</b></u>	<u><b>355</b></u>	<u><b>335</b></u>

There are no other financial assets due from directors or other officers of the Company. The carrying amount of the other financial assets are considered as a reasonable approximation of fair value.

(A description of the Company's financial instrument risks, including risk management objectives and policies are given in Note 38)

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>7 Deferred tax</b>			
<b>i) Deferred tax liability*</b>			
The breakup of deferred tax liability is as follows:			
Deferred tax liability arising on account of :			
- Timing difference between depreciation/amortization as per financials and depreciation as per tax	-	129	95
	<b>-</b>	<b>129</b>	<b>95</b>
<b>ii) Deferred tax asset (net)**</b>			
<b>a) Deferred tax liability</b>			
The breakup of deferred tax liability is as follows:			
Deferred tax liability arising on account of :			
- Timing difference between depreciation/amortization as per financials and depreciation as per tax	(189)	308	220
	<b>(189)</b>	<b>308</b>	<b>220</b>
<b>b) Deferred tax asset</b>			
Deferred tax asset arising on account of :			
- Provision for employee benefits	340	(365)	(324)
- Allowances for expected credit loss	494	(293)	(79)
- Provision for diminution in value of investments	5	(74)	(44)
- Unabsorbed depreciation and business loss	3,131	(3,481)	(1,383)
- Others	34	-	-
	<b>4,004</b>	<b>(4,213)</b>	<b>(1,830)</b>
<b>Net deferred tax asset**</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Income tax assets (net)</b>			
Advance Tax (net of provision for tax)	4,730	4,215	3,296
	<b>4,730</b>	<b>4,215</b>	<b>3,296</b>
<b>9 Other non-current assets</b>			
Balances with government authorities			
- Considered good	404	274	273
- Considered doubtful	-	14	14
Prepaid expenses	218	270	309
	<b>622</b>	<b>558</b>	<b>596</b>
Less: Provisions for doubtful balances	-	(14)	(14)
	<b>622</b>	<b>544</b>	<b>582</b>

All of the Company's other non-current assets have been reviewed for indicators of impairment. There were allowances for doubtful balances during the year 2017-18 : Nil (31 March 2017: ₹ 14, 01 April 2016: ₹ 14) which was identified on a case to case basis from the balances.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018** ₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>10 Inventories</b>			
Raw materials	73	248	178
Stock-in-trade (includes goods-in-transit: ₹ 26 (As at 31 March 17: ₹ 21))	948	589	838
Stores and spares (includes goods-in-transit: ₹ 25 (As at 31 March 17: ₹ 67)) (Also, refer note 31)	968	3,462	3,822
Less: Provision for inventory obsolescence	(465)	(478)	(1,191)
	<b>1,524</b>	<b>3,821</b>	<b>3,647</b>
<b>11 Trade receivables (Unsecured) Non Current</b>			
Considered good - Customer retention	45	47	93
	<b>45</b>	<b>47</b>	<b>93</b>
<b>Current</b>			
Considered good	(A) 12,551	16,643	15,269
Considered doubtful	(B) 1,605	1,084	2,340
	14,156	17,727	17,609
Less : Allowances for expected credit loss	(C) (1,605)	(1,084)	(2,340)
	<b>(A+B+C) 12,551</b>	<b>16,643</b>	<b>15,269</b>
Trade receivables include due from related parties amounting to ₹ 242 (31 March 2017: ₹ 127). The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.			
All of the Company's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 1,605 (2016-17: ₹ 1,084) has been recorded accordingly within other expenses. The Company has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.			
Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer.			
<b>Movement in allowances for expected credit loss</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	
Balance at beginning of the year	1,084	2,340	
Additions/(reversal) during the year, net	941	866	
Utilised during the year	(420)	(2,122)	
Balance at end of the year	<b>1,605</b>	<b>1,084</b>	
<b>12 Cash and bank balances</b>			
<b>Cash and cash equivalents</b>			
Cash on hand	6	7	17
Cheques on hand	-	-	49
Balances with banks - current accounts	885	4,698	3,350
	<b>(A) 891</b>	<b>4,705</b>	<b>3,416</b>
<b>Bank balances other than mentioned in cash and cash equivalents</b>			
Balances with banks held as margin money	0	220	205
Unpaid dividend account	2	4	4
	<b>2</b>	<b>224</b>	<b>209</b>
<b>Total (A+B)</b>	<b>893</b>	<b>4,929</b>	<b>3,625</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	As at		As at
	31 March 2018		31 March 2017
			As at 01 April 2016
<b>13 Other current assets</b>			
Unbilled revenue	885	1,194	422
Balances with government authorities	67	103	70
Prepaid expenses	1,939	2,598	1,885
Other Loans and advances	21	-	-
Advance to supplier			
- Considered good	59	162	-
- Considered doubtful	-	-	35
	2,971	4,059	2,411
Less: Provisions for doubtful advances	-	-	(35)
	<b>2,971</b>	<b>4,059</b>	<b>2,377</b>

All of the Company's other current assets have been reviewed for indicators of impairment. There were allowances for doubtful advances relating to supplier advances during the year 2015-16 to the extent of ₹ 35 which was identified on a case to case basis from the advances given to the suppliers.

Particulars	As at		As at		As at	
	31 March 2018		31 March 2017		01 April 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b>14 Equity Share Capital</b>						
<b>Authorized</b>						
Equity shares of ₹ 10 each	33,000,000	3,300	33,000,000	3,300	33,000,000	3,300
<b>Issued, subscribed and fully paid up</b>						
Equity shares of ₹ 10 each	29,761,873	2,976	29,761,873	2,976	29,761,873	2,976
	<b>29,761,873</b>	<b>2,976</b>	<b>29,761,873</b>	<b>2,976</b>	<b>29,761,873</b>	<b>2,976</b>

a) There were no movements in the share capital during the current and the previous years.

b) Shares held by the ultimate holding company

Equity shares of ₹ 10 each

CAC Holding Corporation	17,857,125	1,786	17,857,125	1,786	17,857,125	1,786
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c) Shareholders holding more than 5% of the aggregate shares in the Company

Equity shares of ₹ 10 each

CAC Holdings Corporation, Holding company	17,857,125	60%	17,857,125	60%	17,857,125	60%
Amicorp Trustees (India) Private Limited	4,464,279	15%	-	-	-	-
Accel Limited, Promoter company	-	-	4,281,194	14%	4,281,194	14%

d) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. 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.

e) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last 5 years immediately preceding 31 March 2018.

f) Capital management policies and procedures

The Company's capital management objectives are:

- to safeguard the Company's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.
- to maintain an optimum capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares, or sell investments / other assets to reduce debt.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings and cash credit facility, if any, less cash and cash equivalents as presented on the face of the balance sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting years are summarized as follows:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Borrowings	18,243	25,651	21,389
Cash and bank balances	2,203	5,621	4,267
<b>Net debt</b>	<b>(A) 16,040</b>	<b>20,030</b>	<b>17,122</b>
<b>Total equity</b>	<b>(B) (3,721)</b>	<b>(2,114)</b>	<b>(525)</b>
<b>Overall financing</b>	<b>(A+B) 12,319</b>	<b>17,916</b>	<b>16,597</b>
<b>Gearing ratio</b>	<b>130%</b>	<b>112%</b>	<b>103%</b>

Particulars	As at 31 March 2018	As at 31 March 2017
<b>15 Other Equity</b>		
<b>Securities premium reserve</b>	<b>6,857</b>	<b>6,857</b>
Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.		
<b>General reserve</b>	<b>859</b>	<b>859</b>
General reserve represents an appropriation of profits by the Company.		
<b>Retained earnings</b>		
Balance at the beginning of the year	(15,548)	(13,112)
Add : Transferred from statement of profit and loss	986	(2,436)
<b>Balance at the end of the year</b>	<b>(14,562)</b>	<b>(15,548)</b>
Retained earnings comprises of prior years profits after tax		
<b>Accumulated other comprehensive income</b>		
Balance at the beginning of the year	(202)	(257)
Add : Transfer from other comprehensive income	66	55
Balance at the end of the year	<b>(136)</b>	<b>(202)</b>
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	254	327
Add : Transferred from statement of profit and loss	31	(73)
Balance at the end of the year	285	254
<b>Total Other equity</b>	<b>(6,697)</b>	<b>(7,780)</b>

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>16 Borrowings</b>			
<b>A) Non-current</b>			
<b>a) Secured</b>			
Finance lease obligations (Refer note (i) below)	18	39	61
Loan against keyman insurance policy (Refer note (ii) below)	-	141	129
	18	180	190
Less: Classified as other current liabilities			
Current maturities of long-term borrowings (Also, refer note 20)	(10)	(18)	(22)
	<b>(A) 8</b>	<b>162</b>	<b>168</b>
<b>b) Unsecured</b>			
Loans and advances from related parties (Also, refer note (iii) below)	4,728	6,926	7,326
Less: Classified as other current liabilities	-	-	-
Current maturities of long-term borrowings (Also, refer note 20)	(553)	(715)	(797)
	<b>(B) 4,175</b>	<b>6,211</b>	<b>6,529</b>
<b>Total</b>	<b>(A) + (B) 4,183</b>	<b>6,373</b>	<b>6,697</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

- i) 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 equated monthly instalments from date of loan and carry interest rate between 5% to 9% per annum. Also, refer note 4(c).

The details of lease commitments in terms of Minimum lease payments (MLP) and Present value (PV) of MLP are as follows:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	MLP	PV of MLP	MLP	PV of MLP	MLP	PV of MLP
<b>Payments falling due:</b>						
Payable not later than 1 year	11	10	24	21	27	22
Payable later than one year but not later than 5 years	9	8	20	18	44	39
<b>Total</b>	<b>20</b>	<b>18</b>	<b>44</b>	<b>39</b>	<b>71</b>	<b>61</b>
Less: Amounts representing interest	2		5	-	10	-
	<b>18</b>	<b>18</b>	<b>39</b>	<b>39</b>	<b>61</b>	<b>61</b>

- ii) Represents loan availed from Life Insurance Corporation of India, repayable at the time of maturity of the policy or adjustment with maturity value of the policy and is secured against the keyman insurance policy placed with them, which is fully paid up.

- iii) The loans and advances from related parties represents loan from the ultimate holding company, CAC Holding Corporation, to Accel Frontline Limited to the tune of ₹ 3,868 (As at 31 March 2017: ₹ 3,851 and as at 31 March 2016: ₹ 3,940) at an interest rate of 4.5%+6 months LIBOR rate and the entire amount being repayable in 2021-22. Also refer note 35(c).

Accel North America Inc., USA to the tune of ₹ 648 (As at 31 March 2017: ₹ 1,325 and as at 31 March 2016: ₹ 1,588) at an interest rate of 3.25%+6 months LIBOR rate and repayable over the period 2017-18 to 2019-20 in five tranches occurring once in every 6 months. Also refer note 35(c).

Network Programs (USA) Inc., USA, to the tune of ₹ 199 (As at 31 March 2017: ₹ 417 and as at 31 March 2016: ₹ 464) at an interest rate of 3.25%+6 months LIBOR rate and repayable over the period 2017-18 to 2019-20 in five tranches occurring once in every 6 months. Also refer note 35(c).

The loans and advances from related parties also includes loans from Accel Limited to the tune of Nil (As at 31 March 2017: ₹ 1,366 and as at 31 March 2016: ₹ 1,366) with an interest rate of 11% per annum, the entire amount being repayable in 2019-20. However, the Company has repaid the later loan amount in 2017-18. Also, refer note 36(c). Also refer note 40(c).

The loans and advances from related parties also includes loans from Accel Systems Group Inc, USA obtained by one of the subsidiaries, Accel North America, to the tune of ₹ Nil (As at 31 March 2017: ₹ 4 and as at 31 March 2016: ₹ 5), towards working capital requirements, bearing Nil rate of interest.

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
<b>16 B) Current</b>						
<b>a) Secured (from banks)</b>						
<b>(i) Repayable on demand</b>						
- Cash credit		-		17		1,223
<b>(ii) Others</b>						
- Letter of credit		4,240		6,682		3,228
<b>b) Secured (from others)</b>						
Loan against keyman insurance policy		154		-		-
<b>c) Unsecured</b>						
- Short term loan		1,100		1,250		-
- Cash credit		3,466		6,048		993
- Working capital demand loan		4,537		4,548		8,424
- Loan from related party		553		-		5
		<b>14,050</b>		<b>18,545</b>		<b>13,873</b>

**Details of guarantee**

Guaranteed by ultimate holding company

From banks

- Working capital demand loan	4,537	4,543	4,544
- Short term loan	1,100	1,250	-
- Cash credit	3,466	6,048	393
- Letter of credit	4,240	6,090	1,069

Guaranteed by erstwhile promoter and promoter company

From banks

- Cash credit	-	17	1,223
- Letter of credit	-	-	330

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**16 Borrowings (Continued)**
**Details of security**

The Holding Company has availed a working capital demand loan worth ₹ 4,537 (as at 31 March 2017: ₹ 4,542 and as at 01 April 2016: ₹ 4,544) valid till 31 March 2018 from Sumitomo Mitsui Banking Corporation at an interest rate of 9.5% (as at 31 March 2017: 9.85% and 01 April 2016: 10.90%) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

The Holding Company has also availed a short term loan facility ₹ 1,100 (as at 31 March 2017: ₹ 1,250 and as at 01 April 2016 ₹ Nil) from Mizuho Bank Ltd at an interest rate based on market conditions (subject to minimum of Marginal cost of funds based lending rate (MCLR)) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

**Cash credits guaranteed by ultimate holding company represents:**

i) The Holding Company has availed a cash credit facility worth ₹ 3,314 (as at 31 March 2017: ₹ 5,669 and as at 01 April 2016: ₹ 3,880) from Mizuho Bank Limited at an interest rate based on market conditions (subject to minimum of Marginal cost of funds based lending rate (MCLR 11%)) which has been secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

ii) The Holding Company has availed a cash credit facility outstanding from Sumitomo Mitsui Banking Corporation worth ₹ 95 (as at 31 March 2017: ₹ 288 and as at 01 April 2016: ₹ 393) at an interest rate of 9.50% which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan.

iii) One of the subsidiaries, Accel Frontline DMCC, Dubai, has availed a cash credit facility from Emirates NBD worth ₹ 58 (As at 31 March 2017: ₹ 91 and as at 31 March 2016 : Nil) which are secured by the Corporate Guarantee provided by CAC Holdings Corporation, Japan.

**Cash credits guaranteed by erstwhile promoter and promoter company represents:**

i) Cash credit availed from State Bank of India worth Nil (as at 31 March 2017: ₹ 2 and as at 01 April 2016: ₹ 595) at an interest rate of 16.30% which is secured by first charge on pari passu basis on all the current assets and moveable assets of the Company, including book debts and inventories and first charge on certain properties owned by erstwhile promoter company.

ii) Cash credit availed from Industrial Development Bank of India worth Nil (as at 31 March 2017: ₹ 15 and as at 01 April 2016: ₹ 29) at an interest rate of 14% which is secured by first pari passu charge on all the current assets and moveable fixed assets of the Company, including book debts and inventories and irrevocable and unconditional personal guarantee of the erstwhile promoter.

The Holding Company has also availed cash credits from Axis bank worth Nil (as at 31 March 2017: Nil and 01 April 2016: ₹ 599) at an interest rate of 12.50% which is secured by pari passu charge on all the current assets and moveable assets of the Company, including book debts and inventories.

The Holding Company has availed letter of credits from banks which are secured by the Corporate Guarantee provided by CAC Holdings Corporation, Japan and hypothecation of goods purchased under the letter of credit, repayable based on the LC period ranging from 60 to 150 days.

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Long term	Short term	Long term	Short term	Long term	Short term
<b>17 Provisions</b>						
Provisions for employee benefits						
Gratuity (refer note (a) below)	552	235	728	237	743	110
Compensated absences	77	82	153	110	140	70
Provision for warranty	36	72	24	66	60	82
	<b>665</b>	<b>389</b>	<b>905</b>	<b>413</b>	<b>943</b>	<b>262</b>

**a) Employee benefits**
**i) Gratuity**

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by Life Insurance Corporation.



**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018** ₹ in Lakhs

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Change in projected benefit obligation</b>			
Projected benefit obligation at the beginning of the year	972	888	691
Current service cost	129	177	111
Past service cost	27	-	-
Interest cost	53	57	45
Actuarial (gain)/ loss	(62)	(54)	138
Benefits paid	(273)	(96)	(97)
<b>Projected benefit obligation at the end of the year</b>	<b>846</b>	<b>972</b>	<b>888</b>
<b>Change in plan assets</b>			
Fair value of plan assets at the beginning of the year	7	35	96
Expected return on plan assets	-	3	8
Employer contributions	198	53	6
Benefits paid	(150)	(85)	(97)
Other adjustments	-	-	14
Actuarial gain on plan assets	4	1	8
<b>Fair value of plan assets at the end of the year</b>	<b>59</b>	<b>7</b>	<b>35</b>
<b>Reconciliation of present value of obligation on the fair value of plan assets to the liability recognised</b>			
Present value of projected benefit obligation at the end of the year	846	972	888
Fair value of plan assets at the end of the year	59	7	35
<b>Liability recognized in the balance sheet</b>	<b>787</b>	<b>965</b>	<b>853</b>
<b>Thereof</b>			
Unfunded	787	965	853
<b>Components of net gratuity costs are</b>			
Current service cost	129	177	111
Past service cost	27	-	-
Interest cost	53	57	45
Expected returns on plan assets	-	(3)	(8)
<b>Net gratuity costs recognized in the income statement</b>	<b>209</b>	<b>231</b>	<b>148</b>
Recognized net actuarial (gain)/loss	(66)	(55)	130
<b>Net gratuity costs recognized in other comprehensive income</b>	<b>(66)</b>	<b>(55)</b>	<b>130</b>
<b>Principal actuarial assumptions used:</b>			
Discount rate	7% / 7.5%	6.6% - 7.7%	7.7% - 7.8%
Long-term rate of compensation increase	8% / 10%	7.5% - 8%	7.5%
Expected rate of return on plan assets	8%	8%	8%
Average remaining life (in years)	23 - 24	25 - 28	25 - 28
Attrition rate	5% - 38%	12% - 34%	5%-20%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Based on historical data, the Company expects contributions of ₹ 764 to be paid in 2018-19. The weighted average duration of the defined benefit obligation as at 31 March 2018 is 3 years (31 March 2017: 4 years)

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**Employee benefits - Maturity profile**

Particulars	1 Year	Between 2-5 Years	Between 6-10 years	Over 10 year	Total
<b>31 March 2018</b>					
Defined benefit obligation	237	491	190	58	976
<b>31 March 2017</b>					
Defined benefit obligation	202	468	276	143	1,089

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2018.

Particulars	Attrition rate		Discount rate		Future salary	
	increases	Increase	increases	Increase	increases	Increase
<b>31 March 2018</b>						
> Sensitivity Level	0.50%	-0.50%	1.00%	-1.00%	1.00%	-1.00%
> Impact on defined benefit obligation	723	818	735	784	783	736
<b>31 March 2017</b>						
> Sensitivity Level	0.50%	-0.50%	1.00%	-1.00%	1.00%	-1.00%
> Impact on defined benefit obligation	757	865	765	831	828	767

**(ii) Compensated absences**

The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Principal actuarial assumptions used :</b>			
Discount rate	7%-7.5%	6.6%-7.7%	7.80%
Long-term rate of compensation increase	8%-10%	7.5%-8%	7.50%
Average remaining life	23-24	25-28	25-28
Attrition rate	5%-38%	5%-34%	5%-20%
<b>b) Provision for warranty</b>			
Balance at the beginning of the year	90	142	5
Created during the year, net	18	-	183
Utilised/reversed during the year	-	(52)	(46)
<b>Balance at the end of the year</b>	<b>108</b>	<b>90</b>	<b>142</b>

A provision is recognized for expected warranty claims on supply of goods, based on past experience of level of repairs and returns. The current and non-current classification of the provision is made based on the remaining warranty period of the goods supplied as at the balance sheet date. The assumptions used to calculate the provision for warranties are based on the Company's current status of goods supplied that are under warranty and information available about expenditure more probable to be incurred based on the Company's warranty terms which provides for a warranty period of about 36 months.

**18 Trade payables**

Dues to micro and small enterprises*	-	-	-
Dues to others	6,413	6,831	6,452
	<b>6,413</b>	<b>6,831</b>	<b>6,452</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

\*There are no micro and small enterprises, as defined under the provisions of Micro, Small and Medium Enterprises Development Act 2006, to whom the Company owes dues as at the reporting date. The micro and small enterprises have been identified by the management on the basis of information available with the Company and have been relied upon by the auditors.

The carrying values of trade payables are considered to be a reasonable approximation of fair value.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>19 Other financial liabilities</b>			
<b>Financial liabilities at amortised cost</b>			
<b>Current</b>			
Current maturities of finance lease obligations (Also refer note 16)	10	18	22
Current maturities of related party loan (Also refer note 16)	-	715	797
Unpaid dividends	2	4	4
Employee related payables	942	1,264	1,015
Advances refundable	-	-	-
Other accrued liabilities	2,068	2,744	1,817
<b>Total financial liabilities</b>	<b>3,022</b>	<b>4,745</b>	<b>3,655</b>
Unpaid dividend included above represent amounts to be credited to the Investors Education and Protection Fund as and when they become due. There are no delays in transferring the amounts due for payment to the Investors Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.			
<b>20 Other current liabilities</b>			
Statutory dues	680	541	444
Unearned revenue	2,590	3,527	3,351
	<b>3,270</b>	<b>4,068</b>	<b>3,795</b>
Particulars	Year ended 31 March 2018	Year ended 31 March 2017	
<b>21 Revenue from operations</b>			
Sale of goods			
-Continuing operations	22,084	16,009	
-Discontinued operations	1,124	3,059	
Sale of services			
-Continuing operations	26,475	33,420	
-Discontinued operations	1,384	6,428	
<b>Revenue from operations</b>	<b>51,067</b>	<b>58,916</b>	
<b>22 Other income</b>			
Interest income			
-Continuing operations	413	28	
Unwinding of discount on deposits			
-Continuing operations	33	28	
Other non-operating income			
-Continuing operations	286	108	
-Discontinued operations	5	54	
	<b>737</b>	<b>218</b>	
<b>23 Cost of raw materials consumed</b>			
Continuing operations			
Opening stock (Net of provision)	189	119	
Add : Purchases during the year	376	259	
Less: Closing stock (Net of provision)	(14)	(189)	
	<b>551</b>	<b>189</b>	

The management estimates the provision for inventories based on its assessment of the net realisable value considering various factors such as ageing of the inventories, technological obsolescence and damages on refurbishment of these inventories.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>24 Changes in inventories of stock-in-trade and stores and spares</b>		
Continuing operations		
Closing stock:		
Stock-in-trade	948	589
Stores and spares	968	3,462
Less: Provision for inventories	(404)	(419)
	<b>1,512</b>	<b>3,632</b>
Opening stock:		
Stock-in-trade	589	837
Stores and spares	3,462	3,823
Less: Provision for inventories	(419)	(1,132)
	<b>3,632</b>	<b>3,528</b>
Less: Transferred to exceptional items (Also, refer note 29 and note 31)	(1,566)	-
<b>Net decrease/ (increase) in inventories</b>	<b>554</b>	<b>(104)</b>
<b>25 Employee benefits expense</b>		
Salaries and wages		
-Continuing operations	12,836	13,296
-Discontinued operations	564	2,166
Gratuity expense (Also, refer note 17)		
-Continuing operations	209	231
Contribution to provident and other defined contribution funds		
-Continuing operations	839	825
Staff welfare expenses		
-Continuing operations	114	150
-Discontinued operations	4	20
	<b>14,566</b>	<b>16,688</b>
<b>26 Finance costs</b>		
Continuing operations		
Interest expenses	1,734	2,240
Other borrowing cost	189	250
	<b>1,923</b>	<b>2,490</b>
<b>27 Depreciation, amortization expense and impairment loss</b>		
Depreciation of tangible assets (Also, refer note 3)		
-Continuing operations	273	471
-Discontinued operations	163	486
Amortization of intangible assets (Also, refer note 3)		
-Continuing operations	397	419
Impairment loss of intangible assets (Also, refer note 3)		
-Continuing operations	-	88
	<b>833</b>	<b>1,464</b>
<b>28 Other expenses</b>		
<b>Continuing operations</b>		
Sub-contracting and outsourcing cost	5,934	6,760
Rent	1,177	1,156
Printing and stationery	71	86
Power and fuel	219	237
Provision for doubtful receivables	941	866
Legal and professional fees	1,201	1,067
Travelling and conveyance	917	954
Freight and forwarding	461	408
Communication expenses	288	366
Repairs and maintenance		
Leased premises	263	285
Equipments	4	9
Others	126	99

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>28 Other expenses (Continued)</b>		
Insurance	151	149
Rates and taxes	102	161
Bad debts written off	491	308
Directors' sitting fees	18	17
Payments to auditors (Also, refer note 34)	59	83
Provision for warranty	18	-
Provision for doubtful advances	-	27
Miscellaneous expenses	359	404
<b>(A)</b>	<b>12,800</b>	<b>13,442</b>
<b>Discontinued operations</b>		
Sub-contracting and outsourcing cost	41	130
Rent	24	100
Printing and stationery	1	3
Legal and professional fees	13	107
Travelling and conveyance	21	83
Communication expenses	5	22
Repairs and maintenance		
Others	2	2
Insurance	1	15
Miscellaneous expenses	3	79
<b>(B)</b>	<b>111</b>	<b>541</b>
<b>(A+B)</b>	<b>12,911</b>	<b>13,983</b>
<b>29 Exceptional items</b>		
Write off of maintenance division inventories (Also, refer note 31)		
-Continuing operations	1,566	-
Profit on sale of subsidiary		
-Discontinuing operations	(5,637)	-
Advances written-off		
-Continuing operations	-	134
<b>Total</b>	<b>(4,071)</b>	<b>134</b>
<b>30 Income taxes</b>		
The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are		
Current tax:		
Current tax		
-Continuing operations	209	-
-Discontinuing operations	1,114	335
Deferred tax:		
Relating to origination and reversal of temporary differences		
-Continuing operations	-	-
-Discontinuing operations	15	42
<b>Tax expense reported in the statement of profit and loss</b>	<b>1,338</b>	<b>377</b>
Deferred tax related to net (gain) on remeasurements of defined benefit plans recognized in other comprehensive income	-	-
<b>Tax expense reported in other comprehensive income</b>	<b>-</b>	<b>-</b>

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**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Tax reconciliation:</b>		
The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 23.07 % (2016-17: 34.61%) and the reported tax expense in the statement of profit and loss are as follows:		
Accounting profit/ (loss) before taxes	2,548	(1,050)
Enacted tax rates	23.07%	34.61%
Tax on profit at enacted tax rate	588	-
<b>Adjustments:</b>		
- Tax portion relating to loss of subsidiaries	404	-
- Overseas Tax rate difference - (Singapore Subsidiary)	(34)	-
- Tax on profit on sale of subsidiary	598	-
- Indexation benefit on sale of long term investment	(79)	-
- Loss on liquidation of subsidiary - Network Programs (Japan), Inc., USA	(108)	-
- Unabsorbed depreciation of earlier years utilised	(295)	-
- Origination and reversal of temporary differences (Net)	331	-
- Mat credit pertaining to earlier years utilised	(67)	-
<b>Actual tax expense</b>	<b>1,338</b>	<b>-</b>
Current tax	1,323	-
Deferred tax	15	-
<b>Tax expense reported in the statement of profit and loss</b>	<b>1,338</b>	<b>-</b>

\*The effective tax rate considered is 23.07% because the Company has only capital gains in the current year.

- 31** During the year, the management has completed the process of valuation of its inventories to be in line with the requirements of Ind AS 2 - Valuation of Inventories. The exercise has been carried out by adopting purchase price data available with the company to arrive at the Weighted Average Price as also valuing the refurbished stocks adopting certain prudent estimates. The value of such inventory computed on weighted average basis is with respect to maintenance division of the Company. Further, based on data with respect to the pattern of usage of inventories available with the company, the management has developed various estimates to determine the net realizable value of these inventories. The revised weighted average prices, estimates and assumptions were developed in the current year and that similar relevant data is not available for making reliable estimates for the earlier years for comparison purposes. The management believes that it is impracticable to recreate the information required to facilitate a retrospective restatement. Accordingly, the impact relating to this exercise, as at 31 March 2018, amounting to ₹ 1,566 is disclosed as exceptional items.

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**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

- 32** An investment of ₹ 790 has been made by the Holding Company in a subsidiary named Accel IT Resources Limited (AITRL) and advanced loan (including interest) amounting to ₹ 622. The net worth of AITRL is negative as at 31st March 2018. The management of the subsidiary has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centres accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the Holding Company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary. Consequently the Company Management is of the view that goodwill amounting to ₹ 414 recognized relating to this investment will be recovered and hence no provision needs to be made for the same.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>33 Earnings per share</b>		
<b>i) For profit for the year</b>		
<b>a) Basic earnings per share</b>		
From continuing operations attributable to the equity holders of the Company	(13.00)	(11.71)
From discontinuing operations	17.06	6.92
Total basic earnings per share attributable to the equity holders of the Company	4.07	(4.79)
<b>b) Diluted earnings per share</b>		
From continuing operations attributable to the equity holders of the Company	(13.00)	(11.71)
From discontinuing operations	17.06	6.92
Total basic earnings per share attributable to the equity holders of the Company	4.07	(4.79)
<b>ii) For total comprehensive income</b>		
<b>a) Basic earnings per share</b>		
From continuing operations attributable to the equity holders of the Company	(12.67)	(11.77)
From discontinuing operations attributable to the equity holders of the Company	16.44	3.04
Total basic earnings per share attributable to the equity holders of the Company	3.77	(8.73)
<b>b) Diluted earnings per share</b>		
From continuing operations attributable to the equity holders of the Company	(12.67)	(11.77)
From discontinuing operations	16.44	3.04
Total basic earnings per share attributable to the equity holders of the Company	3.77	(8.73)
<b>iii) Reconciliation of earnings used in calculating earnings per share</b>		
<b>Basic earnings per share</b>		
Profit attributable to equity holders of the Company used in calculating basic earnings per share		
- From continuing operations	(3,868)	(3,486)
- From discontinuing operations	5,078	2,059
	<b>1,210</b>	<b>(1,427)</b>
<b>Dilutive earnings per share</b>		
Profit attributable to equity holders of the Company used in calculating basic earnings per share		
- From continuing operations	(3,868)	(3,486)
- From discontinuing operations	5,078	2,059
	<b>1,210</b>	<b>(1,427)</b>
	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Number of shares</b>	<b>Number of shares</b>
<b>d) Weighted average number of share used as the denominator</b>		
Weighted average number of equity share used as the denominator in calculating basic earnings per share	29,761,873	29,761,873
Adjustments for calculation of dilutive earnings per share:	-	-
<b>Weighted average number of equity share and potential equity shares used as the denominator in calculating dilutive earnings per share</b>	<b>29,761,873</b>	<b>29,761,873</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>34 Payment to auditors</b>		
As auditor		
Statutory audit #	54	62
Limited review	3	3
Reimbursement of expenses	2	6
Other services	-	12
	<b>59</b>	<b>83</b>

\* excluding applicable taxes

# includes overruns relating to 2016-17 - ₹ 15 (Previous year - ₹ 25)

**35 Related parties**
**a) Names of related parties and nature of relationship**

Name of related party	Nature of relationship
CAC Holding Corporation, Tokyo, Japan	Holding company
CAC Corporation, Tokyo, Japan	Fellow subsidiary
Malcolm F. Mehta, Chairman and Chief Executive Officer	Key Management Personnel (KMP)
Murali Gopalakrishnan Chief Financial Officer	Key Management Personnel (KMP) (from 7 December 2017)
S Sundaramurthy, Company Secretary	Key Management Personnel (KMP)
R Ramaraj	Independent director (till 10 October 2017)
Raj Khalid	Independent director
Bin Cheng	Independent director
Rajesh Ramniklal Muni	Independent director (from 6 May 2017)
Ruchi Naithani	Independent director
Accel Limited, Chennai	Promoter company (till 21 August 2017)
Accel Systems Group Inc, USA	Subsidiary of promoter company (till 10 July 2017)
Accel Transmatic Limited, Chennai	Subsidiary of promoter company (till 21 August 2017)
R Neelakantan, Chief Financial Officer	Key Management Personnel (KMP) (till 29 November 2017)

**b) Transactions with related parties**

Name of the related party	Year ended 31 March 2018					
	Sale of services	Interest expense	Remuneration*	Other expenses	Guarantee received	Reimbursements received
CAC Holding Corporation, Tokyo, Japan	12	288	-	140	-	249
CAC Corporation, Tokyo, Japan	1,010	-	-	130	-	22
Accel Limited, Chennai	-	45	-	63	-	-
Accel Transmatic Limited, Chennai	-	-	-	6	-	-
Malcolm F Mehta #	-	-	249	-	-	-
Murali Gopalakrishnan	-	-	14	-	-	-
R Neelakantan	-	-	34	-	-	-
S Sundaramurthy	-	-	14	-	-	-
R Ramaraj	-	-	2	-	-	-
Raj Khalid	-	-	5	-	-	-
Rajesh Ramniklal Muni	-	-	5	-	-	-
Ruchi Naithani	-	-	5	-	-	-



**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**b) Transactions with related parties**

Name of the related party	Year ended 31 March 2017					
	Sale of services	Interest expense	Remuneration*	Other expenses	Guarantee received	Reimbursements received
CAC Holdings Corporation, Tokyo, Japan	-	293	-	-	18,500	225
CAC Corporation, Tokyo, Japan	505	-	-	53	-	204
Accel Limited, Chennai	-	150	-	88	-	-
Accel Transmatic Limited, Chennai	3	-	-	14	-	-
Accel Systems Group Inc, USA	-	2	-	-	-	-
Malcolm F Mehta #	-	-	225	-	-	-
R Neelakantan	-	-	48	-	-	-
S Sundaramurthy	-	-	8	-	-	-
Raj Khalid	-	-	5	-	-	-
Ramaraj	-	-	5	-	-	-
Ruchi Naithani	-	-	5	-	-	-

\* Gratuity and Compensated absences are being provided based on actuarial valuation performed for the Company as a whole and accordingly is not identifiable separately for the KMPs.

# Payment to Mr Malcolm F. Mehta is reimbursed by CAC Holdings Corporation, Tokyo, Japan

**c) Balance with related parties**

₹ in Lakhs

Name of the related party	As at 31 March, 2018				
	Advances/ Amount recoverable	Loans Payable	Trade receivables	Guarantee received	Payables
CAC Holdings Corporation, Tokyo, Japan	13	4,708	-	26,797	60
CAC Corporation, Tokyo, Japan	-	29	242	-	40

Name of the related party	As at 31 March, 2017				
	Advances/ Amount recoverable	Loans Payable	Trade receivables	Guarantee received	Payables
CAC Holdings Corporation, Tokyo, Japan	12	5,338	-	26,797	55
CAC Corporation, Tokyo, Japan	1	-	127	-	33
Accel Limited, Chennai	69	1,366	-	-	74
Accel Transmatic Limited, Chennai	3	-	-	-	-
Accel Systems Group Inc, USA	-	4	-	-	2
N.R.Panicker (till 31 March 2016)	18	-	-	-	-
R Neelakantan	-	-	-	-	2

**d) Maximum balances outstanding during the year is in accordance with Schedule V SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.**

₹ in Lakhs

Name of the related party	Year ended 31 March 2018		Year ended 31 March 2017	
	Loans received	Advances / amount recoverable	Loans received	Advances / amount recoverable
CAC Holding Corporation, Tokyo, Japan	5,476	13	5,892	33
CAC Corporation, Tokyo, Japan	29	1	-	14
Accel Limited, Chennai	1,440	69	1,440	69
Accel Transmatic Limited, Chennai	-	3	-	3

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

36 Fair Value				
Financial instruments by category	31 March 2018	31 March 2017	31 March 2016	
	Amortised cost	Amortised cost	Amortised cost	
<b>Financial assets</b>				
Trade receivables	12,596	16,690	15,362	
Cash and cash equivalents	891	4,705	3,416	
Bank balances	1,312	916	851	
Other financial assets	1,066	1,025	1,086	
<b>Total financial assets</b>	<b>15,865</b>	<b>23,336</b>	<b>20,715</b>	
<b>Financial liabilities</b>				
Borrowings	18,233	24,919	20,570	
Trade payables	6,413	6,831	6,452	
Other financial liabilities	3,022	4,745	3,655	
<b>Total financial liabilities</b>	<b>27,668</b>	<b>36,495</b>	<b>30,677</b>	

**37 Fair value measurement**
**Fair value measurement hierarchy**

The Group records certain financial assets and financial liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Group holds certain fixed income instruments, forward contracts and unquoted investments in joint venture and associates which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- > **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- > **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- > **Level 3:** Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at 31 March 2018, 31 March 2017 and 01 April 2016 :

**(a) Quantitative disclosures fair value measurement hierarchy for assets as at 31 March:**

		Fair value measurement using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
		(Level 1)	(Level 2)	(Level 3)	
Date of valuation	Total				
<b>i) Financial assets measured at fair value</b>					
<b>Fair value through statement of profit and loss</b>					
<b>Investments</b>					
2018	31 March 2018	-	-	30	
2017	31 March 2017	-	-	30	
2016	01 April 2016	-	-	30	

Investment in Telesis Global Solutions Limited, India is valued at the amount invested as sufficient more recent information is not available to measure fair value and the cost is considered to be the best estimate of the fair value for these securities.

There have been no transfers between Level 1 and Level 2 during the year.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**ii) Liabilities measured at amortised cost:**

Particulars	As at		As at
	31 March 2018	31 March 2017	31 March 2016
a) Interest-bearing loans and borrowings:			
Floating rate borrowings	4,728	5,561	5,960
Fixed rate borrowings	13,505	19,358	14,610

The fair values of the Group's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

Loans, cash and bank balances, trade receivables, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

**38 Financial risk management**

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its and group companies operations. The Group's principal financial assets include loans, trade and other receivables, cash and deposits that derive directly from its operations.

The Group is exposed to market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management assesses the financial risks and the appropriate financial risk governance framework in accordance with the Group's policies and risk objectives. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

**a) Market risk**

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

**i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Group did not have any floating rate borrowings expect for the borrowings from the Holding Company.

**Interest rate sensitivity**

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31 March 2018 (31 March 2017: +/- 1%, 1 April 2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Increase/ (Decrease) in Basis points	Effect on profit before tax
31-Mar-18	100	46.97
31-Mar-17	100	54.11
31-Mar-16	100	58.92
31-Mar-18	(100)	(46.97)
31-Mar-17	(100)	(54.11)
31-Mar-16	(100)	(58.92)

**ii) Foreign currency risk**

Group enters into transactions of sales and purchases in various currencies based on the domiciliation of the entities of the group. Great Britain Pound (GBP), United Arab Emirates dirham (AED) and United States Dollar (USD) are the major currencies transacted in, outside the functional currency (₹) of the Parent.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Foreign currency denominated financial assets and financial liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

Particulars	Foreign currency exposure (in ₹)		
	USD	GBP	AED
<b>31 March 2018</b>			
Financial assets	2,578	41	-
Financial liabilities	5,743	-	-
<b>31 March 2017</b>			
Financial assets	1,704	64	7
Financial liabilities	5,879	-	-
<b>01 April 2016</b>			
Financial assets	1,227	52	18
Financial liabilities	5,851	-	-

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/INR exchange rate, AED/INR exchange rate and GBP/INR exchange rate, 'all other things being equal'. It assumes a +/- 1% change of the USD/INR exchange rate for the year ended at 31 March 2018 (31 March 2017: 1%), +/- 1% change of the AED/INR exchange rate for the year ended 31 March 2018 (31 March 2017: 1%) and a +/- 1% change is considered for the GBP/INR exchange rate for the year ended at 31 March 2018 (31 March 2017: 1%).

If the INR had strengthened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%) and GBP by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively then this would have had the following impact profit before tax and equity before tax:

		Year ended	Year ended
		31 March 2018	31 March 2017
Profit before tax			
USD	+1%	(31.65)	(41.75)
GBP	+1%	0.41	0.64
AED	+1%	-	0.07
Equity before tax			
USD	+1%	(31.65)	(41.75)
GBP	+1%	0.41	0.64
AED	+1%	-	0.07

If the INR had weakened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%) and EUR by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively then there would an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

**38 Financial risk management**
**b) Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment in mutual funds etc. the Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

Particulars	31 March 2018	31 March 2017	01 April 2016
<b>Classes of financial assets</b>			
Trade receivables	12,596	16,690	15,362
Bank balance	2,203	5,621	4,267
Other Financials assets	1,066	1,025	1,086

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents and fixed deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of rental deposits and security deposits which are given to landlords or other governmental agencies in relation to contracts executed and are assessed by the Group for credit risk on a continuous basis.

**c) Liquidity risk**

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and bank's short term credit facilities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade receivables are all contractually due within twelve months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and short-term borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

As at the reporting date, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

Year ended 31 March 2018	Particulars	Current		Non Current
		Within 6 months	6 to 12 months	1 to 5 years
	Borrowings	7,706	6,344	4,183
	Trade and other payables	6,413	-	-
	Other financial liabilities	3,022	-	-
<b>Year ended 31 March 2017</b>				
	Borrowings	12,747	5,798	6,374
	Trade and other payables	6,831	-	-
	Other financial liabilities	4,745	-	-
<b>Year ended 31 March 2016</b>				
	Borrowings	5,449	8,424	6,697
	Trade and other payables	6,452	-	-
	Other financial liabilities	3,655	-	-

**39 First-time adoption of Ind AS****a) First time adoption exemptions applied**

These are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with Companies (Accounting Standard) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act (Previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2017. This note explains the principal adjustments made by the Company in restating its statement of financial position as at 01 April 2016 and its previously published financial statements as at and for the year ended 31 March 2016 under previous GAAP.

Upon transition, Ind AS 101 permits certain exemptions from full retrospective application of Ind AS. The Company has applied the mandatory exceptions and certain optional exemptions, as set out below:

**Mandatory exceptions adopted by the Company****(i) De-recognition of financial assets and liabilities**

The de-recognition criteria of Ind AS 109 Financial Instruments has been applied prospectively for transactions occurring on or after the date of transition to Ind AS. Non-derivative financial assets and non-derivative financial liabilities derecognized before date of transition under previous GAAP are not recognized on the opening Ind AS balance sheet.

**(ii) Estimates**

Hindsight is not used to create or revise estimates. The estimates made by the Company under previous GAAP were not revised for the application of Ind AS except where necessary to reflect any differences in accounting policies or errors.

**(iii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess the classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has elected to apply this exemption to its financial assets.

**Optional exemptions availed by the Company****(i) Property, Plant and Equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The Company has elected to use carrying value under previous GAAP as the deemed cost on the date of transition to Ind AS for all property, plant and equipment (including intangible assets). Buildings (properties) were carried in the balance sheet prepared in accordance with previous GAAP on the basis of historical cost. The Company has elected to regard those values of property as deemed cost at the date of the transition since they were broadly comparable to fair value. Accordingly, the Company has not revalued the property at 01 April 2016.

**(ii) Business combination**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

**(iii) Investment in subsidiaries**

Investment in subsidiaries are measured at the carrying value under previous GAAP on the date of transition to Ind AS. These carrying value under previous GAAP are considered to be the deemed cost as at the date of transition.

**(iv) Leases**

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**b) Reconciliation of equity**

Reconciliation of equity as at 31 March 2017 (date of transition to Ind AS)

Particulars	Foot note	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,400	-	1,400
Goodwill		1,796	-	1,796
Other intangible assets		724	-	724
<b>Financial assets</b>				
- Bank balances		692	-	692
- Trade receivables		47	-	47
- Other financial assets	d	745	(75)	670
Income tax assets (net)		4,215	-	4,215
Other non-current assets		544	-	544
		10,163	(75)	10,088
<b>Current assets</b>				
Inventories		3,821	-	3,821
<b>Financial assets</b>				
- Trade receivables		16,643	-	16,643
- Cash and cash equivalents		4,705	-	4,705
- Bank balances other than those mentioned in cash and cash equivalents		224	-	224
- Other financial assets		355	-	355
Other current assets		4,059	-	4,059
		29,807	-	29,807
<b>Total assets</b>		<b>39,970</b>	<b>(75)</b>	<b>39,895</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Equity share capital		2,976	-	2,976
Other equity	a-e	(7,713)	(67)	(7,780)
<b>Equity attributable to owners</b>		<b>(4,737)</b>	<b>(67)</b>	<b>(4,804)</b>
<b>Non - Controlling Interests</b>		<b>2,690</b>	<b>-</b>	<b>2,690</b>
<b>Total Equity</b>		<b>(2,047)</b>	<b>(67)</b>	<b>(2,114)</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings		6,374	-	6,374
Deferred tax liabilities (Net)		129	-	129
Provisions		905	-	905
		7,408	-	7,408
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings		18,545	-	18,545
- Trade payables		6,831	-	6,831
- Other financial liabilities	e	4,753	(8)	4,745
Other current liabilities		4,067	-	4,067
Provisions		413	-	413
		34,609	(8)	34,601
<b>Total liabilities</b>		<b>42,017</b>	<b>(8)</b>	<b>42,009</b>
<b>Total equity and liabilities</b>		<b>39,970</b>	<b>(75)</b>	<b>39,895</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Foot note	Previous GAAP*	Adjustments	Ind AS
<b>c) Reconciliation of profit and loss for the year ended 31 March 2017</b>				
<b>Revenue</b>				
Revenue from operations	c	58,873	43	58,916
Other income	d & e	190	28	218
<b>Total income</b>		<b>59,063</b>	<b>71</b>	<b>59,134</b>
<b>Expenses</b>				
Cost of raw materials consumed		189	-	189
Purchases of stock-in-trade and stores and spares		25,297	-	25,297
Changes in inventories of stock in trade and stores and spares		(104)	-	(104)
Excise duty recovered on sales	c	-	43	43
Employee benefits expense	a	16,634	55	16,688
Finance costs	d & e	2,474	16	2,490
Depreciation and amortisation expense		1,464	-	1,464
Other expenses		13,983	-	13,983
<b>Total expenses</b>		<b>59,937</b>	<b>114</b>	<b>60,050</b>
<b>Profit / (loss) before tax and exceptional items</b>		<b>(874)</b>	<b>(43)</b>	<b>(916)</b>
Exceptional items		134	-	134
<b>Profit / (loss) before tax</b>		<b>(1,008)</b>	<b>(43)</b>	<b>(1,050)</b>
Tax expense				
Current tax		335	-	335
Deferred tax		42	-	42
		377	-	377
<b>Profit/ (loss) for the year</b>		<b>(1,385)</b>	<b>(43)</b>	<b>(1,427)</b>
<b>Other comprehensive income:</b>				
<b>ii) Items that will be reclassified to profit or loss</b>				
- Exchange difference on translation of foreign subsidiaries	b	-	(73)	(73)
<b>Items that will not be reclassified to profit or loss</b>				
- Re-measurement gains/ (losses) on defined benefit plans	a-b	-	55	55
- Income tax relating to items that will not be reclassified to profit and loss		-	(144)	(144)
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>(162)</b>	<b>(162)</b>
<b>Total comprehensive income for the year</b>		<b>(1,385)</b>	<b>(205)</b>	<b>(1,589)</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

Particulars	Foot note	Previous GAAP*	Adjustments	Ind AS
<b>d) Reconciliation of equity for the year ended 31 March 2016 (date of transition to Ind AS)</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,652	-	1,652
Goodwill		1,957	-	1,957
Other intangible assets		1,021	-	1,021
<b>Financial assets</b>				
- Bank balances		642	-	642
- Trade Receivables		93	-	93
- Other financial assets	d	839	(88)	751
Income tax assets (net)		3,296	-	3,296
Other non-current assets		582	-	582
		<b>10,082</b>	<b>(88)</b>	<b>9,994</b>
<b>Current assets</b>				
Inventories		3,647	-	3,647
<b>Financial assets</b>				
- Trade receivables		15,269	-	15,269
- Cash and cash equivalents		3,416	-	3,416
- Bank balances other than those mentioned in cash and cash equivalents		209	-	209
- Other financial assets		335	-	335
Other current assets		2,377	-	2,377
		<b>25,253</b>	<b>-</b>	<b>25,253</b>
<b>Total assets</b>		<b>35,335</b>	<b>(88)</b>	<b>35,247</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Equity share capital		2,976	-	2,976
Other equity	a-e	(5,246)	(80)	(5,326)
<b>Equity attributable to owners</b>		<b>(2,270)</b>	<b>(80)</b>	<b>(2,350)</b>
<b>Non - Controlling Interests</b>		<b>1,825</b>	<b>-</b>	<b>1,825</b>
<b>Total Equity</b>		<b>(445)</b>	<b>(80)</b>	<b>(525)</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings		6,697	-	6,697
Deferred tax liabilities (Net)		95	-	95
Provisions		943	-	943
		<b>7,735</b>	<b>-</b>	<b>7,735</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
- Borrowings		13,873	-	13,873
- Trade payables		6,452	-	6,452
- Other financial liabilities	e	3,663	(8)	3,655
Other current liabilities		3,795	-	3,795
Provisions		262	-	262
		<b>28,045</b>	<b>(8)</b>	<b>28,037</b>
<b>Total liabilities</b>		<b>35,780</b>	<b>(8)</b>	<b>35,772</b>
<b>Total equity and liabilities</b>		<b>35,335</b>	<b>(88)</b>	<b>35,247</b>

**a) Defined benefit obligation**

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to other equity through other comprehensive income.

**b) Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and foreign exchange differences arising on translation of foreign operations. The concept of other comprehensive income did not exist under previous GAAP.

**c) Excise Duty**

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expense. This change has resulted in an increase of total revenue and total expense for the year ended 31 March 2017 by ₹ 43. There is no impact on the total equity and profit.

**d) Financial assets**

Under Ind AS, financial assets other than receivables having a fixed maturity period are to be measured at fair value less transaction costs under Ind AS 109. The Net present value of cash flows which are receivable as a contractual right is considered to be the "fair value" of the financial instrument. The rate used for discounting the security deposits is the risk free government bond rate as on reporting date. The difference between the restated value and the carrying amount has been adjusted to the opening reserves. As per Ind AS 113, paragraphs B13-30 specify discount rate adjustment techniques which have been used for fair valuing the deposits having fixed maturity period. Under the previous GAAP, these financial assets were valued as the sum of cash flows receivable during their period of life.

**e) Financial liabilities**

Franchisee deposits are discounted using the risk free government bond rates and the difference between the restated value and the carrying value is adjusted to the opening reserves. As per Ind AS 113, paragraphs B13-30 specify discount rate adjustment techniques which have been used for fair valuing the franchisee deposits having fixed maturity period. Under the previous GAAP, these financial liabilities were valued as the sum of cash flows payable during their period of life.

**40 Segment reporting****a) Identification of Segments :**

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

The Company's principal lines of business is IT services which includes, providing system integration (SI) solutions comprising network design, hardware and software, IT Infrastructure management solutions (IMS), software development and support (SS) and warranty management solutions (WMS) for imported and indigenous equipments, development, implementation and maintenance of software applications.

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**Year ended 31 March, 2018**

Particulars	SI	IMS	SS	WMS	Training	Unallocated	Total
<b>Revenue from operations</b>							
External sales	25,598	15,704	7,646	1,972	147	-	51,067
<b>Total revenue from operations</b>	<b>25,598</b>	<b>15,704</b>	<b>7,646</b>	<b>1,972</b>	<b>147</b>	<b>-</b>	<b>51,067</b>
<b>Results</b>							
Segment result	(400)	1,120	(867)	(318)	(133)	-	(598)
Unallocated corporate expenses	-	-	-	-	-	(1,177)	(1,177)
<b>Operating profit/(loss)</b>	<b>(400)</b>	<b>1,120</b>	<b>(867)</b>	<b>(318)</b>	<b>(133)</b>	<b>(1,177)</b>	<b>(1,775)</b>
Interest and finance charges	-	-	-	-	-	(1,923)	(1,923)
Unallocated income	-	-	-	-	-	6,246	6,246
<b>Profit/(loss) before tax</b>	<b>(400)</b>	<b>1,120</b>	<b>(867)</b>	<b>(318)</b>	<b>(133)</b>	<b>3,146</b>	<b>2,548</b>
Income taxes	-	-	-	-	-	1,338	1,338
<b>Profit/(loss) for the year</b>	<b>(400)</b>	<b>1,120</b>	<b>(867)</b>	<b>(318)</b>	<b>(133)</b>	<b>1,808</b>	<b>1,210</b>
<b>Other information</b>							
Segment assets	8,897	7,983	3,734	1,197	101	-	21,912
Unallocated corporate assets	-	-	-	-	-	6,359	6,359
<b>Total assets</b>	<b>8,897</b>	<b>7,983</b>	<b>3,734</b>	<b>1,197</b>	<b>101</b>	<b>6,359</b>	<b>28,271</b>
Segment liabilities	10,386	8,043	3,484	1,118	79	-	23,110
Unallocated corporate liabilities	-	-	-	-	-	8,882	8,882
<b>Total liabilities</b>	<b>10,386</b>	<b>8,043</b>	<b>3,484</b>	<b>1,118</b>	<b>79</b>	<b>8,882</b>	<b>31,992</b>
Capital expenditure	328	91	67	50	-	80	616
Depreciation and amortization	259	75	390	82	-	27	833
Other non cash expenditure, net	2,012	705	107	54	123	24	3,025

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**Year ended 31 March, 2017**

Particulars	SI	IMS	SS	WMS	Training	Unallocated	Total
<b>Revenue from operations</b>							
External sales	31,926	16,320	8,786	1,720	164	-	58,916
<b>Total revenue from operations</b>	<b>31,926</b>	<b>16,320</b>	<b>8,786</b>	<b>1,720</b>	<b>164</b>	<b>-</b>	<b>58,916</b>
<b>Results</b>							
Segment result	1,822	1,882	(733)	(465)	(287)	-	2,219
Unallocated corporate expenses	-	-	-	-	-	(985)	(985)
<b>Operating profit/(loss)</b>	<b>1,822</b>	<b>1,882</b>	<b>(733)</b>	<b>(465)</b>	<b>(287)</b>	<b>(985)</b>	<b>1,234</b>
Interest and finance charges	-	-	-	-	-	2,490	2,490
Unallocated income	-	-	-	-	-	206	206
<b>Profit/(loss) before tax</b>	<b>1,822</b>	<b>1,882</b>	<b>(733)</b>	<b>(465)</b>	<b>(287)</b>	<b>(3,269)</b>	<b>(1,050)</b>
Income taxes	-	-	-	-	-	377	377
<b>Profit/(loss) for the year</b>	<b>1,822</b>	<b>1,882</b>	<b>(733)</b>	<b>(465)</b>	<b>(287)</b>	<b>(3,646)</b>	<b>(1,427)</b>
<b>Other information</b>							
Segment assets	18,878	10,020	4,089	1,128	131	-	34,246
Unallocated corporate assets	-	-	-	-	-	5,649	5,649
<b>Total assets</b>	<b>18,878</b>	<b>10,020</b>	<b>4,089</b>	<b>1,128</b>	<b>131</b>	<b>5,649</b>	<b>39,895</b>
Segment liabilities	14,234	10,013	4,929	1,357	85	-	30,618
Unallocated corporate liability	-	-	-	-	-	11,391	11,391
<b>Total liabilities</b>	<b>14,234</b>	<b>10,013</b>	<b>4,929</b>	<b>1,357</b>	<b>85</b>	<b>11,391</b>	<b>42,009</b>
Capital expenditure	677	7	61	12	15	6	778
Depreciation and amortization	614	116	473	133	31	9	1,376
Impairment loss	-	-	46	-	42	-	88
Other non cash expenditure, net	432	497	443	49	15	10	1,446

**b) Geographical information**

The company is domiciled in India. The amount of its revenue from external customers and non-current assets other than financial instruments, and deferred tax assets, broken down by location of the assets, is shown below:

Particulars	India	Rest of World	Total
Revenue from operation	31,020	20,047	51,067
Non-current assets	551	71	622

**41 Leases**
**Disclosures in respect of non-cancellable operating leases**

The lease rentals charged for the years ended 31 March 2018 and 2017 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	As at 31 March 2018	As at 31 March 2017
The total of future minimum lease payments for each of the following periods:		
(i) Not later than one year	279	101
(ii) Due later than one year and not later than five year	312	85
	<u>591</u>	<u>186</u>
Lease payments charged off to the statement of profit and loss	1,201	1,256

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

	As at 31 March 2018	As at 31 March 2017
<b>42 Contingent liabilities</b>		
Sales tax	373	310
Service tax	24	26
Income tax	1,650	2,219
Corporate guarantee	-	3,555
Customs duty	236	411
Provident fund	184	230
Others	188	212
	<b>2,655</b>	<b>6,963</b>

**43 Commitments**

The Company did not have any capital commitments as at the balance sheet date (Previous year: Nil). Other commitments are cancellable at the option of the company and hence not disclosed.

**44 Discontinued operation**
**a) Description**

The Company has disinvested the entire 51% (fifty one percent) stake in its Singapore subsidiary, for a total consideration of S\$ 19,380,000 (Singapore Dollars Nineteen Million Three Hundred and Eighty Thousand only) on 10 July 2017, equivalent to INR 9,002.

**b) Financial performance and cash flow operation**

The financial performance and cash flow information presented are for the period ended 10 July 2017 and the year ended 31 March 2017.

Particulars	10 July 2017	31 March 2017
Net cash inflow from operating activities	417	2,273
Net cash inflow (outflow) from investing activities (10 July 2017 includes inflow of INR from the sale of the division)	7,725	(149)
Net cash (outflow) from financing activities	-	(76)
Net increase in cash generated from discontinued operation	8,142	2,048

**c) Details of the subsidiary**

Particulars	10 July 2017	31 March 2017
Consideration received		
Cash	9,002	-
Carrying amount of net assets sold	3,075	-
Goodwill on consolidation	291	-
Reclassification of exchange differences on foreign currency translation	(1)	-
Gain on sale before tax	5,637	-
Income tax expense on gain	(1,017)	-
Gain on sale after Income tax	4,620	-

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2018**

₹ in Lakhs

**c) Details of the subsidiary (continued)**

The carrying amounts of assets and liabilities as at the date of sale (10 July 2017) were as follows:

Particulars		10 July 2017
Property, plant and equipment		852
Trade receivables		2,684
Other current assets		4,803
Total assets		8,339
Trade payables		1,656
Other current liabilities		654
Total liabilities		2,310
Net assets	a	6,029
Interest of holding company in the subsidiary	b	51%
Proportionate share of Net assets	c = (a*b)	3,075

**45 Additional information as required under schedule III to the companies act, 2013, of enterprises consolidated as subsidiary**

Name of enterprises	As % of consolidated net assets	Net assets	As % of consolidated profit or loss	Share of profit or loss	As % of consolidated OCI	Share of OCI	As % of total comprehensive income	Total comprehensive income
Parent								
Accel Frontline Limited	(17%)	648	421%	5,092	43%	59	382%	5,151
<b>Indian subsidiary</b>								
Accel IT Resources Limited	15%	(565)	(17%)	(204)	5%	7	(15%)	(197)
<b>Foreign subsidiary</b>								
Accel Systems & Technologies Pte Limited	-	-	38%	458	29%	40	37%	498
Accel Frontline DMCC	27%	(1,008)	(66%)	(801)	-	-	(59%)	(801)
Accel Japan Kabushiki Kaisha	13%	(497)	(19%)	(234)	-	-	(17%)	(234)
Network Programs (Japan), Inc., USA	(0%)	1	(6%)	(72)	-	-	(5%)	(72)
Network Programs (USA) Inc.,	9%	(326)	1%	17	-	-	1%	17
Accel North America Inc., USA	32%	(1,178)	(32%)	(390)	-	-	(29%)	(390)
Accel Technologies Ltd	4%	(147)	(2%)	(22)	-	-	(2%)	(22)
Adjustments arising on consolidation	17%	(651)	(218%)	(2,634)	22%	31	(193%)	(2,603)
	100%	(3,721)	100%	1,210	100%	137	100%	1,347

**46** In terms of the Settlement Agreement and Release dated March 15, 2017 entered into between Accel Frontline Limited ('the Company'), CAC Holdings Corporation, Japan (the current promoter) and Accel Limited, Mr N R Panicker and Accel Systems Group Inc, (the erstwhile promoter group of Accel Frontline Limited) 44,64,279 shares (representing 15% of the shareholding of the company) held by the erstwhile promoter group was transferred by such erstwhile promoter group to a Trust between 21st July 2017 and 25th August 2017. The Company does not control this trust including the decisions relating to dealing with these shares. However, the Company is the end beneficiary only of the consideration if and when the shares are sold by the trustees.

**Notes 1 to 46 form an integral part of these consolidated financial statements**

In terms of our report attached

**For Walker Chandio & Co LLP**

 Chartered Accountants  
 Firm Registration No. 001076N/N500013

**Sumesh E S**

 Partner  
 (Membership No : 206931)

**Place :** Chennai

**Date :** 09 May 2018

For and on behalf of the Board of Directors

**Malcolm F. Mehta**

 Chairman & Chief Executive Officer  
 (DIN: 03277490)

**Murali Gopalakrishnan**

Chief Financial Officer

**Place :** Chennai

**Date :** 09 May 2018

**Rajesh Ramniklal Muni**

 Director  
 (DIN: 00193527)

**S Sundaramurthy**

Company Secretary











## Accel Frontline Limited

First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.  
Tel: 044 - 4225 2000, Fax: 044 - 2642 4271 E-mail : [info@accelfrontline.com](mailto:info@accelfrontline.com) Website : [www.accelfrontline.com](http://www.accelfrontline.com)  
CIN : L30006TN1995PLC031736

**ACCEL FRONTLINE LIMITED**

**CIN:** L30006TN1995PLC031736

**Registered Office:** First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63,  
Taylors Road, Kilpauk, Chennai - 600 010.

**Tel:** 044 - 4225 2000, **Fax:** 044 - 2642 4271

**Email:** sundaramurthy.s@accelfrontline.com **Website:** www.accelfrontline.com

**ATTENDANCE SLIP**

**23<sup>RD</sup> ANNUAL GENERAL MEETING ON WEDNESDAY, 19<sup>TH</sup> SEPTEMBER, 2018.**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name and Address of the Registered Member	
Folio No. / DP ID. / Client ID.	
No. of Shares	

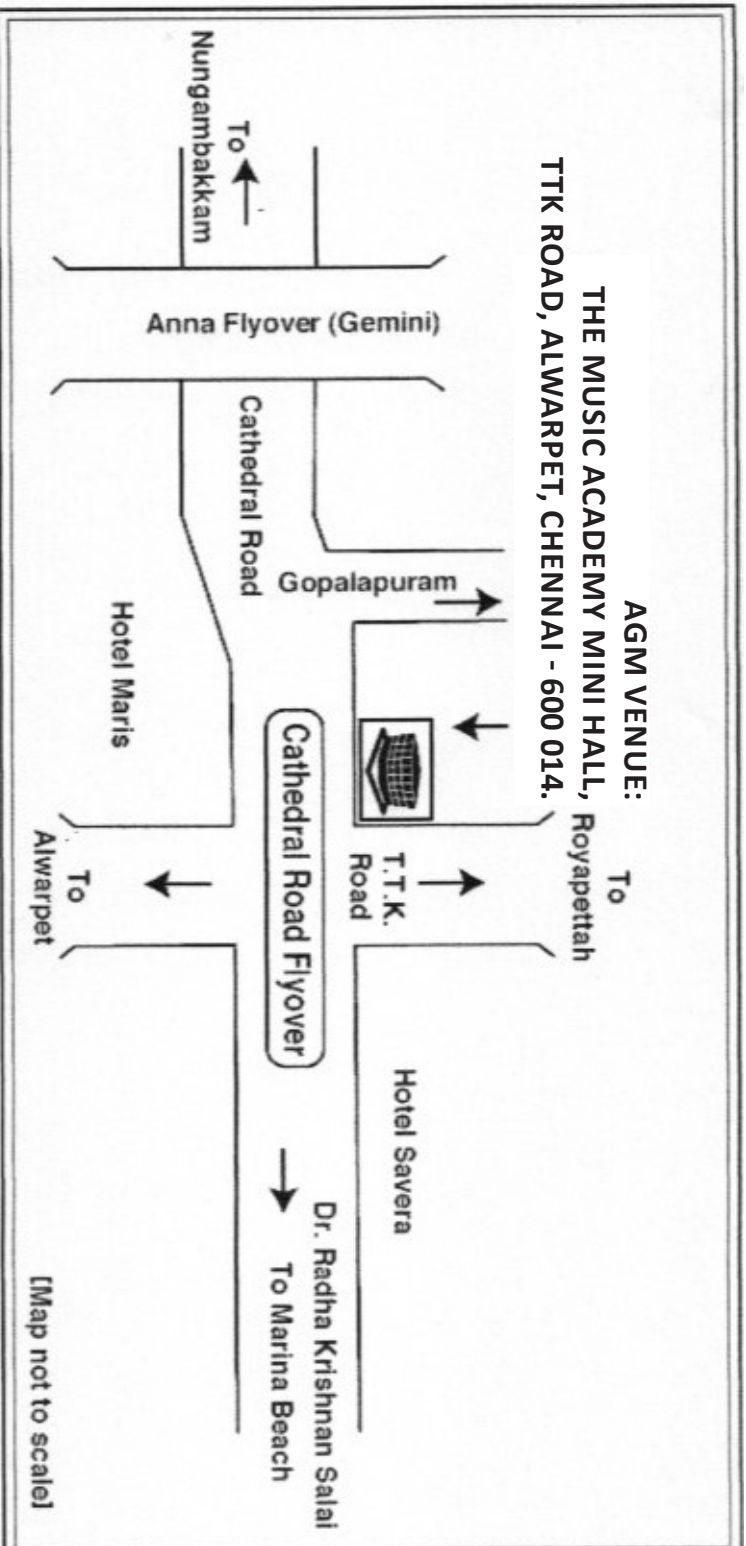
I/We hereby record my/our presence at the 23<sup>rd</sup> Annual General Meeting (AGM) of the Company on Wednesday, 19<sup>th</sup> September, 2018 at 10.30 A.M. at "The Music Academy Mini Hall, TTK Road, Alwarpet, Chennai - 600 014" or any adjournment thereof.

\_\_\_\_\_  
[Signature of Shareholders/Proxy(s) Joint member attending the meeting]

<b>EVEN</b> (Electronic Voting EVENT Number)	<b>USER ID</b>	<b>PASSWORD</b>
109116		

**Note: Person attending the meeting is requested to bring this Attendance Slip with him/her. Duplicate Attendance Slip will not be issued at the Annual General Meeting.**

**Route map for the Venue of AGM of Accel Frontline Limited  
to be held on Wednesday, 19<sup>th</sup> September, 2018 at 10.30 A.M.**



**ACCEL FRONTLINE LIMITED**

**CIN:** L30006TN1995PLC031736

**Registered Office:** First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63,  
Taylors Road, Kilpauk, Chennai - 600 010.  
**Tel:** 044 - 4225 2000, **Fax:** 044 - 2642 4271

**Email:** sundaramurthy.s@accelfrontline.com **Website:** www.accelfrontline.com

**23<sup>RD</sup> ANNUAL GENERAL MEETING ON WEDNESDAY, 19<sup>TH</sup> SEPTEMBER, 2018.**

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

CIN	L30006TN1995PLC031736
Name of the Company	Accel Frontline Limited
Registered office	First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No. / DP ID. / Client ID.	

I/We, being the Member(s) of \_\_\_\_\_ shares of Accel Frontline Limited, hereby appoint:

- Name : ..... Email-Id: .....  
Address : .....  
Signature : ..... or failing him/her
- Name : ..... Email-Id: .....  
Address : .....  
Signature : ..... or failing him/her
- Name: : ..... Email-Id: .....  
Address : .....  
Signature : ..... or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting (AGM) of the Company on Wednesday, 19<sup>th</sup> September, 2018 at 10.30 A.M. at "The Music Academy Mini Hall, TTK Road, Alwarpet, Chennai - 600 014" and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	For*	Against*
<b>Ordinary Business</b>			
1.	Consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company as at 31st March, 2018 together with the reports of the Board of Directors and Auditors thereon.		
2.	Re-appointment of Mr. Bin Cheng who retires by rotation.		
<b>Special Business</b>			
3.	Adopt new Articles of Association of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of Member(s): .....

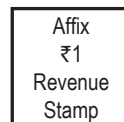
Signature of Proxy holder(s): 1. ....

2. ....

3. ....

**Notes:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10%, of the total share capital of the Company carrying voting rights may appoint a single person as a proxy. However, such person shall not act as proxy for any other shareholders.
- This form of proxy will be valid only if it is duly complete in all respects, properly stamped and submitted as per the applicable law. Incomplete form or form which remains unstamped or inadequately stamped or form upon which the stamps have not been cancelled will be treated as invalid. Undated proxy form will also not be considered as valid.
- It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



## ACCEL FRONTLINE LIMITED

### Annexure I

#### Statement on Impact of Audit Qualifications

(For audit report with modified opinion) submitted along-with Annual Audited Financial Results-  
Consolidated for Financial Year March 31, 2018.

(Rs. In lacs except earnings per share)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 { see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016}				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Audited Figures (audited figures after adjusting for qualifications)</b>
	1.	Turnover / Total Income	57,441	57,411
	2.	Total Expenditure	56,230	56,230
	3.	Net Profit after tax	1,211	1,211
	4.	Earnings Per Share	4.07	4.07
	5.	Total Assets	28,272	28,272
	6.	Total Liabilities	31,993	31,993
	7.	Net Worth (inclusive of minority interest)	(3,721)	(3,721)
	8.	Any other financial item(s) (as felt appropriate by the management)		
<b>II.</b>	<b>Audit Qualification</b>			
		<b>(a) Details of Audit Qualification:</b>	<b>(b) Type of Audit Qualification:</b>	<b>(c) Frequency of Qualification</b>
	(i)	As disclosed in Note 8 to the consolidated financial statements, the Group has recognized goodwill of INR 414 lakhs relating to investment in the subsidiary company, Accel IT Resources Limited. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management is of the view that no adjustment is required to the carrying value of goodwill recognized as above based on revised business plans and other detailed reasons mentioned in aforesaid note. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of such goodwill as at 31 March 2018, and the impact of any adjustment that may be required to such carrying value on the accompanying consolidated financial statements.	Qualified Opinion	First time
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's views:	Not Applicable	
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		



	<b>(i) Management's estimation on the impact of audit qualification:</b>	Not Applicable
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b>	The management of the subsidiary AITRL has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centres accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary thereby enabling the recovery of these investments and loans given alongwith interest, in the standalone financial results. Consequently the Company Management is of the view that goodwill amounting to Rs 414 Lacs recognized relating to this investment will be recovered and hence no provision needs to be made for the same.
	<b>(iii) Auditor's Comments on (i) or (ii) above:</b>	in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of such goodwill amounting to INR 414 lacs as at 31 March 2018, and the impact of any adjustment that may be required to such carrying value on the accompanying consolidated financial statements.

*[Handwritten signature]*

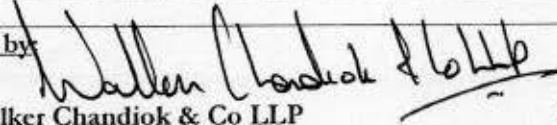
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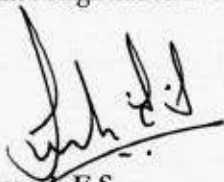




III

Signed by


  
For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

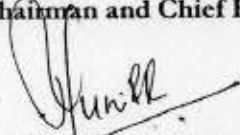
  
Sumesh E S  
Partner  
Membership No. 206931

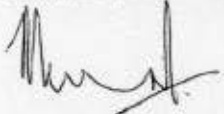


Place: Chennai  
Date: 09 May 2018

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

  
Malcolm F Mehta  
Chairman and Chief Executive Officer

  
Rajesh Ramniklal Muni  
Chairman of Audit Committee

  
Murali Gopalakrishnan  
Chief Financial Officer



Place: Chennai  
Date: 09 May 2018

**ACCEL FRONTLINE LIMITED**

**Annexure I**

**Statement on Impact of Audit Qualifications**

(For audit report with modified opinion) submitted along-with Annual Audited Financial Results-  
Standalone for Financial Year March 31, 2018.

(Rs. In lacs except earnings per share)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 { see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016}				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	48,951	48,951
	2.	Total Expenditure	43,859	43,859
	3.	Net Profit after tax	5,092	5,092
	4.	Earnings Per Share	17.11	17.11
	5.	Total Assets	28,134	28,134
	6.	Total Liabilities	27,486	27,486
	7.	Net Worth	648	648
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II. Audit Qualification</b>				
		(a) Details of Audit Qualification:	(b) Type of Audit Qualification:	(c) Frequency of Qualification
	(i)	As disclosed in Note 8 to the standalone financial statements, the Company has made investments in its subsidiary company, Accel IT Resources Limited, amounting to INR 790 lakhs and has given loans to such subsidiary company amounting to INR 622 lakhs, which are outstanding as at 31 March 2018. The subsidiary company has incurred losses and its net worth as at 31 March 2018 is fully eroded. The management has drawn up business plan for the subsidiary company and is of the view that it's investment and loans advanced to the subsidiary company will be recovered over the years. However, in the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of the aforementioned investments and financial assets – loans as at 31 March 2018, and the impact of any adjustment that may be required to such carrying values on the accompanying standalone financial statements	Qualified Opinion	First time



d.	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's views:</b>	Not applicable	
e.	<b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
	<b>(i) Management's estimation on the impact of audit qualification:</b>	Not Applicable	
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b>	<p>The management of the subsidiary AITRL has been revamped to restructure operations to optimize revenue generation by investing in technology and adding customer base. A new business plan has been put in place and the subsidiary has got the training centers accredited to National Skill Development Corporation (NSDC). The management of the subsidiary and the company is of the view that these business plans will help the company grow business and improve the financial position of the subsidiary thereby enabling the recovery of these investments and loans given along with interest, in the standalone financial results. Consequently the Company Management is of the view that investments and financial assets – loans amounting to INR 790 Lacs and INR 622 Lacs as at 31<sup>st</sup> March 2018 will be recovered and hence no provision needs to be made for the same..</p>	
	<b>(iii) Auditor's Comments on (i) or (ii) above:</b>	<p>In the absence of binding arrangements and other sufficient appropriate supporting audit evidence in respect of the business projections prepared by the management, we are unable to comment on the carrying value of the aforementioned investments and financial assets – loans amounting to INR 790 lakhs and INR 622 lacs respectively, as at 31 March 2018, and the impact of any adjustment that may be required to such carrying values on the accompanying standalone financial statements.</p>	



III

Signed by

*Walker Chandiook & Co LLP*

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

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



Place: Chennai  
Date: 09 May 2018

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

*M F Mehta*

**Malcolm F. Mehta**  
Chairman & Chief Executive Officer

*Rajesh Ramniklal Muni*  
**Rajesh Ramniklal Muni**  
Chairman of Audit Committee

*Murali Gopalakrishnan*  
**Murali Gopalakrishnan**  
Chief Financial Officer



Place: Chennai  
Date: 09 May 2018