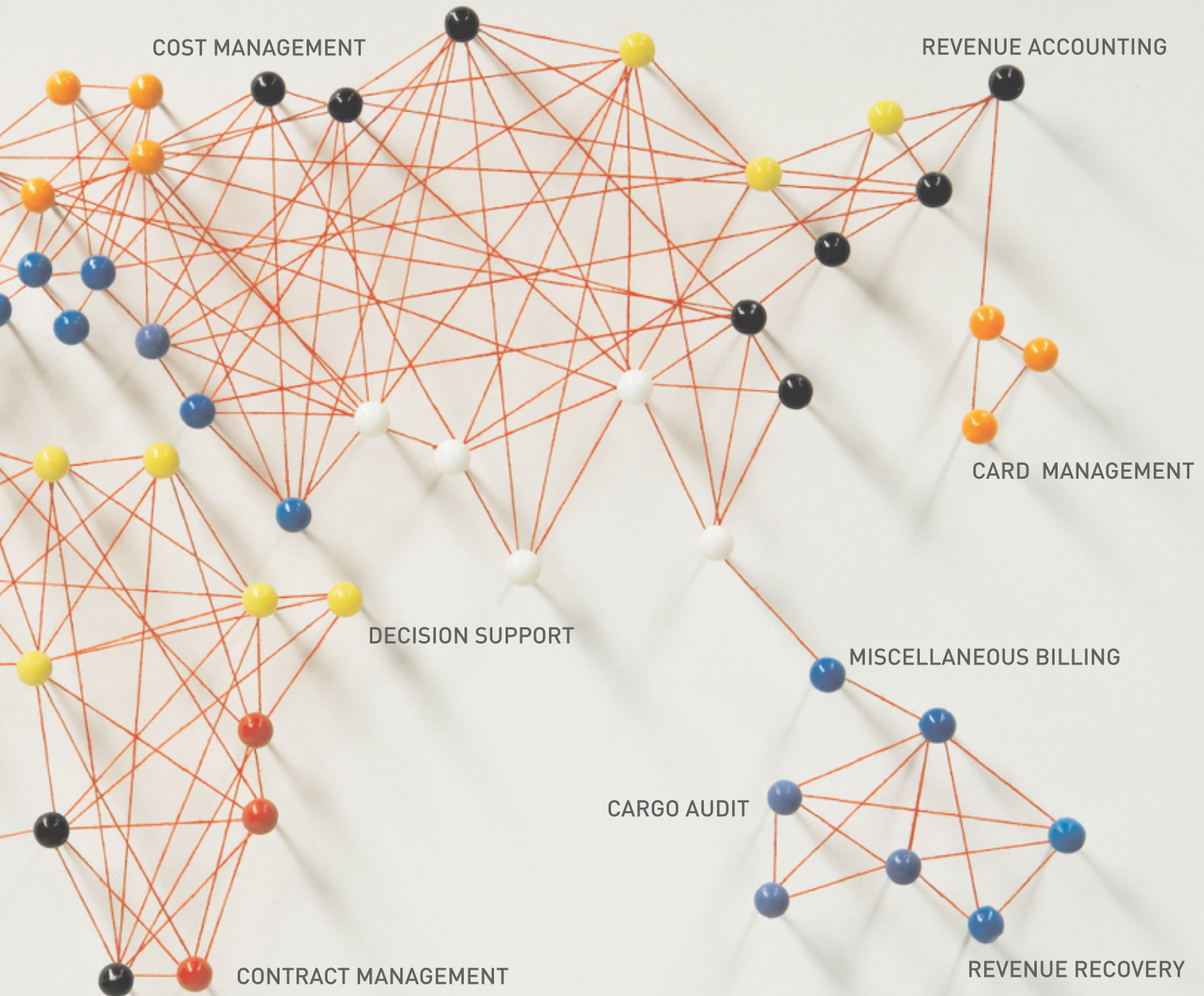




**ACCELYA**

Complexity Simplified

# Accelya Kale Solutions Limited



28<sup>th</sup> Annual Report 2013-14

## **CORPORATE OFFICE & DEVELOPMENT CENTRE**

### **Thane**

3rd Floor, Modi House,  
Eastern Express Highway,  
Naupada,  
Thane(W) - 400 602, India  
Tel:+ 91-22-6780 8888  
Fax:+ 91-22-6780 8899

## **DEVELOPMENT CENTRE**

### **Pune**

Accelya Enclave, 685/2B & 2C,  
1st Floor, Sharada Arcade,  
Satara Road,  
Pune 411 037, India  
Tel:+ 91-20-6608 3777  
Fax:+ 91-20-2423 1639

## **MPS**

### **Mumbai**

Ackruti Trade Centre, Road No. 7,  
MIDC, Andheri (E),  
Mumbai 400 093, India.  
Tel:+ 91-22-6769 3700  
Fax:+ 91-22-6679 3717

602, Ackruti Centre Point,  
Central Road, MIDC  
Andheri (E),  
Mumbai 400 093, India  
Tel:+ 91-22-6627 9900  
Fax:+ 91-22-6627 9999

### **Pune**

AG-4 and AG-5,  
Ground Floor, Sharada Arcade,  
Satara Road,  
Pune 411 037, India  
Tel:+ 91-20-6608 3777  
Fax:+ 91-20-2423 1639

### **Goa**

Office No. 6 - 10,  
Nucleus,  
Bardez,  
Alto Porvorim, Goa, India  
Tel:+ 91-832-651 1526

## **INTERNATIONAL OFFICES**

### **USA**

2035 Lincoln Highway, Suite 1150  
Edison, NJ 08817  
Tel: +18482600549

### **UK**

Avenue Court, Victoria Avenue,  
Camberley, Surrey, GU15 3HX  
United Kingdom.  
Tel: + 44 12 7640 1201

## Board of Directors

Philippe Lesueur	Chairman
Vipul Jain	Managing Director
K.K. Nohria	Director
Sekhar Natarajan	Director
Nani Javeri	Director
Sangeeta Singh	Director

## Auditor

M/s. B S R & Co., LLP  
Chartered Accountants

## Company Secretary

Ninad Umranikar

## Bankers

State Bank of India  
ICICI Bank Ltd.  
HDFC Bank Ltd.

## Registered Office

Accelya Enclave, 685/2B & 2C,  
1st Floor, Sharada Arcade,  
Satara Road,  
Pune - 411 037.  
Tel. No. +91 20 6608 3777  
Fax No. +91 20 2423 1639  
Website : www.accelyakale.com  
CIN : L74140PN1986PLC041033

## Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd.,  
Plot No. 17 to 24,  
Near Image Hospital,  
Vittalrao Nagar, Madhapur,  
Hyderabad - 500 081.  
Tel. : +91 40 2342 0815 / 2342 0817  
Fax : +91 40 2342 0814

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**Dear Shareholders,**

This year Accelya Kale had its own set of challenges and opportunities. Overall we have been able to maintain our revenues and earnings to last year's levels and continue on our journey of innovation and winning new customers.

The company's revenues and profits at a consolidated level have grown marginally. Total revenues for FY 2014 stood at Rs. 3,215.30 million and net profit after tax was at Rs. 861.92 million. This is despite the loss of a significant sized customer contract, which was made up partly by acquisition of new customers like Hawaiian Airlines, GoAir and Garuda Indonesia.

Accelya Kale continued the practice of rewarding its shareholders, with dividends. This year, the total dividend is Rs. 49 per share, including Rs. 22 per share recommended as final dividend.

I am pleased to share that we accomplished a major technology refresh to our flagship product- REVERA®. The enhanced version of REVERA sets new benchmarks in Revenue Accounting on accuracy, speed and intelligence – across passenger, cargo and airmail. REVERA NEXT is now ready from technology perspective to meet demands of global airlines for the next decade. It will also help in creating further differentiation vis-à-vis our competitors.

REVERA NEXT also addresses the needs of Low Cost Carriers who are moving to hybrid models. We see this as a potential opportunity to grow our market share in the industry.

Accelya Kale's Finesse suite of products has been well received by the Airline industry. On the back of excellent traction to miscellaneous billing solution- FinesseMBS™, the Company launched FinesseCost™ to help airlines prevent overpayments to suppliers and efficiently manage their Direct Operating Costs (DOC).

I am also delighted to share that during the year Accelya Group was acknowledged 'IT Company of the year 2014' by Air Transport News Awards and 'Information Technology for the Air Cargo Industry 2014' at the ACW World Air Cargo Awards 2014. These awards are testament to the value delivered by our Group to our customers and the airline industry.

I look forward to your continued support as we enter the new financial year.

Yours truly,

A handwritten signature in black ink, appearing to read 'Vipul Jain', written over a horizontal line.

Vipul Jain  
CEO & Managing Director

To,

The Members,

Your Directors are pleased to present the Twenty Eighth report on the business and operations of the Company for the year ended June 30, 2014.

### Financial Results

Rs. in Million

Particulars	2013-14	2012-13
<b>Total Revenue</b>		
- Revenue from Services	2,832.06	2,623.84
- Other Income	193.49	47.21
<b>Total</b>	<b>3,025.55</b>	<b>2,671.05</b>
<b>Total Expenditure</b>	1,740.62	1,626.33
<b>Profit before Tax and Exceptional Items</b>	<b>1,284.93</b>	<b>1,044.72</b>
Exceptional Items	-	-
<b>Profit Before Tax and After Exceptional Items</b>	<b>1,284.93</b>	<b>1,044.72</b>
Provision for Tax		
- Current Tax	387.93	343.70
Deferred Tax Charge		
- Current Tax	23.73	(11.42)
Dividend Distribution Tax Credit	(22.66)	-
<b>Profit After Tax</b>	<b>895.93</b>	<b>712.44</b>
Profit brought forward from previous year	137.58	507.48
Accumulated balance of Zero Octa Selective Sourcing India Private Limited, brought forward incorporated pursuant to the Scheme of Amalgamation	-	211.83
Accumulated balance of Zero Octa Recruitment and Training (India) Private Limited, brought forward incorporated pursuant to the Scheme of Amalgamation	-	(0.51)
<b>Profit available for appropriation</b>	<b>1,033.51</b>	<b>1,431.24</b>
<b>Appropriations:</b>		
- Transferred to General Reserves	89.59	71.24
- Interim Dividend	403.00	447.79
- Proposed Dividend	328.38	597.05
- Dividend Distribution Tax	124.30	177.57
- Balance Carried Forward to Balance Sheet	88.24	137.58

### Dividend

The Company had declared and paid an interim dividend of Rs.27 per equity share during the year.

Your Directors are pleased to recommend a final dividend of Rs.22 per equity share for the financial year ended June 30, 2014.

### Operating Results

Considering the current economic scenario where the GDP growth in the country has been less than 5% for the second consecutive year, your Company's performance has shown a steady growth.

During the year under review, your Company's total revenues have increased by 13.27% from Rs. 2,671.05 million to Rs.3,025.55 million. The total expenditure for the year 2013-14 stood at Rs. 1,740.62 million as against Rs. 1,626.33 million in the previous year, a marginal increase of 7.03%.

The Profit before tax for 2013-14 increased to Rs.1,284.93 million from Rs. 1,044.72 million in the previous year, an upsurge of 22.99%.

The Company has registered profit after tax of Rs.895.93 million in the current year as against Rs.712.44 million in the previous year, an impressive growth of 25.76%.

### Business Operations

Accelya Kale continued with its focus on innovation, increased productivity and quality by launching some key solutions during the year:

- The Company accomplished a major technology refresh to its flagship product- REVERA®. The enhanced version of REVERA sets new benchmarks in Revenue Accounting on accuracy, speed and intelligence – across passenger, cargo and airmail.
- Accelya Kale's Finesse suite of products has been well received by the Airline industry. On the back of excellent traction to miscellaneous billing solution- FinesseMBS™; the Company launched FinesseCost™ to help airlines prevent overpayments to suppliers and efficiently manage their Direct Operating Costs (DOC).
- In a bid to help airlines easily evaluate their interline performance, the Company launched eSpin™. Web-based and easy to use, eSpin helps airlines evaluate interline billing and bring greater efficiency into their operations.

Accelya Kale further consolidated its position as the leading and preferred solution provider to the Airline industry and added leading global airlines to its growing customer list. Some of these were:

- Hawaiian Airlines, the largest carrier in Hawaii, USA, selected Accelya Kale's passenger revenue accounting solution, REVERA PRA, to re-engineer their passenger revenue accounting process.



- Bangkok Airways, Asia's boutique airline, selected Accelya Kale to provide services including the complete Book-to-Cash cycle including passenger revenue accounting, cargo revenue accounting, sales audit, card billing and miscellaneous billing.
- GoAir, a leading budget carrier from India, chose Accelya's REVERA NEXT to automate its revenue accounting process, build in better audit controls and be future-ready to accommodate any changes in business model.
- Flybe, Europe's largest independent regional airline selected FinesseMBS™ solution to automate and standardise the entire miscellaneous billing process.
- Garuda Indonesia, national carrier of Indonesia outsourced its fare filing to Accelya Kale.

The Company was conferred with some prestigious awards during the year. Accelya Kale was once again featured in the prestigious Forbes Asia's 200 List of 'Best Under a Billion'. This is the second time the Company has featured in the elite list after having featured in 2011 for the first time. Accelya Kale was also voted as 'IT Company of the year 2014' by leading global media awards viz. Air Transport News Awards and Air Cargo Week World Air Cargo Awards.

## Subsidiaries

The Central Government has, vide General Circular No:2 / 2011 dated February 8, 2011, granted general exemption to companies from attaching a copy of the Balance sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of subsidiary companies, subject to the fulfillment of certain conditions mentioned therein. As a result, the Balance sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the following subsidiary companies:

- Kale Softech Inc.
- Kale Revenue Assurance Services Limited
- Zero Octa UK Limited

do not form part of this Annual Report. The annual accounts of the subsidiary companies and related detailed information shall be made available to shareholders of the Company and of subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be available for inspection by any shareholders at the registered office of the Company and of the subsidiary companies concerned. These documents can be requested by any shareholder of the Company. Further, in line with the Listing Agreement and in accordance with the Accounting standard 21 (AS-21), the Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

## Directors

Mr. Philippe Lesueur retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Lesueur is also the Chairman of Accelya Holding World S.L. headquartered in Barcelona, Spain. Mr. Lesueur is well known and highly respected in the airline industry where he has spent more than 30 years. Under his leadership, the business of Accelya has grown from BSP (billing and settlement plan) processing in one country in 1982 to cover more than 108 countries and volumes that exceed 180 million tickets per year.

### Companies in which Mr. Philippe Lesueur is a director

Accelya Holding World S.L.	Kale Softech Inc.
Accelya World S.L.U.	Zero Octa UK Limited
Accelya UK Limited	Kale Revenue Assurance Services Limited
Accelya France SAS	Accelya Portugal Unipessoal, Ltda.
Accelya Luxembourg S.A.	Accelya Holding (Luxembourg) S.A.

Mr. Lesueur does not hold any shares in the Company.

As per section 149(4) of the Companies Act, 2013, every listed public company is required to have at least one-third of the total number of directors as Independent Directors.

In accordance with the provisions of section 149 of the Act, Mr. K. K. Nohria, Mr. Sekhar Natarajan and Mr. Nani Javeri are being appointed as independent directors to hold office for a period of five years from the date of the forthcoming Annual General Meeting (AGM) of the Company. Mr. K. K. Nohria, Mr. Sekhar Natarajan and Mr. Nani Javeri shall not be liable to retire by rotation.

Ms. Sangeeta Singh was appointed as an additional director by the Board of Directors on 18<sup>th</sup> July, 2014. She is an independent director. The term of Ms. Singh as an additional director expires at the forthcoming AGM. If appointed at the forthcoming AGM, she will be an independent director from the date of forthcoming AGM till 17<sup>th</sup> July, 2019. Ms. Sangeeta Singh shall not be liable to retire by rotation.

## Auditors

Pursuant to section 139 of the Companies Act, 2013 and the Rules made thereunder, it is proposed to appoint M/s. B S R & Co. LLP, Chartered Accountants as statutory Auditors of the Company for a period of two years from the conclusion of the ensuing Annual General Meeting until the conclusion of the 30<sup>th</sup> Annual General Meeting and to fix their remuneration for the year 2014-15.

## Directors' Responsibility Statement

Your Directors confirm that –

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give Directors' Report a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the directors had prepared the annual accounts on a going concern basis.

## Human Resource

The Board has not granted any stock options during the year under review. During the year the Company also did not have any options in force. Therefore the details required to be given under the SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999 are not being given.

During the year, the Company had cordial relations with its employees.

## Corporate Governance

A report on Corporate Governance is set out separately, which forms part of this report.

## Fixed Deposits

During the year your Company has not accepted fixed deposits from the public.

## Particulars of Employees

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars are required to be attached to this Report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report of your Company sent to the shareholders do not contain the said annexure. Any member desirous of obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

## Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars prescribed under clause (e) of subsection (1) of section 217 of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the annexure which forms part of this report.

## Acknowledgment

Your directors extend their gratitude to all investors, clients, vendors, banks, financial institutions, regulatory and governmental authorities and stock exchanges for their continued support during the year. The directors place on record their appreciation of contribution made by the employees at all levels for their dedicated and committed efforts during the year.

## For and on behalf of the Board of Directors

**Philippe Lesueur**  
Chairman

**Vipul Jain**  
Managing Director

Place: Thane  
Date : 6 August, 2014

## Annexure to Directors' Report Annexure to Directors' Report

### Conservation of Energy

The range of activities of your Company require minimal energy consumption and every endeavour has been made to ensure optimal utilization of energy and avoid wastage through automation and deployment of energy-efficient equipment.

Your Company takes adequate measures to reduce energy consumption by using efficient computer terminals and by using latest technology. The impact of these efforts has enhanced energy efficiency. As energy cost forms a very small part of total expenses, the financial impact of these measures is not material and measured.

### Technology Absorption

Your Company, in its endeavour to obtain and deliver the best, adopts the best technology in the field, upgrades itself continuously.

### Research and Development (R&D)

Your Company has a well-equipped Research and Development team carrying on research and development activities.

The total expenditure incurred on Research and Development during the year 2013-14 was Rs. 38.20 million.

### Foreign exchange earning and outgo

The details of foreign exchange earnings and outgo are given in Note Nos. 32 to 34 of the "Notes to Financial Statements".

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

**Philippe Lesueur**  
Chairman

**Vipul Jain**  
Managing Director

Place: Thane

Date : 6 August, 2014



### Report on Corporate Governance

The importance of maintaining high ethical standards by the corporate sector for ensuring its long term sustainable growth has been universally accepted. It is in this context that development of best practices of corporate governance and rating of companies is increasingly becoming very relevant.

Your Company believes that good corporate governance enhances accountability and increases shareholder value. Corporate Governance is a set of guidelines to fulfill its responsibilities to all its stakeholders i.e. investors, customers, vendors, government, employees. Good corporate governance has been an integral part of the Company's philosophy. The Company believes that good corporate governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory requirements. The Company is focused on good governance, which is a key driver of sustainable growth and enhanced shareholder value.

### Board Composition

As on 30 June, 2014, the Company has five directors, with a non-Executive Chairman and one Managing Director. The remaining three directors are independent directors.

### Board Meetings

Four Board Meetings were held during the financial year 2013-14.

Name of Director	Designation	Category	Directorships / Board Committees (Number)		
			Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Philippe Lesueur	Chairman	Non-Executive	10	2	1
Mr. Vipul Jain	Managing Director	Executive	6	1	1
Mr. K. K. Nohria	Director	Independent and Non Executive	17	6	1
Mr. Sekhar Natarajan	Director	Independent and Non Executive	3	3	4
Mr. Nani Javeri*	Director	Independent and Non Executive	7	5	5
Ms. Sangeeta Singh#	Director	Independent and Non Executive	-	3	1

\* Mr. Nani Javeri was appointed as an Additional Director on 8 July, 2013 and appointed as Director at AGM held on 26 September, 2013.

# Ms. Sangeeta Singh was appointed as an Additional Director on 18 July, 2014.

### Dates of Board Meetings

• 7 August, 2013	• 23 October, 2013	• 5 February, 2014	• 30 April, 2014
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### Attendance at Board Meetings and Last Annual General Meeting

Name of Director	No. of Board Meetings Attended	Attendance at AGM held on 26 September, 2013
Mr. Philippe Lesueur	4	Yes
Mr. Vipul Jain	4	Yes
Mr. K. K. Nohria	3	Yes
Mr. Sekhar Natarajan	4	Yes
Mr. Nani Javeri	3	No

### Board Committees

Currently Board has five Committees –

- Audit Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Share Transfer Committee
- Corporate Social Responsibility Committee

None of the Directors of the Company is a member of more than 10 committees or acts as a Chairman of more than five committees across all companies in which he is a Director.

### Composition of Committees

#### a) Audit Committee

Five meeting of the Committee were held during the financial year 2013-14.

Name of Director	Category	No. of Meetings Attended
Mr. Sekhar Natarajan(*)	Independent Director	5
Mr. K. K. Nohria	Independent Director	4
Mr. Nani Javeri	Independent Director	4
Ms. Sangeeta Singh(#)	Independent Director	-

(\*) Chairman of the Committee

(#) Ms. Sangeeta Singh was co-opted as member of the Committee on 18 July, 2014.

### Terms of Reference

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in 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 other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;