ACCELYA
Complexity Simplified

Accelya Kale Solutions Limited

30th Annual Report 2015-16

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,
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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

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Goa

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INTERNATIONAL OFFICES

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Tel: +18482600549

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United Kingdom.
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Contents

Board of Directors

Philippe Lesueur	Chairman
Neela Bhattacherjee (*)	Managing Director
John Johnston (**)	Director
Vipul Jain (***)	Director
K.K. Nohria	Director
Sekhar Natarajan	Director
Nani Javeri	Director
Sangeeta Singh	Director

(*) Appointed as Managing Director w.e.f. 1st October, 2015
(**) Appointed as Non-Executive Director w.e.f. 14th August, 2015
(***) Appointed as Non-Executive Director w.e.f. 1st October, 2015

Auditor

B S R & Co., LLP
Chartered Accountants

Company Secretary

Ninad Umranikar

Bankers

State Bank of India
ICICI 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

M/s. Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda Hyderabad - 500 032
Phone : +91 - 40 - 67162222
Fax : +91 - 40 - 23001153
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Letter to Shareholders



Dear Shareholders,

This was my first year as Managing Director of Accelya Kale and it has been a pleasure leading such a motivated organization. I am happy to share with you that we have seen growth in our revenues and earnings.

Total revenues for FY 2016 stood at Rs. 3,499.31 million and net profit after tax was at Rs. 830.23 million. This is a 13.42% growth in revenues and 23.18% growth in PAT as compared to FY 2015. The Company added new business from global airlines like LATAM Airlines Group, Brussels Airlines as well as renewed its relationship with International Air Transport Association (IATA).

Accelya Kale continued the practice of rewarding its shareholders with dividends. This year, the total dividend is Rs. 45 per share, including Rs. 30 per share recommended as final dividend.

Last year, all REVERA customers successfully migrated to the REVERA Next platform. This year, to further strengthen our engagement and relationship with REVERA customers, we launched the REVERA online community. We have a vibrant REVERA User Group and REVERA SPG Board who have been contributing to the growth of our platform. Their active involvement in the online community has provided us with valuable inputs in defining the REVERA strategy and roadmap.

We have focused on the Low Cost Carriers (LCC) market, which we see as a growing opportunity. We now have eight LCC airlines as customers for REVERA. As more LCC airlines move to hybrid models, REVERA will be the platform of choice as it caters to both - the simplicity of an LCC airline as well as the complexity of interline agreements for hybrid carriers.

In our quest to add value to our customers, we have been investing in Analytics and Consulting solutions. We identify opportunities within an airline's existing processes to deliver a positive impact on their revenue and profitability. Customers are seeing value in our consultative analytics approach.

I am also delighted to share that for second year in a row, Accelya featured in the IAOP Global Outsourcing 100 List.

Mr. Philippe Lesueur will be stepping down as the Chairman and Director of the Accelya Kale Board and Mr. John Johnston, who currently serves as Non-Executive Director on the Board will take over as the Chairman. On behalf of the Board, I would like to thank Mr. Philippe Lesueur for his leadership and invaluable guidance as Chairman of the Board.

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

Yours truly,

Neela Bhattacherjee
Managing Director

Financial Highlights

Based on standalone figures

(Amount in ₹ Million)

Financial Year	2015-16	2014-15	2013-14	2012-13	2011-12
INCOME STATEMENT					
Operating Revenue	3,097.15	2,722.76	2,832.06	2,623.84	1,814.06
Operating EBITDA	1,371.47	1,159.71	1,410.68	1,158.32	537.03
Profit Before Tax	1,232.69	1,114.74	1,284.93	1,044.72	466.28
Profit After Tax	806.91	757.15	873.27	712.44	314.15
BALANCE SHEET					
Net Worth	949.64	945.59	803.18	762.93	1,059.37
Borrowings	-	-	-	0.04	0.68
Net Fixed Assets	350.80	290.94	329.62	345.61	287.60
Cash and Cash Equivalents	38.43	52.53	98.58	182.16	200.74
Current Assets	978.78	986.08	951.30	1,085.33	832.37
Current Liabilities	927.79	864.36	964.68	1,103.03	512.68
Capital Employed	949.64	945.59	803.18	762.97	1,060.05
FINANCIAL INDICATORS					
Operating EBITDA Margin	44%	43%	50%	44%	30%
Current Ratio	1.05	1.14	0.99	0.98	1.62
Net Worth per share (₹)	63.62	63.35	53.81	51.11	67.88
Dividend per share (₹)	45.00	36.00	49.00	70.00	23.50
Market price per share (₹)	1,144.95	999.50	680.45	454.40	122.10
Basic Earnings per share (₹)	54.06	50.73	58.51	47.73	20.13

To,

The Members,

Your Directors are pleased to present the Thirtieth report on the business and operations of the Company for the year ended 30th June, 2016.

FINANCIAL RESULTS (STANDALONE) ₹ in Million

Particulars	2015-16	2014-15
Total Revenue		
- Revenue from Services	3,097.15	2,722.76
- Other Income	98.93	148.63
Total	**3,196.08**	**2,871.39**
Total Expenditure	1,963.39	1,848.87
Profit before Tax and Exceptional Items	**1,232.69**	**1,022.52**
Exceptional Items	-	92.22
Profit Before Tax and After Exceptional Items	**1,232.69**	**1,114.74**
Provision for Tax		
- Current Tax	428.56	333.18
- Deferred Tax (Credit)/Charge	(2.78)	24.41
Profit After Tax	**806.91**	**757.15**
Profit brought forward from previous year	230.65	88.24
Profit available for appropriation	**1,037.56**	**845.39**
Appropriations:		
- Depreciation impact due to change in useful life as per schedule II of Companies Act, 2013	-	1.02
- Deferred tax on depreciation due to change in useful life as per schedule II of Companies Act, 2013	-	(0.35)
- Interim Dividend	223.89	164.19
- Proposed Dividend	447.79	373.16
- Dividend Distribution Tax	135.26	92.40
- Dividend Distribution Tax Credit	(4.08)	(15.68)
- Balance Carried Forward to Balance Sheet	234.70	230.65

DIVIDEND

The Company had declared and paid an interim dividend of Rs. 15 per equity share during the year.

Your Directors are pleased to recommend a final dividend of Rs. 30 per equity share for the financial year ended 30th June, 2016.

OPERATING RESULTS

During the year under review, your Company's operating revenues grew by 13.75% from Rs.2,722.76 million to Rs.3,097.15 million. The total expenditure for the year stood at Rs.1,963.39 million as against Rs.1,848.87 million, an increase of 6.19% over the previous year.

The Company has posted profit before tax and after exceptional items of Rs.1,232.69 million as against Rs.1,114.74 million for the previous year, an increase of 10.58% over the previous year.

The Company recorded profit after tax for the year ended 30th June, 2016 of Rs.806.91 million as compared to Rs. 757.15 million in the previous year, an increase of 6.57%.

BUSINESS OPERATIONS

During the year, the Company added a number of leading global airlines to its customer list as well as renewed its relationship with IATA. Some of these are:

- LATAM Airlines Group, the largest airline group in Latin America, selected REVERA® PRA to standardize the passenger revenue accounting processes across the airlines that are part of LATAM Airlines Group
- Brussels Airlines selected FinesseCost™ to efficiently manage their Direct Operating Cost (DOC)
- International Air Transport Association (IATA) renewed the contract with Accelya Kale for managing its Simplified Invoicing and Settlement (SIS e-invoicing) platform

The Company continued its focus on innovation, increased productivity and quality by launching new initiatives to connect with customers as well as new solutions.

- Following the success of REVERA User Meet and REVERA SPG Board, Accelya Kale launched REVERA online community to further strengthen its engagement with REVERA customers.
- Accelya Kale introduced Analytics and Consulting to help airlines identify opportunities for revenue and cost optimization.

The Company is committed to greener world and has taken steps in this direction. Key initiatives undertaken include water conservation, energy conservation, reduction in food wastage and waste management.

For the second year in row, Accelya featured in the International Association of Outsourcing Professionals (IAOP) Global Outsourcing 100 List, a list of the leading outsourcing firms in the World. Accelya was rated highest for Innovation, Customer References and Awards & Certifications.

SUBSIDIARIES

Pursuant to the provisions of section 129(3) of the Companies Act, 2013 ("the Act"), a statement containing salient features of financial statements of Kale Softech Inc. and Zero Octa UK Limited, in Form AOC-1 is attached to the financial statements.

The Company does not have any subsidiary in India.

The financial statements of the subsidiary companies shall be available for inspection by any shareholder 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the Accounting Standard 21 (AS-21), the Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

BOARD OF DIRECTORS

Six meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

The Independent Directors of your Company have given the declaration of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Act.

The details of familiarization programme and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The policy on appointment of directors, key managerial personnel, senior management & other employees and remuneration policy is annexed herewith as Annexure "A".

Vipul Jain

Mr. Vipul Jain stepped down as the Managing Director of the Company with effect from 30th September, 2015. At the 29th Annual General Meeting held on 30th September, 2015, Mr. Jain was appointed as Non-Executive Non-Independent Director of the Company.

Mr. Vipul Jain retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Vipul Jain is B.Tech. from I.I.T., Kanpur and a Post Graduate in Management from IIM Ahmedabad. He was responsible for development and implementation of the country's first on-line Hotel Management System in 1982. He took on the marketing responsibility for the Company since its inception in 1986. In 1992, he took on the responsibility of Managing Director. The setting up of the airlines line of business at Accelya Kale was his initiative.

Companies in which Mr. Vipul Jain is a Director	
Accelya Kale Solutions Limited	Virtual Wizards Private Limited
Kale Logistics Solutions Private Limited	Fight Hunger Foundation (NGO)
Baaya Ventures Limited	

Mr. Jain does not hold any equity shares in the Company.

The Board recommends the re-appointment of Mr. Vipul Jain as Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

Neela Bhattacherjee

Ms. Neela Bhattacherjee was appointed as an additional director by the Board of Directors on 5th August, 2015.

At the 29th Annual General Meeting held on 30th September, 2015, Ms. Bhattacherjee was appointed as Managing Director of the Company upto 30th June, 2018. Ms. Bhattacherjee is very capable and competent in handling the affairs of the Company. The Board is confident that under her able leadership, the Company will scale new heights.

Philippe Lesueur

Mr. Philippe Lesueur will be stepping down as the Chairman and Director of the Company effective from the close of business hours on 5th October, 2016.

The Board places on record its appreciation for the valuable contribution by Mr. Philippe Lesueur as Chairman and Director over the years.

John Johnston

Mr. John Johnston was appointed as an additional director by the Board of Directors on 14th August, 2015.

At the 29th Annual General Meeting held on 30th September, 2015, Mr. John Johnston was appointed as Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

Mr. John Johnston has been appointed as Chairman of the Board of Directors effective from 6th October, 2016.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provisions of the Act.

Information regarding investments covered under the provisions of section 186 of the Act is detailed in the financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

a. in the preparation of the annual accounts for the year ended 30th June, 2016, the applicable accounting standards have been followed and there are no material departures from the same;

b. the Directors 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 as at 30th June, 2016 and of the profit of the Company for the year ended on that date;

c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a going concern basis;

e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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.

Disclosures with respect to the remuneration of Directors and employees as required under section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as Annexure "B".

Details of employee remuneration as required under provisions of section 197 of the Act and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours before 21 days of the Annual General Meeting and shall be made available to any shareholder on request.

POLICIES

Your Company has formulated Policy on Related Party Transactions, Policy for determining material subsidiaries, CSR Policy and Whistle Blower Policy in terms of the legal requirements. These policies are available on the website of the Company at http://www.accelyakale.com/investor-relations/policies/

RELATED PARTY TRANSACTIONS

All contracts/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

No material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions for transactions which are of repetitive nature and entered in the ordinary course of business and are at arm's length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Act and SEBI Listing Regulations.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the requirements of section 135 of the Act, your Company has constituted a Corporate Social Responsibility Committee ("CSR Committee"). The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as Annexure "C".

VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide a framework to promote responsible and secure whistle blowing process. It protects employees wishing to raise a concern about serious irregularities within the Company or its employees. Protected disclosures can be made by a whistle blower

through an email or by a phone call to the Ombudsperson appointed under the Policy.

No personnel of the Company has been denied access to the audit committee.

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees.

The Company has not received any complaint of sexual harassment during the financial year 2015-16.

RISK MANAGEMENT

The Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has a robust Risk Management framework to identify, evaluate and mitigate risks. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The risk framework defines the risk management approach across the enterprise at various levels.

AUDITORS

Statutory Auditors

M/s. B S R & Co. LLP were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 25th September, 2014 for a term of two years.

The term of two years expires at the conclusion of the forthcoming Annual General Meeting.

M/s. B S R & Co. LLP have been the Auditors of the Company since 2010-11 and have completed a term of six years.

As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. It is, therefore, proposed to appoint M/s. B S R & Co. LLP as auditors of the Company for a period of 1 year to hold office from the conclusion of the ensuing AGM till the conclusion of the 31st AGM on a remuneration as may be fixed by the Board of Directors of the Company.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed C. S. Kelkar & Associates, Practising Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure D".

EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as Annexure "E".

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are annexed hereto as Annexure "F".

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	**Neela Bhattacherjee**
Chairman	**Managing Director**
(DIN : 03327819)	(DIN : 01912483)

Place : Mumbai
Date : 3rd August, 2016

Annexure 'A'

Policy on Appointment of Directors, Key Managerial Personnel, Senior Management & Other Employees and Remuneration Policy

PART A

1. Term of Appointment of Directors

A. Maximum Tenure of Independent Directors

i) An independent director shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company.

Provided that a person who has already served as an independent director for five years or more in the Company as on 1st October, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence mentioned in (5) (A) below.

ii) An independent director who completes his above mentioned term shall be eligible for appointment as independent director in the Company only after the expiration of three years of ceasing to be an independent director in the Company.

B. Term of Other Directors

Not less than two-thirds of the total number of directors of the Company shall be persons whose period of office is liable to determination by retirement of directors by rotation and be appointed by the Company in general meeting.

For the purpose of determining directors liable to retire by rotation, "total number of directors" shall not include independent directors on the Board of the Company.

2. Appointment of Key Managerial Personnel and Persons in Senior Management

The Committee shall appoint Key Managerial Personnel and persons in Senior Management and shall approve the terms and conditions of their appointment including their remuneration. The Committee shall strive to appoint a person best suited for the job in terms of talent, qualification and experience required for the position.

Senior Management shall mean personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Board of Directors and includes functional heads.

3. Criteria for Determining Qualifications of Directors

For a person to qualify as a director, he shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, human resource, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

4. Positive Attributes

a) Integrity

A director, Key Managerial Personnel and a person in Senior Management shall be a person of integrity and shall uphold highest standards of probity.

b) Commitment

A director, Key Managerial Personnel and a person in Senior Management shall devote sufficient time and attention to his professional obligations for informed and balanced decision making.