Accelya Kale Solutions Limited

32nd Annual Report 2017-18

accelya

Corporate Office & Development Center

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Development Center

Pune

Accelya Enclave,
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Accelya Managed Service Centers

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MIDC, Andheri (E),
Mumbai 400 093, India.
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Goa

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Tel: +91-832-651 1526

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Board of Directors

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

(*) Mr. Vipul Jain resigned as Director with effect from 9th August, 2017

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 : https://w3.accelya.com
Investor : https://w3.accelya.com/investor-relations
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
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Dear Shareholders,

It is always a pleasure writing to you. Let's start with the Company's financial performance.

The total revenues for FY 2018 stood at ₹ 3,859.24 million and the net profit after tax was at ₹ 891.79 million. I am pleased to share that we continued the practice of rewarding our shareholders with dividends. This year, the total dividend is ₹ 46 per share, including ₹ 32 per share recommended as final dividend.

The FY 2018 was primarily dedicated to innovation and strengthening of our product portfolio.

Following the combination of Accelya and Mercator, the Company's focus was on integrating our revenue accounting portfolio. I say it with pride that our product management team has done a commendable job in successfully launching the new version of our revenue accounting solution. We have now commenced the rollout to our customers and the feedback has been encouraging. Our efforts in the next few months will continue to be on implementing this for all our customers.

We also remain focused on our cost management portfolio, in which we have continued to invest during the year. As a result, over 30 airlines today benefit from our miscellaneous billing, cost management and flight profitability solutions.

For years we have been committed to providing critical solutions to airlines and travel companies, by partnering with key industry bodies. I am happy to share that during the year, we renewed our contract with IATA to maintain and support their Simplified Invoicing & Settlement (SIS) platform until 2027.

With the proliferation of digitalisation, there has been an increasing concern to businesses as well as individuals about cyber security and data protection. Your Company has specific programs to address both. As you may know, the EU General Data Protection Regulation (GDPR) was introduced during the year. This is aimed at unifying the data protection laws across Europe - to protect the EU citizens' data security and to reshape the way organisations across the region approach data privacy. I can confidently state that all our products and services meet the new privacy standards according to the GDPR regulations and we continue to invest in this area.

I thank each one of you for your continued support and look forward to the same in the next year.

Yours truly,

Neela Bhattacherjee
Managing Director

(Amount in ₹ Million)

	2017-18	2016-17	2015-16	2014-15	2013-14
INCOME STATEMENT					
Operating Revenue	3,439.34	3,324.05	3,097.15	2,722.76	2,832.06
Operating EBITDA	1,551.47	1,595.57	1,365.46	1,159.71	1,410.68
Profit Before Tax	1,408.17	1,452.15	1,232.69	1,114.74	1,284.93
Profit After Tax	947.16	947.47	806.91	757.15	873.27
BALANCE SHEET					
Net Worth	1,738.75	1,730.95	1,517.60	945.59	803.18
Borrowings	-	-	-	-	-
Net Fixed Assets	407.76	361.92	350.80	290.94	329.62
Cash and cash equivalents	23.49	17.29	10.94	52.53	98.58
Current Assets	1,328.64	1,350.56	976.24	986.08	951.30
Current Liabilities	610.21	535.18	391.64	864.36	964.68
Capital Employed	1,738.75	1,730.95	1,517.60	945.59	803.18
FINANCIAL INDICATORS					
Operating EBITDA Margin	45%	48%	44%	43%	50%
Current Ratio	2.18	2.52	2.49	1.14	0.99
Net Worth per share (₹)	116.49	115.97	101.67	63.35	53.81
Dividend per share (₹)	46.00	51.00	45.00	36.00	49.00
Market price per share	1163.80	1,328.00	1,144.95	999.50	680.45
Basic Earnings per share (₹)	63.46	63.48	54.06	50.73	58.51

To,

The Members,

Your Directors are pleased to present the thirty second report on the business and operations of the Company for the year ended 30th June, 2018.

FINANCIAL RESULTS (STANDALONE) ₹ in Million

Particulars	2017-18	2016-17
Revenue		
- Revenue from operations	3,439.34	3,324.05
- Other Income	164.01	217.11
Total income	**3,603.35**	**3,541.16**
Total expenses	2,195.18	2,089.01
Profit before Tax	**1,408.17**	**1,452.15**
Tax expenses		
- Current Tax	516.98	480.34
- Tax expense (reversal) / provision for earlier years	(4.90)	4.67
Deferred Tax	(51.07)	19.67
Net Profit for the period	**947.16**	**947.47**
Other comprehensive income	4.73	(3.70)
Total comprehensive income for the year (net of tax)	**951.89**	**943.77**
Profit brought forward from previous year	1016.00	802.65
Profit available for appropriation	**1,967.89**	**1,746.42**
Appropriations:		
- Interim dividend	208.97	164.19
- Dividend distribution tax on interim dividend	42.54	33.42
- Final equity dividend	597.05	447.79
- Dividend distribution tax on final dividend	121.55	91.16
- Dividend distribution Tax Credit	(26.03)	(6.14)
- Balance Carried Forward to Balance Sheet	1023.81	1016.00

DIVIDEND

The Company had declared and paid an interim dividend of ₹ 14 per equity share during the year.

Your Directors are pleased to recommend a final dividend of ₹ 32 per equity share for the financial year ended 30th June, 2018. The total dividend for 2017-18 is ₹ 46 per equity share (previous year ₹ 51 per equity share).

OPERATING RESULTS

During the year under review, your Company's operating revenues increased marginally by 3.47% from ₹ 3,324.05 million to ₹ 3,439.34 million. The total expenditure for the year stood at ₹ 2,195.18 million as against ₹ 2,089.01 million, an increase of 5.08% over the previous year.

The Company registered profit after tax of ₹ 947.16 million for the year 2017-18 as against ₹ 947.47 million in the previous year, a negligible decrease of ₹ 0.31 million.

BUSINESS OPERATIONS

Throughout the year, the Company experienced good traction in its revenue accounting and cost management solutions. Some of the highlights include:

- Accelya Kale leveraged the combined expertise of its REVERA and RAPID solutions and launched an enhanced version 20 of its accounting solutions.
- Accelya Kale has already implemented this enhanced upgrade version 20 for 11 of its customers. Other implementations are underway and will be the key focus in FY 2018-19.
- Accelya Kale processes 2 billion transactions per annum on its revenue accounting platforms.
- FinesseCost™, our cost management solution, added three new customers this year. With these additions, FinesseCost has a total of nine airline customers.

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 subsidiaries 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

Five 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 and other employees and remuneration policy is annexed herewith as Annexure "A".

Re-appointment of Ms. Neela Bhattacherjee as Managing Director

The term of Ms. Neela Bhattacherjee (DIN 01912483) as Managing Director expired on 30th June, 2018. The Board of Directors, at its meeting held on 28th June, 2018, on the recommendation of the Nomination & Remuneration Committee, re-appointed Ms. Neela Bhattacherjee as Managing Director for a period of 3 years with effect from 1st July, 2018. The re-appointment is subject to the approval of the members at the ensuing Annual General Meeting. Members are requested to approve the resolution for re-appointment of and remuneration payable to Ms. Neela Bhattacherjee as Managing Director.

The board recommends the special resolution for re-appointment of Ms. Neela Bhattacherjee as Managing Director of the Company.

John Johnston

Mr. John Johnston (DIN 07258586) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. John Johnston is the CEO of Accelya Group. He is based out of Luxembourg. He has work experience of more than 40 years.

Mr. John Johnston is the chief executive officer of the Accelya group.He has more than 25 years of experience in information technology and communications industry. For last 20 years Mr. John Johnston has been serving the airline industry and has held senior executive positions in several countries. He has provided senior management and consulting services to a number of global airlines. Before joining Accelya, Mr. John Johnston was the CEO of Luxembourg based CHAMP Cargosystems S.A.

Companies in which Mr. John Johnston is a Director	
Accelya Kale Solutions Limited	Accelya Holding World SLU
Kale Softech Inc.	Accelya UK Limited
Zero Octa UK Limited	Accelya Portugal - Unipessoal Lda
Accelya America S.A. de C.V	Canary Topco Limited
Accelya Lux Sarl	Sky Bidco SLU

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

The Board recommends the resolution for re-appointment of Mr. John Johnston as Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

Dr. K. K. Nohria

Dr. K. K. Nohria (DIN 00060015) was appointed as an independent director of the Company for a period of 5 years from 25th September, 2014 until 24th September, 2019.

Pursuant to the proposed amendment in Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Notification No. SEBI/LAD-NRO/GN/2018/10 dated 9th May, 2018), the appointment or continuance of non-executive director who has attained the age of seventy-five years requires a special resolution to be passed by the shareholders. Since Dr. Nohria is above seventy-five years of age, it is proposed to pass a special resolution for his continuance as an independent director of the Company. Having regard to the qualifications, rich experience, contribution and expert knowledge of Dr. K. K. Nohria to the Company, his continuance of appointment as an Independent Director will be in the best interest of the Company.

The Board recommends the resolution for continuance of Dr. K. K. Nohria as an Independent Director of the Company.

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, 2018, 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, 2018 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 https://w3.accelya.com/accelyakale-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 2017-18.

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 10th October, 2017 for a term of one year.

The term of B S R & Co. LLP 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 eight 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 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 33rd 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

John Johnston
Chairman
(DIN : 07258586)

Neela Bhattacherjee
Managing Director
(DIN : 01912483)

Place : Mumbai
Date : 3rd August, 2018