



ACCELYA
Complexity Simplified

Accelya Kale Solutions Limited



26th Annual Report
2011-12



CORPORATE OFFICE & DEVELOPMENT CENTRE

Thane

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Eastern Express Highway,
Naupada,
Thane(W) - 400 602, India
Tel:+ 91-22-6780 8888
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DEVELOPMENT CENTRE

Pune

Kale 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,
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AG-4 and AG-5,
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Goa

Office No. 6 - 10,
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Bardez,
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Tel:+ 91-832-651 1526

INTERNATIONAL OFFICES

USA

2035 Lincoln Highway, Suite 1160
Edison, NJ 08817
Tel: +18482600549

UK

100A High Street,
Hampton TW12 2ST,
United Kingdom.
Tel:+ 44 20 8783 2390/92
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Board of Directors

Philippe Lesueur	Chairman
Vipul Jain	Managing Director
K.K. Nohria	Director
Sekhar Natarajan	Director
Bahram Vakil	Director

Auditor

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

Company Secretary

Ninad Umranikar

Bankers

State Bank of India
ICICI Bank Ltd.
Axis Bank Ltd.

Registered Office

Kale 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

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 has been a period of significant change for your Company. As you are aware, Accelya Holding World S.L. acquired the shareholding of the Company founders Mr. Narendra Kale and Mr. Vipul Jain and thereby became the new promoters of your Company. Accelya Holding World S.L. holds nearly 75% in your Company, close to the maximum permissible under existing regulation

and listing agreements.

Kale Consultants Limited has been renamed as Accelya Kale Solutions Limited. This is to facilitate the Company to operate under a single global brand, "Accelya", and thereby benefit from the global presence of the Accelya Group. We have also worked together to articulate the mission, vision and values of the Accelya Group, which are also applicable to Accelya Kale.

Our mission is **"To provide solutions to our customers that will help them improve the efficiency of their financial processes and give them insights to better manage their business performance"**. Today, Accelya Kale's solution portfolio spans many critical airline financial processes – Revenue Accounting, Audit & Revenue Recovery, Miscellaneous Billing and F&A Processing. We also have an exciting and growing portfolio of Decision Support Solutions. We offer modern application software on a "pay for use" model and also an optional suite of managed process services. The combination of leading edge technology, domain knowledge and services enable our customers to transform their financial processes to "industry best practices" in a very quick and cost effective manner. This is a powerful value proposition to airlines today that face a complex operating environment and are looking at ways to simplify their business processes and make them efficient and agile.

Being part of the Accelya Group gives us better access to markets and customers. Together as a Group, we have more than 200 airlines as customers, over 2000 professionals in 10 countries and over USD 110 million in revenues. These strengths give customers the confidence that they are engaging with a large global company that can become their long term and strategic solution provider. I have no doubt that as part of the Accelya Group, we shall have even greater success in the market place.

A successful year

Talking about our financial performance during the year, we posted good results all around. The Company's revenues and profits at a consolidated level have grown substantially. Net sales for FY 2012 stood at Rs. 2,174 million, a growth of 22% and net profit was at Rs. 408 million, up by 173% over the comparative twelve months period of FY 2011.

We further consolidated our position as the leading solutions provider to the airline industry and added over 13 leading global airlines to our customer list, including LAN, Etihad, COPA, Bangkok Airways to name a few.

We are happy to share that our solutions launched last year, FinesseMBS™ (the SIS-compliant miscellaneous billing solution that streamlines miscellaneous receivables and payables for airlines) and EverestAir™ (the decision support solution that helps airlines gain insights on their sales and business performance) are getting traction in the market.

We completed 10 years as IATA strategic partner.

Accelya Kale was among Forbes Asia's 200 'Best under a Billion' Companies, 2011.

Looking forward

Having posted good results during the year, we aim to sustain this profitability and achieve robust growth, especially around annuity revenue streams.

We have a new vision for the Group - to be the leader of integrated suite of financial and business intelligence solutions to airlines.

With the current success, the company is already recognized as a leader in its chosen areas. We command a significant advantage in terms of business domain knowledge and ability to innovate new solutions. Combined with strong base of intellectual property and intellectual capital, we are confident of realizing our vision.

I look forward to your continued support in this new journey.

Yours truly,



Vipul Jain
CEO & Managing Director

To,

The Members,

Your Directors are pleased to present the Twenty Sixth report on the business and operations of the Company for the year ended June 30, 2012.

Financial Results

Rs. in Million

Particulars	2011-12	2010-11 (15 months)
Total Revenue		
- Revenue from Services	1,812.87	1,702.74
- Other Income	81.41	46.98
Total	1,894.28	1,749.72
Total Expenditure	1435.77	1,545.68
Profit before Tax, Exceptional Items & Prior Period Items	458.51	204.05
Exceptional Items	7.77	(34.15)
Prior Period Items	-	(34.90)
Profit Before Tax, After Exceptional Items and Prior Period Items	466.28	135.00
Provision for Tax		
- Current Tax	161.29	50.40
Deferred Tax Charge		
- Current Tax	(9.16)	(33.45)
- Prior Tax	-	(15.21)
Profit After Tax	314.15	133.26
Profit brought forward from previous year	647.37	567.01
Profit available for appropriation	961.52	700.27
Appropriations:		
- Transferred to General Reserves	31.41	13.33
- Interim Dividend	214.38	-
- Proposed Dividend / Dividend Paid	149.26	34.04
- Dividend Distribution Tax	58.99	5.53
- Balance Carried Forward to Balance Sheet	507.48	647.37

Dividend

The Company had declared and paid an interim dividend of Rs. 13.50 per equity share during the year.

Your Directors are pleased to recommend a final dividend of Rs. 10 per equity share for the financial year ended June 30, 2012.

Operating Results

As you are aware, the Company had changed its financial year end from March 31, 2011 to June 30, 2011 and as a result of which the previous financial reporting was for a period of

fifteen months i.e from April 1, 2010 to June 30, 2011. The results for the current twelve months normal year is thus not strictly comparable with the results of the previous period ended June 30, 2011.

During the current year under review, the Company's revenues and profits have grown substantially and stood at Rs. 1,894.28 million. The Company's Profit before tax and exceptional items also grew to Rs. 458.51 million. During the year, there was an Exceptional Item to the tune of Rs. 7.77 million. The Profit after exceptional items and tax for the year ended grew to Rs. 314.15 million.

Business Operations

During the year, the Company further consolidated its position as the leading solutions provider for the airline industry.

The Company launched additional solutions and services for the airline industry such as:

- REVERA INTERLINE to help airlines simplify and streamline their interline billing process
 - FINESSE MBS - SIS compliant Miscellaneous Billing Solution to streamline and protect revenue leakage
 - EVERESTAIR, Decision Support Service to enable airlines take informed decisions
- The Company added many leading global airlines to our customer list. Some of these included:
- LAN, a leading South American airline selected REVERA Interline service for processing their passenger interline billings.
 - Etihad Airways, the national carrier of the United Arab Emirates outsourced the accounting of passenger and cargo revenues to the Company.
 - COPA Airlines, a leading Latin American carrier selected REVERA Interline service for processing their passenger interline billings.
 - Bangkok Airways, Thailand's leading regional airline signed up Kale for the EverestAir Service, for Sales Performance Management.

IATA's prestigious project Simplified Interline Settlement (SIS) for Passenger & Miscellaneous went live in the month of October 2011. The Company is the primary technology provider to IATA's for SIS project.

The Company completed 10-years as IATA strategic partner.

Buyback of Equity Shares

Pursuant to the approval of the Board of Directors of the Company, the Company bought back 953,826 equity shares on BSE and NSE for a total consideration of Rs. 129.74 million, which represents 99.99% of the Buy-back size of Rs. 129.75 million. As a result of the Buyback and the extinguishment of the equity shares bought back, the number of outstanding

equity shares has reduced from 15,880,087 equity shares to 14,926,261 equity shares. Consequently, the shareholding of Accelya Holding World S.L., the holding company has increased from 70.17% to 74.66%

Subsidiaries

The Central Government has, vide General Circular No: 2 / 2011 dated 8th February, 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
- Zero Octa Selective Sourcing (India) Private Limited and
- Zero Octa Recruitment and Training (India) Private 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.

Change of name

During the year, the shareholders passed a special resolution by postal ballot for change in the name of the Company from Kale Consultants Limited to Accelya Kale Solutions Limited. The Company has received approval from the Registrar of Companies Maharashtra, Pune for the change of name. The new name 'Accelya Kale Solutions Limited' is effective 23rd July, 2012.

The word "Accelya" represents Accelya Holding World S.L., which is our holding company. "Kale" is a well-established name in the software industry for several years and is a well-known in the Indian and International markets. Therefore, we have retained the word "Kale" as part of the company name. The word "Consultants" has been replaced with the word "Solutions" since it appropriately reflects the nature of business the Company is engaged in.

Directors

Dr. K. K. Nohria retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Dr. Nohria is a fellow of the Institute of Electronic Engineers, UK, Fellow of Indian Society for Value Engineering and Life Fellow of All India Management Association. He graduated in Electrical Engineering and subsequent pursued his studies in Power Engineering and Management at Manchester Technical College, UK. Dr. Nohria has a total experience of more than 5 decades in the industry.

Dr. Nohria is a director on the board of various reputed companies in India. He is member of The Associated Chamber of Commerce and Industry of India and member of All India Management Association. Dr. Nohria is also actively associated with various educational Institutions. He is also trustee of Qimpro Foundation and July Foundation.

In recognition of his contribution to industry and profession, he has been honoured with various awards including Golden Key Award for Value Engineering, Qimpro Medal for commitment to quality, Life Time Achievement Award and Best Corporate Manager of the Year Award.

Dr. Nohria is a director in the following companies:

Companies in which Dr. Nohria is a director	
CG – PPI Adhesive Products Limited	Agile Electric Drivers Technologies & Holdings Pvt. Limited
Igarashi Motors Limited	Net Holding Pvt. Limited
Grow Talent Comapny Limited	Igarashi Technologies Pvt. Limited
Fontus Water Limited	Aventura Components Private Limited
CTR Manufacturing Industries Limited	Power Energy Conservation (India) Pvt. Limited
Jollyboard Limited	Igarashi Motor Sales Pvt. Limited
Pradeep Metals Limited	Cologicx Systems Pvt. Limited
Maini Materials Movement Pvt. Limited	Polymermad (Asia) Pvt. Limited
Maini Precision Products Pvt. Limited	Health Point India Pvt. Limited
EA Water Pvt. Limited	CoreEL Technologies (I) Pvt. Limited

Dr. Nohria does not hold any shares in the Company.

Auditors

M/s. B S R & Co., Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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 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 does 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.

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, names and other particulars of employees 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: Mumbai
Date: 1 August, 2012

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 equipments.

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 2011-12 was Rs. 44.31 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: Mumbai
Date: 1 August, 2012

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

The Company has optimum combination of executive and non – executive directors with more than fifty per cent of the Board comprising of non – executive directors.

Board Meetings

Four Board Meetings were held during the financial year 2011-12.

Name of Director	Designation	Category	Directorships / Board Committees (Number)		
			Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Philippe Lesueur	Chairman	Non-Executive	11	2	2
Mr. Vipul Jain	Managing Director	Executive	7	1	-
Dr. K. K. Nohria	Director	Independent and Non Executive	20	6	1
Mr. Sekhar Natarajan	Director	Independent and Non Executive	3	7	3
Mr. Bahram Vakil	Director	Independent and Non Executive	10	3	-

Dates of Board Meetings

• 29th July, 2011 • 8th November, 2011 • 1st February, 2012 • 10th May, 2012

Attendance at Board Meetings and Last Annual General Meeting

Name of Director	No. of Board Meetings Attended	Attendance at AGM held on 8 th November, 2011
Mr. Philippe Lesueur	4	Yes
Mr. Vipul Jain	4	Yes
Dr. K. K. Nohria	4	Yes
Mr. Sekhar Natarajan	4	Yes
Mr. Bahram Vakil	3	No

Board Committees

Currently Board has four Committees –

- a) Audit Committee
- b) Investor Grievance Committee
- c) Remuneration and Compensation Committee
- d) Share Transfer 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

Four meeting of the Committee were held during the financial year 2011-2012.

Name of Director	Category	No. of Meetings Attended
Mr. Sekhar Natarajan(*)	Independent Director	4
Dr. K. K. Nohria	Independent Director	4
Mr. Bahram Vakil	Independent Director	2

(*) Chairman of the Committee

Terms of Reference

- a. to oversee financial reporting and disclosure process.
- b. to recommend the appointment and removal of statutory auditors, decide their remuneration and approval for payment for any other services.
- c. to review financial results and statements before submission to the Board, focusing primarily on –
 - any changes in accounting policies and practices.
 - major accounting entries based on exercise of judgment by management.
 - Qualifications in the draft audit report.
 - significant adjustments arising out of audit.
 - going concern assumption.
 - compliance with accounting standards.
 - compliance with stock exchange and legal requirements concerning financial statements.
 - any related party transactions i.e. transactions of the company of a material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. to oversee adequacy of internal control systems.
- e. reviewing adequacy of internal audit function, including the structure of the internal audit, staffing and seniority of the executive heading the internal audit function, reporting structure, coverage and frequency of internal audit.
- f. discussion with internal auditors of any significant findings in their reports and follow up thereon.
- g. reviewing findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. discussions with external auditors before the audit commences, as regards nature and scope of audit as well as have post-audit discussions to ascertain any areas of concern.
- i. reviewing the company's financial and risk management policies.
- j. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors.

b) Investor Grievance Committee

Four meetings of the Committee were held during the financial year 2011-2012.

Name of Director	Category	No. of Meetings Attended
Mr. Sekhar Natarajan(*)	Independent Director	4
Dr. K.K Nohria	Independent Director	4
Mr. Bahram Vakil	Independent Director	2

(*) Chairman of the Committee

Terms of Reference

To monitor investor complaints by obtaining reports from the Registrar and Share Transfer Agent.

Name and Designation of Compliance Officer

Ninad G. Umranikar – Company Secretary

c) Remuneration and Compensation Committee

One meeting of the Committee was held during the financial year 2011- 2012.

Name of Director	Category	No. of Meetings Attended
Mr. Philippe Lesueur(*)	Non-Executive Director	1
Mr. Sekhar Natarajan	Independent Director	1
Dr. K. K. Nohria	Independent Director	1
Mr. Bahram Vakil	Independent Director	NIL

(*) Chairman of the Committee

Terms of Reference

The Committee reviews the remuneration payable to directors and the senior officers of the Company and decides matters pertaining to Employees Stock Options.

Remuneration Policy

Remuneration to Managing Director is paid in accordance with the provisions of the Companies Act, 1956. Commission of Rs. 1,00,000/- is paid to each independent director subject to a maximum of 0.5% of the net profit of the Company. Sitting Fees are paid to independent directors for attending every meeting of the Board of Directors or committee thereof (other than share transfer committee).

Remuneration to Managing Director

Mr. Vipul Jain, Managing Director was paid Rs. 21,093,227 as remuneration during the financial year 2011-12.

The remuneration payable to Mr. Vipul Jain may be revised from time to time, during the currency of appointment of Mr. Jain, subject to such consents, sanctions as may be necessary for such revision in remuneration.

Stock Options

Mr. Vipul Jain has not been granted any stock options.

Service Contract, Notice Period and Severance Fees

Mr. Vipul Jain has been reappointed as Managing Director for a period of 5 years with effect from June 1, 2008. Mr. Vipul Jain may resign by giving 3 months' notice in writing to the Company without any severance fees.