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Accelya Solutions India Limited

34th Annual Report 2019-20



Accelya Solutions India Limited

Corporate Office,
Development Center and
Accelya Managed Service Center

Mumbai

801, Tower - A, Embassy 247 Park,
LBS Marg, Vikhroli (W),
Mumbai - 400 083 (India)
Tel: +91-22-6856 8888

Development Center

Pune

Accelya Enclave,
685/2B & 2C, 1st Floor,
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Sharada Arcade, Satara Road,
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Goa

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Global Offices

USA

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Suite 1190 Edison, NJ 08817
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UK

Acre House, 11/15 William Road,
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Board of Directors

John Johnston	Chairman
Neela Bhattacharjee	Managing Director
Sekhar Natarajan	Director
Nani Javeri	Director
Sangeeta Singh	Director
Jose Maria Hurtado	Director

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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 : w3.accelya.com
CIN : L74140PN1986PLC041033

Registrar and Share Transfer Agent

M/s. KFin Technologies Private Limited,
Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad - 500 032
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Dear Shareholders,

I hope that you and your family are safe in these uncertain times.

I would like to start by sharing with you the financial performance of the Company.

We have seen unprecedented times in the last quarter of the financial year. The COVID-19 crisis hit the world economy, airline industry being no exception. Since our revenue model is mostly transaction-based, the Company's last quarter performance was affected.

Having said that, our Company is resilient and has grown successfully in the last 30 years. This time too, we will come out of this crisis and adapt to the new normal.

During the COVID-19 situation, we are focusing on three key areas for the Company – business continuity, customers and employee safety.

We started with looking at the Company's financial health and carried out a cost-rationalizing exercise across the organization. This included a moratorium on travel, reducing the cost of human resources (with the consent of relevant employees) and stopping all non-essential costs including marketing events amongst others.

Simultaneously, we reached out to our customers to understand their problems, adapt and create value that aligns with their current objectives. We helped our customers assess and respond to the crisis. I am happy to say that in many cases we have been able to extend the duration of our contracts with the customers, at the same time providing them with relief.

The safety of our employees is paramount. We adopted various measures from the beginning of the country-wide lockdown, to ensure the safety and wellbeing of our employees. In a short span of time, we transitioned all our employees from 'office' to 'work-from-home' mode. We have been able to service our customers and ensure that the operations were minimally affected.

Industry experts are forecasting a long road to recovery. Global passenger traffic and revenues are not expected to return to 2019 levels until 2024 and we are getting ready to partner with our customers in this journey

Accelya Group has a long-term view on product innovation and simplifying airline processes across the whole gamut. In December 2019, the Group was acquired by Vista Equity Partners. The Accelya Group along with Vista Equity Partners will engage in value creation opportunities and provide capital and expertise to accelerate Accelya's success.

This was followed by the recent acquisition of Farelogix, a leading provider of SaaS solutions for airline retailing and New Distribution Capability (NDC) enabled commerce, by the Accelya Group.

The acquisition will advance Accelya's vision to provide a next-generation, end-to-end platform that enables airline commerce, providing a full suite of innovative retailing, distribution, and fulfillment solutions.

For the Company, this is encouraging because our solutions will form an integral part of an airline's Order-to-Settlement cycle, which will bring new business opportunities.

With a clear and strong vision, the Company, as part of the Accelya Group, will partner with airlines in their recovery phases, enabling them on their transformational journey in the new normal. This will deliver tangible business value to our customers.

Thank you for your continued support and confidence in the Company. Stay safe and stay healthy!

Yours truly,

Neela Bhattacharjee
Managing Director

(Amount in ₹ Million)

	2019-20	2018-19	2017-18	2016-17	2015-16
INCOME STATEMENT					
Operating Revenue	3,549.78	3,784.77	3,450.41	3,324.05	3,097.15
Operating EBITDA	1,565.03	1,726.91	1,551.47	1,595.57	1,365.46
Profit Before Tax	1,189.05	1,560.11	1,408.17	1,452.15	1,232.69
Profit After Tax	886.38	1,038.49	947.16	947.47	806.91
BALANCE SHEET					
Net Worth	2,359.43	1,904.53	1,738.75	1,730.95	1,517.60
Borrowings	-	-	-	-	-
Net Fixed Assets	1,124.40	437.09	407.76	361.92	350.80
Cash and cash equivalents	265.44	25.70	23.49	17.29	10.94
Current Assets	1,646.85	1,413.62	1,363.38	1,350.56	976.24
Current Liabilities	663.71	571.97	608.46	535.18	391.64
Capital Employed	2,359.43	1,904.53	1,738.75	1,730.95	1,517.60
FINANCIAL INDICATORS					
Operating EBITDA Margin	44%	46%	45%	48%	44%
Current Ratio	2.48	2.47	2.24	2.52	2.49
Net Worth per share (₹)	158.07	127.60	116.49	115.97	101.67
Dividend per share (₹)	10.00	32.00	46.00	51.00	45.00
Market price per share	920.00	862.70	1,163.80	1,328.00	1,144.95
Basic Earnings per share (₹)	59.38	69.57	63.46	63.48	54.06

To,

The Members,

Your Directors are pleased to present the thirty fourth report on the business and operations of the Company for the year ended 30th June, 2020.

FINANCIAL RESULTS (STANDALONE) ₹ in Million

Particulars	2019-20	2018-19
Revenue		
- Revenue from operations	3,549.78	3,784.77
- Other Income	156.66	167.97
Total income	3,706.44	3,952.74
Total expenses	2,517.39	2,392.63
Profit before Tax	1,189.05	1,560.11
Tax expenses		
- Current Tax	328.48	522.74
- Deferred Tax	(25.82)	(1.12)
Net Profit for the year	886.39	1,038.49
Other comprehensive income	(5.53)	(9.08)
Total comprehensive income for the year (net of tax)	880.86	1,029.41
Profit brought forward from previous year	1,189.59	1,023.81
Profit available for appropriation	2,070.45	2,053.22
Appropriations:		
- Interim dividend	149.27	253.75
- Dividend distribution tax on interim dividend	27.68	52.16
- Final equity dividend	223.90	477.64
- Dividend distribution tax on final dividend	46.02	98.18
- Dividend distribution Tax Credit	(20.91)	(18.09)
- Balance Carried Forward to Balance Sheet	1,644.49	1,189.59

DIVIDEND

The Company had declared and paid an interim dividend of ₹ 10 per equity share during the year.

In view of the ongoing Covid 19 pandemic, your Company would like to conserve cash and accordingly the Board of Directors has decided not to recommend any final dividend for the year.

The Dividend Distribution Policy of the Company is set out as Annexure "A" and is also uploaded on the Company's website: <https://w3.accelya.com/accelya-solutions-india-limited-policies>.

OPERATING RESULTS

As a result of the COVID-19 pandemic and far-reaching travel restrictions has impacted the Company's growth trajectory resulting in reduction of 6.21% in its operating revenues from ₹ 3,784.77 million in 2018-19 to ₹ 3,549.78 million in 2019-20. This has had a cascading effect on the profitability. The Company has undertaken various measures including managing costs during the last quarter of the financial year, as a result of which the total expenses marginally increased by 5.21% to ₹ 2,517.39 million in the current year from ₹ 2,392.63 million in the previous year. The Company's profit for the year stood at ₹ 886.39 million as against ₹ 1,038.49 million in the previous year, a reduction of 14.65%.

IMPACT OF COVID 19

The COVID 19 pandemic, the country-wide lockdown and the far-reaching travel restrictions in various geographies across the globe have affected the airline and travel industry in an unprecedented way. As the Company's business model is principally based on per transaction pricing, the Company's revenue which is linked to airline passenger transactions has been impacted. The management has taken various initiatives in navigating this global crisis, which include, ensuring business continuity, extensive customer out-reach through webinars and video conferencing, managing costs and ensuring safety of our employees. A Special Oversight Committee (SOC) has been constituted to oversee the Company's COVID 19 planning and responses.

The Company had adopted various business continuity measures from the beginning of the country wide lockdown to ensure the safety and wellbeing of all its employees, including providing IT infrastructure and connectivity wherever possible, to enable employees to work from home. As a result of this, the Company has been able to service its customers and ensure that the operations are minimally affected.

BUSINESS OPERATIONS

- In the first half of the year, we moved into our new office premises in Mumbai. The project that began a year ago in FY 19, with the objective to consolidate our offices across Mumbai and Thane, was realized in FY 20, as planned. The new office is in line with international workplace standards to enhance employee experience and productivity.
- The Company continued with new implementations, including Revenue Accounting V20 upgrades, albeit

at a slower pace in the last quarter whilst airlines grappled with the challenges posed due to COVID-19.

- With respect to the COVID-19 situation, the Company focused on business continuity, customers and employees:
 - o The Company carried out a cost-rationalizing exercise across the organization to conserve cash to address any uncertainties in evolving situations. This includes reducing the cost of human resources (with the consent of relevant employees), travel, marketing and events, etc.
 - o The Company reached out to all its customers to support them during this crisis, with webinars and other content that helped them understand and respond better.
 - o The Company took immediate action to help the employees work safely from home. It adopted various business continuity measures from the beginning of the country-wide lockdown to ensure the safety and wellbeing of the employees. This includes providing IT infrastructure and connectivity wherever possible, to enable employees to work from home.

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 Accelya Solutions Americas Inc. and Accelya Solutions UK Limited, in Form AOC-1 is attached to the financial statements.

In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and the financial statements of each of the subsidiaries, are available on our website, w3.accelya.com. Further, in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the Ind AS 110, the Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

The Company's Policy for determining material subsidiaries may be accessed on the website of the Company at <https://w3.accelya.com/accelya-solutions-india-limited-policies>.

BOARD OF DIRECTORS

Eight 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 Company has received the following declarations from all the Independent Directors confirming that:

- They meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder, as well as of Regulation 16 of the Listing Regulations.
- In terms of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have registered themselves with the Independent Director's database.
- In terms of Regulation 25(8) of the Listing Regulations, they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

In terms of Regulation 25(9) of the Listing Regulations, the Board of Directors has ensured the veracity of the disclosures made under Regulation 25(8) of the Listing Regulations by the Independent Directors of the Company.

Retirement by rotation and re-appointment of Mr. 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. Johnston is the CEO of Accelya Group. He has work experience of over 40 years, out of which he has worked for more than 25 years in the information technology and communications industry. For more than last 20 years he has been serving the airline industry and has held senior positions in several countries. He has provided consulting services to a number of global airlines.

Before joining Accelya, Mr. Johnston was the CEO of Luxembourg based Champ Cargosystems S.A.

Companies in which Mr. John Johnston is a Director	
Accelya Solutions India Limited	Accelya Holding World SLU
Accelya UK Limited	Accelya America S.A. de C.V.
Accelya Topco Limited	Accelya Lux Sarl
Accelya Solutions UK Limited	Accelya Solutions Americas Inc.
Accelya Holdco Limited	Accelya Finco Limited
Accelya Midco Limited	Accelya Bidco Limited
Accelya World S.L.	

Appointment of Mr. Jose Maria Hurtado as a Non-executive Non-independent Director

Mr. Jose Maria Hurtado (DIN 08621867) was appointed as an Additional Director (Non-Executive Non-Independent Director) of the Company on 27th November, 2019.

Mr. Jose Maria Hurtado (Age 47) is the Chief Financial Officer of Accelya group. He is responsible for the financial management of Accelya and plays a key role in the definition and implementation of Accelya's strategy, including mergers and acquisitions. Mr. Jose Maria Hurtado started his professional career at KPMG. He joined Accelya in 2007. Prior to joining Accelya, Mr. Jose Maria headed the finance of Siemens VDO Automotive in Spain & France for more than 10 years.

Mr. Jose Maria Hurtado is not related to any of the directors of the Company.

Companies in which Mr. Jose Maria Hurtado is a Director	
Accelya Solutions India Limited	Accelya World SLU
Accelya Holdco Limited	Accelya Finco Limited
Accelya Midco Limited	Accelya Bidco Limited
Accelya America S.A. de C.V	Accelya Lux, Sarl
Accelya Tunisie S.a.r.l.	

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:

- in the preparation of the annual accounts for the year ended 30th June, 2020, the applicable accounting standards have been followed and there are no material departures from the same;
- 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, 2020 and of the profit of the Company for the year ended on that date;
- 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;
- the annual accounts have been prepared on a going concern basis;
- 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
- 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 "C".

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, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, forms part of this Report. However, in line with the provisions of Section 136(1) of the Act, the Report and Financial Statements as set out therein, are being sent to all members of your Company excluding the aforesaid information. The particulars shall be made available to any member 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 and other policies are available on the website of the Company at <https://w3.accelya.com/accelya-solutions-india-limited-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 were entered into 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 to your Company.

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.

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 received 1 complaint of sexual harassment during the financial year 2019-20 which was resolved.

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.

POLICY ON APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT & OTHER EMPLOYEES AND REMUNERATION POLICY

The Company has framed a policy on appointment of directors, key managerial personnel, senior management & other employees and remuneration policy which is annexed as Annexure "C".

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 "D".

AUDITORS

Statutory Auditors

At the last AGM of the Company, B S R & Co LLP (Firm Registration No. 101248W/W-100022), the Statutory Auditors, were appointed for a term of one year until the conclusion of the 34th AGM. In view of the mandatory requirement for rotation of auditors upon completion of ten years of association with a company, in terms of Section 139 of the Act, B S R & Co LLP would retire as the Auditors of the Company, at the conclusion of 34th AGM. The Company proposes to appoint Deloitte Haskins & Sells LLP ("Deloitte"), Chartered Accountants, (Firm Registration No. 117366W/W-100018), as the new Statutory Auditors of the Company. Deloitte are proposed to be appointed for a term of five consecutive years commencing from the conclusion of the 34th AGM till the conclusion of the 39th AGM of the Company. Deloitte have expressed their willingness to act as statutory auditors of the Company, and have further confirmed that, if appointed, the said appointment would be in conformity with the provisions

of Section 139 read with section 141 of the Act along with the Rules made thereunder. The Board recommends the appointment of Deloitte as statutory auditors of the Company for a term of five consecutive years commencing from the conclusion of the 34th AGM up to the conclusion of the 39th AGM of the Company, to be held in the year 2025, subject to the approval of the members of the Company at the ensuing AGM.

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 S. N. Ananthasubramanian & Co, Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure E".

EXTRACT OF ANNUAL RETURN

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

CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from the Auditors on its compliance forms part of this report. Business Responsibility Report under Regulation 34(2)(f) of the SEBI (LODR) Regulations, 2015 forms a part of this report and is annexed herewith as Annexure "G".

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 "H".

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

Neela Bhattacharjee
Managing Director
(DIN : 01912483)

John Johnston
Chairman
(DIN : 07258586)

Place : Mumbai
Date : 20th August, 2020

London