



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
Fax:+ 91-22-6780 8899

DEVELOPMENT CENTRE

Pune

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

MPS

Mumbai

Ackruti Trade Centre, Road No. 7,
MIDC, Andheri (E),
Mumbai 400 093, India.
Tel:+ 91-22-6769 3700
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602, Ackruti Centre Point,
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AG-4 and AG-5,
Ground Floor, Sharada Arcade,
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Pune 411 037, India
Tel:+ 91-20-6608 3777
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Goa

Office No. 6 - 10,
Nucleus,
Bardez,
Alto Porvorim, Goa, India
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
Fax:+ 44 20 8783 2391

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.

Remuneration to Non-Executive Directors

Commission - Rs. 3,00,000/-

Sitting Fees - Rs. 3,30,000/-

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. A sum of Rs. 10,000/- is paid to each independent director for attending a meeting of the Board of Directors or Committee thereof (except the Share Transfer Committee Meeting).

Stock Options to Non – Executive Directors

The non-executive directors were not given any options during the year.

No. of equity shares held by Non – Executive Directors

As on June 30, 2012, none of the non-executive directors held any equity shares in the Company.

e) Share Transfer Committee

Name of Committee Member	No. of Shares Held
Mr. Philippe Lesueur (*)	Non-Executive Director
Mr. Vipul Jain	Managing Director
Mr. Gurudas Shenoy	Chief Financial Officer
Mr. Ninad Umraniakar	Company Secretary

(*) Chairman of the Committee

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

Terms of Reference

Committee approves the share transfers, transposition, etc. based on the reports obtained from the Registrar and Share Transfer Agent.

Quorum

Quorum for Board as well as Committee Meetings is one third or two directors / members of committees, as the case may be, whichever is higher.

Disclosures

There are no materially significant related party transactions i.e. transaction, material in nature, with its promoters, directors, their relatives or the management, subsidiaries of the Company etc. having potential conflict with the interests of the Company at large.

No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Means of communication

Half yearly report sent to each household of Shareholder:	No
Quarterly results:	
Which newspapers normally published in:	Free Press Journal and Loksatta
Any website where displayed:	www.accelyakale.com
Whether it also displays official news releases and presentations made to institutional investors or to analysts:	Yes
Whether MD&A is a part of annual report or not:	Yes

Shareholder Information

The additional information to shareholders, which forms part of the Corporate Governance Report, is annexed hereto.

General Body Meetings

Particulars of Annual General Meetings held during last three years:

Year 2009 Annual General Meeting dated September 28, 2009 – at Mahratta Chamber of Commerce, Industries and Agriculture, Pune – 411 002 at 3.00 p.m.

No Special Resolution was passed at the 23rd Annual General Meeting held on September 28, 2009.

Year 2010 Annual General Meeting dated September 28, 2010 – at Mahratta Chamber of Commerce, Industries and Agriculture, Pune – 411 002 at 3.00 p.m.

Special Resolutions Passed
Increase in the authorized share capital of the Company and alteration in Clause V of the Memorandum of Association.
Alteration in Articles of Association of the Company for amendment in Article 3.
Alteration in Articles of Association of the Company for amendment in Article 141.
Revision in the managerial remuneration of Mr. Vipul Jain, Managing Director of the Company

Year 2011 Annual General Meeting dated November 8, 2011 – at Mahratta Chambers of Commerce, Industries and Agriculture, Pune- 411 002 at 3 p.m.

No Special Resolution was passed at the 25th Annual General Meeting held on November 8, 2011.

Special Resolution passed by Postal Ballot: The Company passed a special resolution by postal ballot on January 03, 2012 for change of name of the Company from Kale Consultants Limited to Accelya Kale Solutions Limited.

DECLARATION

Pursuant to Clause 49 (I) (D) (ii) of the Listing Agreement, I hereby declare that all Board members and senior management personnel have affirmed compliance with the code of conduct.

Vipul Jain
Managing Director

Certificate of Corporate Governance

To the Members of
ACCELYA KALE SOLUTIONS LIMITED
(Formerly known as Kale Consultants Limited)

I have examined the compliance of conditions of Corporate Governance by Accelya Kale Solutions Limited (Formerly known as Kale Consultants Limited) for the financial year ended 30th June, 2012, as stipulated in Revised Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Pune Stock Exchange Limited, made applicable to all listed companies with effect from 1st April, 2006.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Nilesh A .Pradhan & Co.,
Practicing Company Secretary**

**Nilesh A Pradhan
Proprietor
C. P. No: 3659**

Place: Mumbai.
Date : 1st August, 2012

Safe Harbour Statement

Certain statements in this Annual Report concerning Accelya Kale's future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, Accelya Kale's ability to manage growth, intense competition in IT services including those factors which may affect cost advantage, wage increases in India, ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, ability to manage international operations, reduced demand for technology in key focus areas, disruptions in telecommunication networks, ability to successfully complete and integrate potential acquisitions, liability for damages on service contracts, the success of the subsidiaries of Accelya Kale, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of intellectual property and general economic conditions affecting industry. Accelya Kale may, from time to time, make additional written and oral forward-looking statements, including reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

The following discussion and analysis should be read in conjunction with the Company's audited Financial Statement and the notes thereon.

INDUSTRY OUTLOOK:

GLOBAL TRAVEL SECTOR:

The International Air Transport Association (IATA) has forecast the airline industry revenues of USD 631 billion in 2012 and a profit of USD 3.0 billion. That compares with a profit of USD 7.9 billion in 2011. World GDP growth, a key driver of airline profitability, is expected to be 2.1% in 2012.

Worldwide air travel, measured in revenue passenger kilometers, continued to expand at an above-trend rate of 6%. Between 2011 and 2015, it is expected to grow at a CAGR of 5.6%. The strongest markets have been those linked with Asia, Latin America, and the Middle East, where economies have been more robust.

Passenger numbers are expected to reach 2.966 billion this year, up from 2.835 billion in 2011.

(Source: International Air Transport Association)

UPDATES:

During the year, Kale Consultants Limited was renamed as Accelya Kale Solutions Limited and will operate under the Accelya brand. This is a step in making it easier for the stakeholders to access the entire solutions portfolio and associate with the Accelya Group.

The synergies between the two companies will benefit all stakeholders. Both companies provide solutions to the airline and travel industry and the integration will bring forth opportunities to leverage respective strengths. Together, Accelya Kale and Accelya have access to a wider market. Common business development team now sells a much wider solutions portfolio to airlines globally.

Accelya Kale continues to conduct business as usual.

THE COMPANY'S MAJOR OFFERINGS

Accelya Kale helps airlines manage their financial processes and gain insights on their business performance. We partner with airlines right from the time a ticket or an air waybill is issued, all the way through its entire financial lifecycle, until the data is converted into actionable decision support. Together

with Accelya, our expertise spans across all critical airline financial processes – BSP Processing, Revenue Accounting, Card Management, Audit & Revenue Recovery, Refund Management, Miscellaneous Billing, F&A Processing and Decision Support.

Our Solutions:

REVERA® Revenue Accounting

In FY 2012, we have seen increased interest in our revenue accounting solutions from airlines across the world.

Accelya Kale is the leader in airline revenue accounting solutions and has more than 20 years of experience in revenue accounting. The company has in-depth knowledge and understanding of the airline industry. Accelya Kale helps airlines process 300 million revenue accounting transactions and 100 million proration transactions, and identify recoverable revenues worth USD 180 million in audit annually.

REVERA® is Accelya Kale's suite of solutions that streamline and simplify revenue accounting across passenger, cargo, proration and interline revenue accounting.

REVERA PRA is the most comprehensive passenger revenue accounting platform for the airline industry. Its high level of automation minimises processing errors and maximises productivity. REVERA CRA is a comprehensive cargo and mail revenue accounting solution that helps airlines reduce rejection rate and improve cash flows. APEX® Proration is the industry-recognised proration engine. Accelya Kale's NFP (Neutral Fare Proration) engine APEX® (jointly offered with ATPCO) is the backbone of the First & Final™ Billing service offered by IATA. REVERA Interline simplifies and streamlines interline processes and is designed to help airlines capitalise on the reengineering opportunities offered by SIS.

Accelya Kale is a pioneer in platform based, end to end revenue accounting services across passenger and cargo. Through MPS (Managed Process Service), a platform-based BPO, we take complete ownership and responsibility for the accuracy, quality and timeliness of revenue accounting data according to customer-defined service level agreements.

REVERA® is available on hosted and outsourced models.

FinesseMBS™ Miscellaneous Billing

FinesseMBS™ is our SIS-compliant solution that streamlines miscellaneous receivables and payables. Using a single, integrated invoicing and settlement process, FinesseMBS standardises billing and accounting practices across business units. The highly automated solution improves productivity by reducing manual work, increasing invoicing speed, and minimising errors and leakage. A powerful contract management engine helps airlines effectively manage pricing contracts and prevent revenue leakage.

Audit and Revenue Recovery

Zero Octa, part of the Accelya Kale group, is the leader in revenue recovery and protection services to airlines. Its audit services span across the entire ticket lifecycle from original booking through to the completion of the journey. This is supported by comprehensive recovery services — from raising of Agent Debit Memos (ADMs) to fund collection. Through proprietary platform, skilled staff and best practices, Accelya Kale ensures maximised recovery and minimised errors.

EverestAir™ Decision Support Solution

EverestAir™ is Accelya Kale's decision support solution that helps airlines gain insights on their sales and business performance. The solution analyses revenue data using proprietary models and consultative approach, to guide airline management in informed decision making. It provides real time information and revenue forecasts in a simple and effective way. EverestAir™ enables airlines to track and optimise sales performance, interline performance and flight profitability.

Industry Solutions (IATA Business Partner)

Accelya Kale partners with IATA on industry-wide initiatives and provides strategic solutions that aim to transform and simplify a variety of airline processes. Our robust industry solutions include Neutral Fare Proration (NFP) and Simplified Interline Settlement (SIS).

Accelya Kale is primary technology partner for IATA's Simplified Interline Settlement (SIS) platform. The SIS project aims to standardise, facilitate and expedite interline billing and settlement in the airline industry.

Accelya Kale's NFP (Neutral Fare Proration) engine APEX® (jointly offered with ATPCO) is the backbone of the First & Final™ Billing service offered by IATA. As a part of the NFP process, APEX® accurately prorates more than 3 million transactions per month to over 35 airlines.

THE COMPANY'S STRATEGY:

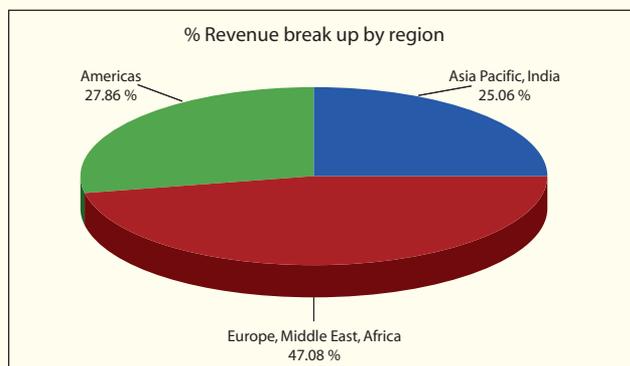
The airline industry is operating in an uncertain global and economic environment. In this scenario, airlines are continually looking at options to save on costs and increase efficiencies.

Accelya Kale focuses on pay-per-use business model to help airlines avoid upfront capital investments and achieve business growth. At the same time, this model ensures annuity revenue streams that ensure revenue visibility and foundation for growth.

Following the integration with Accelya, Accelya Kale enjoys a wider reach and greater access to customers. The combined larger portfolio enables us to contribute better to our customers' business.

Global Operations

Accelya Kale simplifies processes for its airline customers across the globe. Following is our revenue break up (in percentage) by region.



Strengths and Opportunities:

Business focus and expertise

Accelya Kale is the leading financial solutions provider to airlines and travel industry. We command a significant advantage in terms of business domain knowledge and emerging industry changes. The years of experience have provided us with a strong base of Intellectual Property and Intellectual Capital. This advantage helps us to provide solutions which simplify airline financial processes and address their challenges.

Neutral service provider

Accelya Kale is a neutral service provider and is not governed by any competing airline. The platform and processes are independent of any airline strategic roadmap. Confidentiality and security of customer data is of utmost importance to us.

Single vendor accountability

Accelya Kale has pioneered the concept of platform-based outsourcing in the airline industry. We take complete

accountability for maintaining and upgrading the platform, processes and people skills in line with industry best practices and client requirements.

Relationship with customers

We value long-term relationship with our customers. The ability to forge effective and lasting partnerships with large, global airlines is our strength. Many of our airline customers over the years have extended their association with us.

Pay as you use model

The industry is moving towards solutions around platforms and SaaS based offerings. Customers are looking to move from CAPEX to OPEX models. Accelya Kale is well-suited to offer solutions on pay per use – a win-win situation.

Shareholders' funds

Shareholders' funds decreased from Rs. 1,297.60 million to Rs. 1,059.37 million during the year 2011-12.

Equity:

During the year, Share Capital and Securities Premium decreased by Rs. 9.54 million and Rs. 129.74 million respectively on account of buy-back of equity share capital.

Presently, Accelya Kale has 14,926,261 shares (Previous Year 15,880,087) of Rs. 10 each fully paid up.

Profit and Loss Account

Accelya Kale's retained earnings as at June 30, 2012 amount to Rs. 507.47 million. The Board has recommended a final dividend of Rs. 10 per share for the financial year 2011-2012 at the Board Meeting held on 1st August, 2012. Accordingly, a provision for dividend (including dividend tax) to the tune of Rs. 173.48 million has been made.

As at 30th June, 2012, Accelya Kale's book value per share increased to Rs. 70.97 per share as compared to Rs. 81.71 per share as at 30th June, 2011.

General Reserves count

During the year amount of Rs. 31.41 million representing 10% of Profit for the period ended 30th June, 2012 was transferred to the General Reserves account from Profit & Loss account.

Capital Redemption Reserve

During the year amount of Rs. 9.54 million was created on account of buy-back of equity share capital.

Investments:

Accelya Kale's Investments at cost, amounts to Rs. 403.54 million as compared to Rs. 411.52 million as at 30th June, 2011. During the year Accelya Kale has sold its entire shareholding in Synetairos Technologies Limited for Rs. 15.75 million.

Fixed Assets

Product Development

During the period product development cost amounting to Rs. 68.23 million has been capitalised as intangible assets.

Other Fixed Assets and Goodwill

Accelya Kale added Rs. 113.40 million to the gross block comprising of Rs. 88.01 million in Plant and Machinery, Rs. 14.77 million in purchase of Software, and the balance Rs. 10.62 million in other assets.

Sale / Disposal of Assets

During the year Accelya Kale sold/disposed off assets with a Gross Book value of Rs. 15.13 million and a depreciated Net Value of Rs. 15.13 million. The sold assets included vehicles, old plant & machinery, and furniture.

Accelya Kale's Gross Block as at June 30, 2012 stood at Rs. 829.15 million as compared to Rs. 662.65 million as at June 30, 2011. The corresponding Net Block as at June 30, 2012 is Rs. 259.36 million as compared to Rs. 148.97 million as at June 30, 2011.

Trades Receivables

Accelya Kale's Net Receivables as at June 30, 2012 amounted to Rs. 233.82 million as compared to Rs. 255.33 million as at June 30, 2011. These debtors are considered good and realisable.

The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates and general economic factors which could affect the customer's ability to settle and finally depending on the management's perception of the risk. The total provision for doubtful debts as at 30th June 2012 stands at Rs. 78.37 million compared to Rs. 36.58 million as at 30th June, 2011.

Trade receivables as a percentage of total revenue is 12.34% as at 30th June 2012 as against 14.59% as at 30th June, 2011.

Non-current Liabilities

As at 30th June, 2012 Accelya Kale's non-current liabilities amount to Rs. 81.71 million as compared to Rs. 51.00 million as at 30th June, 2011.

Current Liabilities

As at 30th June, 2012 Accelya Kale's current liabilities amount to Rs. 512.68 million as compared to Rs. 250.93 million as at 30th June, 2011.

Result of Operations

Sale of services

For the year ended 30th June, 2012, Accelya Kale recorded operating income of Rs. 1,812.87 million.

Operating Profit

Accelya Kale reported profit before exceptional items and tax of Rs. 458.51 million for the year ended 30th June, 2012.

Profit after Tax

Accelya Kale recorded a PAT of Rs. 314.15 million for the year ended 30th June, 2012.

Dividend

Accelya Kale recommended a final dividend of Rs. 10.00 per share amounting to Rs. 173.48 million (including Dividend Tax Rs. 24.21 million).

IPR Assets and Amortisation

As a value innovator, Accelya Kale has always believed in developing its own Intellectual Property (IP) and over the years has invested significant amount of resources in this development. All these products have been viewed as the best of the breed products by the industry and highly appreciated by the customers.

Details of IPR assets and amortisation are as follows:

Product IPR	Rs. Million
Opening Net Block	50.49
Additions	68.23
Deletions (Net)	23.30
Closing Net Block	95.42

Risks, concerns and risk mitigation:

Increasing competition

The airline and travel solutions business is seeing a lot of interest in recent times. Many new providers and existing technology vendors are foraging into the business. Accelya Kale is known for its unparalleled domain expertise and technological excellence and enjoys the leadership position in airline financial solutions. In-depth knowledge of the industry and its requirements make us the partner of choice for airlines.

Uncertain economic environment

Globally, economies are facing pressures of sustenance and

growth. The airline and travel industry is amongst the first to be impacted by any major economic or political situations. Thus, it becomes imperative to safeguard against major business environment changes. By offering customers a transaction-based pricing model, ensuring steady annuity revenue and minimising upfront capital investments for our customers, Accelya Kale can try and mitigate against huge business environment fluctuations.

Adequacy of Internal Control Systems

The company's internal control systems are well designed to provide reasonable assurance that assets are safeguarded, transactions are properly recorded in accordance with management's authorization, and accounting records are adequate for preparation of financial statements and other financial information. Internal audits are performed regularly to ascertain their adequacy and effectiveness. The internal audit function also carries out Operations Review Audits. The audit committee periodically reviews the functions of internal audit.

Human Capital

The culture of Accelya Kale is built around providing excellence in our respective domains; this group of selective workforce carries domain experience, sense of integrity and technological excellence, contributing to the growth and success of our employees and organization. A career at Accelya Kale entails all-round skill enhancement and continuous learning. We focus on long term career aspirations of our employees, providing them with both a platform and launch pad to success.

In an environment bustling with energy, Accelya Kale provides the right mix of professional challenges, learning and fun at work. Employees get a first-hand experience at delivering solutions for a global clientele and working on the latest technologies available, with an ample dose of entertainment and recognition. An organisation with varied offerings right from software products development to outsourcing, from data analytics to consulting, Accelya Kale provides a wide scope of options for individuals looking at making a difference in their careers.

Accelya Kale received the Award for Workplace Diversity in 2nd Shine HR Leadership Awards, 2012

Training Academy:

Learning is critical in creating and engaging high performing workforce that drives competitive advantage. As organizations rapidly grow, so do the demands placed on their employees; that's why arming employees with the relevant skills and knowledge is vital to long-term success. It is also to give a chance of equal opportunities to all.

Hence at Accelya Kale, we have introduced Training Academy.

Accelya Kale Women Network (AKWN):

AKWN is a networking forum for professional women, enabled by Accelya Kale. This offers an opportunity to women employees to learn, share and empower themselves and their women colleagues.

We are a 1602 strong workforce spread across various nationalities and geographies. Accelya Kale encourages an 'Equal Employment Opportunity Policy' which discourages discrimination for employment on account of sex, race, colour, religion, physical challenge and so on. Accelya Kale has 41% women employees indicating that there is a good representation of women. Accelya Kale has a relatively young work force with 85% of employee base being younger than 35 years. Around 12% of Accelya Kale employees have postgraduate qualifications, 40% are engineering/other graduates, 42% are IATA certified/diploma holders and about 6% are others. In terms of experience profile, 25% employees have less than 2 years work experience, 23% have 2-5 years of work experience, 35% have 5-10 years work experience and the balance 17% have experience of more than 10 years.

Accelya Kale routes its Corporate Social Responsibility through Catalysts for Social Action (CSA) and has been doing so since 2003. In addition to funding, the CSA Secretariat operates from the Accelya Kale Offices in Mumbai, Pune and Goa. Employees of HR, Administration and Marketing Departments assist CSA extensively. Also, Accelya Kale employees participate actively as Board members, Volunteers and Donors. During the year 2011-12, CSA received donations of Rs. 6 lacs from Accelya Kale and Rs. 6.81 lacs from its employees.

CSA was set up in September 2002. They began with a vision – “A family for every child”, i.e. promoting the cause of adoption. This was born from the very low numbers of adoption in India (then only 3500/year) contrasted with the millions of children that are orphaned and destitute. CSA also, believed that their role should be that of a “catalyst for social change” rather than being one more player in the system. Hence, the focus was on working with existing adoption agencies and orphanages and other stakeholders like the Government, Judiciary, Police, CWCs etc. and working towards sustained and systemic change.

In 10 years CSA has moved forward a long way in terms of services, geographies, partners, stakeholders, donors, volunteers and adoptive parents. From Adoption-facilitation, CSA initiated enhancements in institutionalized care, networked with local stakeholders and initiated steps to remove process-road blocks and advocate change. CSA work on improving care (nutrition, health, education, recreation), living (infrastructure, sanitation, potable water, electricity, mosquito protection, etc.) and work conditions (training of child care and Social Workers). For older children, CSA additionally support vocation, skills-development, hobbies and recreation. CSA create local awareness-Anganwadi workers, District officials, Judiciary and other stake holders and advocate process/practice change. CSA partner 41 institutions in the states of Maharashtra, Odisha, MP, Chattisgarh and Goa and support approximately 1500 children.

The 10 year journey has given CSA a template that is both replicable and scalable and can be implemented across a state. The CSA model involves a mapping survey of all orphanages in the state and an assessment of their registration status-recognitions, tax exemptions and funding. The objective is to regularize the registration of all orphanages in the state. Thereafter, in phases, CSA will support clusters of orphanages enhancing their care standards. When CSA exit from a state, they hope to leave behind institutions that are entirely independent and capable in every way, of nurturing their children. And as they go along, CSA hope to cover every one of the 1 million (approximate) institutionalized children in the country. Thus, CSA now, look at an end to end solution to child rehabilitation. ‘Holistic care’ is the rehabilitation model; ‘holistic coverage’ is the functional model. In a coordinated initiative with the State Government, a large Corporate House and CSA the model is being initiated in the state of Madhya Pradesh.

With over an estimated 15,000 orphanages and nearly 1 million institutionalized children whose lives at stake, the work ahead for CSA is huge, nearly overwhelmingly huge ! Accelya Kale will support CSA to see the journey through. CSA's vision is ‘A nation that cares for and protects its children in need, and ensures that every child is nurtured into a happy and contributing member of society’. Accelya Kale share that vision.

To the Members of
Accelya Kale Solutions Limited
(formerly known as Kale Consultants Limited)

We have audited the attached Balance Sheet of Accelya Kale Solutions Limited (formerly known as Kale Consultants Limited) ('the Company') as at 30 June 2012, the Statement of Profit and Loss and the Cash Flow statement for the year ended 30 June 2012, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) on the basis of written representations received from the directors as at 30 June 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 30 June 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act; and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 30 June 2012;
 - (ii) in the case of the statement of profit and loss, of the profit for the Company for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

Mumbai
1 August 2012

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

Annexure to the Auditors' Report – 30 June 2012

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has carried out the physical verification of fixed assets during the period and no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The company is a service company, primarily rendering IT and IT enabled services. Accordingly, it does not hold any physical inventories. Thus paragraph 4(ii) of the order is not applicable.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that the sale of services are of a specialised nature for which comparable quotations from suitable alternate sources are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. The activities of the Company's do not involve purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year are for the Company's specialized requirements for which suitable alternate sources are not available to obtain comparable quotations. However on the basis of information and explanations provided, the same appear reasonable
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Act for any of the products manufactured/services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

There were no dues on account of cess under section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at the year end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and cess which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below

Name of the Statute	Nature of the Dues	Amount (Rs. Lac)	Period to which the amount relates	Forum where dispute is Pending
Sales Tax, (Appeals)	Disallowance of Software services and maintenance of software	71.20	2001-02	Asst. Commissioner

- (x) The Company does not have any accumulated losses at the end of the financial year. During the year, the Company has not incurred any cash losses and it did not incur cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any dues to any financial institutions or debenture holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W**

**Bhavesh Dhupelia
Partner
Membership No: 042070**

Mumbai
1 August 2012

Balance Sheet as at 30 June 2012	Notes	30 June 2012 ₹	30 June 2011 ₹
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	149,268,660	158,806,920
Reserves and surplus	4	910,105,381	1,138,794,696
		1,059,374,041	1,297,601,616
Non-current liabilities			
Long-term borrowings	5	681,208	4,297,281
Other long-term liabilities	6	8,990,379	6,070,214
Long-term provisions	7	72,038,182	40,634,425
		81,709,769	51,001,920
Current liabilities			
Trade Payables	8	82,507,837	36,633,033
Other current liabilities	9	161,378,164	157,000,639
Short-term provisions	10	268,790,361	57,296,252
		512,676,362	250,929,924
TOTAL		1,653,760,172	1,599,533,460
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	141,348,337	78,431,063
Intangible assets	12	118,015,176	70,540,460
Capital work-in-progress		27,789,450	10,508,386
Intangible assets under development		442,719	27,250,791
Non-current investments	13	403,541,645	411,518,649
Deferred tax assets (net)	14	63,130,964	53,974,846
Long term loans and advances	15	66,140,559	87,402,430
Other non-current assets	16	110,660	147,123
		820,519,509	739,773,748
Current assets			
Trade receivables	17	233,819,653	255,325,550
Cash and cash equivalents	18	201,604,718	262,288,912
Short term loans and advances	19	135,413,461	183,990,421
Other current assets	20	262,402,831	158,154,828
		833,240,663	859,759,712
Total		1,653,760,172	1,599,533,460
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
1 August 2012

Statement of Profit and Loss for the year ended 30 June 2012	Notes	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
Revenue from operations			
Sale of services		1,812,871,823	1,702,740,333
Other income	21	81,409,467	46,983,878
Total revenue		<u>1,894,281,290</u>	<u>1,749,724,211</u>
Expenses			
Employee benefits expense	22	781,511,544	857,925,535
Finance costs	23	7,284,308	9,255,340
Depreciation and amortization expense	24	71,238,261	158,924,733
Other expenses	25	620,053,063	553,688,787
Less: Product development cost capitalised	26	(44,313,632)	(34,116,705)
Total expenses		<u>1,435,773,544</u>	<u>1,545,677,690</u>
Profit before exceptional items and tax		458,507,746	204,046,521
Exceptional items income/(expense)	27	7,770,692	(34,145,202)
Prior period income/(expense)	28	-	(34,901,921)
Profit before tax		<u>466,278,438</u>	<u>134,999,398</u>
Tax expense			
Current tax		161,287,743	50,400,000
Deferred tax			
Current period		(9,156,118)	(33,453,495)
Prior period		-	(15,207,162)
Profit for the period		<u>314,146,813</u>	<u>133,260,055</u>
Earnings per equity share (face value of Rs. 10 each)			
Basic	29	20.13	8.71
Diluted		20.13	8.71
Significant accounting policies	2		

The notes referred to above form an integral part of this statement of profit and loss
As per our report of even date attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
1 August 2012

Cash flow statement for the year ended 30 June 2012	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
Cash Flows from operating activities		
Net Profit before tax and exceptional item	458,507,746	169,144,600
Adjustments for:		
Depreciation/amortization	71,238,261	158,924,733
(Profit)/loss on sale of fixed asset	(816,174)	(1,531,495)
Provision for doubtful debts	41,794,509	31,437,878
Bad debts written off	7,012,706	3,822,280
Credit balances written back	(18,822,987)	(11,525,366)
Unrealised exchange gain	(13,790,257)	(1,900,265)
Interest income	(24,665,214)	(11,222,004)
Finance cost	7,284,308	9,255,340
Mark to market loss on derivative contract	29,349,208	-
Amortisation of premium on forward exchange contract	(6,452,371)	-
Provision for expenses recoverable	1,797,522	-
Dividend income	(1,175,600)	(6,517,625)
Operating cash flow before working capital changes	551,261,657	339,888,076
Increase in current liabilities and provisions	93,759,439	35,747,833
Decrease/(increase) in trade receivables	(26,036,135)	24,096,744
Decrease/(increase) in loans and advances	57,820,776	(81,812,280)
Decrease/(increase) in unbilled revenue	(97,854,574)	(88,318,823)
Cash generated from operations	578,951,163	229,601,550
Taxes paid, net	(103,395,230)	(47,077,006)
Net cash provided by operating activities (A)	475,555,933	182,524,544
Cash flows from investing activities		
Purchase of fixed assets	(150,340,562)	(121,698,935)
Proceeds from sale of fixed assets	820,190	2,752,987
Proceeds from disposal of investment in subsidiary	15,747,696	70
Interest received	25,761,420	9,277,539
Dividend received from subsidiaries	172,800	6,266,750
Dividend received on other investment	2,000	-
Investment in a subsidiary	-	(81,312,000)
Net cash (used in) investing activities (B)	(107,836,456)	(184,713,589)

Cash flow statement (continued) for the year ended 30 June 2012

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
Cash flow from financing activities		
Proceeds from issue of share capital	-	80,341,767
Repayment on Buy back of shares	(129,737,172)	-
Repayment of other secured loan	-	(18,135,403)
Repayment of Long Term Borrowing	(3,616,073)	-
Bank overdraft	-	(10,346,598)
Dividend paid	(284,293,439)	(34,651,375)
Interest paid	(7,284,308)	(9,255,340)
Net cash provided/(used) by financing activities (C)	(424,930,992)	7,953,051
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(57,211,515)	5,764,006
Effect of exchange differences on cash and cash equivalents held in foreign currency	(3,472,679)	2,388,716
Cash and cash equivalents at the beginning of the year	262,288,912	254,136,190
Cash and cash equivalents at the end of the year	201,604,718	262,288,912
Note:		
Components of cash and cash equivalents		
Balance with banks		
in current accounts	46,164,124	81,470,187
in deposit accounts	145,000,000	170,400,000
margin money	7,201,237	8,958,874
Unpaid dividend	3,239,357	1,459,852
Total cash and cash equivalents	201,604,718	262,288,912

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesdh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
1 August 2012

Notes to the financial statements

1. Background

Accelya Kale Solutions Limited (*formerly known as Kale consultants Limited*) ("Accelya") is a software solutions provider to the global Airline and Travel industry.

Accelya delivers world class software products, managed process, technology and hosting services. Accelya's Industry Solutions are driven by active partnerships with industry bodies and customers, and significant domain knowledge. Its customised approach in deploying these solutions supports clients with best fit solutions to match their requirements.

2. Summary of significant accounting policies

a) *Basis of preparation of financial statements*

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. The financial statements are presented in Indian rupees.

This is the first year of application of the revised schedule VI to the Companies Act, 1956 for the preparation of the financial statement of the company. The revised Schedule VI introduces some significant changes as well as new disclosure. These include classification of all assets and liabilities into current and non-current. The previous figures have also undergone a major reclassification to comply with the requirement of the revised Schedule VI.

b) *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future period.

c) *Current- non-current classification*

All assets and liabilities are classified into current and non current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is expected to be realized within 12 months after the reporting date; or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date;

Current assets include the current portion of non current financial assets.

All other assets are classified as non current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) It is expected to be settled in the company's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within 12 months after the reporting date; or
- (d) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification.

Current liabilities include current portion of non current financial liabilities.

All other liabilities are classified as non current.

Notes to the financial statements

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

d) Revenue recognition

Revenue is derived primarily from transaction processing and sale of software license, related implementation and maintenance service.

Transaction processing service i.e. airline ticket and coupon processing charges is recognized based on the rate fixed in the contract entered with client based on the work completed.

Arrangement with customer for software development and related implementation services are fixed-price contract. Revenue from maintenance service is on a time and material basis.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion.

Revenue from fixed-price where there is no uncertainty as to measurement or collectability of consideration, is recognized based on the percentage of completion. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and estimated earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and estimated earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues.

Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

Interest income is recognized using the time proportion method based on the underlying interest rate.

Dividend income is recognized when the right to receive dividend is established.

e) Fixed assets and depreciation (including intangible assets)

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Cost includes freight, duties, taxes and incidental expenditure relating to the acquisition and installation of fixed assets incurred up to the date the asset is ready for its intended use.

Depreciation is provided pro rata to the period of use on the straight-line method ('SLM'). The depreciation rates prescribed in Schedule XIV of the Act are considered as the minimum rates.

Assets costing less than Rs. 5,000 are fully charged to the profit and loss account in the year of acquisition.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date. Depreciation on fixed assets is provided pro rata to the period of use based on management's best estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act, 1956) as summarised below:

Leased assets	To be amortized over the lesser of the period of lease and the useful life of the asset
Building	30 years
Plant and machinery	6 years
Computer equipments	4 years
Furniture, Fixture, Equipments and Other Assets	6 years
Software Acquired/developed	3 to 5 years
Vehicles	10 years

Notes to the financial statements

f) Research and Development cost

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable and Company has intention and the ability to complete and use or sell the software and the costs can be measured reliably.

g) Asset impairment

In accordance with AS-28 'Impairment of Assets', where there is an indication of impairment of the Company's asset, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account.

h) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long term investments.

Long term investments are carried at cost. Provision for diminution, is made to recognize a decline, other than temporary in the value of long term investments and is determined separately for each individual investment. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

i) Leases

Operating lease

Lease rentals under an operating lease, are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

Finance Lease

Assets acquired under finance lease have been recorded as an asset and liability at the inception of the lease and have been recorded at an amount equal to lower of fair value of the leased asset and the present value of the future minimum lease payments.

j) Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

Translation of foreign operations

For translating the financials of foreign branches, these are classified into 'integral' and 'non integral' foreign operation.

Integral foreign operation are those which carry on their business as if they were an extension of the Company's operation. Other foreign operation are classified as non-integral.

The financials statement of an integral foreign operation are translated into Indian rupees as if the transaction of the foreign operation were those of the company itself.

In the case of a non integral foreign operation, the assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rate and income and expenses item are translated at the date of transaction. The resulting exchange difference are accumulated in foreign currency translation reserve. On the disposal of non-integral foreign operation, the cumulative amount of foreign currency translation reserve which to that operation is recognised as income or expense.

Notes to the financial statements

Derivative instrument

The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset/liability is recognized over the period of contract. The forward exchange contract taken to hedge existing asset or liability are translated at the closing exchange rate and resultant exchange difference are recognized in the same manner as those on the underline foreign currency asset or liability.

Apart from forward exchange contract taken to hedge existing assets or liabilities, the company also uses derivative to hedge its foreign currency risk exposure relating to firm commitment and highly probable transaction. In accordance with the relevant announcement of the Institute of Chartered Accountant of India, the company provide for losses in respect of such outstanding derivative contract at the balance sheet date by marking them to market. Net gain, if any, is not recognised. The contract are aggregated category wise, to determine the net gain/loss.

k) Employee benefits

Defined Contribution Plan

Company's contributions during the year to Provident Fund are recognized in the profit and loss account.

Defined Benefit Plan

Company's liability towards gratuity and leave encashment is determined by independent actuaries, using the projected unit credit method. The Company's net obligation in respect of the gratuity is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

Provision for leave encashment cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

l) Income taxes

Income-tax expenses comprise current tax and deferred tax charge or credit.

Current taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The profits pertaining to the Unit situated at Software Technology Park, Pune of the Company are exempt from taxes under the Income tax Act, 1961, being profit from industrial undertakings situated in Software Technology Park. Under Section 10A / 10B of the Income tax Act, 1961, the Company can avail of an exemption of profits from income tax for a period ended 31 March 2011 in relation to its undertakings set up in the Software Technology Park.

The Income tax Act, 1961 allows credit in respect of MAT paid under section 115JB to be carried forward up to seven succeeding assessment years. The amount of MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income tax Act 1961, and such tax is in excess of MAT for that year. The

Notes to the financial statements

l) Provisions for taxation (continued)

amount of set-off would be to the extent of excess of normal income-tax over the amount of MAT calculated as if Section 115JB had been applied for that assessment year for which the set-off is being allowed.

In accordance with the guidance note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income tax Act, 1961" issued by the Institute of Chartered Accountants of India, minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax within the eligible period and the asset can be measured reliably.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result from differences between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

m) Earnings per share ('EPS')

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earning per share, and also the weighted average number of equity shares which may be issued on conversion of all dilutive potential shares, unless the results would be anti – dilutive.

n) Provisions and contingent liabilities

Provisions are recognized when the Company recognizes that it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in financial statements. However contingent assets are assessed continuously and if it is virtually certain that economic benefit will arise, the assets and related income are recognized in the period in which the changes occur.

o) Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

p) Employee stock options

The company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

Notes to the financial statements (<i>continued</i>)	30 June 2012 ₹	30 June 2011 ₹
3 SHARE CAPITAL		
Authorised		
20,000,000 (previous year 20,000,000) equity shares of ₹ 10 each	200,000,000	200,000,000
Issued, subscribed and paid-up		
14,926,261 (2011: 15,880,087) equity shares of ₹ 10 each fully paid up	149,262,610	158,800,870
Forfeited shares	6,050	6,050
Total issued, subscribed and paid-up	149,268,660	158,806,920

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	30 June 2012		30 June 2011	
	Nos	₹	Nos	₹
At the beginning of the period	15,880,087	158,800,870	13,814,019	138,140,190
On exercise of employee stock option	-	-	1,340,543	13,405,430
Conversion of warrants	-	-	725,525	7,255,250
Equity shares bought back by the Company ...	(953,826)	(9,538,260)	-	-
Outstanding at the end of the period	14,926,261	149,262,610	15,880,087	158,800,870

b. Terms/ right, preference and restriction attached to equity shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting right of an equity shareholder on a poll (not on show on hands) is in proportion to its share of the paid-up equity capital of the company. Voting right cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity held.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are as follows

	30 June 2012 ₹	30 June 2011 ₹
Accelya Holding World S.L.		
11,143,295 (2011 : 6,153,587) equity shares of ₹ 10 each fully paid	111,432,950	61,535,870

d. Details of shareholders holding more than 5% shares in the Company

	30 June 2012		30 June 2011	
	Nos	% of total shares in the class	Nos	% of total shares in the class
Equity shares of ₹ 10 each fully paid				
Accelya Holding World S.L. ("Accelya")	11,143,295	74.66	6,153,587	38.75
Vipul Prashad Jain	NIL	NIL	1,223,246	7.70
Narendra Harihar Kale	NIL	NIL	1,394,200	8.78
Sudhir Harihar Kale	NIL	NIL	824,400	5.19
Nanda Narendra Kale	NIL	NIL	828,900	5.22

Notes to the financial statements (continued)

3 SHARE CAPITAL (continued)

- e. **Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

During the five year period ended 30th June 2012

The Board of Directors of the Company at its meeting held on 1 February 2012 approved the buyback of its own fully paid up equity shares of ₹ 10/- each from the existing owners of equity shares other than Accelya Holding World S. L., the promoter at a price not exceeding ₹ 160 per equity share payable in cash, for an aggregate amount not exceeding ₹ 129,750,080 which represents 10% of the aggregate paid-up equity capital and free reserves of the Company as on 30 June 2011. As on 2 May 2012, i.e. on the date of closure of the Buy-back offer, the Company has bought back 953,826 Equity Shares on BSE and NSE for a total consideration of ₹ 129,737,172 which represents 99.99% of the buy-back size of ₹ 129,750,080.

- f. **Employee stock option**

Terms attached to stock option granted to employee are described in note 35 regarding employee based payments.

4 RESERVES AND SURPLUS

	30 June 2012 ₹	30 June 2011 ₹
Capital redemption reserve		
Balance as per last financial statement	-	-
Add : Transfer from securities premium	9,538,260	-
Closing Balance	9,538,260	-
Securities premium account		
Balance as per last financial statement	446,721,270	379,059,407
Add : Premium on shares allotted	-	67,661,863
Less: Premium adjusted on buyback of shares	(120,198,912)	-
Less: Transfer to capital redemption reserve	(9,538,260)	-
Closing Balance	316,984,098	446,721,270
General reserve		
Balance as per last financial statement	44,701,165	31,375,160
Add : Transfer from statement of Profit and Loss	31,414,681	13,326,006
Closing Balance	76,115,846	44,701,165
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	647,372,261	567,006,814
Profit for the year	314,146,813	133,260,055
Less: Appropriations		
Transfer to general reserve	31,414,681	13,326,006
Interim Dividend (amount per share ₹ 13.5)	214,382,306	-
Tax on Interim equity dividend	34,778,170	-
Proposed final equity dividend (amount per share ₹ 10 (30 June 2011 : ₹ 2/-) ..	149,262,610	31,760,174
Tax on proposed equity dividend	24,214,130	5,152,294
Dividend paid (2009-10)	-	2,278,114
Dividend distribution tax (2009-10)	-	378,020
Total appropriations	454,051,897	52,894,608
Net surplus in the Statement of Profit and Loss	507,467,177	647,372,261
Total reserve and surplus	910,105,381	1,138,794,696

Notes to the financial statements (continued)

5 LONG-TERM BORROWINGS

	Non current portion		Current portion (refer note 9)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	₹	₹	₹	₹
Finance lease obligations (secured)	-	2,896,693	4,026,645	8,895,861
Vehicle loans from bank/financial institution (secured)	681,208	1,400,588	719,380	954,658
	<u>681,208</u>	<u>4,297,281</u>	<u>4,746,025</u>	<u>9,850,519</u>
The above amount includes				
Secured borrowings	681,208	4,297,281	4,746,025	9,850,519
Unsecured borrowings	-	-	-	-
Net amount	<u>681,208</u>	<u>4,297,281</u>	<u>4,746,025</u>	<u>9,850,519</u>

Finance lease obligations is secured by hypothecation of underlying computer equipment

Vehicle loan from bank/financial institution is secured by hypothecation of underlying vehicle

6 OTHER LONG-TERM LIABILITIES

	30 June 2012	30 June 2011
	₹	₹
Deposit received	1,994,074	2,309,361
Others	6,996,305	3,760,853
	<u>8,990,379</u>	<u>6,070,214</u>

7 LONG-TERM PROVISIONS

	Non current portion		Current portion (refer note 10)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	₹	₹	₹	₹
Provision for employee benefit				
- Leave encashment (refer note 36)	38,435,817	40,634,425	6,215,457	6,753,544
Other provision	33,602,365	-	-	-
	<u>72,038,182</u>	<u>40,634,425</u>	<u>6,215,457</u>	<u>6,753,544</u>

8 TRADE PAYABLES

	30 June 2012	30 June 2011
	₹	₹
Trade payable		
- dues to micro and small enterprises	-	-
- dues to others	82,507,837	36,633,033
	<u>82,507,837</u>	<u>36,633,033</u>

Notes to the financial statements (continued)	30 June 2012 ₹	30 June 2011 ₹
9 OTHER CURRENT LIABILITIES		
Current maturities of finance lease obligations	4,026,645	8,895,861
Current maturities of vehicle loans from bank	719,380	954,658
Advances from customers	6,766,959	7,376,640
Income received in advance	28,252,552	6,237,843
Other liabilities	106,051,383	108,465,678
Unpaid Dividend	3,239,357	1,459,852
Provident fund payable	3,398,088	2,707,818
Profession tax payable	244,825	197,300
TDS payable	8,582,804	6,915,341
VAT payable	96,171	259,025
Service tax payable	-	13,530,623
	161,378,164	157,000,639

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

10 SHORT-TERM PROVISIONS

Provision for employee benefit		
- Leave encashment	6,215,457	6,753,544
- Gratuity	4,045,433	3,519,134
Proposed Dividend	149,262,610	31,760,174
Tax on Proposed Dividend	24,214,130	5,152,294
Others	32,545,607	9,111,106
Provision for litigations	1,000,000	1,000,000
Provision for mark to market loss on forward contract	29,349,208	-
Provision for Income Tax	22,157,916	-
	268,790,361	57,296,252

Notes to the financial statements (continued)

11 TANGIBLE ASSETS

	Building ₹	Plant and machinery ₹	Furniture and fixture ₹	Vehicle ₹	Total ₹
Cost					
At 1 April 2010	63,259,128	194,099,125	39,697,369	19,249,440	316,305,062
Additions	-	24,749,410	1,290,465	2,263,318	28,303,193
Deletions/Disposals	-	32,435,816	1,398,982	7,567,638	41,402,436
As at 30 June 2011	63,259,128	186,412,719	39,588,852	13,945,120	303,205,819
Additions	-	88,012,375	5,296,575	5,320,927	98,629,877
Deletions/Disposals	-	11,605,760	215,562	3,308,845	15,130,167
As at 30 June 2012	63,259,128	262,819,334	44,669,865	15,957,202	386,705,529
Depreciation					
At 1 April 2010	27,536,762	142,169,472	28,250,534	11,738,112	209,694,880
Charge for the year	(1,363,269)	33,768,027	8,381,895	4,113,281	44,899,934
Deletions/Disposals	-	23,232,225	892,732	5,695,101	29,820,058
As at 30 June 2011	26,173,493	152,705,274	35,739,697	10,156,292	224,774,756
Charge for the year	2,114,415	29,046,231	2,677,745	1,870,197	35,708,588
Deletions/Disposals	-	11,605,682	211,625	3,308,845	15,126,152
As at 30 June 2012	28,287,908	170,145,823	38,205,817	8,717,644	245,357,192
Net Block					
As at 30 June 2011	37,085,635	33,707,445	3,849,155	3,788,828	78,431,063
As at 30 June 2012	34,971,220	92,673,511	6,464,048	7,239,558	141,348,337

The gross and net carrying amount of assets acquired under finance lease and included in above is as follows:

	30 June 2012			30 June 2011		
	Gross Block ₹	Accumulated depreciation/ Impairment ₹	Net Block ₹	Gross Block ₹	Accumulated depreciation/ Impairment ₹	Net Block ₹
Plant and machinery	59,404,341	56,711,464	2,692,877	59,404,341	48,122,107	11,282,234
	59,404,341	56,711,464	2,692,877	59,404,341	48,122,107	11,282,234

Notes to the financial statements (continued)

12 INTANGIBLE ASSETS

	Developed software ₹	Acquired software ₹	Total ₹
Gross Block			
At 1 April 2010	330,279,634	135,850,491	466,130,125
Purchase/Internal development	41,231,754	25,314,374	66,546,128
Deletions/Disposals	164,501,256	8,733,869	173,235,125
As at 30 June 2011	207,010,132	152,430,996	359,441,128
Purchase/Internal development	68,230,429	14,773,960	83,004,389
Deletions/Disposals	-	-	-
As at 30 June 2012	275,240,561	167,204,956	442,445,517
Amortisation			
At 1 April 2010	159,964,849	117,662,245	277,627,094
Charge for the year	96,173,901	17,850,898	114,024,799
Deletions/Disposals	99,620,531	3,130,693	102,751,224
As at 30 June 2011	156,518,219	132,382,450	288,900,669
Charge for the year	23,298,026	12,231,647	35,529,673
Deletions/Disposals	-	-	-
As at 30 June 2012	179,816,245	144,614,097	324,430,342
Net Block			
As at 30 June 2011	50,491,913	20,048,546	70,540,460
As at 30 June 2012	95,424,317	22,590,859	118,015,176

Notes to the financial statements (continued)	30 June 2012 ₹	30 June 2011 ₹
13 NON-CURRENT INVESTMENTS		
Trade investments (unquoted at cost, unless otherwise stated)		
Investment in equity instruments of subsidiaries		
1,300,000 (2011: 1,300,000) Class A voting common stock of Kale Softech Inc., of \$0.01 each fully paid up	57,979,585	57,979,585
Nil (2011: 42,036) equity shares of Synetairos Technologies Limited, of ₹10 each fully paid up	-	7,977,004
4,150,000 (2011: 4,150,000) equity shares of Kale Revenue Assurance Services Limited of £1.0 each fully paid up	324,068,060	324,068,060
Investment in preference shares of subsidiaries		
450,000 (2011: 450,000) 5% Redeemable preferred stock of Kale Softech Inc. of \$1.0 each fully paid up	21,434,000	21,434,000
Investments in Shares of Banks		
Rupee Co-op. Bank Limited		
5,000 equity shares of ₹10 each fully paid up (Previous Year 5,000 equity shares of ₹10 each fully paid up)	50,000	50,000
Saraswat Co-op. Bank Limited		
1,000 equity shares of ₹10 each fully paid up (Previous Year 1,000 equity shares of ₹10 each fully paid up)	10,000	10,000
	403,541,645	411,518,649
14 DEFERRED TAX ASSETS (NET)		
Deferred tax assets:		
Excess of depreciation/amortization on fixed assets under income tax law over depreciation/amortization provided in accounts	11,459,448	26,817,842
Provision for leave	14,487,106	15,375,027
Provision for doubtful debts	23,581,314	10,200,019
Expenses deductible for tax in later years	13,603,096	1,581,958
	63,130,964	53,974,846

Notes to the financial statements (continued)

15 LONG TERM LOANS AND ADVANCES

	Non current portion		Current portion (refer note 19)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	₹	₹	₹	₹
Unsecured, considered good				
Advances recoverable in cash or kind	175,453	216,000	-	-
Advance income-tax (net of provision for tax)	11,927,518	43,004,377	23,390,865	6,338,388
MAT credit entitlement	-	-	-	21,710,215
Prepaid expenses	2,195,538	657,817	21,722,725	12,796,610
Deposits	51,842,050	43,524,236	8,323,407	380,000
	66,140,559	87,402,430	53,436,997	41,225,213

16 OTHER NON-CURRENT ASSETS

	30 June 2012	30 June 2011
	₹	₹
Interest accrued on bank deposits	110,660	147,123
	110,660	147,123

17 TRADE RECEIVABLES

	30 June 2012	30 June 2011
	₹	₹
Unsecured		
Receivables for a period exceeding six months from the date they are due for payment		
Considered good	1,982,129	14,275,700
Considered doubtful	76,896,634	26,312,199
Less: Provision for doubtful receivable	(76,896,634)	(26,312,199)
	<u>1,982,129</u>	<u>14,275,700</u>
Other receivables		
Considered good	231,837,524	241,049,850
Considered doubtful	1,475,733	10,265,659
Less: Provision for doubtful receivable	(1,475,733)	(10,265,659)
	<u>231,837,524</u>	<u>241,049,850</u>
	233,819,653	255,325,550
Trade receivables include:		
Due from subsidiaries	15,226,320	6,689,103

Notes to the financial statements (continued)	30 June 2012 ₹	30 June 2011 ₹
18 CASH AND CASH EQUIVALENTS		
Balances with banks		
On current accounts	46,164,124	81,470,186
-On deposit accounts (with original maturity of 3 to 12 months)	90,000,000	120,100,000
-On deposit accounts (with original maturity of 3 months or less)	55,000,000	50,300,000
Margin money deposits	7,201,237	8,958,874
Unpaid dividend	3,239,357	1,459,852
	201,604,718	262,288,912
Margin money deposits		
Margin money deposit represent deposit with banks given to various authorities amounting to ₹ 7,201,237 (2011: ₹ 8,958,874) which are due to mature after 12 months of the reporting date.		
19 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advance	44,854,681	-
Loans and advances	18,373,668	16,517,191
Advances recoverable in cash or kind	18,748,115	126,248,017
Prepaid expenses	21,722,725	12,796,610
Deposits	8,323,407	380,000
MAT credit entitlement	-	21,710,215
Advance income-tax (net of provision for tax)	23,390,865	6,338,388
	135,413,461	183,990,421
Loans and advances include:		
Due from subsidiaries	18,373,668	16,517,191
20 OTHER CURRENT ASSETS		
Interest accrued on bank deposits	2,329,643	3,389,385
Unbilled revenue	252,369,142	154,514,568
Forward contract receivable	6,452,371	-
Dividend on investment	1,251,675	250,875
	262,402,831	158,154,828

Notes to the financial statements (continued)	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
21 OTHER INCOME		
Interest on bank deposits	24,665,214	8,606,832
Interest on income tax refunds	-	2,615,172
Foreign exchange gain, net	32,309,698	4,877,797
Credit balances written back	18,822,987	11,525,365
Common amenities recharged	-	2,946,003
Dividend	1,175,600	6,517,625
Profit on sale of asset, net	816,174	1,531,495
Miscellaneous income	3,619,794	8,363,589
	781,409,467	46,983,878
22 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	724,794,808	799,722,100
Contribution to provident fund and other funds	24,107,097	18,816,781
Staff welfare expenses	32,609,639	39,386,654
	781,511,544	857,925,535
23 FINANCE COSTS		
Finance charges	7,128,175	8,208,548
Other interest	156,133	1,046,792
	7,284,308	9,255,340
24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	35,708,588	44,899,934
Amortisation of intangible assets	35,529,673	114,024,799
	71,238,261	158,924,733

Notes to the financial statements (continued)

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
25 OTHER EXPENSES		
Advertisement and sales promotion	27,065,429	16,727,394
Auditors Remuneration (Refer note below)	2,600,000	1,130,000
Bad debts written off	7,012,706	3,822,280
Buyback expenses	3,560,253	-
Commission and brokerage	59,411,018	61,724,707
Communication charges	19,123,247	23,924,027
Computer consumables	554,867	1,572,060
Connectivity charges	7,780,542	15,512,978
Contractor charges	6,071,752	6,859,919
Data processing charges	27,470,180	24,548,237
Director's Commission	300,000	300,000
Director's sitting and committee fees	330,000	160,000
Donation	730,000	1,050,000
Insurance	2,961,964	4,481,057
Legal and professional	14,486,604	13,976,408
Management Fees	15,333,226	-
Mark to market loss on forward contract	29,349,208	-
Membership and subscription	5,972,962	14,154,424
Miscellaneous expenses	30,350,798	20,031,754
Power, fuel and water charges	22,348,644	27,147,414
Printing and stationery	2,983,966	3,224,234
Provision for doubtful debts, net of bad debt written off	41,794,509	31,437,878
Provision for expenses recoverable	1,797,522	-
Rates and taxes	2,441,341	4,736,221
Recruitment expenses	3,300,578	10,187,496
Rent (refer note 39)	80,700,975	101,049,564
Repair and maintenance :		
- Machinery	2,118,996	2,019,667
- Others	21,315,728	17,308,651
Software and maintenance	31,405,939	19,052,978
Technical consultants charges	99,382,233	67,719,614
Travelling and conveyance	49,997,877	59,829,825
	620,053,063	553,688,787
Auditor's Remuneration		
Audit Fees	2,600,000	1,130,000
Other services (tax audit and certification)	100,000	-
Out of pocket expenses	126,900	40,225
	2,826,900	1,170,225

Notes to the financial statements (continued)

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
26 PRODUCT DEVELOPMENT COST CAPITALISED INCLUDE		
Payroll cost	17,722,396	25,892,913
Consultant fees	25,997,846	5,995,418
Other direct cost	580,526	2,012,373
Other ancillary cost	12,864	216,001
	<u>44,313,632</u>	<u>34,116,705</u>

27 EXCEPTIONAL ITEMS

- 1 The Company has sold its entire shareholding in Synetairos Technologies Limited, a subsidiary of the Company on 1 July 2011 to Saksoft Limited as per the Share Purchase Agreement dated 1 July 2011, which has resulted into a gain of ₹ 7,770,692.
- 2 During the period ended June'11 Kale Technologies Limited, UK, a subsidiary was wound up. The resultant gain of ₹ 10,509,605/- representing the surplus over investment made by the company has been recorded as a gain on disposal of investments under the head "Exceptional Item".
- 3 During the period ended June'11 the board of directors of the company, at its meeting held on 6 September 2010, authorised a resolution approving the sale of the logistics business of the company to Kale Logistics solution Private Limited, as a going concern, on a slump sale basis, with effect from 1 October 2010. The loss on account of this sale amounting to ₹ 44,654,807/- has been included in the profit and loss account under the head "Exceptional Item".

28 PRIOR PERIOD EXPENSE

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
Leave travel expense	-	6,035,194
Incentives	-	37,987,687
Cenvat credit availed	-	(5,525,204)
Excess Provision of Tax for prior years adjusted	-	(4,325,489)
Management Fees	-	729,732
	<u>-</u>	<u>34,901,920</u>

29 EARNING PER EQUITY SHARE

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
Number of shares (face value ₹10 each)	14,926,261	15,880,087
Profit after tax	314,146,813	133,260,055
Weighted average number of shares considered for Basic EPS	15,605,914	15,292,864
Weighted average number of shares considered for Diluted EPS	15,605,914	15,292,864
Basic and Diluted EPS:		
Basic earnings per share	20.13	8.71
Diluted earnings per share	20.13	8.71

Notes to the financial statements (continued)	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
30 CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided (net of advances)	45,749,615	8,191,458
31 CONTINGENT LIABILITIES		
Claims against the Company pertaining to Sales Tax with Asst. Commissioner of Sales Tax, (Appeals) - For F.Y. 2001-02 (disallowance of Software services and maintenance of software)	7,870,739	7,870,739
32 EARNINGS IN FOREIGN CURRENCY		
Revenue from sale of software and services	1,529,477,794	1,316,008,146
Dividend income	1,173,600	1,261,125
Other income	1,450,509	4,382,276
33 EXPENDITURE IN FOREIGN CURRENCY		
Consultancy and professional charges	36,258,789	28,681,814
Other expenses	48,941,443	28,346,127
Sale commission	48,551,539	55,758,455
Membership and subscription	3,529,265	12,910,994
Payroll expense	24,010,230	27,285,272
Travelling expenses (net)	7,573,614	12,784,107
Management Fees	15,333,226	-
34 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Year of remittance (ending on)	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
Period to which the dividend relates	2010-11	2009-10
Numbers of non-resident shareholders	21	20
Numbers of equity shares held on which dividend was due	11,259,140	71,101
Amount remitted	22,518,280	142,202
Period to which it relates	2011-12 (Interim dividend)	
Numbers of non-resident shareholders	21	
Numbers of equity shares held on which dividend was due	11,272,423	
Amount remitted	152,177,713	

Notes to the financial statements (continued)

35 EMPLOYEE'S STOCK OPTION PLAN (ESOP)

The company provides share-based payment schemes to its employee. During the year ended 30 June 2012, an employee stock option plan (ESOP) was not in existence. The relevant details of the scheme and the grant for the previous year are as below:

Employee's Stock Option Plan (ESOP)-2003

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
Outstanding at the beginning of the year	-	498,489
Granted during the year	-	-
Forfeited (Lapsed) during the year	-	17,010
Exercised during the year	-	481,479
Outstanding at the end of the year	-	-
Employee's Stock Option Plan (ESOP)-2006		
Outstanding at the beginning of the year	-	886,125
Granted during the year	-	-
Forfeited (Lapsed) during the year	-	27,061
Exercised during the year	-	859,064
Outstanding at the end of the year	-	-

36 RETIREMENT BENEFITS TO EMPLOYEES

Gratuity

In accordance with Accounting Standards 15 (Revised) on Employee Benefits and applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC). LIC administers the plan and determines the contribution required to be paid by the Company.

Changes in present value of obligations

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
a) Liability recognised in the balance sheet		
i) Present value of obligation		
Opening balance	26,603,372	17,005,147
Current service cost	5,931,878	6,197,408
Past service cost	-	3,590,236
Interest cost	2,120,777	1,691,039
Actuarial (gain)/ loss on obligations	(3,675,575)	3,790,002
Benefits paid	(2,103,679)	(5,670,460)
Closing balance	28,876,773	26,603,372
ii) Fair value of plan assets		
Opening balance	23,084,238	17,421,677
Expected return on plan assets	2,162,201	2,395,553
Employer's contributions	2,685,504	10,000,000
Actuarial gain / (loss) on plan assets	(996,924)	(1,062,532)
Benefits paid	(2,103,679)	(5,670,460)
Closing balance	24,831,340	23,084,238
Amount recognised in Balance Sheet(i)-(ii)	4,045,433	3,519,134

Notes to the financial statements (continued)

	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
b) Expenses recognised in statement of Profit and Loss		
Current service cost	5,931,878	6,197,408
Past service cost	-	3,590,236
Interest Cost	2,120,777	1,691,039
Expected return on plan assets	(2,162,201)	(2,395,553)
Net actuarial (gain)/loss recognised during the period	(2,678,651)	4,852,534
Expenses recognised in statement of Profit and Loss	3,211,803	13,935,664
c) Break up of Plan assets		
LIC of India - Insurer Managed Fund	100.00%	100.00%
d) Principal actuarial assumptions		
Rate of discounting	8.20%	8.30%
Expected return on plan assets	9.25%	9.25%
Rate of increase in basic salary	6.00%	6.00%
Attrition rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years
Experience adjustment		
Present value of obligation	28,876,773	26,603,372
Plan assets	24,831,340	23,084,238
Surplus (deficit)	(4,045,433)	(3,519,134)
Experience adjustments on plan liabilities (loss)/gain	3,819,451	(1,196,040)
Experience adjustments on plan assets (loss)/gain	(996,924)	(543,820)
Leave encashment		
In accordance with Accounting Standards 15 (Revised) on Employee Benefits, the Company provides for leave salary on the basis of actuarial valuation.		
Principal actuarial assumptions		
Rate of discounting	8.20%	8.30%
Rate of increase in cost to company	12.00%	12.00%
Attrition rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

37 SEGMENTAL REPORTING

In accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the central government, the Company has presented segmental information only on the basis of the consolidated financial statements (refer note 35 of consolidated financial statements).

Notes to the financial statements (continued)

38 RELATED PARTY TRANSACTIONS

(A) Related party disclosures

Related parties where control exists	Name	Holdings in %
Holding company	Accelya Holding World SLU	
Fellow Subsidiary	Accelya World SLU Accelya UK Limited	
Subsidiaries	Kale Softech Inc	100%
	Kale Revenue Assurance Services Limited	100%
	Zero Octa UK Limited	100%
	Zero Octa Selective Sourcing India Private Limited	100%
	Zero Octa Recruitment and Training Private Limited	100%
	Synetairios Technologies Limited *	49%
Key management personnel	Philippe Lesueur - Chairman Vipul Jain - Managing Director	

Composition of the Board is controlled by Accelya Kale Solutions Limited

The Company has sold its entire shareholding in Synetairios Technologies Limited, a subsidiary of the Company on 1 July 2011.

(B) Transactions with related parties

Nature of transactions	Year ended	Holding	Fellow Subsidiary	Subsidiaries	Key management personnel	Enterprises where key management personnel are interested
Issue of equity shares	30 June 2012	-	-	-	-	-
	30 June 2011	-	-	-	22,885,200	-
Services rendered by the Company	30 June 2012	-	7,102,927	295,384,798	-	-
	30 June 2011	-	-	173,025,334	-	-
Services received by the Company	30 June 2012	-	5,397,504	7,158,626	-	-
	30 June 2011	-	-	9,121,473	-	-
Claims raised for expenses	30 June 2012	8,245,066	-	19,568,494	-	-
	30 June 2011	-	-	20,781,805	-	3,628,710
Claims received for expenses	30 June 2012	18,077,358	-	45,162,926	-	-
	30 June 2011	-	-	16,521,917	-	-
Investment in subsidiary	30 June 2012	-	-	-	-	-
	30 June 2011	-	-	81,312,000	-	-
Remuneration	30 June 2012	-	-	-	21,093,227	-
	30 June 2011	-	-	-	27,160,578	-
Transfer of business asset	30 June 2012	-	-	-	-	-
	30 June 2011	-	-	-	-	81,467,638
Amount paid on behalf of Kale Logistics Solutions Private Limited	30 June 2012	-	-	-	-	-
	30 June 2011	-	-	-	-	73,911,882
Balances outstanding						
Payable	30 June 2012	1,332,568	5,321,232	38,598,653	2,516,148	-
	30 June 2011	-	-	16,413,196	750,000	-
Receivable	30 June 2012	-	740,734	16,677,210	-	-
	30 June 2011	-	-	35,267,694	-	114,002,105
Investment in subsidiary	30 June 2012	-	-	403,481,645	-	-
	30 June 2011	-	-	411,458,649	-	-

Notes to the financial statements (continued)	Year ended 30 June 2012 ₹	15 Month period ended 30 June 2011 ₹
38 RELATED PARTY TRANSACTIONS (Continued)		
(C) Of the above items, transactions in excess 10% of the total related party transactions are as under		
Nature of transaction		
Income from Service rendered		
Kale Softech Inc	295,384,798	172,260,674
Zero Octa UK Limited	-	764,660
Accelya World SLU	7,102,927	-
Purchase of services		
Synetairos Technologies Ltd.	-	742,782
Zero Octa Selective Sourcing India Private Limited	7,158,626	8,378,690
Accelya World SLU	76,272	-
Accelya UK Limited	5,321,232	-
Expenses charged to group companies		
Kale Softech Inc	1,323,090	606,797
Synetairos Technologies Ltd.	-	1,500,000
Zero Octa UK Limited	18,002,143	18,613,167
Zero Octa Selective Sourcing India Private Limited	243,261	361,841
Accelya Holding World SLU	8,245,066	-
Expenses charged by group companies		
Kale Softech Inc	44,933,106	16,141,411
Zero Octa UK Limited	229,820	380,506
Accelya Holding World SLU	18,077,358	-
Investment in subsidiary		
Kale Revenue Assurance Services Limited	-	81,312,000
Salary/remuneration		
Vipul Jain	21,093,227	27,160,578
Payables		
Kale Softech Inc	36,410,731	16,098,592
Zero Octa Selective Sourcing India Private Limited	2,187,923	314,604
Accelya Holding World SLU	1,332,568	-
Vipul Jain	2,516,148	750,000
Accelya UK Limited	5,321,232	-
Receivables		
Kale Softech Inc	-	17,223,045
Zero Octa UK Limited	10,848,174	13,298,858
Kale Revenue Assurance Services Limited	5,787,017	4,745,791
Accelya World SLU	740,734	-

Notes to the financial statements (continued)

39 LEASES

Finance lease

Assets acquired under finance lease comprise of computer hardware. There are no exceptional/restrictive covenants in the lease agreements.

The minimum lease payment outstanding and their present value at the balance sheet date that have been capitalized are as follows :

Particulars	Year ended 30 June 2012		For the 15 month period ended 30 June 2011	
	Minimum lease payments ₹	Present value of lease payments ₹	Minimum lease payments ₹	Present value of lease payments ₹
Not later than one year	3,899,280	3,516,548	9,059,332	7,968,997
Later than one year but not later than five years	-	-	3,597,547	3,313,460

Particulars	Year ended 30 June 2012 ₹	For the 15 month period ended 30 June 2011 ₹
Minimum lease payments as above	3,899,680	12,656,879
Less: finance charges	383,133	1,374,422
Present Value of Lease Payments	3,516,547	11,282,457

Operating lease

The lease rental for office premises, guest house and godown charged to statement of profit and loss aggregates to ₹80,700,975 (previous year ₹101,049,564).

Future minimum lease commitments in respect of non cancellable operating leases:

	Year ended 30 June 2012 ₹	For the 15 month period ended 30 June 2011 ₹
Not later than one year	70,416,760	36,058,289
Later than one year and not later than five years	249,394,208	7,139,143

Notes to the financial statements (continued)

40 DISCLOSURE UNDER MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The Company has no dues to micro and small enterprises during the periods ended June 30, 2012 and June 30, 2011 and as at June 30, 2012 and June 30, 2011

	Year ended 30 June 2012	For the 15 month period ended 30 June 2011
	₹	₹
Principal amount and the interest due thereon remaining unpaid to any supplier as at the year end	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible	-	-

41 Unbilled revenue include revenue based on percentage of completion basis ₹ 131,959,202/- (previous year ₹ 73,375,933/-)

42 DERIVATIVE INSTRUMENT

The company uses forward exchange contracts and cross-currency option to hedge its exposure to movements in foreign exchange rates

i. Outstanding derivative instruments

Category	Currency Hedge	30 June 2012	
		\$	₹
Forward exchange contract (to hedge trade receivables)	USD	5,157,285	286,899,765
Forward exchange contract (to hedge highly probable exports)	USD	6,842,715	380,660,235

Notes to the financial statements (continued)

II. Unhedge Foreign Currency exposures

Foreign currency	as at 30 June 2012		as at 30 June 2011	
	₹	Foreign currency	₹	Foreign currency
Payable-USD	52,888,725	950,723	16,828,414	377,319
Payable-GBP	123,584	1,414	227,241	3,172
Payable-Euro	3,892,514	55,260	-	-
Receivables – EURO	20,139,293	285,907	12,687,130	195,910
Receivables – AUD	4,558,332	80,055	-	-
Receivables – GBP	9,330,160	106,789	7,006,228	97,784
Receivables – USD	1,251,675	22,500	71,183,951	1,596,053
Receivables – HKD	4,302,000	600,000	32,820,059	5,727,759

As per our report of even date attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
 1 August 2012

Auditors' Report on Consolidated Financial Statements

To the Board of Directors
Accelya Kale Solutions Limited
(formerly known as Kale Consultants Limited)

We have audited the attached consolidated Balance Sheet of Accelya Kale Solutions Limited (formerly known as Kale Consultants Limited) ("the Company" or "the Parent Company") and its subsidiaries (as per the list appearing in schedule 1 to the consolidated financial statements) [collectively referred to as "the Group"] as at 30 June 2012, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement of the Group for the year ended 30 June 2012, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – 'Consolidated Financial Statements' prescribed by the Companies (Accounting Standards) Rules 2006.

Based on our audit as aforesaid and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30 June 2012;
- ii. in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended 30 June 2012; and
- iii. in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended 30 June 2012.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
1 August 2012

Consolidated Financial Statements

Consolidated Balance Sheet as at 30 June 2012	<i>Notes</i>	30 June 2012 ₹	30 June 2011 ₹
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	149,268,660	158,806,920
Reserves and surplus	4	1,226,070,702	1,284,692,190
		1,375,339,362	1,443,499,110
Minority Interest		-	15,839,354
Non-current liabilities			
Long-term borrowings	5	681,208	4,415,385
Other long-term liabilities	6	10,255,266	6,278,155
Long-term provisions	7	80,049,933	46,034,694
		90,986,407	56,728,234
Current liabilities			
Trade payables	8	38,493,677	23,473,197
Other current liabilities	9	174,967,178	174,861,407
Short-term provisions	10	300,718,360	90,538,953
		514,179,215	288,873,557
TOTAL		1,980,504,984	1,804,940,255
ASSETS			
Non-current assets			
Goodwill		402,110,417	337,316,621
Fixed assets			
Tangible assets	11	163,397,359	85,904,350
Intangible assets	12	121,714,472	75,793,751
Capital work-in-progress		27,789,449	10,508,386
Intangible assets under development		442,719	27,250,791
Non-current investments	13	60,000	60,000
Deferred tax assets (net)	14	67,494,232	59,789,579
Long term loans and advances	15	76,396,920	125,680,394
Other non-current assets	16	110,660	147,123
		859,516,228	722,450,995
Current assets			
Trade receivables	17	317,696,765	338,287,320
Cash and cash equivalents	18	400,629,515	415,788,879
Short term loans and advances	19	132,741,730	155,593,251
Other current assets	20	269,920,746	172,819,810
		1,120,988,756	1,082,489,260
Total		1,980,504,984	1,804,940,255
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesdh Dhpelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
1 August 2012

Consolidated Statement of Profit and Loss for the year ended 30 June 2012	<i>Notes</i>	Year ended 30 June 2012 ₹	15 month period ended 30 June 2011 ₹
Revenue from operations			
Sale of services		2,173,720,645	2,210,902,552
Other income	21	122,218,536	56,622,017
Total revenue		2,295,939,181	2,267,524,569
Expenses			
Employee benefits expense	22	969,526,337	1,157,424,493
Finance costs	23	7,913,630	9,943,084
Depreciation and amortization expense	24	80,696,399	167,094,398
Other expenses	25	687,510,150	656,019,291
Less: Product development cost capitalised	26	(44,313,632)	(34,116,705)
Total expenses		1,701,332,884	1,956,364,561
Profit before exceptional items and tax		594,606,297	311,160,008
Exceptional items income/(expense)	27	7,770,692	(34,145,202)
Prior period income/(expense)	28	-	(34,604,893)
Profit before tax		602,376,989	242,409,913
Tax expense			
Current tax		203,049,450	84,277,946
Deferred tax			
Current period		(8,526,881)	(33,875,913)
Prior period		-	(15,207,162)
MAT credit entitlement		-	(5,250,930)
Profit after tax		407,854,420	212,465,972
Minority Interest		-	3,019,737
Profit for the period		407,854,420	209,446,235
Earnings per equity share (face value of ₹ 10 each)			
Basic	29	26.13	13.70
Diluted		26.13	13.70
Significant accounting policies	2		

The notes referred to above form an integral part of this statement of profit and loss
As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesdh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
1 August 2012

Consolidated Cash flow statement for the year ended 30 June 2012

	30 June 2012 ₹	15 month period ended 30 June 2011 ₹
Cash Flows from operating activities		
Net Profit before tax and exceptional item	594,606,299	276,555,115
Adjustment for:		
Depreciation/amortization	80,696,399	167,094,398
(Profit)/loss on sale of fixed asset	(879,362)	(1,695,220)
Provision for doubtful debts	42,090,377	31,000,919
Bad debts written off	9,755,346	7,249,830
Credit balances written back	(21,734,438)	(11,525,365)
Unrealised exchange gain	(18,810,759)	(439,942)
Interest income	(31,525,009)	(10,704,712)
Finance cost	7,913,630	9,943,084
Mark to market loss on derivative contract	29,349,208	-
Amortisation of premium on forward exchange contract	(6,452,371)	-
Dividend income	(2,000)	(2,000)
Provision for Doubtful deposit	300,000	-
Operating cash flow before working capital changes	685,307,319	467,476,107
Increase/(decrease) in current liabilities and provision	98,668,544	39,829,216
Decrease/(increase) in trade receivables	(33,727,503)	(3,719,472)
Decrease/(increase) in long-term loans and advances	75,368,102	(78,769,027)
Decrease/(increase) in other current assets	(90,149,284)	(95,742,315)
Cash generated from operations	735,467,178	329,074,509
Taxes paid, net	(132,484,863)	(65,512,244)
Net cash provided by operating activities (A)	602,982,315	263,562,265
Cash flows from investing activities		
Purchase of fixed assets	(239,439,199)	(129,565,464)
Proceeds from sale of fixed assets	1,238,436	3,021,272
Proceeds from disposal of investment in subsidiary	15,747,696	-
Disposal consideration discharged in a subsidiary by cash and cash equivalents	(18,645,314)	-
Interest received	30,548,825	8,374,129
Dividend received on other investments	2,000	2,000
Payment of purchase consideration for acquisition	-	(81,912,000)
Net cash (used in) investing activities (B)	(210,547,556)	(200,080,063)

Consolidated Cash flow statement for the year ended 30 June 2012

	30 June 2012 ₹	15 month period ended 30 June 2011 ₹
Cash flows from financing activities		
Proceeds from issue of share capital	-	80,341,767
Repayment on buyback of shares	(129,737,172)	-
Repayment of long term borrowings	(3,485,849)	(18,241,999)
Bank overdraft	-	(10,346,598)
Dividend paid	(284,293,439)	(41,901,548)
Interest paid	(7,913,630)	(9,943,084)
Net cash (used by) financing activities (C)	(425,430,090)	(91,462)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(32,995,331)	63,390,740
Effect of exchange differences on cash and cash equivalents held in foreign currency	17,835,967	4,911,067
Cash and cash equivalents at the beginning of the year	415,788,879	347,487,072
Cash and cash equivalents at the end of the year	400,629,515	415,788,879
Components of cash and cash equivalents		
Balances with banks		
On current accounts	143,736,594	182,273,231
On deposit accounts (with original maturity of 3 to 12 months)	175,200,000	132,600,000
On deposit accounts (with original maturity of 3 months or less)	71,000,000	90,300,000
Margin money deposits	7,453,565	9,155,797
Unpaid dividend	3,239,357	1,459,852
Total cash and cash equivalents	400,629,515	415,788,879

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
1 August 2012

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

For and on behalf of Board of Directors

Notes to the consolidated financial statements

1. Background

Accelya Kale Solutions Limited (*formerly known as Kale Consultants Limited*) ("Accelya") is a software solutions provider to the global Airline and Travel industry.

Accelya delivers world class software products, managed process, technology and hosting services. Accelya's Industry Solutions are driven by active partnerships with industry bodies and customers, and significant domain knowledge. Its customised approach in deploying these solutions supports clients with best fit solutions to match their requirements.

The list of subsidiaries considered in these consolidated financial statements as at 30 June, 2012 with percentage holding is summarized below:

Subsidiaries	Country of incorporation and other particulars	Percentage of holding by the immediate parent	Year of consolidation
Kale Softech, Inc., USA	A Subsidiary of Accelya incorporated under the laws of United States of America	100%	1998-99
Kale Revenue Assurance Services Ltd.	A Subsidiary of Accelya incorporated under the laws of United Kingdom	100%	2007-08
Zero Octa UK Limited, UK	A Subsidiary of Kale Revenue Assurance Services Ltd incorporated under the laws of United Kingdom	100%	2007-08
Zero Octa Selective Sourcing India Private Limited, India	A Subsidiary of Zero Octa UK Limited incorporated under the laws of India	100%	2007-08
Zero Octa Recruitment And Training Private Limited, India	A Subsidiary of Zero Octa UK Limited incorporated under the laws of India	100%	2007-08

2. Summary of significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. The financial statements are presented in Indian Rupees.

This is the first year of application of the revised schedule VI to the Companies Act, 1956 for the preparation of the financials statement of the company. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous figures have undergone a major reclassification to comply with the requirement of the revised Schedule VI.

b) Basis of consolidation

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed under AS 21- 'Consolidated Financial Statements' for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. Minority interest's share of profits or losses is adjusted

Notes to the consolidated financial statements

b) Basis of consolidation (Continued)

against income to arrive at the net income attributable to the Company's shareholders. Minority interest's share of net assets is disclosed separately in the balance sheet.

The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group.

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future period.

d) Current- non-current classification

All assets and liabilities are classified into current and non current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is expected to be realised within 12 months after the reporting date; or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date;

Current assets include the current portion of non current financial assets.

All other assets are classified as non current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria;

- (a) It is expected to be settled in the company's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within 12 months after the reporting date; or
- (d) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification.

Current liabilities include current portion of non current financials liabilities.

All other liabilities are classified as non current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

e) Revenue recognition

Revenue is derived primarily from transaction processing, sale of software license, related implementation and maintenance service.

Transaction processing service i.e. airline ticket and coupon processing charges is recognized based on the rate fixed in the contract entered with client based on the work completed.

Arrangement with customer for software development and related implementation services are fixed-price contract. Revenue from maintenance service is on a time and material basis.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, however in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion.

Notes to the consolidated financial statements

e) Revenue recognition (Continued)

Revenue from fixed-price where there is no uncertainty as to measurement or collectability of consideration, is recognized based on the percentage of completion. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and estimated earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and estimated earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues.

The revenue from the transaction processing service is recognized based on the rate fixed in the contract entered with client. Revenue from airline ticket and coupon processing charges is recognized on the basis of the work completed.

Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

Interest income is recognized using the time proportion method based on the underlying interest rate.

Dividend income is recognized when the right to receive dividend is established.

f) Goodwill on consolidation

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the carrying value of the identifiable assets and liabilities of the subsidiary recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit that is expected to benefit from the synergies of the business combination. Cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized in goodwill is not reversed in a subsequent period.

g) Fixed assets and depreciation (including intangible assets)

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Cost includes freight, duties, taxes and incidental expenditure relating to the acquisition and installation of fixed assets incurred up to the date the asset is ready for its intended use.

Depreciation is provided pro rata to the period of use on the straight-line method ('SLM'). The depreciation rates prescribed in Schedule XIV of the Act are considered as the minimum rates.

Assets costing less than Rs. 5,000 are fully charged to the profit and loss account in the year of acquisition.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date.

Depreciation on fixed assets is provided pro rata to the period of use based on management's best estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act, 1956) as summarised below:

Goodwill	Annual impairment test whenever there is indication that goodwill may be impaired
Leasehold improvement	To be amortized over the lesser of the period of lease and the useful life of the asset
Building	30 years
Plant and machinery	6 years
Computer equipment	4 years
Furniture, fixture, equipment and other assets	6 years
Software acquired /developed	3 to 5 years
Vehicles	10 years

Notes to the consolidated financial statements

h) Research and Development cost

Research costs are expensed as incurred. Software product development cost are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable and company has intention and the ability to complete and use or sell the software and the costs can be measured reliably.

i) Asset impairment

In accordance with AS 28-'Impairment of Assets', where there is an indication of impairment of the Company's asset, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account.

j) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long term investments.

Long term investments are carried at cost. Provision for diminution, is made to recognize a decline, other than temporary in the value of long term investments and is determined separately for each individual investment. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

k) Leases

Operating lease

Lease rentals under an operating lease, are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

Finance Lease

Assets acquired under finance lease have been recorded as an asset and liability at the inception of the lease and have been recorded at an amount equal to lower of fair value of the leased asset and the present value of the future minimum lease payments.

l) Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

The functional currency of Accelya Kale Solutions Limited is the Indian Rupees. The functional currencies for Zero Octa UK and Kale Revenue Assurance Services Limited are pound and Kale Softech Inc is dollars. The translation of financial statements of non integral subsidiaries from the local currency to functional currency is performed for assets and liabilities using rate prevailing at the date of the balance sheet. The items in the profit and loss account are translated at the average exchange rate during the period. Goodwill arising on the acquisition of non-integral operation is translated at exchange rates prevailing at the date of the balance sheet. The difference arising out of the translations are transferred to foreign currency translation reserve under reserves and surplus.

Derivative instrument

The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset/liability is recognized over the period of contract. The forward exchange contract taken to hedge existing asset or liability are translated at the closing exchange rate and resultant exchange difference are recognized in the same manner as those on the underline foreign currency asset or liability.

Notes to the consolidated financial statements

l) Foreign currency transactions (Continued)

Apart from forward exchange contract taken to hedge existing assets or liabilities, the company also uses derivative to hedge its foreign currency risk exposure relating to firm commitment and highly probable transaction. In accordance with the relevant announcement of the Institute of Chartered Accountant of India, the company provide for losses in respect of such outstanding derivative contract at the balance sheet date by marking them to market. Net gain, if any, is not recognised. The contract are aggregated category wise, to determine the net gain/loss.

m) Employee benefits

Defined Contribution Plan

Company's contributions during the year to Provident Fund are recognized in the profit and loss account.

Defined Benefit Plan

Company's liability towards gratuity and leave encashment is determined by independent actuaries, using the projected unit credit method. The Company's net obligation in respect of the gratuity is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

Provision for leave encashment cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

n) Income taxes

Income-tax expenses comprise current tax and deferred tax charge or credit.

Current taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The profits pertaining to units situated at Software Technology Park, Mumbai, Pune and Goa of the Company are exempt from taxes under the Income tax Act, 1961, being profit from industrial undertakings situated in Software Technology Park. Under Section 10A / 10B of the Income tax Act, 1961, the Company can avail of an exemption of profits from income tax for a period ended 31 March 2011 in relation to its undertakings set up in the Software Technology Park.

The Income tax Act, 1961 allows credit in respect of MAT paid under section 115JB to be carried forward up to seven succeeding assessment years. The amount of MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income tax Act 1961, and such tax is in excess of MAT for that year. The amount of set-off would be to the extent of excess of normal income-tax over the amount of MAT calculated as if Section 115JB had been applied for that assessment year for which the set-off is being allowed.

In accordance with the guidance note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income tax Act, 1961 " issued by the Institute of Chartered Accountants of India, minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future

Notes to the consolidated financial statements

n) Income taxes (Continued)

income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax within the eligible period and the asset can be measured reliably.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result from differences between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

o) Earnings per share ('EPS')

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earning per share, and also the weighted average number of equity shares which may be issued on conversion of all dilutive potential shares, unless the results would be anti – dilutive.

p) Provisions and contingent liabilities

Provisions are recognized when the Company recognizes that it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in financial statements. However contingent assets are assessed continuously and if it is virtually certain that economic benefit will arise, the assets and related income are recognized in the period in which the changes occur.

q) Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

r) Employee stock options

The company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

Notes to the consolidated financial statement	30 June 2012 ₹	30 June 2011 ₹
3 SHARE CAPITAL		
Authorised		
20,000,000 (previous year 20,000,000) equity shares of ₹ 10 each	200,000,000	200,000,000
Issued, subscribed and paid-up		
14,926,261 (2011: 15,880,087) equity shares of ₹ 10 each fully paid up	149,262,610	158,800,870
Forfeited shares	6,050	6,050
Total issued, subscribed and paid-up	149,268,660	158,806,920

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	30 June 2012		30 June 2011	
	Nos	₹	Nos	₹
At the beginning of the period	15,880,087	158,800,870	13,814,019	138,140,190
On exercise of employee stock option	-	-	1,340,543	13,405,430
Conversion of warrants	-	-	725,525	7,255,250
Equity shares bought back by the Company	(953,826)	(9,538,260)	-	-
Outstanding at the end of the period	14,926,261	149,262,610	15,880,087	158,800,870

b. Terms / right attached to equity shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to received dividend as declared from time to time. The voting right of an equity shareholder on a poll (not on show on hands) are in proportion to its share of the paid-up equity capital of the company. Voting right cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the company, the holders of equity shares will be entitled to received the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity held.

c. Shares held by holding company

Out of equity shares, issued by the company, shares held by its holding company are as follows

	30 June 2012 ₹	30 June 2011 ₹
Accelya Holding World S.L. ("Accelya") 11,143,295 (2011 : 6,153,587) equity shares of ₹ 10 each fully paid	111,432,950	61,535,870

d. Details of shareholders holding more than 5% shares in the Company

	30 June 2012		30 June 2011	
	Nos	% of total shares in the class	Nos	% of total shares in the class
Equity shares of ₹ 10 each fully paid				
Accelya Holding World S.L. ("Accelya")	11,143,295	74.66	6,153,587	38.75
Vipul Prashad Jain	NIL	NIL	1,223,246	7.70
Narendra Harihar Kale	NIL	NIL	1,394,200	8.78
Sudhir Harihar Kale	NIL	NIL	824,400	5.19
Nanda Narendra Kale	NIL	NIL	828,900	5.22

Notes to the consolidated financials statement

3 SHARE CAPITAL (Continued)

e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the five year period ended 30th June 2012

The Board of Directors of the Company at its meeting held on 1 February 2012 approved the buyback of its own fully paid up equity shares of ₹ 10/- each from the existing owners of equity shares other than Accelya Holding World S. L., the promoter at a price not exceeding ₹ 160 per equity share payable in cash, for an aggregate amount not exceeding ₹ 129,750,080 which represents 10% of the aggregate paid-up equity capital and free reserves of the Company as on 30 June 2011. As on 2 May 2012, i.e. on the date of closure of the Buy-back offer, the Company has bought back 953,826 Equity Shares on BSE and NSE for a total consideration of ₹ 129,737,172, which represents 99.99% of the buy-back size of ₹ 129,750,080.

f. Employee stock option

Terms attached to stock option granted to employee are described in note 33 regarding employee based payments.

4 RESERVES AND SURPLUS

	30 June 2012 ₹	30 June 2011 ₹
Capital redemption reserve		
Balance as per last financial statement	-	-
Add : Transfer from securities premium	9,538,260	-
Closing Balance	9,538,260	-
Securities premium account		
Balance as per last financial statement	452,471,036	384,809,174
Add : Premium on share allotted	-	67,661,862
Less: Premium adjusted on buyback of shares	(120,198,912)	-
Less: Transfer to capital redemption reserve	(9,538,260)	-
Less: Transfer on sale of subsidiary	(5,749,766)	-
Closing Balance	316,984,098	452,471,036
General reserve		
Balance as per last financial statement	44,947,287	31,621,281
Add : Transfer from statement of Profit and Loss	31,414,681	13,326,006
Less: Transfer on sale of subsidiary	(246,120)	-
Closing Balance	76,115,848	44,947,287
Foreign Currency Translation reserve		
Balance at the beginning of the year	(33,966,131)	3,243,992
Movement during the year	91,158,281	(37,210,123)
	57,192,150	(33,966,131)
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	821,239,998	665,561,162
Profit for the year	407,854,420	209,446,235
Less: Accumulated profit on sale of subsidiary	8,802,175	-
Less: Appropriations		
Transfer to general reserve	31,414,681	13,326,006
Interim Dividend (amount per share ₹ 13.5)	214,382,306	-
Tax on Interim equity dividend	34,778,170	-
Proposed final equity dividend (amount per share ₹ 10 (30 June 2011 : ₹ 2)	149,262,610	34,038,303
Tax on proposed equity dividend	24,214,130	6,403,089
Total appropriations	462,854,072	53,767,398
Net surplus in the Statement of Profit and Loss	766,240,346	821,239,998
Total reserve and surplus	1,226,070,702	1,284,692,190

Notes to the consolidated financial statement

5 LONG-TERM BORROWINGS

	Non current portion		Current portion (refer note 9)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	₹	₹	₹	₹
Finance lease obligations (secured)	-	2,896,693	4,026,645	8,895,861
Vehicle loans from bank (secured)	681,208	1,518,692	719,380	1,084,882
	681,208	4,415,385	4,746,025	9,980,743
The above amount includes				
Secured borrowings	681,208	4,415,385	4,746,025	9,980,743
Net amount	681,208	4,415,385	4,746,025	9,980,743

Finance lease obligations is secured by hypothecation of underlying computer equipment Vehicle loan from bank is secured by hypothecation of underlying vehicle

6 OTHER LONG-TERM LIABILITIES

	Non current portion		Current portion (refer note 9)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	₹	₹	₹	₹
Deposit received	1,994,074	2,330,361	-	-
Others	8,261,192	3,947,794	-	-
	10,255,266	6,278,155	-	-

7 LONG-TERM PROVISIONS

	Non current portion		Current portion (refer note 10)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	₹	₹	₹	₹
Provision for employee benefit				
- Leave encashment (refer note 34)	43,432,497	46,034,694	7,452,280	7,537,317
Other provision	36,617,436	-	-	-
	80,049,933	46,034,694	7,452,280	7,537,317

8 TRADE PAYABLES

	30 June 2012	30 June 2011
	₹	₹
Trade payable		
-dues to micro and small enterprises	-	-
-dues to others	38,493,677	23,473,197
	38,493,677	23,473,197

9 OTHER CURRENT LIABILITIES

	30 June 2012	30 June 2011
	₹	₹
Current maturities of finance lease obligations	4,026,645	8,895,861
Current maturities of vehicle loans from bank	719,380	1,084,882
Advances from customers	7,396,162	7,376,640
Income received in advance	28,037,655	6,350,367
Other liabilities	117,397,631	123,020,752
Unpaid Dividend	3,239,357	1,459,852
Provident fund payable	4,129,359	3,433,903
Profession tax payable	281,025	274,991
TDS payable	9,284,652	8,010,802
VAT payable	455,312	1,762,863
Service tax payable	-	13,190,494
	174,967,178	174,861,407

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Notes to the consolidated financial statement

10 SHORT-TERM PROVISIONS

	30 June 2012 ₹	30 June 2011 ₹
Provision for employee benefit		
- Leave encashment	7,452,280	7,537,317
- Gratuity	5,818,044	5,448,778
Proposed Dividend	149,262,610	31,760,174
Tax on Proposed Dividend	24,214,130	5,152,294
Others	35,283,554	20,538,292
Provision for credit Note	9,293,007	9,763,150
Provision for litigations	1,000,000	1,000,000
Provision for mark to market loss on forward contract	29,349,208	-
Provision for Income Tax (net of advance)	39,045,527	9,338,948
	300,718,360	90,538,953

11 TANGIBLE ASSETS

	Building ₹	Plant & machinery ₹	Furniture & fixture ₹	Vehicle ₹	Lease Hold Improvement ₹	Total ₹
Cost						
At 1 April 2010	63,259,128	232,137,497	44,367,838	19,776,619	18,313,268	377,854,350
Additions	-	28,121,737	1,925,254	2,263,318	-	32,310,309
Deletions/Disposals	-	34,623,771	1,398,982	7,567,638	4,305,300	47,895,691
As at 30 June 2011	63,259,128	225,635,463	44,894,110	14,472,299	14,007,968	362,268,968
Additions	-	97,311,399	6,770,675	5,320,927	11,174,079	120,577,080
Deletions/Disposals	-	19,550,087	1,277,235	3,836,024	7,351,569	32,014,915
Revaluation	-	858,403	464,893	-	-	1,323,295
As at 30 June 2012	63,259,128	304,255,178	50,852,443	15,957,202	17,830,479	452,154,430
Depreciation						
At 1 April 2010	27,536,762	175,892,265	31,987,091	11,918,384	15,263,789	262,598,291
Charge for the year	(1,363,269)	35,551,214	8,866,629	4,215,519	2,704,986	49,975,079
Deletions/Disposals	-	25,315,709	892,732	5,695,101	4,305,210	36,208,752
As at 30 June 2011	26,173,493	186,127,770	39,960,988	10,438,802	13,663,565	276,364,618
Charge for the year	2,114,415	32,796,293	3,017,470	1,870,197	1,647,929	41,446,304
Deletions/Disposals	-	18,626,087	616,358	3,591,355	7,351,565	30,185,365
Revaluation	-	718,806	412,708	-	-	1,131,514
As at 30 June 2012	28,287,908	201,016,782	42,774,808	8,717,644	7,959,929	288,757,071
Net Block						
As at 30 June 2011	37,085,635	39,507,693	4,933,122	4,033,497	344,403	85,904,351
As at 30 June 2012	34,971,220	103,238,396	8,077,635	7,239,558	9,870,550	163,397,359

The gross and net carrying amount of assets acquired under finance lease and included in above is as follows:

	30 June 2012			30 June 2011		
	Gross Block ₹	Accumulated depreciation/ Impairment ₹	Net Block ₹	Gross Block ₹	Accumulated depreciation/ Impairment ₹	Net Block ₹
Plant and machinery ...	59,404,341	56,711,464	2,692,877	59,404,341	48,122,107	11,282,234
	59,404,341	56,711,464	2,692,877	59,404,341	48,122,107	11,282,234

Notes to the consolidated financial statement

12 INTANGIBLE ASSETS

	Developed software ₹	Acquired software ₹	Commercial rights ₹	Total ₹
Gross Block				
At 1 April 2010	330,279,634	150,564,124	12,000,000	492,843,758
Purchase/Internal development .	41,231,754	29,145,251	-	70,377,005
Deletions/Disposals	164,501,256	8,733,869	-	173,235,125
As at 30 June 2011	207,010,132	170,975,506	12,000,000	389,985,638
Purchase/Internal development .	68,230,429	17,015,328	-	85,245,757
Deletions/Disposals	-	103,090	12,000,000	12,103,090
As at 30 June 2012	275,240,561	187,887,744	-	463,128,305
Amortisation				
At 1 April 2010	159,964,849	127,858,946	12,000,000	299,823,795
Charge for the year	96,173,901	20,945,416	-	117,119,317
Deletions/Disposals	99,620,531	3,130,693	-	102,751,224
As at 30 June 2011	156,518,219	145,673,669	12,000,000	314,191,888
Charge for the year	23,298,026	15,952,069	-	39,250,095
Deletions/Disposals	-	28,150	12,000,000	12,028,150
As at 30 June 2012	179,816,245	161,597,588	-	341,413,833
Net Block				
As at 30 June 2011	50,491,913	25,301,837	-	75,793,750
As at 30 June 2012	95,424,316	26,290,156	-	121,714,472

13 NON-CURRENT INVESTMENTS

Trade investment (unquoted at cost, unless otherwise stated)

Investments in Shares of Banks

Rupee Co-op. Bank Limited

5,000 equity shares of ₹ 10 each fully paid up

(Previous Year 5,000 equity shares of ₹ 10 each fully paid up)

50,000

50,000

Saraswat Co-op. Bank Limited

1,000 equity shares of ₹ 10 each fully paid up

(Previous Year 1,000 equity shares of ₹ 10 each fully paid up)

10,000

10,000

60,000

60,000

14 DEFERRED TAX ASSETS (NET)

Deferred tax assets:

Excess of depreciation/amortization on fixed assets under income tax law over depreciation/amortization provided in accounts

14,077,069

30,016,739

Provision for leave

16,410,239

17,979,622

Provision for doubtful debts

23,581,314

10,200,019

Expenses deductible for tax in later years

13,425,610

1,593,199

67,494,232

59,789,579

Notes to the consolidated financial statement

15 LONG TERM LOANS AND ADVANCES

	Non current portion		Current portion (refer note 19)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	₹	₹	₹	₹
Unsecured , considered good				
Advances recoverable in cash or kind	175,454	216,000	-	-
Advance income-tax (net of provision for tax)	17,998,593	49,210,377	-	6,338,388
MAT credit entitlement	525,892	27,116,102	4,231,138	5,644,768
Prepaid expenses	2,195,538	657,818	24,869,169	-
Deposits	55,501,443	48,480,097	11,323,407	740,000
	76,396,920	125,680,394	40,423,714	12,723,156

16 OTHER NON-CURRENT ASSETS

	30 June 2012	30 June 2011
	₹	₹
Interest accrued on bank deposits	110,660	147,123
	110,660	147,123

17 TRADE RECEIVABLES

	30 June 2012	30 June 2011
	₹	₹
Unsecured		
Receivables for a period exceeding six months from the date they are due for payment		
Considered good	85,859,241	22,058,835
Considered doubtful	84,558,744	13,536,827
Less: Provision for doubtful receivable	(84,558,744)	(13,536,827)
	85,859,241	22,058,835
Other receivables		
Considered good	231,837,524	316,228,485
Considered doubtful	1,475,733	24,775,963
Less: Provision for doubtful receivable	(1,475,733)	(24,775,963)
	231,837,524	316,228,485
	317,696,765	338,287,320

Notes to the consolidated financials statement	30 June 2012 ₹	30 June 2011 ₹
18 CASH AND CASH EQUIVALENT		
Balances with banks		
- On current accounts	143,736,593	182,273,230
- On deposit accounts (with original maturity of 3 months or less)	71,000,000	90,300,000
Other bank deposit accounts(with original maturity of 3 to 12 months) ..	175,200,000	132,600,000
Margin money deposits	7,453,565	9,155,797
Unpaid dividend	3,239,357	1,459,852
	400,629,515	415,788,879
Margin money deposits		
Margin money deposit represent deposit with banks given to various authorities amounting to ₹ 7,453,565 (2011: ₹ 8,958,874) which are due to mature after 12 months of the reporting date.		
19 SHORT TERM LOANS AND ADVANCES		
Unsecured , considered good		
Capital advance	44,854,681	-
Loans and advances	1,447,629	-
Advances recoverable in cash or kind	21,319,702	127,631,595
Prepaid expenses	24,869,169	15,238,500
Deposits	11,323,407	740,000
Advance income-tax (net of provision for tax)	24,696,004	6,338,388
MAT credit entitlement	4,231,138	5,644,768
	132,741,730	155,593,251
Loans and advances to group companies include:		
Due from group companies	1,447,629	-
20 OTHER CURRENT ASSETS		
Interest accrued on bank deposits	4,710,534	4,034,935
Unbilled revenue	258,757,841	168,784,875
Forward contract receivable	6,452,371	-
	269,920,746	172,819,810

Notes to the consolidated financials statement	Year ended 30 June 2012 ₹	15 month period ended 30 June 2011 ₹
21 OTHER INCOME		
Interest on bank deposits	31,525,009	10,704,712
Interest on income tax refunds	5,941	2,870,159
Foreign exchange gain, net	48,989,637	6,430,414
Credit balances written back	21,734,438	11,525,365
Common amenities recharged	-	2,946,003
Dividend	2,000	2,000
Profit on sale of asset, net	879,362	1,695,220
Miscellaneous income	19,082,149	20,448,144
	122,218,536	56,622,017
22 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	897,426,051	1,059,999,429
Contribution to provident fund and other funds	31,407,316	42,710,231
Staff welfare expenses	40,692,970	54,714,833
	969,526,337	1,157,424,493
23 FINANCE COSTS		
Finance charges	7,756,887	8,895,919
Other interest	156,743	1,047,165
	7,913,630	9,943,084
24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	41,446,304	49,975,079
Amortisation of intangible assets	39,250,095	117,119,319
	80,696,399	167,094,398

Notes to the consolidated financials statement	30 June 2012 ₹	30 June 2011 ₹
25 OTHER EXPENSES		
Advertisement and sales promotion	36,668,899	18,809,188
Auditors Remuneration (refer note below)	4,163,842	3,750,068
Bad debts written off	9,755,346	7,249,830
Buyback expenses	3,560,253	-
Commission and brokerage	53,982,785	61,769,707
Communication charges	22,970,434	29,941,160
Computer consumables	680,262	1,631,670
Connectivity charges	7,780,542	15,512,978
Contractor charges	6,071,752	8,677,452
Data processing charges	20,311,554	27,350,963
Director's Commission	300,000	300,000
Director's sitting and committee fees	441,620	160,000
Donation	730,000	1,344,355
Insurance	3,305,678	4,936,007
Legal and professional	12,430,420	14,647,205
Management Fees	15,333,226	-
Mark to market loss on forward contract	29,349,208	-
Membership and subscription	7,240,695	25,903,080
Miscellaneous expenses	32,810,149	13,374,479
Power, fuel and water charges	28,646,995	35,050,718
Printing and stationery	3,297,701	3,719,977
Provision for doubtful debts, net of bad debt written off	42,090,377	31,000,919
Provision for Doubtful deposit	300,000	-
Provision for expenses recoverable	1,797,522	-
Rates and taxes	3,745,655	7,214,921
Recruitment expenses	4,885,392	11,562,759
Rent (note 37)	98,151,031	122,555,615
Repair and maintenance :		
- Machinery	2,142,847	3,388,702
- Others	22,671,006	28,326,787
Software and maintenance	71,791,266	23,119,290
Technical consultants charges	81,480,159	82,450,166
Travelling and conveyance	58,623,534	72,271,295
	687,510,150	656,019,291
Auditors remuneration		
Audit Fees	4,163,842	3,633,973
Other services (tax audit and certification)	100,000	60,000
Out of pocket expenses	126,900	40,225
	4,390,742	3,734,198

Notes to the consolidated financial statement

26 PRODUCT DEVELOPMENT COST CAPITALISED INCLUDE

	Year ended 30 June 2012	15 month period ended 30 June 2011
	₹	₹
Payroll cost	17,722,396	25,892,913
Consultant fees	25,997,846	5,995,418
Other direct cost	580,526	2,012,373
Other ancillary cost	12,864	216,001
	44,313,632	34,116,705

27 EXCEPTIONAL ITEMS

- The Company has sold its entire shareholding in Synetairos Technologies Limited, a subsidiary of the Company on 1 July 2011 to Saksoft Limited as per the Share Purchase Agreement dated 1 July 2011, which has resulted into a gain of ₹ 7,770,692.
- During the period ended June'11 Kale Technologies Limited, UK, a subsidiary was wound up. The resultant gain of ₹ 10,509,605/- representing the surplus over investment made by the company has been recorded as a gain on disposal of investments under the head "Exceptional Item".
- During the period ended June'11, the board of directors of the company, at its meeting held on 6 September 2010, authorised a resolution approving the sale of the logistics business of the company to Kale Logistics Solution Private Limited, as a going concern, on a slump sale basis, with effect from 1 October 2010. The loss on account of this sale amounting to ₹ 44,654,807/- has been included in the profit and loss account under the head "Exceptional Item".

28 PRIOR PERIOD EXPENSE

	Year ended 30 June 2012	15 month period ended 30 June 2011
	₹	₹
Leave travel expense	-	6,035,194
Incentives	-	38,404,292
Cenvat credit availed	-	(5,525,204)
Excess Provision of Tax for prior years adjusted	-	(4,309,389)
	-	34,604,893

29 EARNING PER EQUITY SHARE

	Year ended 30 June 2012	15 month period ended 30 June 2011
	₹	₹
Number of shares (face value ₹ 10 each)	14,926,261	15,880,087
Profit after tax	407,854,420	209,446,234
Weighted average number of shares considered for Basic EPS	15,605,914	15,292,864
Weighted average number of shares considered for diluted EPS	15,605,914	15,292,864
Basic and Diluted EPS:		
-Basic earnings per share	26.13	13.70
-Diluted earnings per share	26.13	13.70

30 CAPITAL AND OTHER COMMITMENTS

	Year ended 30 June 2012	15 month period ended 30 June 2011
	₹	₹
Estimated amount of contracts remaining to be executed on capital account to the extent not provided (net of advances)	45,749,615	11,854,342

31 CONTINGENT LIABILITIES

	Year ended 30 June 2012	15 month period ended 30 June 2011
	₹	₹
Claims against the Company pertaining to Sales Tax with Asst. Commissioner of Sales Tax, (Appeals) - For F.Y. 2001-02 (disallowance of Software services and maintenance of software)	7,870,739	7,870,739

Notes to the consolidated financial statement

32 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

Year of remittance (ending on)	Year ended 30 June 2012 ₹	15 month period ended 30 June 2011 ₹
Period to which the dividend relates	2010-11	2009-10
Numbers of non-resident shareholders	21	20
Numbers of equity shares held on which dividend was due	11,259,140	71,101
Amount remitted	22,518,280	142,202
Period to which it relates	2011-12 (Interim dividend)	
Numbers of non-resident shareholders	21	
Numbers of equity shares held on which dividend was due	11,272,423	
Amount remitted	152,177,713	

33 EMPLOYEES' STOCK OPTION PLAN (ESOP)

The company provides share-based payment schemes to its employee. During the year ended 30 June 2012, an employee stock option plan (ESOP) was not in existence. The relevant details of the scheme and the grant for the previous year are as below:

	Year ended 30 June 2012 ₹	15 month period ended 30 June 2011 ₹
Employee's Stock Option Plan (ESOP)-2003		
Outstanding at the beginning of the year	-	498,489
Granted during the year	-	-
Forfeited (Lapsed) during the year	-	17,010
Exercised during the year	-	481,479
Outstanding at the end of the year	-	-
Employee's Stock Option Plan (ESOP)-2006		
Outstanding at the beginning of the year	-	886,125
Granted during the year	-	-
Forfeited (Lapsed) during the year	-	27,061
Exercised during the year	-	859,064
Outstanding at the end of the year	-	-

34 RETIREMENT BENEFITS TO EMPLOYEES

Gratuity

In accordance with Accounting Standards 15 (Revised) on Employee Benefits and applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC). LIC administers the plan and determines the contribution required to be paid by the Company.

Changes in present value of obligations

	Year ended 30 June 2012 ₹	15 month period ended 30 June 2011 ₹
a) Liability recognised in the balance sheet		
i) Present value of obligation		
Opening balance	35,558,569	24,138,979
Less: opening balance on sale of subsidiary	(1,125,254)	-
Prior period expense	-	184,595
Current service cost	6,275,813	8,448,226
Past service cost	-	3,783,169
Interest cost	2,711,602	2,328,791
Actuarial (gain)/loss on obligations	(3,003,869)	2,930,846
Benefits paid	(3,526,817)	(6,256,037)
Closing balance	36,890,044	35,558,569

Notes to the consolidated financial statement

34 RETIREMENT BENEFITS TO EMPLOYEES (continued)

	Year ended 30 June 2012 ₹	15 month period ended 30 June 2011 ₹
ii) Fair value of plan assets		
Opening balance	30,109,791	23,212,181
Less: opening balance on sale of subsidiary	(774,857)	-
Expected return on plan assets	2,715,579	3,101,239
Employer's contributions	3,572,180	11,238,167
Actuarial gain / (loss) on plan assets	(1,023,876)	(1,185,759)
Benefits paid	(3,526,817)	(6,256,037)
Closing balance	31,072,000	30,109,791
Amount recognised in Balance Sheet (i)-(ii)	(5,818,044)	5,448,778
b) Expenses recognised in statement of profit and loss		
Current service cost	6,275,813	8,448,226
Past service cost	-	3,783,169
Interest Cost	2,711,602	2,328,791
Expected return on plan assets	(2,715,579)	(3,101,239)
Net actuarial (gain)/loss recognised during the period	(1,979,993)	4,116,605
Expenses recognised in statement of profit and loss	4,291,843	15,575,552
c) Break up of Plan assets		
LIC of India - Insurer Managed Fund	100.00%	100.00%
d) Principal actuarial assumptions		
Rate of discounting	8.30%	8.30%
Expected return on plan assets	9.25%	9.25%
Rate of increase in basic salary	6.00%	6.00%
Attrition rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

Experience adjustment

	Year ended 30 June 2012	For the 15 month period ended June 30, 2011	Year ended 31 March 2011
Present value of obligation	36,980,044	24,835,090	26,603,372
Plan assets	31,072,000	23,672,373	23,084,238
Surplus (deficit)	(5,818,044)	(1,162,717)	(3,519,134)
Experience adjustments on plan liabilities (loss)/gain ..	3,274,195	3,292,420	(1,196,040)
Experience adjustments on plan assets (loss)/gain	(1,023,876)	(268,786)	(543,820)

Leave encashment

In accordance with Accounting Standards 15 (Revised) on Employee Benefits, the Company provides for leave salary on the basis of actuarial valuation.

Principal actuarial assumptions

Rate of discounting	8.30%	8.30%
Rate of increase in cost to company	12.00%	12.00%
Attrition rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

Notes to the consolidated financial statement

35 SEGMENTAL REPORTING

The Company has one business segment which addresses the Travel and Transportation vertical. This, in context of Accounting Standard 17 (AS17) on segment reporting, is considered to constitute one single segment.

Geographic segments

Continents	Country
Asia Pacific	India, China, New Zealand, Japan, Hong Kong, Singapore Indonesia, Australia, Bangladesh, Fiji, Malaysia, Russia, South Korea, Sultanate of Brunei, Taiwan, Thailand and Vietnam.
Middle East and Africa	Mauritius, Zimbabwe, Kenya, Tanzania, Angola, Bahrain, Iran, Kuwait, Namibia, Rwanda, Saudi Arabia, South Africa, UAE and Yemen.
Americas	USA, Canada, Argentina Brazil, Chile, Colombia, El Salvador, Panama, and Mexico.
Europe	Germany, France, Portugal, Italy, United Kingdom, Czech Republic, Denmark, Finland, Greece, Luxembourg, Poland, Spain and Turkey.

Segment revenues

Revenues are attributable to individual geographic segments based on location of the end customer.

Capital Employed

Capital employed comprises debtors, unbilled revenue, income received in advance, expense recoverable from clients, goodwill, fixed assets and other direct liabilities classified by reportable segments. The Company believes that it is currently not practicable to provide segment disclosures relating to other assets and liabilities apart from above and hence, those assets and liabilities have been included under unallocated.

Continent wise geographical revenue and capital employed

Continent	Revenue		Capital employed	
	Year ended 30 June 2012	15 month period ended 30 June 2011	Year ended 30 June 2012	15 month period ended 30 June 2011
Asia Pacific	542,967,830	802,444,737	401,726,628	356,714,407
Middle East and Africa	597,063,366	657,652,449	100,765,730	98,773,558
Americas	428,430,752	470,276,094	153,756,346	115,864,850
Europe	605,258,698	280,529,272	524,516,578	419,018,334
Un-allocable assets	-	-	199,491,214	482,853,347
Total	2,173,720,645	2,210,902,552	1,380,256,495	1,473,224,496

Notes to the consolidated financial statement

36 RELATED PARTY TRANSACTIONS

(A) Related party disclosures

Related parties where control exists	Name
Holding company	Accelya Holding World SLU
Fellow Subsidiary	Accelya World SLU Accelya UK Limited
Key management personnel	Philippe Lesueur - Chairman Vipul Jain - Managing Director Narendra Kale (from 1st July 2011 to 7th July 2011) Prakash Alkutkar (Resigned on 1st July 2011)
Enterprises where key Management personnel Interested	Kale Logistics Solutions Private Limited

(B) Transactions with related parties

Nature of transactions	Year ended	Holding	Fellow Subsidiary	Key management personnel	Enterprises where key management personnel are interested
Issues of equity shares	30 June 2012 30 June 2011			- 39,388,950	- -
Services rendered by the Company	30 June 2012 30 June 2011		7,102,927	- -	- -
Services received by the Company	30 June 2012 30 June 2011		37,182,480	- -	- -
Claims raised for expenses	30 June 2012 30 June 2011	8,267,121		- -	- 3,628,710
Claims received for expenses	30 June 2012 30 June 2011	18,715,448	2,929,804	- -	- -
Remuneration	30 June 2012 30 June 2011			21,093,227 35,257,518	- -
Transfer of business asset	30 June 2012 30 June 2011			- -	- 81,467,638
Amount paid on behalf of Kale Logistics Solutions Private Limited	30 June 2012 30 June 2011			- -	- 73,911,882
Balances outstanding					
Payable	30 June 2012 30 June 2011	1,515,971	11,952,676	2,516,148 750,000	- -
Receivable	30 June 2012 30 June 2011		740,734	- -	- 114,002,105

Notes to the consolidated financial statement

36 RELATED PARTY TRANSACTIONS (continued)

	Year ended 30 June 2012	15 month period ended 30 June 2011
	₹	₹
(C) Of the above items, transactions in excess 10% of the total related party transactions are as under		
Nature of transaction		
Income from Service rendered		
Accelya world SLU	7,102,927	-
Purchase of services		
Accelya world SLU	31,861,248	-
Accelya UK	5,321,232	-
Expenses charged to group companies		
Accelya Holding world SLU	8,267,121	-
Expenses charged by group companies		
Accelya Holding world SLU	18,715,448	-
Salary/remuneration		
Vipul Jain	21,093,227	27,160,578
Narendra Kale	-	5,106,375
Prakash Alkutkar	-	2,990,565
Payables		
Accelya Holding world SLU	1,515,970	-
Accelya UK Limited	5,321,232	-
Accelya world SLU	6,631,444	-
Vipul Jain	2,516,148	750,000
Receivables		
Accelya world SLU	740,734	-

37 LEASES

Finance lease

Assets acquired under finance lease comprise of computer hardware. There are no exceptional/restrictive covenants in the lease agreements.

The minimum lease payment outstanding and their present value at the balance sheet date that have been capitalized are as follows :

Particulars	Year ended 30 June 2012		For the 15 month period ended 30 June 2011	
	Minimum lease payments ₹	Present value of lease payments ₹	Minimum lease payments ₹	Present value of lease payments ₹
Not later than one year	3,899,280	3,516,548	9,059,332	7,968,997
Later than one year but not later than five years			3,597,547	3,313,460

Particulars	Year ended 30 June 2012	For the 15 month period ended 30 June 2011
	₹	₹
Minimum lease payments as above	3,899,680	12,656,879
Less: finance charges	383,133	1,374,422
Present Value of Lease Payments	3,516,547	11,282,457

Notes to the consolidated financial statement

37 LEASES (continued)

Operating lease

The lease rental for office premises, guest house and godown charged to statement of profit and loss aggregates to ₹ 98,151,031 (previous year ₹ 122,555,615).

Future minimum lease commitments in respect of non cancellable operating leases:

	Year ended 30 June 2012	For the 15 month period ended 30 June 2011
	₹	₹
Not later than one year	70,443,026	46,002,254
Later than one year and not later than five years	250,632,829	9,428,931

38 DISCLOSURE UNDER MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The Company has no dues to micro and small enterprises during the periods ended June 30, 2012 and June 30, 2011 and as at June 30, 2012 and June 30, 2011.

Particulars	Year ended 30 June 2012	For the 15 month period ended 30 June 2011
	₹	₹
Principal amount and the interest due thereon remaining unpaid to any supplier as at the year end	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible	-	-

39 Unbilled revenue include revenue based on percentage of completion basis ₹ 131,959,202/- (previous year ₹ 73,375,933/-)

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
1 August 2012

Statement pursuant to Section 212 of the Companies Act, 1956

Sr. No.	Particulars	Kale Softech Inc.	Kale Revenue Assurance Services Limited	Zero Octa UK Limited*	Zero Octa Selective Sourcing India Private Limited*	Zero Octa Recruitment and Training (India) Private Limited*
		(USA)	(UK)	(UK)	(INDIA)	(INDIA)
	Financial Year Ended	June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012
1	Shares of Subsidiary held by the Company directly or through its subsidiary companies as on 30 June 2012					
a.	Number of Shares and face value	1,300,000 Class A voting common stock of USD 0.01 each and 450,000 5% Redeemable Preferred stock of USD 1 each	4,150,000 Share of GBP 1 each	111,000 Ordinary Shares of GBP 1 each	150,000 Equity Shares of ₹ 10 each	50,000 Equity Shares of ₹ 10 each
b.	Extent of Holding	100%	100%	100%	100%	100%
3	Net aggregate amount of profit/ (loss) of the subsidiary so far as it concerns the members of Accelya Kale Solutions Limited for the current financial year.	Nil	Nil	Nil	Nil	Nil
a.	Dealt with in the accounts of Accelya Kale Solutions Limited	USD 243,681	GBP 189,740	GBP 634,641	₹ 34,205,787	₹ (56,355)
b.	Not dealt with in the accounts of Accelya Kale Solutions Limited					
4	Net aggregate amount of profit / (loss) of the subsidiary so far as it concerns the members of Accelya Kale Solutions Limited For the previous financial year	Nil	Nil	Nil	Nil	Nil
a.	Dealt with in the accounts of Accelya Kale Solutions Limited	USD 507,208	GBP 244,794	GBP 366,479	₹ 33,129,905	₹ (212,884)
b.	Not dealt with in the accounts of Accelya Kale Solutions Limited					

* By virtue of Section 4(1)(c) of the Companies Act, 1956, these are subsidiaries of the Company.

Financial Information relating to Subsidiary Companies for the year ended June 30, 2012

(Currency: ₹)

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of investment in the subsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
Kale Softech Inc.	25,756,690	87,825,806	167,792,819	54,210,322	-	360,734,793	22,140,183	8,584,265	13,555,918	1,251,675
Kale Revenue Assurance Services Limited	362,585,500	46,885,625	463,170,824	53,699,699	-	-	16,577,584	-	16,577,584	-
Zero Octa UK Limited*	96,981	71,954,000	160,556,267	88,505,286	-	36,683,299	74,704,932	19,256,348	55,448,584	-
Zero Octa Selectives Sourcing and Training India Private Limited*	1,500,000	186,375,647	219,733,594	31,857,947	-	184,343,891	51,325,766	17,119,979	34,205,787	-
Zero Octa Recruitment and Training (India) Private Limited*	500,000	(243,633)	290,117	33,750	-	-	(56,355)	-	(56,355)	-

* By virtue of Section 4(1) (c) of the Companies Act, 1956 these are the subsidiaries of the Company.

Note: In translating the financial statement of the subsidiaries, for incorporation in the consolidated financial statement, all assets and liabilities, except fixed assets which are stated at historical cost, are translated at the Transaction rate; Income and expense items are translated at transaction rates for the year and all resulting exchange differences are given prescribed accounting treatment in accounts.

While making the above statement following foreign currency rates as on June 30, 2012 have been applied:

1 USD= 55.63 in case of Kale Softech, Inc.

1 GBP=87.37 in case of Kale Revenue Assurance Services Limited and Zero Octa UK Limited.

For and on behalf of Board of Directors

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai

1 August 2012

Shareholder Information

1. Annual General Meeting

Date and Time	- Tuesday, November 06, 2012 at 3.00 p.m.
Venue	- Pudumjee Assembly Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune – 411 002
Book Closure Dates	- Monday, October 29, 2012 to Tuesday, November 06, 2012 (both days inclusive)
Purpose	- Dividend and Annual General Meeting.

2. Registered Office Address

Kale Enclave, 685/2B & 2C, 1st Floor, Sharada Arcade, Satara Road, Pune - 411 037

3. Listing Details

No. of securities listed	- 14,926,261 Equity Shares of Rs. 10/- each
Market Lot	- 50 shares for physical mode.

Name, Address & Telephone Nos. of the Stock Exchanges	Scrip Code	Date of Listing	Listing fees For 2011-12
Pune Stock Exchange Limited Shivleela Chambers, 752, Sadashiv Peth, Kumthekar Marg, Pune – 411 030 Tel.: (020) 24485701	16268 – KALCO	November 11, 1999	Paid
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Tel.: (022) 22721233 / 34	532268	November 16, 1999	Paid
National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel.: (022) 2659 8100 –14	ACCELYA	December 1, 1999	Paid

4. Share Transfer System

Shares of the Company are compulsorily traded in dematerialized form by all investors with effect from June 26, 2000, vide SEBI circular, as intimated by Pune Stock Exchange Limited. The Share Transfer Committee of the Board usually meets every 15 days to approve physical transfer of shares.

Break up of shareholding in physical and demat mode (As on June 30th, 2012)

Type of Holding	Percentage to Share Capital
Physical	1.33%
Dematerialised	98.67%
Total	100.00%

5. ISIN Numbers

NSDL:

ISIN No.	Type of Shares
INE793A01012	Equity Share

CDSL:

ISIN No.
INE793A01012

6. Registrar and Share Transfer Agent (address for correspondence)

Karvy Computershare Private Limited
 Plot No. 17 to 24, Near Image Hospital,
 Vittalrao Nagar, Madhapur,
 Hyderabad – 500 081
 Tel. No. (040) 23420818 / 23420828
 Fax No. (040) 23420814
 Contact Person: Ms. Sravanthi Kodali.

7. Accelya Kale Share Price (NSE) Vs. NSE S&P CNX Nifty Index

Month	Accelya Kale Share Price (Rs.)		NSE S&P CNX Nifty	
	High	Low	High	Low
July, 2011	89.90	80.00	5740.40	5453.95
August, 2011	83.70	62.00	5551.90	4720.00
September, 2011	93.70	69.00	5169.25	4758.85
October, 2011	91.30	73.35	5399.70	4728.30
November, 2011	128.30	80.40	5326.45	4639.10
December, 2011	126.00	96.75	5099.25	4531.15
January, 2012	152.70	98.50	5217.00	4588.05
February, 2012	148.10	130.25	5629.95	5159.00
March, 2012	144.00	136.55	5499.40	5135.95
April, 2012	139.50	117.45	5378.75	5154.30
May, 2012	135.00	118.00	5279.60	4788.95
June, 2012	124.90	99.00	5194.60	4770.35

8. Shareholding Pattern as on 30 June, 2012

Sr. No.	Category	No. of Shares held	Percentage
1	Foreign Promoters	11,143,295	74.66
2	Banks, FIs, Insurance Companies, Institutions	1,000	0.01
3	Foreign Institutional Investors	50	0.00
4	Corporate Bodies	393,987	2.64
5	Indian Public	3,021,781	20.64
6	NRIs / OCBs / Foreign Nationals	349,853	2.34
7	Trusts	16,295	0.11
	TOTAL	14,926,261	100.40

9. Distribution of Shareholding as on 30 June, 2012

Shareholding Range	No. of Shareholders	Percentage	Shareholding	Percentage
Upto 500	13995	94.27	1355005	9.09
501 – 1000	459	3.09	366209	2.45
1001 – 2000	183	1.23	273531	1.83
2001 – 3000	73	0.49	184913	1.24
3001 – 4000	42	0.28	148433	0.99
4001 – 5000	21	0.14	98980	0.66
5001 – 10000	41	0.28	304791	2.04
10001 and above	33	0.22	12194399	81.70
TOTAL	14847	100	14926261	100

10. Investor Complaints

During the year, the Company received 28 complaints all of which were resolved during the year and there were no complaints pending at the end of the year.

The Company has received letters from Stock Exchanges confirming NIL complaints pending, the details of which are given below:

Stock Exchange	Date of Letter
BSE Limited	10 th October, 2011
National Stock Exchange of India Limited	5 th October, 2011
BSE Limited	6 th January, 2012
National Stock Exchange of India Limited	4 th January, 2012
BSE Limited	9 th April, 2012
National Stock Exchange of India Limited	16 th April, 2012
BSE Limited	5 th July, 2012
National Stock Exchange of India Limited	4 th July, 2012

The Company has set up an Investor's Grievance Committee, which monitors overall investor complaints in co-ordination with Registrar & Share Transfer agent.

11. Financial Calendar

Unaudited / Audited Financial Results	Quarter / Year ended	Month of approval of Financial Results
Unaudited financial results for the quarter ended	September 30, 2012	October / November, 2012
Unaudited financial results for the quarter ended	December 31, 2012	January / February, 2013
Unaudited financial results for the quarter ended	March 31, 2013	April / May, 2013
Audited financial results for the year ended	June 30, 2013	July / August, 2013



ACCELYA KALE SOLUTIONS LIMITED

Regd. Off.: Kale Enclave, 685/2B & 2C, 1st Floor, Sharada Arcade, Satara Road, Pune - 411037.

NOTICE

NOTICE IS HEREBY GIVEN THAT the twenty sixth Annual General Meeting of the members of the Company will be held on Tuesday, the 6th day of November, 2012 at 3.00 p.m. at Pudumjee Assembly Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune – 411 002 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Annual Accounts for the year ended 30th June 2012, together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. K. K. Nohria, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board of Directors

Vipul Jain
Managing Director

Place: Mumbai

Date: 1st August, 2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, DULY EXECUTED, IN ORDER TO BE VALID, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 29th day of October, 2012 to Tuesday, the 6th day of November, 2012 (both days inclusive) for the purpose of dividend and Annual General Meeting.
3. Members are required to approach M/s Karvy Computershare Private Limited, Plot No. 17 – 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad – 500 081, in case they have not encashed the Dividend Warrants for any year from 2006-07.
4. Members / proxy – holders are requested to bring copy of the Annual Report to the Meeting.
5. Members desiring any information as regards the accounts and operations of the Company are requested to send their queries to the Company, at least 10 days in advance, so as to enable the management to keep the information ready.
6. To further Company's environment friendly agenda and to participate in MCA's Green Initiative, members are requested to register / update their e-mail address with their Depository Participant Members who are holding shares in physical form are requested to send their e-mail address at kle.cs@karvy.com to update their e-mail address.

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ACCELYA
Complexity Simplified

ACCELYA KALE SOLUTIONS LIMITED

PROXY FORM

I/We _____ of _____

being a member(s) of Accelya Kale Solutions Limited hereby appoint Mr./ Mrs./ Ms. _____

_____ of _____ in the district of _____

_____ or failing him / her Mr./ Mrs./ Ms. _____

of _____ in the district of _____ as my / our Proxy to attend and to vote for

me/ us on my/ our behalf at the Annual General Meeting to be held on Tuesday, the 6th day of November, 2012 at 3.00 p.m. at

Pudumjee Assembly Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune – 411 002 and at any

adjournment thereof.

Signed this _____ day of _____ 2012.

Folio No.: _____ No. of Shares held : _____

Client Id: _____ DP Id : _____

Affix
15 paise
revenue
stamp

Signature _____

NOTES:

1. Proxy Form to be valid shall be duly signed, stamped and dated and shall be deposited at the Registered Office of the Company at least 48 hours before the time of the Meeting.
2. The members who hold shares in dematerialised form shall quote their Client ID and DP Id.
3. A shareholder may vote either for or against each resolution.



ACCELYA
Complexity Simplified

ACCELYA KALE SOLUTIONS LIMITED

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting on Tuesday, the 6th day of November, 2012 at 3.00 p.m. at Pudumjee Assembly Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune – 411 002.

I certify that I am a registered member / valid proxy of the registered member of the Company.

Folio No. : _____ No. of Shares held : _____

Client Id : _____ DP Id : _____

Name of member / proxy
(in BLOCK letters)

Signature of member / proxy

Notes:

1. Please fill up this Attendance Slip and hand it over at the entrance of the meeting hall.



ACCELYA
Complexity Simplified



Kale Consultants Ltd. is now Accelya Kale Solutions Ltd. - part of the Accelya group



Regd. Office: Kale Enclave, 685/2B & 2C, 1st Floor, Sharada Arcade, Satara Road, Pune - 411037, India
Tel: +91 20 66083777 Fax: +91 20 24231639 Email: investors@accelyakale.com www.accelyakale.com