



25th Annual Report
2010-11

KALE CONSULTANTS LIMITED

CORPORATE OFFICE & DEVELOPMENT CENTRE

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DEVELOPMENT CENTRE

Pune

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100A High Street,
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Kale Consultants Limited**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
Axis Bank Ltd.
Citibank N.A.
ICICI 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.kaleconsultants.com

Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd.,
Plot No. 17 to 24,
Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081.
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Dear Shareholders,

At 25; starting a new journey



We complete 25 years this year. I think we can all take pride in what the company has achieved in this period. Kale is truly one of few “made in India” software product success stories. We are acknowledged leaders in our chosen areas, and are widely respected for our expertise. We are warmly received and have become a key supplier to the global airline industry. We have a wonderful team at Kale –

not only very talented and capable individuals but passionate about our company and our customers.

We have taken a path that has been different. At times it appeared to be foolhardy, but in the end, our accomplishments are remarkable and distinctive. This year out of 15000 companies in Asia and Australia, Forbes Asia featured us in their list of “Asia Top 200 Best under a Billion 2011”. Only 35 other companies from India made it to the list.

It is thus fitting that in our 25th Year, we start a new chapter in our history. We are now part of a global group – Accelya Holding World S.L., a respected and leading solutions provider to the airline and travel industry. Accelya is a platform based services provider in areas such as BSP Processing, Sales Audit, Business intelligence, e-invoicing and settlement, EDI and credit card management. It is headquartered in Spain, with delivery centers spread across the globe.

Together Kale and Accelya are the world’s largest solution provider for financial processes related to the airline industry. Together we serve over 200 airline customers and offer a wide portfolio of solutions to the industry. These include Revenue Accounting, Audit & Revenue Recovery, Credit Card Management, Miscellaneous Billing, F&A Processes and Decision Support & Analytics. As strategic partners to IATA, we also deliver robust industry solutions including BSP, BSP Link, Neutral Fare Proration (NFP) and Simplified Interline Settlement (SIS).

Continuity and Change

I would also like to take this opportunity to thank and acknowledge the contribution and support of my co-founder and partner for 25 years – Narendra Kale. The company bears the imprint of his vision and values. I am

personally grateful for the free hand and trust that he has extended to me during this entire period. I would also like to thank the other outgoing members of the Board of Directors – Mr. PS Deodhar and Mr. Pravin Gandhi for their support at all times, good and bad.

I would like to welcome Mr. Philippe Lesueur, President, Accelya, who joins us as the Chairman of the Board. I am sure that the company will benefit hugely from his experience and leadership. Also a warm welcome to new Board Members – Mr. Sekhar Natarajan and Mr. Bahram Vakil and our continuing Board Member, Mr. K. K. Nohria.

The year in brief

Over the past few years, Kale has taken significant strides in its effort to gain leadership in the revenue accounting domain. The year also saw our flagship solution REVERA® generate good traction in the industry. New customers during the year include - Turkish Airlines, Japan Airlines, Air Berlin, and RwandAir to name a few. Our group company, Zero Octa was once again selected by the Star Alliance as preferred vendor for sales audit and revenue protection. The Star Alliance is one of the largest and renowned alliances with over 27 airlines part of the group.

During the year we also introduced a new solution for the airline industry – FINESSE MBS. The solution is aimed at airlines looking at streamlining their miscellaneous billing processes and achieving SIS Compliance.

With these successes and on-going product development program, we are confident that your company is not only being recognised as the leader in its chosen areas, but also laying the foundation for the future as well.

During this year, we have proactively aligned our accounting policies with international standards as well as the accounting year with that of Accelya. These have resulted in a one-time impact on our financials for the year.

The Next 25

With Accelya, we enter a new chapter in our progress. Even more opportunities are opening up for us. A future with broader horizons, bigger mountains to climb!

I look forward to your continued support in the years to come.

Yours truly,

A handwritten signature in black ink, appearing to read 'Vipul Jain', written over a white background.

Vipul Jain
CEO & Managing Director

To,
The Members,

Your Directors are pleased to present the Twenty Fifth report on the business and operations of the Company for the period ended June 30, 2011.

Financial Results

Rs. in Million

Particulars	2010-11 (15 months)	2009-10
Total Revenue		
- Revenue from Services	1,702.74	1,267.30
- Other Income	46.98	6.78
Total	1,749.72	1,274.08
Total Expenditure	1,579.82	1,071.48
Profit before Tax and Prior Period Expenses	169.90	202.60
Prior Period Items (Expense)/Income	(34.90)	3.06
Profit Before Tax and Prior Period Expenses	135.00	205.66
Provision for Tax		
- Current Tax	50.40	35.03
Deferred Tax Charge		
- Current Period	(33.45)	(2.31)
- Prior Period	(15.21)	-
MAT Credit Entitlement	-	(21.52)
Profit After Taxation	133.26	194.47
Profit brought forward from previous year	567.01	419.34
Profit available for appropriation	700.27	613.81
Appropriations:		
- Transferred to General Reserves	13.33	14.58
- Proposed Dividend / Dividend Paid	34.04	27.63
- Dividend Distribution Tax	5.53	4.59
- Balance Carried Forward to Balance Sheet	647.37	567.01

Dividend

Your Directors are pleased to recommend a dividend of Rs. 2 per equity share for the financial year ended June 30, 2011.

Operating Results and Business:

The Company has changed its financial year end from March 31, 2011 to June 30, 2011 as a result of which the current financial year is for a period of fifteen months i.e. from April 1, 2010 to June 30, 2011. The results for a fifteen month period is thus not comparable with the results of the previous year ended March 31, 2010.

The Company has been able to show a steady growth in the financial year 2010-11. During the period under review, the total revenues of the Company stood Rs. 1,749.72 million.

The Company registered Profit before tax and Prior Period expenses of Rs. 169.90 million.

During the year there was an Exceptional item to the tune of Rs. 34.15 million.

The Profit after tax for the period ended 30 June 2011 was Rs. 133.26 million.

The company's revenue model is a mix of licensed product sales and hosted and outsourced service sales. While hosted and outsourced service sales result in a annuity revenue streams, licensed product sales typically result in most of the contracted revenue being recognized during the implementation period. Thus every year new customer wins are necessary to compensate for the drop in revenue post implementation.

The annualized revenues from operations thus grew only by 7.49%, despite a strong sales performance during the year. The company is strategically moving towards more service sales to increase the annuity revenue streams and thereby grow revenue faster.

Business Operations:

During the year the Company further consolidated its position as the leading provider of solutions for the airline industry. Some of the customer wins during the year are as follows:

- Air Berlin PLC, Germany's second largest airline, has selected Kale's REVERA® solution for its passenger revenue accounting requirements.
- Japan Airlines (JAL) has selected Kale's REVERA® solution for its passenger revenue accounting requirements as a licensed solution.
- Star Alliance selects Zero Octa as Preferred Vendor for Sales Audit and Revenue Protection Services. The new contract is an extension of the partnership started in 2005.
- Turkish Airlines, Europe's 3rd best and southern Europe's best airline with over 29 million passenger flown per annum, has selected Kale's passenger revenue accounting solution REVERA® to support their passenger revenue accounting process.
- RwandAir has selected Kale's passenger revenue accounting solution REVERA® for its PRA operations. The solution will be deployed as a hosted model.
- Air India implements Kale's FINESSE MBS Solution, to streamline its Miscellaneous Billing processes. The solution to help Air India towards its SIS compliance initiatives for Miscellaneous Billing.

Kale's new generation passenger revenue accounting solution REVERA® now caters to a wide array of airlines across the

world. In terms of scale REVERA® processes over 295 million transactions in total. REVERA® has also recently achieved certified integration with SAP® applications using Kale's RevConnect 1.0 interface module.

During the year, the company introduced FINESSE MBS Solution, to streamline Miscellaneous Billing processes at airlines. This is the first module in the FINESSE suite which is aimed at completing the airline industry specific gaps in standard ERP financial solutions.

Kale is undertaking a large project for IATA to build the Simplified Interline Settlement solution for the industry. This project is scheduled to go live from October 2011.

Acquisition by Accelya

The promoters of the Company, consisting of i) Mr. Narendra Harihar Kale ii) Mr. Vipul Prashad Jain iii) Mrs. Nanda Narendra Kale iv) Mr. Sudhir Harihar Kale v) Ms. Neha Narendra Kale vi) Vipul Prashad Jain (HUF) and vii) Mrs. Shibani Vipul Jain, entered into a share purchase agreement on September 09, 2010 with Accelya Holding World S.L. ("Accelya"), whereby it was agreed that Accelya would purchase all the equity shares held by the promoters. Accelya also bought shares from the public shareholders under open offer made pursuant to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The transaction between Accelya and the promoters has been completed on July 07, 2011. Accelya now holds 70.17% of the equity capital of the Company. Accelya has since become promoter of the Company and i) Mr. Narendra Harihar Kale ii) Mr. Vipul Prashad Jain iii) Mrs. Nanda Narendra Kale iv) Mr. Sudhir Harihar Kale v) Ms. Neha Narendra Kale vi) Vipul Prashad Jain (HUF) and vii) Mrs. Shibani Vipul Jain have ceased to be the promoters of the Company.

Sale of Logistics Business

During the year under review, the Company sold its logistics business undertaking to Kale Logistics Solutions Private Limited ("KLSPL") on a slump sale basis. Approval of shareholders was obtained by postal ballot to the sale of the logistics business undertaking as required under section 293(1)(a) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The sale of the Logistics Business Undertaking has enabled the Company to focus better on the huge opportunities in the airline and travel space for its products and outsourced business services.

Subsidiaries

The Company has sold its entire minority shareholding in Synetairos Technologies Limited, a subsidiary of the Company on July 1, 2011 to Saksoft Limited as per the Share Purchase Agreement dated July 1, 2011. This has resulted into a gain of Rs. 7.69 million. This gain will be accounted during the quarter ending September 30, 2011.

The Company had made applications to the Companies House in UK for striking off the Kale Technologies Limited and Zero Octa Group Limited. During the year these companies have been struck off by the Companies House in the UK and as a result, have ceased to exist.

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 subsidiary companies, 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), Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

Directors

Pursuant to the share purchase agreement dated September 09, 2010 entered into between Accelya Holding World S.L. and i) Mr. Narendra Harihar Kale ii) Mr. Vipul Prashad Jain iii) Mrs. Nanda Narendra Kale iv) Mr. Sudhir Harihar Kale v) Ms. Neha Narendra Kale vi) Vipul Prashad Jain (HUF) and vii) Mrs. Shibani Jain, the Board of Directors of the Company has, on July 07, 2011, been reconstituted by:

- appointment of Mr. Philippe Lesueur as director and chairman of the Company, Mr. Sekhar Natarajan as an independent director of the Company and Mr. Bahram Vakil as an independent director of the Company .
- resignation of Mr. Narendra Harihar Kale as chairman and director of the Company, Mr. P. S. Deodhar and Mr. Pravin Gandhi as directors of the Company.

Mr. Vipul Jain has continued to be the Managing Director and Mr. K. K. Nohria has continued to be an independent director of the Company.

About Mr. Philippe Lesueur

Mr. Philippe Lesueur is on the Board of Directors of Accelya Holding World SL, headquartered in Barcelona, Spain and of all Accelya Group companies worldwide. Mr. Lesueur is well known and highly respected in the airline industry where he has spent close to 30 years. He joined the GSI group in 1974 as financial controller. He has worked in various capacities with the GSI group, which was later taken over by the ADP group.

Under the leadership of Mr. Lesueur, the business of Accelya has grown from BSP (billing and settlement plan) processing in one country in 1982 to cover 108 countries and volumes that exceed 180 million tickets per year.

Companies in which Mr. Philippe Lesueur is a director	
Accelya Holding World S.L.	Kale Softech Inc.
Accelya World S.L.U.	Zero Octa Selective Sourcing India Private Limited
Accelya UK Limited	Zero Octa Recruitment and Training India Private Limited
Accelya France SAS	Zero Octa UK Limited
Accelya Portugal Unipessoal, Ltda.	Kale Revenue Assurance Services Limited
Accelya Investment Sarl	

Mr. Lesueur does not hold any shares in the Company.

About Mr. Sekhar Natarajan

Mr. Sekhar Natarajan is a well-known industry professional; known for his integrity and passion for results. Mr. Natarajan has led and built Monsanto India Ltd. as an organization that is a growth leader in Indian agriculture. He was instrumental in creating and managing a multi organization partnership to give a significant and positive impact to the Ag biotech acceptance and cotton landscape of India. He is a strategic thinker with rich global experience in business development and mergers and acquisitions. He is a great people leader who has developed and nurtured talent for Monsanto and the Ag sector in India. He has taken early retirement from Monsanto after 30 years of working in the company.

Mr. Natarajan is the managing partner at S N Consultants. He also holds the position of Chairman and Director at Monsanto India Ltd. Additionally, he serves as a Director at Maharashtra Hybrid Seed Company Ltd and is also a Member of CII's National Council on Agriculture and National Committee on Biotech.

Companies in which Mr. Sekhar Natarajan is a director	
Monsanto India Limited	Maharashtra Hybrid Seeds Company Limited

Mr. Natarajan does not hold any shares in the Company.

About Mr. Bahram Vakil

Mr. Bahram Vakil is one of India's top corporate lawyers and has extensive legal experience in Indian and international transactions. One of the few renowned infrastructure lawyers in the country, Mr. Vakil has been acknowledged as a leading project finance lawyer by many international publications for over a decade.

Mr. Bahram Vakil has successfully represented Indian and international clients in the following areas: Mergers,

Acquisitions, Joint Ventures, Foreign Inward Investment Related Practice and Corporate Law, Project and Other Financing, Venture Capital/Private Equity Funds. Mr. Vakil also holds the distinction of being a member of the core group established by the U.S. Securities Exchange Commission and the Securities Exchange Board of India for the project titled "Financial Institutions Reforms and Expansion" to develop the bar for securities laws in India.

Mr. Vakil completed his law training at Bombay University and Columbia University. Upon graduation, he worked for Debevoise & Plimpton in New York and McCutcheon, Doyle, Brown & Enersen in San Francisco. Upon his return to India, he worked at Little & Co., where he became a partner. In 2002, Bahram was a founding partner of AZB & Partners. AZB was recognized in 2006 by the International Financial Law Review as India's National Law Firm of the Year.

Companies in which Mr. Bahram Vakil is a director	
Edelcap Securities & Transaction Services Limited	Inarco
Wild India Camps India Private Limited	Bodhi Global Services Private Limited
Peninsula Trustee Limited	Gold Seal Avon Polymers Private Limited
Gold Seal SaarGummi India Private Limited	

Mr. Vakil does not hold any shares in the Company.

About Mr. K. K. Nohria

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

Mr. 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. Mr. Nohria has a total experience of more than 5 decades in the industry.

Mr. 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.

Mr. Nohria is also actively associated with various educational Institutions.

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.

Mr. Nohria is a director in the following companies:

Companies in which Mr. Nohria is a director	
CG - PPI Adhesive Products Limited	Igarshi Electric India Private Limited
Igarashi Motors Limited	Grow Talent Company Limited (former - Grow Talent Dot Com Limited)
International Components India Limited	Acqvire Talent Services Limited
Pradeep Metals Limited	Fontus Water Limited
CoLogicx Systems Limited	Jollyboard Limited
CTR Manufacturing Industries Limited	Maini Materials Movement Pvt. Limited
Maini Precision Products Pvt. Limited	CG CoreEI Programmable Solutions Pvt. Limited
EA Water Private Limited	Igarshi Technologies Private Limited
Net Holding Private Limited	Tanclean Private Limited
Aventura Components Private Limited	Power Energy Conservation (India) Private Limited
Igarshi Motor Sales Private Limited	

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

Auditors

Mr. D. G. Kurundwadkar, Chartered Accountant resigned as auditor of the Company with effect from 11 February 2011 on personal and health grounds. The Company appointed M/s. B S R & Co., Chartered Accountants as auditors of the Company by passing a resolution by postal ballot on 12 April 2011. M/s. B S R & Co., holds office as auditors of the Company until the conclusion of the ensuing annual general meeting.

M/s. B S R & Co., Chartered Accountants retire at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

Change in Accounting Policies

During the year the company fine-tuned some accounting policies to align them with international standards. These are further explained in the financial statements.

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 options during the year under review. Following are the details required to be given under the SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999:

Kale Consultants Limited ESOP Scheme, 2003

During the year 481,479 options were exercised (Previous year 79,236) giving rise to 481,479 fully paid up equity shares of Rs. 10/- each. All the 481,479 equity shares have been listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Pune Stock Exchange Limited.

a) Options granted during the year	NIL
b) Pricing formula	Options have not been granted during the year.
c) Options vested	Under Kale Consultants Limited ESOP Scheme, 2003, a total number of 287,008 options have vested during the year. Out of these vested options, 17,010 options have lapsed during the year due to non-exercise of the options. Under Kale Consultants Limited ESOP Scheme, 2006, a total number of 463,735 options have vested during the year. Out of these vested options, 27,061 options have lapsed during the year due to non-exercise of the options.
d) Options exercised	Under Kale Consultants Limited ESOP Scheme, 2003, 481,479 options have been exercised during the year. Under Kale Consultants Limited ESOP Scheme, 2006, 859,064 options have been exercised during the year.
e) The total number of shares arising as a result of exercise of options	Under Kale Consultants Limited ESOP Scheme, 2003, the options exercised during the year have given rise to 481,479 equity shares. Under Kale Consultants Limited ESOP Scheme, 2006, the options exercised during the year have given rise to 859,064 equity shares.
f) Options lapsed	Under Kale Consultants Limited ESOP Scheme, 2003, till date, a total number of 1,274,967 options have lapsed, including those vested. Under Kale Consultants Limited ESOP Scheme, 2006, till date, a total number of 172,061 options have lapsed, including those vested.
g) Variation of terms of options	No variation of terms of options were made during the year.
h) Money realised by exercise of options	During the year, Rs. 20,053,600.35 have been realised by exercise of options under Kale Consultants Limited ESOP Scheme, 2003. During the year, Rs. 36,338,407.20 have been realised by exercise of options under Kale Consultants Limited ESOP Scheme, 2006.
i) Total number of options in force	Under Kale Consultants Limited ESOP Scheme, 2003, as on date there are no options in force. Under Kale Consultants Limited ESOP Scheme, 2006, as on date there are no options in force.

<p>j) Employee-wise details of Options granted to</p> <p>i) Senior managerial personnel</p> <p>ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year</p> <p>iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant</p>	<p>During the year the Company has not granted any options.</p> <p>NIL</p> <p>NIL</p>
<p>k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33</p>	<p>Rs. 8.71</p>

Weighted average exercise price of Options granted under Kale Consultants Limited ESOP Scheme, 2003

The Company has not granted any options during the year

Weighted average exercise price of Options granted under Kale Consultants Limited ESOP Scheme, 2006

The Company has not granted any options during the year

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

As required under the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the annexure, which forms part of this report.

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

Vipul Jain
Managing Director

K. K. Nohria
Director

Place: Mumbai
Date: 29 July 2011

STATEMENT AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Sr. No	Name	Designation	Qualifications	Age (Years)	Date of commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Last Employment
1	Arun Gala	Senior Vice President	B. Com	43	12 Mar 2001	25	8,976,941	Tata Share Registry Ltd.
2	Chandrashekhar Karmarkar	Senior Vice President	B.Sc. Comp. Applications, Masters in Computer Applications	51	3 Oct 1990	28	10,463,005	Chenab Information Technologies
3	Gurudas Shenoy	Chief Financial Officer	B Com, Masters in Financial Management	43	17 Aug 2004	18	7,221,353	Epicenter Technologies Pvt. Ltd
4	Guy Hescott	Vice President	1 A Level, 3 O Level	52	4 Feb 2001	33	6,182,056	Speedwing International
5	Joshi Anthony	Senior Vice President	M.Sc (Chemistry), Post Graduation Diploma in Computer Applications	42	17 Jul 1995	20	9,776,365	RCG Information Technology
6	Mathew Thomas	Head - Accounts & Commercial	M.Com , Diploma in Taxation Laws	45	1 Sep 1989	27	6,876,892	Indian Cable Industries
7	Neela Bhattacharjee	Head SBU - Airlines, Travel & Sales	B.Sc. Computer Science	51	15 Feb 2000	23	14,085,131	Soft Cell Consultants Pvt.Ltd
8	Peter O'Sullivan	Senior Vice President	B.Sc	55	26 Sep 2000	32	9,111,932	Speedwing International
9	Philip F. Fernandes	Executive Vice President	B.Sc. Physics, Post Graduation Diploma in Computer Science	44	1 Sep 1988	23	12,731,352	IDM
10	Ravi Chakravarty	Senior Vice President	B. Tech	49	23 Jun 2008	23	10,036,556	Transera Communications Pvt. Ltd.
11	Satish M. Ambe	Executive Vice President, Head Delivery - Airlines & Travel	B.Sc. Computer Science	49	25 Sep 1986	28	13,089,321	-
12	Sumeet Nadkar (*)	Chief Financial Officer and Head Logistics SBU	B.Com, CA	44	8 Apr 2002	18	11,141,907	Rentworks India Pvt. Ltd.
13	Vipul Jain	CEO and Managing Director	B.Tech, PGDBM (IIMA)	54	25 Sep 1986	31	27,160,578	Tata Administrative Services

(*) Employed part of the year

Note : Designation indicates nature of duties

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 2010-11 was Rs. 34.12 million.

Foreign exchange earning and outgo

The details of foreign exchange earnings and outgo are given in Note No. 19.2 of Schedule 19 Significant Accounting Policies and Notes to Accounts, forming part of the financial statements.

For and on behalf of the Board of Directors

Vipul Jain
Managing Director

K. K. Nohria
Director

Place: Mumbai

Date: 29 July 2011

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

Six Board Meetings were held during the financial year 2010-11.

Name of Director	Designation	Category	Directorships / Board Committees (Number)		
			Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Narendra Kale*	Chairman	Non-Executive (Promoter)	2	1	1
Mr. Vipul Jain	Managing Director	Executive (Promoter)	7	1	1
Mr. K. K. Nohria	Director	Independent and Non Executive	20	2	1
Mr. Prabhakar Deodhar*	Director	Independent and Non Executive	8	2	1
Mr. Pravin Gandhi*	Director	Independent and Non Executive	20	2	-

* Mr. Narendra Kale, Mr. Prabhakar Deodhar and Mr. Pravin Gandhi have resigned as directors with effect from July 07, 2011.

Dates of Board Meetings

• 22nd April, 2010 • 23rd July, 2010 • 6th September, 2010 • 22nd October, 2010 • 27th January, 2011 • 12th May, 2011

Attendance at Board Meetings and last Annual General Meeting

Name of Director	No. of Board Meetings Attended	Attendance at AGM held on 28 th September, 2010
Mr. Narendra Kale	5	Yes
Mr. Vipul Jain	5	Yes
Mr. K. K. Nohria	3	No
Mr. Prabhakar Deodhar	6	No
Mr. Pravin Gandhi	3	No

Board Committees

Currently Board has four Committees –

- Audit Committee
- Investor Grievance Committee
- Remuneration and Compensation Committee
- 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

Five meetings of the Committee were held during the financial year 2010–11

Name of Director	Category	No. of Meetings Attended
Mr. K. K. Nohria (*)	Independent Director	3
Mr. Prabhakar Deodhar	Independent Director	5
Mr. Pravin Gandhi	Independent Director	2

(*) Chairman of the Committee

Terms of Reference

- to oversee financial reporting and disclosure process
- to recommend the appointment and removal of statutory auditors, decide their remuneration and approval for payment for any other services
- 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 exchanges 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
- to oversee adequacy of internal control systems
- 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
- discussion with internal auditors of any significant findings in their reports and follow up thereon
- 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
- 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
- reviewing the company's financial and risk management policies
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors

b) Investor Grievance Committee

Five meetings of the Committee were held during the financial year 2010-11.

Name of Director	Category	No. of Meetings Attended
Mr. Prabhakar Deodhar (*)	Independent Director	5
Mr. Narendra Kale	Promoter	4
Mr. Vipul Jain	Promoter	4
K. K. Nohria	Independent Director	3

(*) Chairman of the Committee

Terms of Reference

To monitor investor complaints by obtaining monthly 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 2010-11

Name of Director	Category	No. of Meetings Attended
Mr. Narendra Kale(*)	Promoter	1
Mr. Prabhakar Deodhar	Independent Director	1
K. K. Nohria	Independent Director	1
Mr. Pravin Gandhi	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 is paid to Managing Director and to independent non-executive directors at a specified percentage of the net profits of the Company. Sitting fees are paid to independent non-executive directors for attending every meeting of the Board of Directors or committee thereof (other than share transfer committee).

Remuneration to Managing Director

The following remuneration was paid to Mr. Vipul Jain, Managing Director for the financial year 2010-11

- a) Salary - Rs. 26,191,313/-
- b) Perquisites - Rs. 969,265/-

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

Stock Options

Mr. Vipul Jain, being promoter of the Company, has not been granted any stock options.

Service Contract, Notice Period and Severance Fees

Mr. Vipul Jain has been re-appointed as Managing Director for a period of 5 years with effect from June 1, 2008. Mr. Vipul Jain may resign by giving 6 months' notice in writing to the Company without any severance fees.

Remuneration to Non-Executive Directors

Commission - Rs. 3,00,000/-

Sitting Fees - Rs. 1,60,000/-

Commission to non – executive directors (other than Chairman) is payable @ 0.5% of the profits as computed as per the requirements of the Companies Act, 1956. A sum of Rs. 5,000/- is paid to each independent director for attending a meeting of the Board of Directors or Committee thereof (apart from 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, 2011, the non-executive directors held equity shares mentioned below:

Name of Director	No. of Shares Held
Mr. Narendra Kale(*)	1,394,200
Mr. K. K. Nohria	NIL
Mr. P. S. Deodhar	15,000
Mr. Pravin Gandhi	NIL

* Mr. Narendra Kale has sold all the 1,394,200 equity shares to Accelya Holding World S.L. on July 07, 2011 pursuant to the Share Purchase Agreement dated September 09, 2010.

e) Share Transfer Committee

Name of Director	Category
Mr. Vipul Jain (*)	Promoter
Mr. K. K. Nohria	Independent Director
Mr. Sumeet Nadkar (#)	Chief Financial Officer
Mr. Gurudas Shenoy	Chief Financial Officer
Mr. Ninad Umrani	Company Secretary

(*) Chairman of the Committee

(#) Resigned during the year

23 meetings of the Committee were held during the financial year 2010-11

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 other than Share Transfer 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.kaleconsultants.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 2008 Annual General Meeting dated September 24, 2008 – at Mahratta Chamber of Commerce, Industries and Agriculture, Pune – 411 002 at 3.00 p.m.

Special Resolutions Passed
Re-appointment of Mr. Vipul Jain as a Managing Director of the company.

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.

There was no Special Business for 23rd Annual General Meeting.

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 authorised 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

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

Kale Consultants Limited

To,
The Members of
Kale Consultants Limited

I have examined the compliance of conditions of corporate governance by Kale Consultants Limited for the financial year ended 30 June 2011, 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 1 April 2006.

The compliance of 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 statements of the Company.

In my opinion and to the best of my information and according to the explanations 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 such 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 : 27 July 2011

Safe Harbour Statement

Certain statements in this Annual Report concerning 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, 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 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. 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:

INDIAN TECHNOLOGY AND OUTSOURCING SECTOR:

NASSCOM estimates the Indian IT-BPO sector to aggregate revenues of USD 88.1 billion in FY2011, with the IT software and services sector (excluding hardware) accounting for USD 76.1 billion of revenues. As a proportion of national GDP, the sector revenues have grown from 1.2% in FY1998 to an estimated 6.4% in FY 2011. Its share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to 26% in FY2011.

The underlying theme of 2010 has been the steady recovery from recession. Worldwide GDP, which had declined by 0.6% in 2009, grew 5% in 2010 and is expected to stabilise at about 4.4% in 2011. With IT spend directly linked to growth in GDP, IT spend in 2011 is expected to grow nearly 4%.

Worldwide packaged software revenue is estimated to reach USD 297 billion in 2011, a Y-o-Y growth of over 5%, led by emerging regions, such as Asia Pacific and Latin America. These regions are expected to invest heavily in enterprise software initiatives as they continue to round out the IT infrastructure necessary to do business. Business Process Outsourcing

spending is expected to be driven by analytical services, F&A and industry-specific BPO solutions.

Suitably exploiting these emerging opportunities both in the global and domestic markets can help India reach USD 130 billion in IT-BPO revenues by FY2015, a CAGR of 14%. By FY2015, the Indian IT-BPO industry is expected to contribute about 7% to annual GDP.

(Source: NASSCOM Strategic Review 2011)

GLOBAL TRAVEL SECTOR

The World Travel and Tourism Council (WTTC) states that the total contribution of Travel & Tourism to GDP, including its wider economic impacts, is forecast to rise by 4.2% per annum from USD 5,991.9 bn (9.1% of GDP) in 2011 to USD 9,226.9bn (9.6%) by 2021.

The International Air Transport Association (IATA) has forecast an airline industry profit at USD 4 billion for 2011. From USD 9.9 billion in losses in 2009 the airline industry had returned to a profit of USD 18 billion in 2010.

Air travel markets recovered in 2010. Worldwide air travel, measured by the number of passenger kilometers flown, rose 7.5% following a 1.9% decline in 2009. International air travel grew 8.3% after a 2.5% fall the year before, while domestic air travel was up 6.1% following a 0.9% decline. By the end of 2010, most markets except, notably, the US and Japanese domestic markets had exceeded their prerecession peaks. And the expansion was ongoing in the early part of 2011.

Global airline revenues grew an estimated 15% in 2010, to USD 554 billion. This represented a strong rise from the recession-depressed levels of 2009 but was not yet a recovery to 2008 levels. (Source: IATA)

ACQUISITION BY ACCELYA

The promoters of the Company, entered into a share purchase agreement on September 09, 2010 with Accelya Holding World S.L. ("Accelya"), whereby it was agreed that Accelya would purchase all the equity shares held by the promoters. Accelya also bought shares from the public shareholders under open offer made pursuant to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The transaction between Accelya and the promoters has been completed on July 07, 2011. Accelya now holds 70.17% of the equity capital of the Company.

The synergies between the two companies will benefit all stakeholders. Both companies are end-to-end solution providers to the airline and travel industry, and the agreement will bring forth opportunities to leverage respective strengths to gain wider market share and efficiencies. Your company will be able to utilize Accelya's global presence, and in turn will provide its specialist domain knowledge, technology expertise and software products to the partnership.

THE COMPANY'S MAJOR OFFERINGS

AIRLINES:

Your company is a global leader in airline financial and accounting solutions. With constant pressures on costs it has become imperative for airlines to streamline their financial processes. Industry initiatives like Simplified Interline Settlement are also forcing airlines to change and re-engineer their revenue accounting and miscellaneous billing operations. Your company is well positioned and among the leading solution providers in this area and will continue to benefit from the need of customers to transform and make their processes more efficient.

Revenue Accounting

In FY 2011, your company's has seen increased interest for its Revenue Accounting Solutions from airlines across the world.

APEX®, your company's product for Interline Proration, is a leader in automated proration. Your company and Airline Tariff Publishing Company (ATPCO) jointly offer the Neutral Fare Proration service (part of AIA's First & Final™ billing service) which is exclusively powered by APEX®.

REVERA®, is your company's most comprehensive and modern revenue accounting suite available in the industry. It is designed to handle the complexity of revenue accounting with ease. REVERA®'s high level of automation minimizes processing errors and maximizes productivity for airlines.

REVERA® helps customers implement industry best practices and enables them to respond to the demands of internal customers, with speed and accuracy. With its powerful Business Intelligence capabilities and end-to-end functionality, REVERA® delivers tangible business value for airlines.

REVERA® is available on hosted and outsourced models.

AMBER®, your company's cargo revenue accounting solution, is a best-of-breed system, designed to enable high automation of the airline cargo revenue accounting process.

Zero Octa, part of the Kale group, is a leader in providing revenue recovery and protection services to airlines. This service leverages innovative technology to protect and recover airline revenue by on-going ticket sales review and validation process.

Data Support Systems/Analytics Practice

Your company's DSS Analytics service helps airlines analyze rich revenue accounting data along with industry data to gain targeted insights into their sales and business performance. These insights along with proprietary statistical models and tools support airline management in both tactical and strategic decision making.

Airline Financial Management Practice

Your Company's financial management practice offers cutting edge solutions like FINESSE MBS. FINESSE MBS is a Simplified Interline Settlement (SIS) compliant miscellaneous (non-transport) billing solution and handles all categories of misc services including Catering, Engineering, Ground Services, Navigation, etc. It is built on industry best practices for inward and outward billing. Finesse MBS enables airlines to apply appropriate financial controls to ensure accuracy in billing and payments for all services. FINESSE MBS is available on a web-based hosted platform and pay-per-use pricing model.

IATA Solutions:

Your Company's Neutral Fare Proration (NFP) engine APEX® (jointly offered with ATPCO) is the backbone of the First&Final™ Billing Service offered by IATA. Over 40 million proration transactions take advantage of the industry approved engine - APEX®. Your company is also the primary development and technology provider to IATA for the Simplified Interline Settlement (SIS) platform.

Kale MPS®:

Your company's processing services arm is a pioneer in providing transformational outsourcing value propositions to clients. The unique platform-based BPO business model, offers airlines the ability to get industry best revenue accounting for interline billing services without having to worry about application software, data center, processes, people, productivity etc. It is a great value proposition that helps airlines transform their financial processes without incurring too much upfront costs.

MPS® currently employs over 1100 people, mainly comprising of professionals having completed an IATA certificate course and trained in industry processes.

THE COMPANY'S STRATEGY:

The airline and travel industry is slowly returning to pre-recession levels of operations. In this scenario, airlines are looking at options to save on costs and increase efficiencies.

Your company is a focused solutions provider helping airlines streamline their financial processes and give customers better insights into their business performance. Your company's deep domain knowledge and technology expertise helps customers and the industry as a whole in facing current and future challenges.

Your company focuses on pay-per-use business models to help airlines avoid upfront capital investments and partners their business growth. At the same time this model ensures annuity revenue streams that ensure revenue visibility and foundation for growth.

With Accelya, your company enjoys a wider reach and greater access to customers, particularly in South America, Africa and

Europe. The combined portfolio is larger enabling us to become more meaningful to our customers.

Global Operations

Your company operates from its 10 global centers situated in USA, UK, New Zealand and Indian offices located at Mumbai, Pune and Goa.

Shareholders' funds

Shareholders' funds increased from Rs. 1,115.59 million to Rs. 1,297.60 million during the year 2010-11.

Equity:

During the year, Share Capital and Share Premium increased by Rs. 20.66 million and Rs. 67.66 million respectively on account of preferential allotment to promoters and exercise of stock options by employees.

Presently, Kale has 15,880,087 shares (Previous Year 13,814,019) of Rs.10 each fully paid up.

Increase in Equity During the year	Shares (Nos.)	Amount Rs. Million
Promoters (Preferential allotment)	725,525	31.93
Employee (ESOP)	1,340,543	56.39

Profit and Loss Account

Kale's retained earnings as at 30th June, 2011 amount to Rs.647.37 million. The Board has recommended a dividend of Rs. 2 per share for the financial year 2010-2011 at the Board Meeting held on 29th July, 2011. Accordingly, a provision for dividend (including dividend tax) to the tune of Rs.36.91 million has been made.

As at 30th June, 2011, Kale's book value per share increased to Rs 81.71 per share as compared to Rs 80.75 per share as at 31st March, 2010.

General Reserves count

During the year amount of Rs. 13.33 million representing 10% of Profit for the period ended 30th June,2011 was transferred to the General Reserves account from Profit & Loss account.

Loan Funds:

During the period Kale has repaid entire working capital loan of Rs. 10.34 million.

Investments:

Kale's Investments at cost, amounts to Rs.411.52 million as compared to Rs. 330.21 million as at 31st March, 2010. During the year Kale made an additional investment in a wholly owned subsidiary viz. Kale Revenue Assurance Services Limited, UK of Rs.81.31 million.

Fixed Assets

Product Development

During the period product development cost amounting to Rs.41.23 million has been capitalised as intangible assets.

Other Fixed Assets and Goodwill

Kale added Rs. 53.62 million to the gross block comprising of Rs 24.75 million in Plant and Machinery, Rs. 25.31 million in purchase of Software, and the balance Rs. 3.55 million in other assets.

Sale / Disposal of Assets

During the year Kale sold/disposed off assets with a Gross Book value of Rs. 50.14 million and a depreciated Net Value of Rs. 32.95 million. The sold assets included vehicles, old plant & machinery, and furniture.

Kale's Gross Block as at June 30, 2011 stood at Rs. 662.65 million as compared to Rs. 782.44 million as at March 31, 2010. The corresponding Net Block as at June 30, 2011 is Rs. 148.97 million as compared to Rs. 295.11 million as at March 31, 2010.

Net Current Assets

Sundry Debtors

Kale's Net Receivables as at 30th June, 2011 amounted to Rs.255.33 million as compared to Rs. 326.17 million as at 31st March, 2010. 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 2011 stands at Rs. 37.13 million compared to Rs. 9.59 million as at 31st March, 2010.

Debtors as a percentage of revenue is 14.99% as at 30th June 2011 as against 25.74% as at 31st March, 2010.

Current Liabilities

As at 30th June, 2011 Kale's current liabilities amount to Rs.201.57 million as compared to Rs. 211.90 million as at 31st March, 2010. Creditors and Subsidiary dues outstanding as at 30th June, 2011 are Rs.143.70 million and Rs. 15.75 million respectively as compared to Rs. 139.72 million and Rs.16.11 million as at 31st March, 2010.

Provisions for the year have increased by Rs.25.49 million. Provisions include Provision for Dividend (inclusive of Dividend Tax) amounting to Rs. 36.91 million and a Provision for Leave encashment and Gratuity amounting to Rs. 47.39 million and Rs. 3.52 million respectively.

Result of Operations

Income

For the period ended 30th June, 2011, Kale recorded operating income of Rs. 1,702.74 million.

Operating Profit

Kale reported PBT, exceptional items and prior period expenses of Rs. 204.05 million for the period ended 30th June, 2011.

Profit after Tax

Kale recorded a PAT of Rs.133.26 million for the period ended 30th June 2011.

Dividend

Kale recommended a dividend of Rs. 2.00 per share amounting to Rs. 36.91 million (including Dividend Tax Rs. 5.15 million).

IPR Assets and Amortisation

As a value innovator, 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 (Developed & Acquired)	Rs. Million
Opening Net Block	170.32
Additions	41.23
Deletions (Net)	161.06
Closing Net Block	50.59

Opportunities and Strengths:

- o **Changing business requirements:** Your Company is a specialist financial solutions provider to airlines. We command a significant advantage in terms of business domain knowledge and emerging industry changes. This advantage helps your company to provide solutions which address customer pains and provide industry best practice solutions
- o **Pay as you use models:** The industry is moving towards solutions around platforms and SaaS based offerings. Customers are looking to move from CAPEX to OPEX models. Your company is well-suited to offer customers industry best practice solutions at pay as you use models – a win-win solution.

Risks, concerns and risk mitigation

- o **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

foraying into the business. Your company is known for its unparalleled domain expertise and technological excellence. In-depth knowledge of the industry and its requirements is why customers rely on our solutions.

- o **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 your company 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

Kale embraces people who are passionate about creating value to industry and strongly believes in the potential of its human resources. Kale takes pride in working in the niche industry and also is proud to have resources who take pride in doing value add to client business, offer out of the box solutions to them with the power of strong technology and domain competence. Passion, Performance and Potential are the three key elements linked with the human resources at Kale.

Kale has been creating world class solutions offered to the global clientele and continues to do so. Everyone involved in the making of the industry solution is treated with high respect. Kale value system is strongly linked to people and values like trust, respect and integrity are emphasized across. Many resources of Kale assume strong knowledge positions in industry space and people look up to them for raising the overall industry performance bar.

We offer much more than just a job; it is a fulfilling experience with varied roles, customer interactions, a highly rewarding work atmosphere. We believe in continuous development through offering exposure to new avenues. Every individual at Kale gets varied responsibilities and enriched hands on experience that helps them to grow on the well defined career path; based on the potential and performance. This fiscal year, Human Resources have undertaken couple of strong initiatives in the area of Performance Management System through

more objectivity and Gender Inclusivity Movement 'Kale Women's Network' to help the women colleagues grow with equal opportunity to shine balancing their family and work life. Kale also received 2 national level recognition in this year. We have received Corporate Award for Excellence in Gender inclusivity by NASSCOM in India for 2010 and IDC-Dataquest Best IT Employer Survey India 2010 has ranked Kale as the 26th Best Employer in India.

Kale encourages the active participation of employees across levels in the business; through strong and transparent internal communication and thought innovation. Talent is identified and recognized at various forums regularly driven by strong RnR policy and based on merit under able leadership guidance.

Being in a niche industry, Kale requires high techno functional expertise. The experienced senior employees contribute strongly in the grooming process of the new entrants. The

Kale culture instills the spirit of openness and oneness across all levels and locations. As a result, Kale works in an exciting and enjoyable team-based environment.

We are a 1392 strong workforce spread across various nationalities and geographies. Kale encourages an 'Equal Employment Opportunity Policy' which discourages discrimination for employment on account of sex, race, colour, religion, physical challenge and so on. Kale has 42% women employees indicating that there is a good representation of women. Kale has a relatively young work force with 85% of employee base being younger than 35 years. Around 11% of Kale employees have postgraduate qualifications, 47% are engineering/other graduates, 35% are IATA certified/diploma holders and about 8% are others. In terms of experience profile, 19% employees have less than 2 years work experience, 54% have 2-5 years of work experience, 19% have 5-10 years work experience and the balance 8% have experience of more than 10 years.

'Improving lives' has been the focal point of the work that has engaged Catalysts for Social Action (CSA) during the past 8 years. CSA aims at improving rehabilitation outcomes of institutionalised destitute children. Targeting abandoned/relinquished rural children (below 6 years) and working with 25 adoption agencies, CSA has facilitated the placement of 500+ children during the last 3 years. In addition, CSA extends ongoing support to 10 orphanages, thus supporting 1500+ children with nutrition, health, education, recreation and Vocation/skills' development.

Jointly with an adoption agency in rural Maharashtra, CSA has set up a special facility for abandoned, mentally challenged children. Children from neighboring adoption agencies are transferred to the facility, where specialized services are made available.

Aware that childcare conditions are not quite up to the required standards in rural agencies, CSA has initiated a 'model-agency' programme. Five selected adoption agencies are supported over a period of 5 years. In addition to adoption facilitation, nutrition and health, CSA assists the agencies in improving infrastructure (civil work, toilets, kitchens, water-supply including potable water, electricity and sanitation), living conditions (painting, mosquito netting, beautification), care conditions (nutrition, health, play-education and recreation) and work conditions (training childcare/social). For older children in orphanages, CSA focuses on developing skills and providing vocational training so that employment opportunities are available to them when they mature into adults. Computer training, tailoring and Art & Craft are some of the areas of focus. CSA also, selectively supports children with their academics providing coaching/back-up tuitions where necessary.

CSA's initiatives in creating awareness, sensitization, promotion and advocacy have been many. CSA published a book 'A Family for every child' last year. Several workshops and training programmes have been conducted. CSA has sought policy changes and have petitioned the Prime Minister of India.

2010-11

Continuing with the intensity of work in adoption facilitation and orphan-care, during 2010-11, CSA focused on building awareness and, advocacy.

At the ground level, CSA continued to support 25 adoption agencies and 11 orphanages helping them to improve the quality of care extended to the children. In addition to childcare- nutrition and health, CSA networked extensively with local authorities- removing procedural bottlenecks and bringing about practice and policy change. Overall 1500+ children have benefitted from the intervention-171 in terms of complete and permanent rehabilitation and the others in

terms of improved care conditions. It is a matter of pride for CSA that malnutrition which was so common among the children has been addressed in each of the partner-institutions.

CSA's focus during 2010-11 however, has been on Awareness, Sensitization and Advocacy. CSA enlisted Sandip Soparrkar, the celebrity dancer and the first single male adoptive parent, as the Cause Ambassador for CSA. This year the British Deputy High Commission and the Taj Hotel supported CSA in raising funds. Likewise, Axis Bank continued its support, via the Mumbai Marathon where their employees ran for the CSA Cause. CSA conducted several Awareness and Sensitization programmes for District Officials including the Judiciary as also, grass root Anganwadi workers. Media campaigns were done through Radio Mirchi, Mumbai and Pune. In an era of social networking, crowd-sourcing and viral marketing, CSA stepped up efforts to enhance online presence

CSA's most noteworthy achievement during the year was perhaps, the break through with the Judiciary in Orissa. Court cases formalizing adoptions had been pending in several District Courts of Orissa since 2005. Interventions through the Chief Justice, Orissa High Court, resulted in a directive being issued to all district Courts directing clearance of all pending cases.

Another major success was in the ability, for the first time, to move eligible orphanage children into the adoption stream. Children in orphanages not licensed as adoption agencies cannot be placed in adoption and, languish in the orphanages. With the assistance of the District Officials, 2 babies were transferred to licensed adoption agencies and placed in adoption. Albeit, a very small step, the move nevertheless, has immense possibilities; many deserving children who languish in orphanages can now be placed with families.

Kale Consultants has supported CSA since its inception. In addition to funding, the CSA Secretariat operate from the Kale Offices in Mumbai and Pune. Kale HR, Administration and Marketing Departments assist CSA extensively. Also, Kale employees participate actively through participation as Board members, Volunteers and Donors. In addition to Kale, CSA is supported by other corporate houses, Individuals and Funding organizations such as Give India, Global Giving and DASRA. During the year 2010-11, CSA received donations of Rs. 64.40 lacs.

Going forward, CSA has a long journey ahead! Only 4 Indian states have been covered and millions of children still await assistance. Towards widening coverage, steps have been initiated to cover Chhattisgarh and Goa. The larger goals set for themselves, viz. that of 'every abandoned child's right to a family', has a long way to go!

To the Members of
Kale Consultants Limited

We have audited the attached Balance Sheet of Kale Consultants Limited ('the Company') as at 30 June, 2011 the Profit and Loss account and the Cash Flow statement for the period from 1 April 2010 to 30 June 2011, 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, 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 profit and loss account 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 profit and loss account 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 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 30 June 2011 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 2011;
 - (ii) in the case of the profit and loss account, of the profit for the period from 1 April 2010 to 30 June 2011; and
 - (iii) in the case of cash flow statement, of the cash flows for the period from 1 April 2010 to 30 June 2011.

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

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
29 July 2011

(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) 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 however, in our opinion, the scope and coverage need to be further strengthened.
- (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 generally 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 made preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Act by way of conversion of warrants into equity shares. On the basis of information and explanations given to us the price at which shares have been issued is not prejudicial to the interest of the Company.
- (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
 29 July 2011

Balance Sheet as at 30 June 2011 (Currency: Indian rupees)	Schedule	30 June 2011	31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	3	158,806,920	138,146,240
Reserves and Surplus	4	1,138,794,697	977,441,381
Partly paid warrants		-	7,980,775
Loan Funds			
Secured loans	5	13,637,703	45,645,198
		1,311,239,320	1,169,213,594
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		662,646,947	782,435,187
Less: Accumulated depreciation/amortisation		513,675,425	487,321,974
Net block		148,971,522	295,113,213
Capital work in progress(including capital advances)		37,759,178	2,788,143
		186,730,700	297,901,356
Investments	7	411,518,649	330,206,719
Deferred tax asset	8	53,974,846	5,314,189
Current assets, loans and advances			
Sundry debtors	9	255,325,550	326,165,215
Unbilled revenue (refer note 19.22 of schedule 19)		154,514,568	66,195,744
Cash and bank balances	10	262,288,912	254,136,190
Loans and advances	11	272,743,703	161,938,839
Other current assets	12	3,536,509	1,592,044
		948,409,242	810,028,032
Less : Current liabilities and provisions			
Current liabilities	13	201,574,546	211,904,523
Provisions	14	87,819,571	62,332,179
		289,394,117	274,236,702
Net current assets		659,015,125	535,791,330
		1,311,239,320	1,169,213,594
Significant accounting policies	2		
Notes to the financial statements	19		

The schedules referred to above form an integral part of this balance sheet.
As per our report 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

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Profit and Loss Account for the period 1 April 2010 to 30 June 2011 (Currency: Indian rupees)	Schedule	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Income			
Revenue from sale of software and services (gross)		1,702,740,333	1,267,295,381
Other income	15	46,983,878	6,781,079
		1,749,724,211	1,274,076,460
Expenditure			
Personnel cost	16	855,790,723	570,756,589
Operating, administration and other expenses	17	555,823,599	395,062,672
Depreciation and amortization	6	158,924,733	130,934,553
Interest and finance charges	18	9,255,340	5,873,774
Less: Product development cost capitalised (refer note 19.18 of schedule 19)		(34,116,705)	(31,146,943)
Profit before tax, exceptional items and prior period expenses		204,046,521	202,595,815
Less: exceptional item (refer note 19.17 of schedule 19)		34,145,202	-
Profit before tax and prior period expenses		169,901,319	202,595,815
Less: Prior period item (expenses)/income (refer note 19.16 of schedule 19)		(34,901,921)	3,058,631
Profit before tax and after prior period expenses		134,999,398	205,654,446
Provision for taxation			
-Current tax		50,400,000	35,028,652
Deferred tax charge			
-Current period		(33,453,495)	(2,309,761)
-Prior period		(15,207,162)	-
MAT credit entitlement		-	(21,528,652)
Profit after taxation		133,260,055	194,464,207
Balance brought forward from previous year		567,006,814	419,344,481
Amount available for Appropriations		700,266,869	613,808,688
Less:- appropriations			
Transferred to general reserve		13,326,006	14,584,816
Dividend paid (2009-10) [refer note 19.19 of schedule 19] .		2,278,114	27,628,038
Dividend distribution tax (2009-10) [refer note 19.19 of schedule 19]		378,020	4,589,020
Proposed Dividend (2010-11)		31,760,174	-
Dividend distribution tax (2010-11)		5,152,294	-
Balance carried forward to balance sheet		647,372,261	567,006,814
		700,266,869	613,808,688
Earning per share of face value of Rs. 10 each (Refer note 19.15 of schedule 19)			
Basic		8.71	14.53
Diluted		8.71	13.52
Significant Accounting Policies	2		
Notes to the financial statements	19		

The schedules referred to above form an integral part of this profit and loss account
As per our report 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

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Cash Flow Statement for the period 1 April 2010 ended 30 June 2011 (Currency: Indian rupees)	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
A Cash flow from operating activities :		
Net Profit before tax and exceptional item	169,144,599	205,654,446
Adjustments for :		
Depreciation	158,924,733	130,934,553
(Gain)/Loss on disposal of fixed asset	(1,531,495)	1,290,036
Provision for doubtful debts	31,437,878	6,647,924
Bad debts written off	3,822,280	2,135,381
Credit balances written back	(11,525,366)	-
Unrealised exchange loss	(1,900,265)	4,194,919
Interest income	(11,222,004)	(3,486,752)
Interest paid	9,255,340	5,696,417
Dividend income	(6,517,625)	(5,256,500)
Operating profit before working capital changes	339,888,075	347,810,424
(Increase) / decrease in working capital		
Decrease/(Increase) in sundry debtors	24,096,744	(117,857,843)
(Increase) in unbilled revenue	(88,318,823)	(30,527,629)
(Increase)/decrease in loans and advances	(81,812,280)	6,098,107
Increase in current liabilities and provisions	35,747,833	26,660,107
Cash generated from operation	229,601,549	232,183,166
Taxes paid, net	(47,077,006)	(24,902,012)
Net cash generated from operating activities (A)	182,524,543	207,281,154
B Cash Flow from Investing Activities		
Purchase of fixed assets	(121,698,935)	(78,574,719)
Proceeds from sale of fixed assets	2,752,987	421,431
Proceed from disposal of investment in subsidiary	70	10,509,605
Interest received on fixed deposit	9,277,539	4,710,087
Dividend received	6,266,750	5,256,500
Investments in subsidiary	(81,312,000)	(51,415,000)
Net cash (used in) investing activities (B)	(184,713,589)	(109,092,094)
C Cash Flow from Financing Activities		
Proceeds from issue of share capital	80,341,767	27,731,188
Repayment of secured loan	(18,135,403)	-
Proceed from secured loan	-	5,066,465
Bank overdraft	(10,346,598)	10,346,598
Dividend paid (inclusive of dividend distribution tax)	(34,651,375)	(15,287,046)
Interest paid	(9,255,340)	(5,696,417)
Net cash from in financing activities (C)	7,953,051	22,160,788
D Effect of exchange differences on translation of foreign currency cash and cashequivalents (D)	2,388,717	(2,830,650)
Net increase/(decrease) in cash and cash equivalents(A+B+C+D)	8,152,722	117,519,198
Add : Cash and cash equivalents at the beginning of the year	254,136,190	136,616,991
Cash and cash equivalents at the end of the year	262,288,912	254,136,190

- 1) The cash flow statement has been prepared under the indirect method as set out in accounting standard - 3 (AS-3) prescribed as per Companies (Accounting standard) Rules, 2006.
- 2) For details of cash and cash equivalent at the end of the year, refer schedule 10.
- 3) Previous year figures have been regrouped/reclassified/restated to conform to current year's presentation Also refer note 25 to schedule 19.

As per our report attached.

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

Bhavesdh Dhupelia
Partner
Membership No: 042070

Place: Mumbai
Date : 29 July 2011

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

For and on behalf of Board of Directors

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Schedules to the financial statements

1. Background

Kale Consultants Limited (Kale) is a software solutions provider to the global Airline and Travel industry. Kale was incorporated in 1986 under the Companies Act 1956.

The Promoters sold and transferred 4,989,708 equity shares of the Company to Accelya Holding World S.L. ("Accelya"), on July 7, 2011 in accordance with the Share Purchase Agreement dated September 9, 2010. Consequent to the transfer Accelya holds 70.17% of equity shares in the Company.

Kale'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 to 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 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.

b) *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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) *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/fixed price.

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 contract 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.

Schedules to the financial statements

d) *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 be 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 and advances paid to acquire capital assets. 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 land and 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

e) *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, The company has intension and the ability to complete and use or sell the software and the costs can be measured reliably.

f) *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.

g) *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.

h) *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.

Schedules to the financial statements

i) **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.

j) **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 resignation/retirement/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.

k) **Provision for taxation**

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 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.

Schedules to the financial statements

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 values at each balance sheet date.

l) 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.

m) 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 continuously and if it is virtually certain on economic benefit will arise, the assets and related income are recognized in the period in which the changes occur.

n) 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.

o) 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.

Schedules to the financial statements**as at 30 June 2011**

(Currency: Indian rupees)

30 June 2011

31 March 2010

SCHEDULE 3 : SHARE CAPITAL**Authorised**

20,000,000 (previous year 15,000,000) equity shares of Rs. 10 each

200,000,000

150,000,000

Issued, subscribed and paid-up

15,880,087 (previous year 13,814,019) equity shares of Rs. 10 each fully paid up

158,800,870

138,140,190

(of the above 6,000 equity shares of Rs. 1,000 each allotted as fully paid bonus shares by way of capitalisation of accumulated profit were split into 600,000 equity shares of Rs. 10 each)[refer note 19.7 of Schedule 19]

Forfeited Shares

6,050

6,050

158,806,920**138,146,240****SCHEDULE 4 : RESERVES AND SURPLUS****Securities premium**

Balance as per last balance sheet

379,059,407

363,834,854

Add: premium on share allotted

67,661,863

15,224,553

446,721,270

379,059,407

General reserve

Balance as per last balance sheet

31,375,160

16,790,344

Add: transfer from profit and loss account

13,326,006

14,584,816

44,701,166

31,375,160

Profit and loss account

647,372,261

567,006,814

1,138,794,697**977,441,381****SCHEDULE 5 : SECURED LOANS**

Cash credit from bank

-

10,346,598

Lease finance

11,282,457

30,701,947

(Secured by underlying assets)

[Amount payable within one year is Rs.7,968,997/- and previous year Rs. 12,983,187/-]

Vehicle loan from bank

2,355,246

4,596,653

(Secured by underlying vehicles)

[Amount payable within one year is Rs.1,091,294/- and previous year Rs.2,263,117/-]

13,637,703**45,645,198**

(Cash Credit facility from bank is secured by hypothecation of the book debts of the Company and charge over fixed assets and office premise situated at 1st Floor, Sharada Arcade, Satara Road, Pune.)

Schedules to the financial statements

SCHEDULE 6 : FIXED ASSETS

(Currency: Indian rupees)

Particulars	Gross Block (At Cost)			Accumulated Depreciation and Amortisation				Net Block	
	As at 1 April 2010	Additions during the period	Deletions/ Disposals during the period	As at 30 June 2011	As at 1 April 2010	For the period	On Deletions/ Disposals during the period	As at 30 June 2011	As at 31 March 2010
Intangible assets									
Software									
Developed software	330,279,634	41,231,754	164,501,256	207,010,132	159,964,849	96,173,901	99,620,531	156,518,219	170,314,785
Acquired software	135,850,491	25,314,374	8,733,869	152,430,996	117,662,245	17,850,898	3,130,693	132,382,450	18,188,246
Tangible assets									
Building	63,259,128	-	-	63,259,128	27,536,762	(1,363,269)	-	26,173,493	35,722,366
Plant and Machinery*	194,099,125	24,749,410	32,435,816	186,412,719	142,169,472	33,768,027	23,232,225	152,705,274	51,929,653
Furniture and Fixture	39,697,369	1,290,465	1,398,982	39,588,852	28,250,534	8,381,895	892,732	35,739,697	11,446,835
Vehicles	19,249,440	2,263,318	7,567,638	13,945,120	11,738,112	4,113,281	5,695,101	10,156,292	7,511,328
Total	782,435,187	94,849,321	214,637,561	662,646,947	487,321,974	158,924,733	132,571,282	513,675,425	295,113,214
Previous year	921,359,503	76,143,530	215,067,846	782,435,187	569,743,801	130,934,553	213,356,379	295,113,213	
Capital Work in progress								37,759,178	2,788,140

(Refer note 19.12 and 19.20 of schedule 19)

* The above assets include asset taken on lease having gross block of Rs. 59,404,341 (31 March 2010 Rs. 61,075,245) and net block of Rs. 11,282,234 (31 March 2010 Rs. 28,985,316).

Schedules to the financial statements**as at 30 June 2011**

(Currency: Indian rupees)

30 June 2011

31 March 2010

SCHEDULE 7 : INVESTMENTS**(at cost, unless otherwise stated)****Investments in shares of Subsidiaries (unquoted)**

(Non trade, long term investment)

Kale Softech Inc.

1,300,000 Class A voting common stock of USD 0.01 each fully paid up

57,979,585

57,979,585

(Previous year 1,300,000 Class A voting common stock of

USD 0.01 each fully paid up)

450,000, 5% Redeemable preferred stock of USD 1 each fully paid up ...

21,434,000

21,434,000

(Previous year 450,000, 5% Redeemable preferred stock of

USD 1 each fully paid up)

Synetairos Technologies Ltd.

7,977,004

7,977,004

42,036 equity shares of Rs. 10 each fully paid up

(Previous Year 42,036 equity shares of Rs. 10 each fully paid up)

Kale Technologies Ltd.

-

70

1 equity share of GBP 1 each, fully paid up

Kale Revenue Assurance Services Limited

324,068,060

242,756,060

4,150,000 equity shares of GBP 1 each fully paid up

(Previous Year : 2,950,000 equity shares of GBP 1 each fully paid up)

Investments in Shares of Banks (unquoted)

Rupee Co-op. Bank Ltd.

5,000 equity shares of Rs. 10 each fully paid up

50,000

50,000

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

Saraswat Co-op. Bank Ltd.

1,000 equity shares of Rs. 10 each fully paid up

10,000

10,000

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

411,518,649**330,206,719****SCHEDULE 8 : DEFERRED TAX ASSET**

Deferred tax asset:

Arising on account of timing difference in:

Depreciation

26,817,842

(4,921,941)

Provision for leave

15,375,027

10,236,130

Provision for doubtful debts

10,200,019

-

Expenses deductible for tax in later years

1,581,958

-

53,974,846**5,314,189**

Schedules to the financial statements

as at 30 June 2011

(Currency: Indian rupees)

30 June 2011

31 March 2010

SCHEDULE 9 : SUNDRY DEBTORS (Unsecured)

Debts outstanding for a period exceeding six months

Considered good	21,309,181	43,159,834
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Considered doubtful	29,614,713	8,707,867
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Other debts

Considered good	234,016,369	283,005,381
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Considered doubtful	7,514,643	881,887
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	292,454,906	335,754,969
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Less: Provision for doubtful debts	37,129,356	9,589,754
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(Sundry Debtors include Rs. 6,689,103/- due from subsidiaries)	255,325,550	326,165,215
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(Previous year Rs.25,156,456/-)

(Maximum outstanding during the year Rs.40,779,141/-)

(Previous year Rs. 34,442,584/-)

SCHEDULE 10 : CASH AND BANK BALANCES

Balance with scheduled banks

-in Current accounts	82,930,038	212,188,051
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-in deposit accounts	170,400,000	10,572,500
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-Margin money deposits*	8,958,874	31,375,639
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*(represent deposit with banks given to various authorities amounting to Rs. 8,958,874 Previous year of Rs. 31,375,639)

	262,288,912	254,136,190
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SCHEDULE 11: LOANS AND ADVANCE (Unsecured, considered good)

Loans and advances to subsidiaries	16,768,066	15,439,588
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Advances recoverable in cash or in kind or for value to be received	127,313,118	8,195,612
---	-------------	-----------

Dividend receivable from subsidiary	250,875	-
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Advance tax including tax deducted at source	49,342,765	30,524,865
--	------------	------------

(net of provision for tax Rs. 77,891,107/-) (previous year Rs. 12,228,963/-)

MAT credit entitlement	21,710,215	43,851,109
------------------------------	------------	------------

Prepaid expenses	13,454,428	16,586,299
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Deposits	43,904,236	47,341,366
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[Advances recoverable include Rs. 114,002,105/- Due from parties

under 370 (1)B of the Companies Act 1956 (Previous Year Nil)]	272,743,703	161,938,839
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(Maximum outstanding during the year Rs.114,002,105/-) (Previous Year Rs. Nil)		
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SCHEDULE 12 : OTHER CURRENT ASSETS

Interest accrued on bank deposits	3,536,509	1,592,044
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	3,536,509	1,592,044
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Schedules to the financial statements**as at 30 June 2011**

(Currency: Indian rupees)

30 June 2011

31 March 2010

SCHEDULE 13 : CURRENT LIABILITIES**Sundry creditors**

-dues to micro and small enterprises	-	-
-dues to others	143,704,910	139,717,978
Dues to subsidiaries	15,754,134	16,109,948
Advances from customers	7,376,640	18,737,501
Income received in advance	6,237,843	5,024,788
Deposits received	2,309,361	2,812,401
Other liabilities	24,731,806	28,263,872
Unpaid Dividend	1,459,852	1,238,035
	201,574,546	211,904,523

Note: There are no amounts due and outstanding to be credited to Investor education and protection fund

SCHEDULE 14 : PROVISIONS

Proposed Dividend	31,760,174	27,628,038
Tax on Proposed Dividend	5,152,294	4,589,020
Leave encashment	47,387,969	30,115,121
Gratuity	3,519,134	-
	87,819,571	62,332,179

Schedules to the financial statements for the period 1 April 2010 to 30 June 2011

(Currency: Indian rupees)

SCHEDULE 15 : OTHER INCOME

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Interest on bank deposit (Tax deducted at source Rs. 569,727/- Previous year Rs. 325,762/-)	8,606,832	3,486,752
Interest on income tax refunds	2,615,172	-
Foreign exchange gain, net	4,877,797	-
Credit balances written back	11,525,365	-
Common amenities recharged	2,946,003	-
Dividend	6,517,625	7,600
Profit on sale of asset, net	1,531,495	-
Miscellaneous income	8,363,589	3,286,727
	46,983,878	6,781,079

SCHEDULE 16 : PERSONNEL COST

Salaries, wages and allowances	797,587,288	523,170,835
Contribution to provident fund and other funds	18,816,781	14,734,413
Staff welfare expenses	39,386,654	32,851,341
	855,790,723	570,756,589

**Schedules to the financial statements
for the period 1 April 2010 to 30 June 2011**

(Currency: Indian rupees)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
SCHEDULES 17 : OPERATING, ADMINISTRATION AND OTHER EXPENSES		
Contractor charges	6,859,919	5,280,638
Connectivity charges	15,512,978	16,137,720
Computer consumables	1,572,060	2,315,826
Software and maintenance	19,052,978	17,009,500
Data processing charges	24,548,237	20,640,874
Directors' sitting and committee fees	160,000	145,000
Directors' commission	300,000	300,000
Auditors Remuneration(refer note 19.5 of schedule 19)	1,130,000	850,000
Travelling and conveyance	59,829,825	37,872,192
Printing and stationery	3,224,234	4,194,288
Communication charges	23,924,027	17,982,479
Repair and maintenance :		
-Machinery	2,196,241	1,544,836
-Others	19,081,571	22,180,668
Donation	1,050,000	600,000
Membership and subscription	14,154,424	10,394,537
Rent(refer note 19.11 of schedule 19)	101,049,564	76,012,820
Advertisement and sales promotion	16,727,394	25,937,435
Commission and brokerage	61,724,707	28,166,438
Insurance	4,481,057	4,641,834
Technical consultants charges	70,536,775	36,803,896
Legal and professional	11,159,247	3,878,354
Power, fuel and water charges	27,147,414	22,615,323
Rates and taxes	4,736,221	1,345,726
Recruitment expenses	10,187,496	5,731,792
Loss on sale of fixed assets,net	-	1,290,036
Bad debts written off	3,822,280	2,135,381
Foreign exchange loss, net	-	11,332,274
Provision for doubtful debts, net of bad debt written off	31,437,878	6,647,924
Miscellaneous expenses	20,217,072	11,074,881
	555,823,599	395,062,672

SCHEDULES 18 : INTEREST AND FINANCE CHARGES

Other interest	1,046,792	376,754
Finance charges	8,208,548	5,497,020
	9,255,340	5,873,774

Schedules to the financial statements

NOTES TO ACCOUNTS

19.1 Commitments and contingent liabilities

a. Commitments

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided (net of advances)	8,191,458	9,620,431

b. Contingent liability

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Bank Guarantee of GBP 1.2 mn on behalf of its subsidiary company viz. Kale Revenue Assurance Services Limited in respect of payment obligation towards acquisition of Zero Octa UK Ltd.	NIL	81,912,000
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

19.2

(a) Earnings in foreign currency:

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Revenue from sale of software and services	1,316,008,146	953,530,063
Dividend income	1,261,125	-
Other income	4,382,276	938,321

(b) Expenditure in foreign currency:

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
CIF value of capital goods imported	NIL	NIL
Consultancy and professional charges	9,600,193	4,349,557
Cost of goods sold	19,081,621	5,447,651
Other expenses	28,346,127	29,766,497
Sales commission	55,758,455	14,902,678
Membership and subscription	12,910,994	7,937,533
Payroll expenses	27,285,272	31,327,839
Travelling expenses (Net)	12,784,107	16,922,639

19.3 Managerial Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Salary	26,191,313	13,746,000
Perquisites	969,265	1,204,195
Commission to independent directors	300,000	300,000
Sitting Fees to independent directors	160,000	145,000
Total	27,620,578	14,195,195

Salaries and Perquisites for the period ended June 30, 2011 include Rs.3,746,567 towards arrears for the year 2009-10.

The above remuneration does not include provision for gratuity as separate actuarial valuation figures are not available.

Schedules to the financial statements

19.4 Directors Remuneration

Computation of net profit in accordance with section 198 read with sections 349 & 350 of the Companies Act, 1956	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Net Profit as per Profit and Loss Account before tax and exceptional item	204,046,523	202,595,815
Add: Remuneration and Commission to Directors	27,460,578	15,250,195
Directors Sitting Fees	160,000	145,000
Depreciation, Amortisation and Impairment as per books of accounts	158,924,733	130,934,554
(Profit)/Loss on sale of assets	(1,531,495)	1,290,036
Provision for doubtful debts	31,437,878	6,647,924
Bad debts written off	3,822,280	2,135,381
	424,320,497	358,998,905
Less: Depreciation as per Section 350 of the Companies Act, 1956	158,924,733	130,934,554
Net Profit on which commission is payable	265,395,764	228,064,351
Commission @ 0.5% to the Non-Executive Directors	1,326,979	1,140,322
Restricted to Rs. 100,000/- for each non-executive Director	300,000	300,000

19.5 Auditors Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Audit Fees	1,130,000	850,000
Other services (Tax Audit and certification)	-	50,000
Out of pocket expenses	40,225	56,095

19.6 Employees' Stock Option Plan (ESOP)-2003

The Company did not grant any options during the year under Kale Consultants Limited ESOP Scheme 2003.

	2011	2010
Outstanding at the beginning of the year	498,489	616,911
Granted during the year	-	-
Forfeited (Lapsed) during the year	17,010	39,186
Exercised during the year	481,479	79,236
Outstanding at the end of the year	-	498,489

Under Kale Consultants Limited ESOP Scheme, during the period 481,479 options were exercised (Previous year 79,236) giving rise to 481,479 fully paid up equity shares of Rs. 10/- each. All the 481,479 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange Limited and Pune Stock Exchange Limited.

Schedules to the financial statements

19.6 Employees' Stock Option Plan (ESOP)-2006

The Company did not grant any options during the period under Kale Consultants Limited ESOP Scheme 2006.

	2011	2010
Outstanding at the beginning of the year	886,125	900,000
Granted during the year	-	-
Forfeited (Lapsed) during the year	27,061	10,000
Exercised during the year	859,064	3,875
Outstanding at the end of the year	-	886,125

Under Kale Consultants Limited ESOP Scheme during the period 859,064 options were exercised (Previous year 3,875) giving rise to 859,064 fully paid up equity shares of Rs. 10/- each. All the 859,064 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange limited and Pune Stock Exchange Limited.

19.7 Preferential Allotment

On June 11, 2010, a total number of 725,525 warrants were converted into 725,525 fully paid equity shares of Rs. 10 each. A sum of Rs. 11 per share, being 25% of the price fixed, was paid by the allottees before allotment of warrants. The balance amount of Rs. 33.01 per equity share was paid by the allottees before conversion of warrants.

19.8 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	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
a) Liability recognised in the balance sheet		
i) Present value of obligation		
Opening Balance	17,005,147	11,649,041
Current service cost	6,197,408	4,333,828
Past service cost	3,590,236	-
Interest cost	1,691,039	899,690
Actuarial loss on obligations	3,790,002	928,422
Benefits paid	(5,670,460)	(805,834)
Closing Balance	26,603,372	17,005,147
ii) Fair value of plan assets		
Opening Balance	17,421,677	14,208,217
Expected return on plan assets	2,395,553	1,403,707
Employer's Contributions	10,000,000	2,739,826
Actuarial Gain / (Loss) on Plan assets	(1,062,532)	(124,239)
Benefits paid	(5,670,460)	(805,834)
Fair value of plan assets at the end of period	23,084,238	17,421,677
Amount recognised in Balance Sheet(i)-(ii)	3,519,134	(416,530)

Schedules to the financial statements

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
b) Expenses Recognised in statement of Profit and loss account		
Current Service Cost	6,197,408	4,333,828
Past Service Cost	3,590,236	-
Interest Cost	1,691,039	899,690
Expected return on plan assets	(2,395,553)	(1,403,707)
Net Actuarial (gain)/Loss recognised during the period	4,852,534	1,052,661
Expenses recognised in Profit and loss account	13,935,664	4,882,472
c) Actual return on plan Assets		
d) Break up of Plan assets		
LIC of India - Insurer Managed Fund	100.00%	100.00%
e) Principal actuarial assumptions		
Rate of Discounting	8.30%	8.40%
Expected Return on Plan Assets	9.25%	9.25%
Rate of increase in basic salary	6.00%	5.00%
Attrition Rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

Experience adjustment	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Present Value of Obligation	17,005,147	26,603,372
Plan Assets	17,421,677	23,084,238
Surplus (Deficit)	416,530	(2,519,134)
Experience adjustments on plan liabilities (loss)/gain	2,976,821	(1,196,040)
Experience adjustments on plan assets (loss)/gain	(124,239)	(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.

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Principal actuarial assumptions		
Rate of Discounting	8.30%	7.50%
Rate of increase in cost to company	6.00%	5.00%
Attrition Rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

Schedules to the financial statements

19.9 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 7 of schedule 19 of consolidated financial statements).

19.10 Related Party Transactions

[A] Related party disclosures

Related parties where control exists:	Name	Holdings in %
Subsidiaries	Kale Softech, Inc., USA	100%
	Synetairos Technologies Ltd*	49%
	Kale Revenue Assurance Services Ltd.	100%
	Zero Octa UK Limited, UK	100%
	Zero Octa Selective Sourcing India Private Limited, India	100%
	Zero Octa Recruitment And Training (India) Private Limited, India	100%
Key Management Personnel	Vipul Jain	
Enterprises where Key Management personnel is Interested	Kale Logistics Solutions Private Ltd.	

* Composition of the Board is controlled by Kale Consultants Limited

[B] Transactions with Related Parties

	Subsidiaries	Key Management Personnel	Enterprises where Key Management personnel are interested
Issue of equity shares (Previous year)	— —	22,885,200 —	— —
Services rendered by the Company (Previous year)	173,025,334 (126,487,571)	— —	— —
Services received by the Company (Previous year)	9,121,473 (13,096,791)	— —	— —
Claims raised for expenses (Previous year)	20,781,805 (33,862,963)	— —	3,628,710 —
Claims received for expenses (Previous year)	16,521,917 (10,114,939)	— —	— —
Investment in subsidiary (Previous year)	81,312,000 (51,415,000)	— —	— —
Bank guarantee given on behalf of subsidiaries (Previous year)	— (81,912,000)	— —	— —
Remuneration (Previous year)	— —	27,160,578 (14,950,195)	— —

Schedules to the financial statements

	Subsidiaries	Key Management Personnel	Enterprises where Key Management personnel are interested
Transfer of Business Asset (Previous year)	— —	— —	81,467,638 —
Amount paid on behalf of Kale Logistics Solutions Pvt. Ltd (Previous year)	— —	— —	73,911,882 (NIL)
Balances outstanding			
Payable (Previous year)	16,413,196 (23,701,396)	750,000 (NIL)	— —
Receivable (Previous year)	35,267,694 (46,785,728)	— —	114,002,105 (NIL)
Investment in Subsidiary (Previous year)	411,518,649 (330,206,719)	— —	— —

[C] Of the above items, transactions in excess of 10% of the total related party transactions are as under

Nature of Transaction	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Income from Service rendered		
- Kale Softech Inc.	172,260,674	126,487,571
- Zero Octa UK Ltd.	764,660	-
Purchase of services		
- Synetairos Technologies Ltd.	742,782	4,796,091
- Zero Octa Selective Sourcing India Private Ltd	8,378,690	-
- Kale Softec Inc.	-	8,300,700
Expenses charged to group Companies		
- Kale Softech Inc.	606,797	3,170,997
- Synetairos Technologies Ltd.	1,500,000	1,200,000
- Zero Octa UK Limited	18,613,167	22,051,516
- Zero Octa Selective Sourcing India Private Ltd	361,841	21,721
- Kale Revenue Assurance Service Ltd.	-	7,418,729
Expenses charged by group Companies		
- Kale Softech Inc.	16,141,411	6,341,536
- Zero Octa UK Limited	380,506	674,362
- Zero Octa Selective Sourcing India Private Ltd.	-	3,092,970
- Synetairos Technologies Ltd.	-	6,072
Investment in subsidiary		
- Kale Revenue Assurance Service Ltd.	81,312,000	51,415,000
Salary/Remuneration		
- Vipul Jain	27,160,578	14,950,195

Schedules to the financial statements

Nature of Transaction	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Payables		
- Kale Softech Inc.	16,098,592	20,415,888
- Zero Octa Selective Sourcing India Private Ltd.	314,604	3,070,391
- Synetairos Technologies Ltd.	-	215,117
Receivables		
- Kale Softech Inc.	17,223,045	31,346,142
- Zero Octa UK Limited	13,298,858	10,918,335
- Kale Revenue Assurance Service Ltd.	4,745,791	4,521,252

19.11 Lease

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	1 April 2010 to 30 June 2011		1 April 2009 to 31 March 2010	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
Not later than one year	9,059,332	7,968,997	15,505,129	12,983,187
Later than one year but not later than five years	3,597,547	3,313,460	19,826,458	17,718,760

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Minimum lease payments as above	12,656,879	35,331,587
Less: finance charges	1,374,422	4,629,640
Present Value of Lease Payments	11,282,457	30,701,947

Operating lease

The lease rental for office premises, guest house and godown charged to profit and Loss account aggregates to Rs. 101,049,564 (previous year Rs. 72,967,655).

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

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
- not later than one year	36,058,289	47,485,472
- later than one year and not later than five years	7,139,143	55,204,456

19.12 Intangible Assets

During the current period, management reassessed its internal policy of capitalizing payroll and consultancy charges on software development and revised the policy to capitalize only those cost that related to development project which results in development of new software or new version of existing software. Consequently, the written down value of internally developed software amounting to Rs 40,376,614 as at 1 April 2010 has been depreciated during the period.

Schedules to the financial statements

19.13 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, 2011 and March 31, 2010 and as at June 30, 2011 and March 31, 2010.

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
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	-	-

19.14 Dividend

The Board of Directors recommended a dividend of Rs. 2/-per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting.

19.15 Earnings Per Share (EPS)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Number of shares (face value Rs 10 each)	15,880,087	13,814,019
Profit after tax	133,260,055	194,464,207
Weighted average number of shares considered for Basic EPS	15,292,864	13,383,050
Weighted average number of shares considered for diluted EPS	15,292,864	14,386,469
Basic and Diluted EPS:		
Basic earnings per share	8.71	14.53
Diluted earnings per share	8.71	13.52

19.16 Prior period expense

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
Total	34,901,920

Schedules to the financial statements

19.17 Exceptional items

- 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 Solutions 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 Rs. 44,654,807/- has been included in the profit and loss account under the head "Exceptional Item".
- During the period Kale Technologies Limited, UK, a subsidiary of the Company was wound up. The resultant gain of Rs. 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".

19.18 Product development cost capitalized include payroll cost of Rs. 25,892,913/- (previous year of Rs. 19,997,857/-), Consultants fee of Rs. 5,995,418/- (previous year of Rs. Nil), and Other Direct Costs of Rs. 2,012,373/- (previous year Rs. 10,834,707/-).

19.19 The company has paid dividend for financial year 2009-10 including dividend tax of Rs. 2,656,134/- in the current year to existing equity shareholders and have been disclosed under the "Dividend paid (09-10)" in profit and loss account.

19.20 Change in accounting policies

- During the period ended 30 June, 2011, the Company has changed its policy for recognition of revenue from sale of license fee, implementation and customization services from a billing /milestone based method to a proportionate completion method, effective 1 April 2010. Had the Company continued to apply the earlier policy for revenue recognition, fifteen months ended 30 June 2011 would have been lower by Rs. 5,080,055/-.
- During the quarter ended 31 March 2011, effective 1 April 2010, the Company changed its method of providing depreciation on certain fixed assets, from the Written Down Value ('WDV') method at the rates prescribed in Schedule XIV to the Companies Act, 1956, to Straight Line Method ('SLM') at the rates based on management's estimates of useful life of the fixed assets. Had the Company continued to use the earlier basis of providing for depreciation charge, the depreciation charge for the fifteen month period ended 30 June 2011 would have been lower by Rs. 1,483,933/-, and the net block of fixed assets would correspondingly have been higher by Rs. 1,483,933/-.

19.21 Unhedged foreign currency exposure

Foreign currency	2011		2010	
	INR	Foreign currency	INR	Foreign currency
Payable-USD	16,828,414	377,319	16,109,948	358,238
Payable-GBP	227,241	3,172	598,646	8,770
Receivables – EURO	12,687,130	195,910	4,174,911	68,655
Receivables – GBP	7,006,228	97,784	29,853,980	437,357
Receivables – USD	71,183,951	1,596,053	130,374,114	2,899,135
Receivables – HKD	32,820,059	5,727,759	NIL	NIL

19.22 Unbilled revenue include revenue based on Percentage of completion basis Rs. 73,375,933/- (previous year Rs. 2,569,901/-).

19.23 Quantitative Details

The Company is engaged in providing software solution services to global airline industry. The sale of such software solution service cannot be expressed in any generic unit. Hence, it is not possible to give quantitative details of sales and certain information as required under paragraphs 3, 4C, and 4D of Part II of Schedule VI of the Act.

19.24 Subsequent event

Subsequent to the balance sheet date effective 1 July 2011, pursuant to share purchase agreement dated 1 July 2011 the company has sold its entire investment in Synetairos Technologies Limited a subsidiary to Saksoft Limited resulting into a gain of Rs. 7,688,319/-.

Schedules to the financial statements

19.25 Prior period comparatives

The Company changed its financial year end from 31 March 2011 to 30 June 2011, covering a period of 15 months. Accordingly, the financial statements for the period ended 31 March 2011 are for a period of 15 months as compared to the financial statements for the year ended 31 March 2010.

Financial statements of the Company for the previous year ended 31 March 2010 were audited by a firm of chartered accountants other than B S R & Co. Previous year's figures have been regrouped/ reclassified to conform to current year's presentation as set out in table below:

Sr. no	Account head transferred from	Account head transferred to	Amount in Rs.
1	Income Received in Advance	Sundry Debtors	6,318,113
2	Other Current Asset	Unbilled Revenue	1,592,046
3	Provision for Tax	Loans & Advances	84,252,716
4	Other Liabilities	Provisions	30,115,121
5	Other Liabilities	Deposit received	2,812,401
6	Other Liabilities	Sundry Creditors	113,272,822
7	Sundry Creditors	Dues to Subsidiaries	3,285,507
8	Operating, administration and other expenses	Personnel cost	569,113,080
9	Operating, administration and other expenses	Interest Expenses	3,279,326

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

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Balance Sheet Abstract

I Registration Details

Registration No.	4 1 0 3 3	State Code	1 1
Balance Sheet Date	30 June 2011		

II Capital raised during the year (Amount in Rs.'000)

Public Issue	Nil	Rights Issue	Nil
Bonus Shares	Nil	Private Placement	Nil
ESOPs	13,405	Preferential Allotment	7,255

III Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)

Total Liabilities	1,311,239	Total Assets	1,311,239
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Sources of Funds

Paid-up Capital	158,807	Reserves & Surplus	1,138,795
Secured Loans	13,638	Unsecured Loans	Nil
Partly Paid Warrants	Nil		

Application of Funds

Net Fixed Assets	186,731	Investments	411,519
Net Current Assets	659,015	Miscellaneous Expenditure	Nil
Deferred Tax Assets	53,975	Accumulated Losses	Nil

IV Performance of the Company (Amount in Rs.'000)

Total Income	1,749,724	Total Expenditure	1,614,725
Profit/(Loss) before Tax	134,999	Profit/(Loss) after Tax	133,260
Earnings per Share (Rs.)	8.71	Dividend (%)	20.00

V Generic names of principal services of the Company (as per monetary terms)

Item Code No. (ITC Code)	8 5 2 4 9 0
Product Description	Computer Software

For and on behalf of Board of Directors

Ninad Umranikar
Company SecretaryVipul Jain
Managing DirectorK. K. Nohria
DirectorGurudas Shenoy
Chief Financial OfficerPlace: Mumbai
Date : 29 July 2011

Auditors' Report on Consolidated Financial Statements

To the Board of Directors
Kale Consultants Limited

We have audited the attached consolidated Balance Sheet of 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 2011, the consolidated Profit and Loss account and the consolidated Cash Flow Statement of the Group for the period from 1 April 2010 to 30 June 2011, 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.

- 1 We did not audit the financial statements and other financial information of overseas subsidiaries. The financial statements of these subsidiaries for the period from 1 April 2010 to 30 June 2011 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on these reports. The attached consolidated financial statements include total assets (net) of Rs. 778 lakhs as at 30 June 2011 and total revenues of Rs. 3,451 lakhs for the period from 1 April 2010 to 30 June 2011 in respect of the aforementioned subsidiaries.
- 2 We have relied on the unaudited financial statements of the subsidiary whose financial statement reflect total assets (net) of Rs. 313 lakhs as at 30 June 2011 and total revenue of Rs. 707 lakhs for the period from 1 April 2010 to 30 June 2011. These unaudited financial statements are based on accounts furnished to us by the management, and our report, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on such management accounts.
- 3 In case of subsidiary whose financial statements reflect total asset (net) of Rs. 820 lakhs as at 30 June 2011 and total revenue of Rs. 2,651 lakhs for the period from 1 April 2010 to 30 June 2011, the figures are based on limited review by the auditors of that entity.
- 4 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.
- 5 Based on our audit as aforesaid and to the best of our information and according to the explanations given to us, and subject to the matters referred to in paragraphs 1 to 3 above, 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 2011;
 - ii. in the case of the consolidated Profit and Loss Account, of the profit of the Group for the period from 1 April 2010 to 30 June 2011; and
 - iii. in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the period from 1 April 2010 to 30 June 2011.

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
29 July 2011

Consolidated Financial Statements

Kale Consultants Limited

Consolidated Balance Sheet as at 30 June 2011 (Currency: Indian Rupees)		Schedules	30 June 2011	31 March 2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share capital	3		158,806,920	138,146,240
Reserves and Surplus	4		1,284,692,191	1,085,235,609
Partly paid warrants			-	7,980,775
Minority interest			15,839,354	19,197,001
Loan Funds				
Secured loans	5		13,886,031	46,000,122
			1,473,224,496	1,296,559,747
APPLICATION OF FUNDS				
Goodwill on consolidation			337,316,621	371,016,649
Fixed Assets	6			
Gross block			752,254,604	870,698,108
Less: Accumulated depreciation/amortisation			590,556,508	562,422,086
Net block			161,698,096	308,276,022
Capital work in progress (including capital advances)			37,759,183	2,788,142
			199,457,279	311,064,164
Investments	7		60,000	60,000
Deferred tax asset	8		59,789,579	10,699,210
Current assets, loans and advances				
Sundry debtors	9		341,284,305	385,613,477
Unbilled revenue (refer note 18 of schedule 19)			168,784,874	73,042,559
Cash and bank balances	10		415,788,879	347,487,072
Loans and advances	11		283,453,578	177,769,867
Other current assets	12		4,182,059	1,851,476
			1,213,493,695	985,764,451
Less : Current liabilities and provisions				
Current liabilities	13		231,620,473	315,379,177
Provisions	14		105,272,205	66,665,550
			336,892,678	382,044,727
Net current assets			876,601,017	603,719,724
			1,473,224,496	1,296,559,747
Significant accounting policies	2			
Notes to the financial statements	19			

The schedules referred to above form an integral part of this balance sheet.

As per our report 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

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Consolidated Profit and Loss Account for the period 1 April 2010 ended 30 June 2011 (Currency: Indian Rupees)		Schedules	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
INCOME				
Revenue from sale of software and services (gross)			2,210,902,552	1,659,202,725
Other income	15		45,443,026	10,446,524
			2,256,345,578	1,669,649,249
EXPENDITURE				
Personnel cost	16		1,157,424,493	815,146,386
Operating, administration and other expenses	17		644,840,300	476,141,384
Depreciation and amortization	6		167,094,398	139,686,306
Interest and finance charges	18		9,943,084	10,696,525
Less: Product development cost capitalised (refer note 15 of schedule 19)			(34,116,705)	(31,146,943)
Profit before tax, exceptional items and prior period expenses			311,160,008	259,125,591
Less: exceptional item (refer note 14 of schedule 19)			34,145,202	(21,813,000)
Profit before tax and prior period expenses			277,014,806	280,938,591
Less:- Prior period item (expenses)/income (refer note 13 of schedule 19)			(34,604,893)	1,227,951
Profit before tax and after prior period expenses			242,409,913	282,166,542
Provision for Taxation				
- Current tax- current year			84,277,946	45,322,978
- MAT Credit entitlement			(5,250,930)	(23,723,652)
Deferred tax charge				
- Current period			(33,875,913)	(3,619,240)
- Prior period			(15,207,162)	-
Profit after taxation before minority interest			212,465,972	264,186,454
Minority interest			(3,019,737)	(3,892,980)
Profit after taxation and minority interest			209,446,235	260,293,474
Balance brought forward from previous year			665,561,162	460,055,712
Amount available for Appropriations			875,007,397	720,349,186
Less:- Appropriations				
Transferred to/(from) general reserve			13,326,006	14,584,816
Dividend paid (09-10) [refer note 16 of schedule 19]			2,278,114	27,628,038
Dividend distribution tax (09-10) [refer note 16 of schedule 19]			378,020	4,589,020
Proposed Dividend (10-11)			31,760,189	-
Dividend distribution tax (10-11)			6,025,069	-
Transfer of profit on disposal of investment in subsidiaries			-	10,383,879
Transitional deferred tax and employee benefit			-	(2,397,729)
Balance carried forward to balance sheet			821,239,999	665,561,162
			875,007,397	720,349,186
Earning per share of face value of Rs. 10 each (Refer note 12 of schedule 19)				
Basic			13.70	19.45
Diluted			13.70	18.09
Significant Accounting Policies	2			
Notes to the financial statements	19			

The schedules referred to above form an integral part of this profit and loss account

As per our report 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

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai

Date : 29 July 2011

Cash Flow Statement

for the period 1 April 2010 ended 30 June 2011

(Currency: Indian rupees)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
A Cash flow from operating activities :		
Net Profit before tax and exceptional item	276,555,114	260,353,541
Adjustments for :		
Depreciation	167,094,398	139,686,306
(Gain)/Loss on disposal of fixed asset, net	(1,695,220)	1,148,979
Provision for doubtful debts	31,000,919	7,303,573
Bad debts written off	7,249,830	2,160,326
Credit balances written back	(11,525,365)	-
Unrealised exchange loss, net	(439,942)	4,736,664
Interest income	(10,704,712)	(5,554,872)
Interest paid	9,943,084	10,696,525
Dividend income	(2,000)	(7,600)
Operating profit before working capital changes	467,476,107	420,523,442
(Increase) / decrease in working capital		
(Increase) in sundry debtors	(3,719,472)	(125,170,773)
(Increase) in unbilled revenue	(95,742,315)	(21,203,230)
(Increase) in loans and advances	(78,769,027)	(3,050,279)
Increase in current liabilities and provisions	39,829,216	44,532,787
Cash generated from operation	329,074,509	315,631,947
Taxes paid, net	(65,512,244)	(34,794,851)
Net cash generated from operating activities (A)	263,562,265	280,837,096
B Cash flow from investing activities		
Purchase of fixed assets	(129,565,462)	(86,200,642)
Proceeds from sale of fixed assets	3,021,272	616,495
Proceed from disposal of investment in subsidiary	-	10,509,675
Interest received on fixed deposit	8,374,129	7,458,329
Dividend received	2,000	7,600
Payment of Purchase consideration for acquisition	(81,912,000)	(140,753,015)
Net cash (used in) from investing activities (B)	(200,080,061)	(208,361,558)
C Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	80,341,767	27,731,188
Repayment of secured loan	(18,241,999)	-
Proceed from secured loan	-	5,005,915
Bank overdraft	(10,346,598)	10,346,598
Dividend paid (Inclusive of dividend distribution Tax)	(41,901,548)	(15,287,045)
Interest Paid	(9,943,084)	(10,696,525)
Net cash generated from financing activities (C)	(91,462)	17,100,131
D Effect of exchange differences on translation of foreign currency cash and cash equivalents (D)	4,911,065	(3,126,954)
Net increase in cash and cash equivalents (A+B+C+D)	68,301,807	86,448,715
Add : Cash and cash equivalents at the beginning of the period	347,487,072	261,038,357
Cash and cash equivalents as at the end of the period	415,788,879	347,487,072

- 1) The cash flow statement has been prepared under the indirect method as set out in accounting standard - 3 (AS-3) prescribed as per Companies (Accounting standard) Rules, 2006.
- 2) For details of cash and cash equivalent at the balance sheet date, refer schedule 10.
- 3) Previous year figures have been regrouped/reclassified/restated to conform to current year's presentation Also refer note 21 to schedule 19.

As per our report attached.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Bhavesdh Dhupelia
Partner

Membership No: 042070

Place: Mumbai

Date : 29 July 2011

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

For and on behalf of Board of Directors

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Schedules to the consolidated financial statements

1. Background

Kale Consultants Limited (Kale) is a software solutions provider to the global Airline and Travel industry. Kale was incorporated in 1986 under the Companies Act 1956.

The Promoters sold and transferred 4,989,708 equity shares of the Company to Accelya Holding World S.L("Accelya"), on 7 July 2011 in accordance with the Share Purchase Agreement dated 9 September 2010. Consequent to the transfer Accelya holds 70.17% of equity shares in the Company.

Kale'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 to their requirements.

The list of subsidiaries considered in these consolidated financial statements as at 30 June 2011 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 Kale incorporated under the laws of United States of America	100%	1998-99
Synetairos Technologies Ltd	A Subsidiary of Kale incorporated under the laws of India	49%*	2004-05
Kale Revenue Assurance Services Ltd.	A Subsidiary of Kale 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 (India) Limited, India	A Subsidiary of Zero Octa UK Limited incorporated under the laws of India	100%	2007-08

* Composition of the Board is controlled by Kale hence consolidated.

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 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.

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 interests' share of profits or losses is adjusted against income to arrive at the net income attributable to the Company's shareholders. Minority interests' 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 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.

Schedules to the consolidated financial statements

d) Revenue recognition

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

Transaction processing service ie 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.

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.

e) 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.

f) 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 for 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 and advances paid to acquire capital assets.

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 equipments	4 years
Furniture, fixture, equipments and Other Assets	6 years
Software acquired/developed	3 to 5 years
Vehicles	10 years

Schedules to the consolidated financial statements

g) 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, the company has intention and the ability to complete and use or sell the software and the costs can be measured reliably.

h) 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.

i) 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.

j) 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.

k) 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 Kale consultants 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.

l) 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

Schedules to the consolidated financial statements

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.

m) Provision for taxation

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 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.

n) 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.

o) 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 assessed continuously and if it is virtually certain on economic benefit will arise, the assets and related income are recognized in the period in which the changes occur.

p) 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.

q) 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.

**Schedules to the consolidated financial statements
as at 30 June 2011**

(Currency: Indian rupees)

SCHEDULE 3 : SHARE CAPITAL**Authorised capital:**

20,000,000 (previous year 15,000,000) equity shares of Rs. 10 each

200,000,000

150,000,000

Issued, subscribed and paid-up15,880,087 (previous year 13,814,019) equity shares of Rs. 10 each fully paid up
(of the above 6,000 equity shares of Rs. 1,000 each allotted as fully paid bonus
shares by way of capitalisation of accumulated profit were split into 600,000
equity shares of Rs. 10 each) [refer note 5 of Schedule 19]

158,800,870

138,140,190

Forfeited Shares

6,050

6,050

158,806,920**138,146,240****SCHEDULE 4 : RESERVE AND SURPLUS****Securities premium**

Balance as per last balance sheet

384,809,174

369,584,620

Add: premium on share allotted

67,661,862

15,224,554

452,471,036

384,809,174

General reserve

Balance as per last balance sheet

31,621,281

17,036,464

Add: transferred from profit and loss account

13,326,006

14,584,817

44,947,287

31,621,281

Foreign currency translation reserve

Balance at the beginning of the year

3,243,992

(4,024,986)

Movement during the year

(37,210,123)

7,268,978

(33,966,131)

3,243,992

Profit and loss brought forward from Profit and loss account

821,239,999

665,561,162

1,284,692,191**1,085,235,609****SCHEDULE 5 : SECURED LOANS**

Cash credit from bank

-

10,346,598

Lease from financial institutions

11,282,457

30,701,947

(Secured by underlying assets)

[Amount payable within one year is Rs. 7,968,997/- and
previous year Rs. 12,983,187/-]

Vehicle loan from banks

2,603,574

4,951,577

(Secured by underlying assets)

[Amount payable within one year is Rs. 1,134,696/- and
previous year Rs. 2,958,696/-]**13,886,031****46,000,122**(Cash Credit facility from bank secured by hypothecation of the book debts of
the Company and charge over fixed assets and office premise situated at 1st
Floor, Sharada Arcade, Satara Road, Pune.)

Schedules to the consolidated financial statements**SCHEDULE 6 : FIXED ASSETS**

(Currency: Indian rupees)

	Gross Block (At cost)			Accumulated Depreciation/Amortisation				Net Block	
Particulars	As at 1 April 2010	Additions during the period	Deletions/ Disposals during the period	As at 30 June 2011	As at 1 April 2010	For the period	On Deletions/ Disposals during the period	As at 30 June 2011	As at 31 March 2010
Intangible Asset									
Software									
Developed software	330,279,634	41,231,754	164,501,256	207,010,132	159,964,849	96,173,901	99,620,531	50,491,913	170,314,785
Software	150,564,123	29,145,251	8,733,869	170,975,504	127,858,946	20,945,418	3,130,693	25,301,833	22,705,177
Commercial Right	12,000,000	-	-	12,000,000	12,000,000	-	-	-	-
Tangible Asset									
Building	63,259,128	-	-	63,259,128	27,536,762	(1,363,269)	-	37,085,635	35,722,366
Plant and Machinery *	231,120,311	27,899,186	34,593,872	224,425,625	175,143,594	35,317,225	25,285,720	39,250,526	55,976,717
Furniture and Fixture	45,385,024	2,147,804	1,428,882	46,103,946	32,735,762	9,100,618	922,722	5,190,288	12,649,262
Vehicles	19,776,620	2,263,318	7,567,638	14,472,300	11,918,384	4,215,519	5,695,100	4,033,497	7,858,236
Leasehold Improvement	18,313,268	-	4,305,300	14,007,968	15,263,789	2,704,986	4,305,210	344,404	3,049,479
Total	870,698,108	102,687,313	221,130,817	752,254,604	562,422,086	167,094,398	138,959,975	161,698,094	308,276,022
Previous year	1,008,654,148	83,769,450	221,725,490	870,698,108	642,695,796	139,686,306	219,960,016	308,276,022	
Capital Work in progress	-	-	-	-	-	-	-	37,759,183	2,788,142

(Refer note 10 and 17 of schedule 19)

* The above assets include assets taken on lease having gross block of Rs. 59,404,341/- (31 March 2010 Rs. 61,075,245/-) and net block of Rs. 11,282,234/- (31 March 2010 Rs. 28,985,316/-).

**Schedules to the consolidated financial statements
as at 30 June 2011**

(Currency: Indian rupees)

SCHEDULE 7 : INVESTMENTS (at cost, unless otherwise stated)
Investments in Shares of Banks (unquoted)

Rupee Co-op. Bank Ltd.

5,000 equity shares of Rs. 10 each fully paid up

50,000

50,000

(Previous year 5,000 equity shares of Rs. 10 each fully paid up)

Saraswat Co-op. Bank Ltd.

1,000 equity shares of Rs. 10 each fully paid up

10,000

10,000

(Previous year 1,000 equity shares of Rs. 10 each fully paid up)

60,000**60,000**
SCHEDULE 8 : DEFERRED TAX ASSET

Deferred tax asset:

Arising on account of timing difference in:

Depreciation

30,016,739

(1,203,445)

Provision for leave

17,979,622

11,902,655

Provision for doubtful debts

10,200,019

-

Expenses deductible for tax in later years

1,593,199

-

59,789,579**10,699,209**
SCHEDULE 9 : SUNDRY DEBTORS (Unsecured)

Debts outstanding for a period exceeding six months

Considered good

23,597,995

41,557,907

Considered doubtful

13,536,827

8,707,867

Other debts

Considered good

317,686,310

344,055,570

Considered doubtful

24,775,963

881,887

379,597,095

395,203,231

Less: Provision for doubtful debts

38,312,790

9,589,754

341,284,305**385,613,477**
SCHEDULE 10 : CASH AND BANK BALANCE

Balance with scheduled banks

-in Current Accounts

183,733,082

290,319,483

-in deposit accounts

223,072,500

25,601,950

-Margin money deposit*

8,983,297

31,565,639

*(represent deposit with banks given to various authorities amounting to

Rs. 8,958,874/- Previous year of Rs. 31,375,639/-)

415,788,879**347,487,072**
SCHEDULE 11 : LOANS AND ADVANCE (Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received

130,027,528

9,826,134

[Advances recoverable include Rs. 114,002,105/- due from parties under 370 (1)B of the Companies Act, 1956 (Previous Year Nil)]

(Maximum outstanding during the year Rs.114,002,105/-) (Previous Year Rs. Nil)

Advance tax including tax deducted at source

55,548,765

41,305,153

(net of provision for tax Rs. 92,503,211/- previous year Rs. 109,741,964/-)

MAT credit entitlement

32,760,870

51,180,306

Prepaid expenses

15,896,318

20,813,439

Deposits

49,220,097

54,644,835

283,453,578**177,769,867**

Schedules to the consolidated financial statements as at 30 June 2011

(Currency: Indian rupees)

SCHEDULE 12 : OTHER CURRENTS ASSETS

	30 June 2011	31 March 2010
Interest accrued on bank deposits	4,182,059	1,851,476
	4,182,059	1,851,476

SCHEDULE 13 : CURRENT LIABILITIES

Sundry creditors		
- dues to micro and small enterprises		
- dues to others	184,371,461	171,625,562
Advances from customers	7,376,640	18,737,501
Income received in advance	6,350,367	5,745,168
Deposits received	2,330,361	2,833,401
Other liabilities	29,731,792	33,287,510
Unpaid Dividend	1,459,852	1,238,035
Purchase consideration payable for acquisition of Zero Octa UK	-	81,912,000
	231,620,473	315,379,177

Note: There are no amounts due and outstanding to be credited to Investor education and protection fund

SCHEDULE 14 : PROVISIONS

Proposed Dividend	31,760,189	27,628,038
Tax on Proposed Dividend	5,152,279	4,589,020
Leave encashment	53,572,011	33,105,164
Gratuity	5,448,778	1,343,328
Provision for Tax	9,338,948	-
(Net of Advance Tax of Rs. 10,668,694/- previous year Rs. Nil)		
	105,272,205	66,665,550

Schedules to the consolidated financial statements for the period 1 April 2010 ended 30 June 2011

(Currency: Indian rupees)

SCHEDULE 15 : OTHER INCOME

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Interest income on fixed deposit (Tax deducted at source Rs. 661,906/- Previous year Rs. 439,400/-)	10,704,712	5,554,872
Interest on income tax refund	2,870,159	-
Foreign exchange gain, net	6,430,414	-
Credit balances written back	11,525,365	-
Common amenities recharged	2,946,003	-
Dividend income	2,000	7,600
Profit on sale of asset (net)	1,695,220	-
Miscellaneous income	9,269,153	4,884,052
	45,443,026	10,446,524

SCHEDULE 16 : PERSONNEL COST

Salaries, wages and allowances	1,059,999,429	750,055,254
Contribution to provident fund and other funds	42,710,231	21,986,937
Staff welfare expenses	54,714,833	43,104,195
	1,157,424,493	815,146,386

**Schedules to the consolidated financial statements
for the period 1 April 2010 ended 30 June 2011**

(Currency: Indian rupees)

SCHEDULE 17 : OPERATING, ADMINISTRATION AND OTHER EXPENSES

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Contractor charges	8,677,452	13,024,925
Connectivity charges	15,512,978	16,137,720
Computer consumables	1,631,670	2,338,793
Software and maintenance	23,119,290	18,051,659
Data processing charges	16,171,972	17,620,166
Directors' sitting and committee fees	160,000	145,000
Director commission	300,000	300,000
Auditors remuneration (refer note 3 of schedule 19)	3,750,068	2,616,936
Travelling and conveyance	72,271,295	49,389,712
Printing and stationery	3,719,977	4,914,388
Communication charges	29,941,160	22,378,552
Repairs and maintenance :		
- Machinery	3,388,702	3,034,746
- Other assets	28,326,787	23,749,475
Donation	1,344,355	719,450
Membership and subscription	25,903,080	16,392,198
Rent (refer note 9 of schedule 19)	122,555,615	94,291,461
Advertisement and sales promotion	18,809,188	18,348,963
Commission and brokerage	61,769,707	28,166,438
Insurance	4,936,007	5,039,230
Technical consultants charges	82,450,166	42,158,040
Legal and professional	14,647,205	10,911,336
Power, fuel and water charges	35,050,718	31,454,377
Rates and taxes	7,214,921	2,678,334
Recruitment expenses	11,562,759	6,409,510
Loss on sale of fixed assets, net	-	1,148,979
Bad debts written off	7,249,830	2,160,326
Foreign exchange loss, net	-	21,990,316
Provision for doubtful debts, (net of bad debt written off of Rs 4,059,054)	31,000,919	7,303,573
Miscellaneous expenses	13,374,479	13,266,781
	644,840,300	476,141,384

SCHEDULE 18 : INTEREST AND FINANCE CHARGES

Other interest	1,047,165	357,351
Finance charges	8,895,919	10,339,174
	9,943,084	10,696,525

Schedules to the consolidated financial statements

SCHEDULES 19 : Notes to accounts

1. Commitments and contingent liabilities

a. Commitments

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided (net of advances)	11,854,342	9,620,431

b. Contingent liability

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Bank Guarantee in favor of Customs Department	186,000	186,000
Bank Guarantee of GBP 1.2 mn on behalf of its subsidiary company viz. Kale Revenue Assurance Services Limited in respect of payment obligation towards acquisition of Zero Octa UK Ltd.	-	81,912,000
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

2. Managerial Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Salary	34,288,253	20,513,692
Perquisites	969,265	1,204,195
Commission to independent director	300,000	300,000
Sitting Fees to independent director	160,000	145,000
Total	35,647,518	22,163,887

Salaries and Perquisites for the period ended June 30, 2011 includes Rs.3,746,567 towards arrears for the year 2009-10.

The above remuneration does not include provision for gratuity and compensated absences as separate actuarial valuation figures are not available.

3. Auditors Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Audit Fees	3,633,973	2,500,841
Other services (Tax Audit and certification)	60,000	60,000
Out of pocket expenses	40,225	56,095
Total	3,750,068	2,616,936

Schedules to the consolidated financial statements

4. Employees' Stock Option Plan (ESOP)-2003

The Company did not grant any options during the year under Kale Consultants Limited ESOP Scheme 2003.

	2011	2010
Outstanding at the beginning of the year	498,489	616,911
Granted during the year	-	-
Forfeited (Lapsed) during the year	17,010	39,186
Exercised during the year	481,479	79,236
Outstanding at the end of the year	-	498,489

Under Kale Consultants Limited ESOP Scheme, during the period 481,479 options were exercised (Previous year 79,236) giving rise to 481,479 fully paid up equity shares of Rs. 10/- each. All the 481,479 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange Limited and Pune Stock Exchange Limited.

Employees' Stock Option Plan (ESOP)-2006

The Company did not grant any options during the period under Kale Consultants Limited ESOP Scheme 2006.

	2011	2010
Outstanding at the beginning of the year	886,125	900,000
Granted during the year	-	-
Forfeited (Lapsed) during the year	27,061	10,000
Exercised during the year	859,064	3,875
Outstanding at the end of the year	-	886,125

Under Kale Consultants Limited ESOP Scheme during the period 859,064 options were exercised (Previous year 3,875) giving rise to 859,064 fully paid up equity shares of Rs. 10/- each. All the 859,064 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange limited and Pune Stock Exchange Limited.

5. Preferential Allotment

On 11 June 2010, a total number of 725,525 warrants were converted into 725,525 fully paid equity shares of Rs. 10 each. A sum of Rs. 11 per share, being 25% of the price fixed, was paid by the allottees before allotment of warrants. The balance amount of Rs. 33.01 per equity share was paid by the allottees before conversion of warrants.

6. 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	1 April 2010 to 30 June 2011	1 April 2009 to 1 March 2010
a) Liability recognised in the Balance Sheet		
i) Present value of obligation		
Opening Balance	24,138,979	15,296,162
Prior period expense	184,595	-
Current Service Cost	8,448,226	8,148,891

Schedules to the consolidated financial statements

Changes in present value of obligations	1 April 2010 to 30 June 2011	1 April 2009 to 1 March 2010
Past Service Cost	3,783,169	-
Interest cost	2,328,791	1,181,029
Actuarial loss on obligations	2,930,846	847,406
Benefits Paid	(6,256,037)	(1,334,509)
Closing Balance	35,558,569	24,138,979
ii) Fair value of plan assets		
Opening Balance	23,212,181	17,780,110
Expected return on plan assets	3,101,239	1,914,363
Employer's Contributions	11,238,167	4,956,729
Actuarial Gain / (Loss) on Plan assets	(1,185,759)	(633,187)
Benefits paid	(6,256,037)	(805,834)
Fair value of plan assets at the end of year	30,109,791	23,212,181
Amount recognised in Balance Sheet(i)-(ii)	(5,448,778)	(926,798)
b) Expenses Recognised in statement of Profit & loss		
Current Service Cost	8,448,226	4,449,848
Past Service Cost	3,783,169	-
Interest Cost	2,328,791	927,188
Expected return on plan assets	(3,101,239)	(1,434,347)
Net Actuarial (gain)/Loss recognised in the year	4,116,605	1,149,022
Expenses recognised in statement of Profit & loss	15,575,552	5,091,711
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%	8.40%
Expected Return on Plan Assets	9.25%	9.25%
Rate of increase in basic salary	6.00%	5.00%
Attrition Rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

Schedules to the consolidated financial statements

Experience Adjustment	As on 30 June 2011	As on 31 March 2010
Present value of obligation	24,835,090	26,603,372
Plan Assets	23,672,373	23,084,238
Surplus (Deficit)	(1,162,717)	(3,519,134)
Experience adjustments on plan liabilities -(loss)/ gain	3,292,420	(1,196,040)
Experience adjustments on plan assets -(loss)/ gain	(268,786)	(543,820)

Compensated absences

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

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Principal actuarial assumptions		
Rate of Discounting	8.30%	7.50%
Rate of increase in cost to company	12.00%	5.00%
Attrition Rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

7. 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

Sr No	Continents	Country
1	Asia Pacific	India, China, New Zealand, Japan, Hong Kong, Singapore and Indonesia
2	Middle East and Africa	Mauritius, Zimbabwe, Kenya and Tanzania
3	Americas	United States of America, Canada, Argentina and Mexico
4	Europe	Germany, Holland, France, Portugal, Italy, United Kingdom, Austria, Belgium, Germany and Switzerland.

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, has been included under unallocated.

Schedules to the consolidated financial statements

Continent wise geographical revenue

Continent	Revenue		Capital Employed	
	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010	As at 30 June 2011	As at 31 March 2010
Asia Pacific	802,444,737	592,940,060	356,714,407	321,779,043
Middle East and Africa	657,652,449	550,129,229	98,773,558	85,653,131
Americas	470,276,094	309,617,897	115,864,850	60,558,092
Europe	280,529,272	206,515,539	419,018,334	440,160,025
Un-allocable assets			482,853,347	388,409,455
Total	2,210,902,552	1,659,202,725	1,473,224,496	1,296,559,746

8. Related Party Transactions

[A] Related party disclosures

Related parties where control exists:	Name
Key Management Personnel	Vipul Jain Narendra Kale Prakash Alkutkar
Enterprises where Key Management personnel Interested	Kale Logistics Solutions Private Ltd.

[B] Related party disclosures

	Key Management Personnel	Enterprises where Key Management personnel Interested
Issue of equity shares (Previous year)	39,388,950 -	- -
Remuneration paid (Previous year)	35,257,518 (21,717,887)	- -
Claim raised for Expenses Incurred (Previous year)	- -	3,628,710 -
Transfer of Business Asset to Kale Logistics Solutions Pvt. Ltd (Previous year)	- -	81,467,638 -
Amount Paid on Behalf of Kale Logistics Solutions Pvt. Ltd (Previous year)	- -	73,911,882 -
Balances outstanding		
Payable (Previous year)	750,000 -	- -
Receivable (Previous year)	- -	114,002,105 -

Schedules to the consolidated financial statements

[C] Transactions with Related Parties

Of the above items, transactions in excess of 10% of the total related party transactions are as under:-		
Nature of Transaction	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Salary/Remuneration		
- Vipul Jain	27,160,578	14,950,195
- Narendra Kale	5,106,375	4,249,125
- Prakash Alkutkar	2,990,565	2,518,567

9. Lease

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	1 April 2010 to 30 June 2011		1 April 2009 to 31 March 2010	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
- Not later than one year	9,059,332	7,968,997	15,505,129	12,983,187
- Later than one year but not later than five years	3,597,547	3,313,460	19,826,458	17,718,760

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Minimum lease payments as above	12,656,879	35,331,587
Less: finance charges	1,374,422	4,629,640
Present Value of Lease Payments	11,282,457	30,701,947

The lease rental for office premises, guest house and godown acquired under operating leases and charged to profit and Loss account aggregates to Rs. 122,555,615/- (previous year Rs. 94,291,461/-).

Future lease commitments in respect of non cancellable operating leases:

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
- not later than one year	46,002,254	58,243,463
- later than one year and not later than five years	9,428,931	70,207,999

10. Intangible Assets

During the current period, management reassessed its internal policy of capitalizing payroll and consultancy charges on software development and revised the policy to capitalize only those cost that related to development project which results in development of new software or new version of existing software. Consequently, the written down value of internally developed software amounting to Rs. 40,376,614/- as at 1 April 2010 has been fully depreciated during the period.

Schedules to the consolidated financial statements

11. Dividend

The Board of Directors of the parent company recommended a dividend of Rs. 2/-per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting.

12. Earnings Per Share (EPS)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Number of shares (face value Rs 10 each)	15,880,087	13,814,019
Profit after tax	209,446,234	260,293,474
Weighted average number of shares considered for basic EPS	15,292,864	13,383,050
Weighted average number of shares considered for diluted EPS	15,292,864	14,386,469
Basic and Diluted EPS:		
Basic earnings per share	13.70	19.45
Diluted earnings per share	13.70	18.09

13. Prior period expense

The Company has written off an amount of Rs. 34,604,893/- (Net) as Prior Period Items.

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)
Total	34,604,893

14. Exceptional items

- 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 Solutions 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 Rs. 44,654,807/- has been included in the profit and loss account under the head "Exceptional Item".
- During the period Kale Technologies Limited, UK, a subsidiary of the Company was wound up. The resultant gain of Rs. 10,509,605/- representing the surplus over the carrying value of the investment has been recorded as a gain on disposal of investments under the head "Exceptional Item"

- Product development cost capitalized include payroll cost of Rs. 25,892,913/- (previous year of Rs. 19,997,857/-), Consultants fee of Rs. 5,995,418/- (previous year of Rs. nil), and Other Direct Costs of Rs. 2,012,373/- (previous year Rs. 10,834,707/-).

- The company has paid dividend for financial year 2009-10 including dividend tax of Rs 2,656,134/- in the current year to existing equity shareholders and have been disclosed under the "Dividend paid (09-10)" in profit and loss account.

17. Change in accounting policies

- During the period ended 30 June 2011, the Company has changed its policy for recognition of revenue from sale of license fee, implementation and customization services from a billing /milestone based method to a proportionate completion method, effective 1 April 2010. Had the Company continued to apply its earlier policy for revenue recognition, revenue for fifteen months ended 30 June 2011 would have been lower by Rs. 5,080,055/-.
- During the period ended 30 June 2011, effective 1 April 2010, the Company changed its method of providing depreciation on certain fixed assets, from the Written Down Value ('WDV') method at the rates prescribed in Schedule XIV to the Companies Act, 1956, to Straight Line Method ("SLM") at the rates based on management's estimates of

Schedules to the consolidated financial statements

useful life of the fixed assets. Had the Company continued to use the earlier basis of providing for depreciation charge, the depreciation charge for the fifteen month period ended 30 June 2011 would have been lower by Rs. 1,438,562/-, and the net block of fixed assets would correspondingly have been higher by Rs. 1,438,562/-.

18. Unbilled revenue include revenue based on Percentage of completion bases Rs. 73,375,933/- previous year Rs. 2,569,901/-.

19. Subsequent event

Subsequent to the balance sheet date effective 1 July 2011, pursuant to share purchase agreement dated 1 July 2011 the company has sold its entire investment in Synetairos Technologies Limited a subsidiary to Saksoft Limited resulting into a gain of Rs. 7,688,319/- approximately.

20. Quantitative Details

The Company is engaged in providing software solution services to global airline industry. The sale of such software solution service cannot be expressed in any generic unit. Hence, it is not possible to give quantitative details of sales and certain information as required under paragraphs 3, 4C, and 4D of Part II of Schedule VI of the Act.

21. Prior period comparatives

The Company changed its financial year end from 31 March 2011 to 30 June 2011, covering a period of 15 months. Accordingly, the financial statements for the period ended 31 March 2011 are for a period of 15 months as compared to the financial statements for the year ended 31 March 2010.

Financial statements of company for the previous year ended 31 March 2010 were audited by a firm of chartered accountants other than B S R & Co. Previous year's figures have been regrouped/ reclassified to conform to current year's presentation as set out in table below.

Financial statements of company for the previous year ended 31 March 2010 were audited by a firm of chartered accountants other than B S R & Co. Previous year's figures have been regrouped/ reclassified to conform to current year's presentation as set out in table below.

Sr. no	Account head transferred from	Account head transferred to	Amount
1	Income Received in Advance	Sundry Debtors	6,318,113
2	Other Current Asset	Unbilled Revenue	73,042,561
3	Provision for Tax	Loans & Advances	100,229,387
4	Other Liabilities	Provisions	33,105,164
5	Other Liabilities	Deposit received	2,812,401
6	Other Liabilities	Sundry Creditors	139,813,670
7	Operating, administration and other expenses	Personnel cost	1,157,424,494
8	Operating, administration and other expenses	Interest Expenses	7,306,583

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

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Statement pursuant to Section 212 of the Companies Act, 1956

Sr. No.	Particulars	Kale Softech Inc.	Synetairos Technologies Limited#	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)	(INDIA)	(UK)	(UK)	(INDIA)	(INDIA)
1	Financial Year Ended	30 June 2011	30 June 2011	30 June 2011	30 June 2011	30 June 2011	30 June 2011
2	Shares of Subsidiary held by the Company directly or through its subsidiary companies as on 30 June 2011						
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	42,036 equity shares of Rs. 10 each	4,150,000 Share of GBP 1 each	111,000 Ordinary Shares of GBP 0.01 each	150,000 Equity Shares of Rs. 10 each	50,000 Equity Shares of Rs. 10 each
b.	Extent of Holding	100%	49%	100%	100%	100%	100%
3	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Kale Consultants Ltd. for the current financial year.						
a.	Dealt with in the accounts of Kale Consultants Limited	Nil	Nil	Nil	Nil	Nil	Nil
b.	Not dealt with in the accounts of Kale Consultants Limited	USD 505,571	Rs. 5,921,053	GBP 244,794	GBP 366,479	Rs. 33,129,905	Rs. (212,883)
4	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Kale Consultants Ltd. for the previous financial year						
a.	Dealt with in the accounts of Kale Consultants Limited	Nil	Nil	NA	NA	NA	NA
b.	Not dealt with in the accounts of Kale Consultants Limited	USD 676,375	Rs. 7,609,048	GBP 107,662	GBP 82,400	Rs. 16,427,674	Rs. (63,507)

The Company controls the composition of the Board of Directors.

* 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, 2011 (Currency: Indian Rupees)

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.	20,649,800	60,547,338	116,000,764	34,803,387		261,524,142	35,315,082	12,766,616	22,548,467	1,254,375
Synetairos Technologies Limited #	857,880	30,199,679	34,868,986	3,811,427		71,525,028	9,157,687	3,236,635	5,921,053	-
Kale Revenue Assurance Services Limited	297,347,500	24,854,883	382,234,981	60,032,597		-	17,539,490	-	17,539,490	-
Zero Octa UK Limited*	79,532	29,441,988	149,639,377	120,117,857		345,705,446	35,821,059	9,562,839	26,258,220	-
Zero Octa Selectives Sourcing and Training India Private Limited*	1,500,000	152,169,860	186,424,390	32,754,530		232,242,167	35,675,346	2,545,441	33,129,905	-
Zero Octa Recruitment and Training (India) Private Limited*	500,000	(187,278)	350,921	38,199		270,000	(208,508)	(46)	(212,883)	-

The Company controls the composition of the Board of Directors

* 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 30 June 2011 have been applied:

1 USD = 44.60 in case of Kale Softech, Inc.

1 GBP = 71.65 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

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Shareholder Information

1. Annual General Meeting

- Date and Time - Tuesday, November 08, 2011 at 3.00 p.m.
 Venue - Pudumjee Assembly Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune - 411 002
 Book Closure Dates - Tuesday, November 01, 2011 to Tuesday, November 08, 2011 (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 - 1 to 15880087
 Market Lot - 50 shares for physical mode.
 • Out of this, 1,100 equity shares have been forfeited for non-payment of allotment money.

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, R. B. Kumthekar Marg, Pune - 411 030 Tel.: (020) +91 24485701	16268 - KALCO	November 11, 1999	Paid
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 Tel.: (022) +91 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) +91 2659 8100 -14	KALECONSUL	December 1, 1999	Paid

4. Share Transfer System

Shares of the Company shall be compulsorily traded in dematerialised 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 30, 2011)

Type of Holding	Percentage to Share Capital
Physical	1.39%
Dematerialised	98.61%
Total	100.00%

5. ISIN Numbers

NSDL:

ISIN No.	Description	Type of Shares
INE793A01012	KALE CONSULTANT EQ	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) +91 23420818 / 23420828
 Fax No. (040) +91 23420814
 Contact Person: Mr. Purnachander

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

Month	Kale Share Price (Rs.)		NSE S&P CNX Nifty	
	High	Low	High	Low
April, 2010	126.70	87.20	5399.65	5160.90
May, 2010	128.70	110.15	5278.70	4786.45
June, 2010	136.40	120.15	5366.75	4961.05
July, 2010	128.50	112.30	5477.50	5225.60
August, 2010	145.85	112.50	5549.80	5348.90
September, 2010	164.80	132.10	6073.50	5403.05
October, 2010	154.90	144.10	6284.10	5937.10
November, 2010	166.00	122.00	6338.50	5690.35
December, 2010	140.00	95.25	6147.30	5721.15
January, 2011	118.45	93.95	6181.05	5416.65
February, 2011	105.00	95.00	5599.25	5177.70
March, 2011	110.00	93.60	5872.00	5373.55
April, 2011	103.25	96.50	5860.20	5706.05
May, 2011	94.95	78.15	5775.25	5328.70
June, 2011	92.25	80.05	5597.35	5195.90

8. Shareholding Pattern as on June 30, 2011

Sr. No.	Category	No. of Shares held	Percentage
1	Promoters		
	- Indian Promoters	1943708	12.24
	- Foreign Promoters	3047500	19.19
2	Mutual Funds and UTI	5743	0.04
3	Banks, FIs, Insurance Companies, Institutions	1600	0.01
4	Foreign Institutional Investors	50	0.00
5	Corporate Bodies	1039302	6.54
6	Indian Public	3003014	18.91
7	NRIs / OCBs / Foreign Nationals	640763	4.04
8	Trusts	27795	0.17
9	Foreign Body Corporate	6153587	38.75
10	Clearing Members	17025	0.11
	TOTAL	15880087	100.00

9. Distribution of Shareholding as on June 30, 2011

Shareholding Range	No. of Shareholders	Percentage	Shareholding	Percentage
Upto 500	15433	93.89	1555667	9.80
501 – 1000	525	3.19	417077	2.63
1001 – 2000	224	1.36	332836	2.10
2001 – 3000	92	0.56	235331	1.48
3001 – 4000	45	0.27	160058	1.01
4001 – 5000	31	0.19	145692	0.92
5001 – 10000	38	0.23	284405	1.79
10001 and above	50	0.30	12749021	80.28
TOTAL	16438	100.00	15880087	100.00

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
National Stock Exchange of India Limited	6 th April, 2010
Bombay Stock Exchange Limited	8 th April, 2010
National Stock Exchange of India Limited	9 th July, 2010
Bombay Stock Exchange Limited	21 st July, 2010
Bombay Stock Exchange Limited	12 th October, 2010
National Stock Exchange of India Limited	12 th January, 2011
Bombay Stock Exchange Limited	18 th January, 2011
National Stock Exchange of India Limited	6 th April, 2011
Bombay Stock Exchange Limited	11 th April, 2011
National Stock Exchange of India Limited	14 th July, 2011
Bombay Stock Exchange Limited	18 th July, 2011

The Company has set up an Investors' 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, 2011	October / November, 2011
Unaudited financial results for the quarter ended	December 31, 2011	January / February, 2012
Unaudited financial results for the quarter ended	March 31, 2012	April / May, 2012
Audited financial results for the year ended	June 30, 2012	July / August, 2012



KALE CONSULTANTS LIMITED

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the twenty fifth Annual General Meeting of the members of the Company will be held on Tuesday, the 8th day of November, 2011 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 30 June 2011, 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.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Philippe Lesueur, who was, pursuant to the provisions of Section 260 of the Companies Act, 1956, appointed as an additional director by the Board of Directors on 7 July 2011 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Philippe Lesueur as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Sekhar Natarajan, who was, pursuant to the provisions of Section 260 of the Companies Act, 1956, appointed as an additional director by the Board of Directors on 7 July 2011 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Sekhar Natarajan as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Bahram Vakil, who was, pursuant to the provisions of Section 260 of the Companies Act, 1956, appointed as an additional director by the Board of Directors on 7 July 2011 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Bahram Vakil as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

For and on behalf of the Board of Directors

Vipul Jain
Managing Director

Place: Mumbai
Date: 29 July 2011

NOTES:

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto and form a part of this notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A 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.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 1st day of November, 2011 to Tuesday, the 8th day of November, 2011 (both days inclusive) for the purpose of dividend and Annual General Meeting.
4. Members are requested to approach M/s. Karvy Computershare Private Limited, Plot No. 17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad – 500 081, in case they have not encashed the dividend warrants for any year from 2005-06 to 2009-10.
5. Members/ Proxy-holders are requested to bring copy of the Annual Report to the Meeting.
6. 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.
7. 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 kale.cs@karvy.com to update their e-mail address.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Mr. Philippe Lesueur, was appointed Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 by the Board of Directors on July 07, 2011. The term of Mr. Philippe Lesueur as an Additional Director expires at the ensuing Annual General Meeting. The Company has received a notice under sub-section (1) of section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- (Rupees Five Hundred only) from a member of the Company proposing Mr. Philip Lesueur as a candidate for the office of Director.

A brief resume of Mr. Philippe Lesueur, as stipulated under Clause 49 of the Listing Agreement, is provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors recommends his appointment as a Director of the Company, liable to retire by rotation.

The Resolution as set out in Item No. 5 of the Notice will be placed before the meeting for the approval of the members.

None of the directors of the Company, except Mr. Philippe Lesueur himself, is concerned or interested in the resolution set out in Item No. 5 of the Notice.

ITEM NO. 6

Mr. Sekhar Natarajan was appointed Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 by the Board of Directors on July 07, 2011. The term of Mr. Sekhar Natarajan as an Additional Director expires at the ensuing Annual General Meeting. The Company has received a notice under sub-section (1) of section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- (Rupees Five Hundred only) from a member of the Company proposing Mr. Sekhar Natarajan as a candidate for the office of Director.

A brief resume of Mr. Sekhar Natarajan, as stipulated under Clause 49 of the Listing Agreement, is provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors recommends his appointment as a Director of the Company, liable to retire by rotation.

The Resolution as set out in Item No. 6 of the Notice will be placed before the meeting for the approval of the members.

None of the directors of the Company, except Mr. Sekhar Natarajan himself, is concerned or interested in the resolution set out in Item No. 6 of the Notice.

ITEM NO. 7

Mr. Bahram Vakil was appointed Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 by the Board of Directors on July 07, 2011. The term of Mr. Bahram Vakil as an Additional Director expires at the ensuing Annual General Meeting. The Company has received a notice under sub-section (1) of section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- (Rupees Five Hundred only) from a member of the Company proposing Mr. Bahram Vakil as a candidate for the office of Director.

A brief resume of Mr. Bahram Vakil, as stipulated under Clause 49 of the Listing Agreement, is provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors recommends his appointment as a Director of the Company, liable to retire by rotation.

The Resolution as set out in Item No. 7 of the Notice will be placed before the meeting for the approval of the members.

None of the directors of the Company, except Mr. Bahram Vakil himself, is concerned or interested in the resolution set out in Item No. 7 of the Notice.

For and on behalf of the Board of Directors

Vipul Jain
Managing Director

Place: Mumbai
Date: 29 July 2011

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KALE CONSULTANTS LIMITED

PROXY FORM

I/We _____
of _____ being a member(s) of Kale Consultants 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 8th day of November, 2011 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 _____ 2011.
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.



KALE CONSULTANTS LIMITED

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting on Tuesday, the 8th day of November, 2011 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.

