



27th

Annual Report 2012-13

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CORPORATE OFFICE & DEVELOPMENT CENTRE

Thane

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Eastern Express Highway,
Naupada,
Thane(W) - 400 602, India
Tel:+ 91-22-6780 8888
Fax:+ 91-22-6780 8899

DEVELOPMENT CENTRE

Pune

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

MPS

Mumbai

Ackruti Trade Centre, Road No. 7,
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Pune

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Goa

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Nucleus,
Bardez,
Alto Porvorim, Goa, India
Tel:+ 91-832-651 1526

INTERNATIONAL OFFICES

USA

2035 Lincoln Highway, Suite 1150
Edison, NJ 08817
Tel: +18482600549

UK

Avenue Court, Victoria Avenue,
Camberley, Surrey, GU15 3HX
United Kingdom.
Tel: + 44 12 7640 1201

Board of Directors

Philippe Lesueur	Chairman
Vipul Jain	Managing Director
K.K. Nohria	Director
Sekhar Natarajan	Director
Nani Javeri	Director

Auditor

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

Company Secretary

Ninad Umraniyar

Bankers

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

Registered Office

Kale Enclave, 685/2B & 2C,
1st Floor, Sharada Arcade,
Satara Road,
Pune - 411 037.
Tel. No. +91 20 6608 3777
Fax No. +91 20 2423 1639
Website : www.accelyakale.com

Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd.,
Plot No. 17 to 24,
Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081.
Tel. : +91-40-2342 0815 /2342 0817
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Dear Shareholders,

This has been a successful year for Accelya Kale.

The company's revenues and profits at a consolidated level have grown substantially. Net sales for FY 2013 stood at Rs. 3,038 million, a growth of 39% over the previous financial year. Net profit was at Rs. 844 million, up by 107% over the last financial year. The revenue growth was facilitated by new customers going into production during the year as well as increased transaction volumes for existing customers. The increase in profitability is due to our business model, supported by the strengthening of dollar against the rupee.

A dividend payout of Rs. 70 per share (which includes Rs. 40 per share proposed) reflects not only current year's performance, but past performance as well as our ability to generate free cash on an on-going basis.

The company further consolidated its position as the leading solutions provider to the airline industry and added leading global airlines to its customer list including Thai Airways, bmi regional, Air Seychelles, Royal Air Maroc and Biman Bangladesh, to name a few.

I am pleased to share that FinesseMBS™ has got excellent traction in the market. Over 13 airlines globally, including 3 of the top 20 global airlines, are FinesseMBS™ customers. This is also the company's initiative on the Cost / Payable side of accounting, thereby completing the entire value chain of Airline Finance. We see this as a growing opportunity as airlines are increasingly looking at standardizing processes in Direct Operating Cost Management area.

Airline business is very complex and competition from other service providers is intense. Therefore, we continue to focus on innovation and increased productivity and quality. During the year, we have announced a major technology refresh to our flagship product - REVERA® ver. 11. We are also doing pioneering work in setting up frameworks for measuring timeliness, completeness and accuracy of processing. With these initiatives, our customers will see greater value in our products and outsourced services.

I am proud of the recognition we have received. We won the Diversity Impact Award in 4th Asia Best Employer Brand Awards 2013. This recognition at international level reiterates that we are diverse, secular and multi-cultural company.

Once again, we got listed in the prestigious Forbes Asia's 200 'Best under a Billion' Companies, 2013. This is a prestigious list of top 200 performing companies analysed from database of over 15,000 stock-traded companies in Asia-Pacific. In 2013, only 19 Indian companies made it to this list.

I am happy with our overall performance this financial year and I look forward to your continued support as we enter the new financial year.

Yours truly,



Vipul Jain
CEO & Managing Director

To,

The Members,

Your Directors are pleased to present the Twenty Seventh report on the business and operations of the Company for the year ended June 30, 2013.

Financial Results		Rs. in Million	
Particulars	2012-13	2011-12	
Total Revenue			
- Revenue from Services	2,623.84	1,814.06	
- Other Income	47.21	50.87	
Total	2,671.05	1,864.93	
Total Expenditure	1,626.33	1,406.42	
Profit before Tax and Exceptional Items	1,044.72	458.51	
Exceptional Items	-	7.77	
Profit Before Tax and Exceptional Items	1,044.72	466.28	
Provision for Tax			
- Current Tax	343.70	161.29	
Deferred Tax Charge			
- Current Tax	(11.42)	(9.16)	
Profit After Tax	712.44	314.15	
Profit brought forward from previous year	507.48	647.37	
Accumulated balance of Zero Octa Selective Sourcing India Private Limited, brought forward incorporated pursuant to the Scheme of Amalgamation	211.83	-	
Accumulated balance of Zero Octa Recruitment and Training (India) Private Limited, brought forward incorporated pursuant to the Scheme of Amalgamation	(0.51)	-	
Profit available for appropriation	1,432.26	961.52	
Appropriations:			
- Transferred to General Reserves	71.24	31.41	
- Interim Dividend	447.79	214.38	
- Proposed Dividend	597.05	149.26	
- Dividend Distribution Tax	177.57	58.99	
- Balance Carried Forward to Balance Sheet	137.59	507.48	

Dividend

The Company had declared and paid an interim dividend of Rs. 30 per equity share during the year.

Your Directors are pleased to recommend a final dividend of Rs.40 per equity share for the financial year ended June 30, 2013.

Operating Results

The Company has shown robust growth in the financial year 2012-13. During the year under review, the total revenues of the Company grew by Rs. 806.12 million from 1,864.93 million to Rs.2,671.05 million, an increase of 43.23% over the previous year. The Company's total expenditure for the year ended June 30, 2013 stood at Rs. 1,626.33 million compared to Rs. 1,406.42 million in the previous year, an increase of 15.64%.

The Profit before tax increased from Rs. 466.28 million in the previous year to Rs. 1,044.72 for the current year, an increase of 124.05%.

The Profit after tax for the year ended increased to Rs. 712.44 million from Rs. 314.15 million of the previous year, a steep increase of 126.78%.

Business Operations

During the year, Kale Consultants Limited was renamed as Accelya Kale Solutions Limited. This was a step in making it easier for our customers to have access to the entire solution portfolio and do business with the Accelya Group. Accelya Group redefined a new Vision and Mission and launched the new logo in line with the same.

During the year, the Company launched REVERA Airmail revenue accounting solution for airlines to manage their airmail business. REVERA Airmail is part of Accelya Kale's leading REVERA Revenue Accounting Suite, which includes REVERA PRA, REVERA CRA, REVERA Interline and APEX Proration.

The Company added many leading global airlines to our customer list. Some of these included:

- Biman Bangladesh Airlines Limited, the flag carrier airline of Bangladesh selected FinesseMBS™ solution to streamline its miscellaneous billing processes.
- Royal Air Maroc, the flag carrier airline of Morocco selected its FinesseMBS™ to automate and standardize the entire Miscellaneous billing process.
- Air India, the flag carrier airline of India outsourced its passenger, cargo revenue accounting to Accelya Kale.
- Thai Airways, the national carrier of Thailand selected Accelya Kale's passenger revenue accounting solution, REVERA® PRA, to streamline their passenger revenue accounting process.
- bmi regional, the British regional airline, outsourced its passenger revenue accounting, sales audit, refunds, card billing and chargeback processing to Accelya Kale.

- Air Seychelles, the national carrier of Seychelles, outsourced its Passenger Revenue Accounting, Cargo Revenue Accounting, Airmail Revenue Accounting and Miscellaneous (Non-Transport) Billing to Accelya Kale.

Subsidiaries

The Central Government has, vide General Circular No: 2 / 2011 dated February 8, 2011, granted general exemption to companies from attaching a copy of the Balance sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of subsidiary companies, subject to the fulfillment of certain conditions mentioned therein. As a result, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the following subsidiary companies:

- Kale Softech Inc.
- Kale Revenue Assurance Services Limited
- Zero Octa UK Limited

do not form part of this Annual Report. The annual accounts of the subsidiary companies and related detailed information shall be made available to shareholders of the Company and of subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be available for inspection by any shareholders at the registered office of the Company and of the subsidiary companies concerned. These documents can be requested by any shareholder of the Company. Further, in line with the Listing Agreement and in accordance with the Accounting standard 21 (AS-21), the Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

During the year, Kale Softech Inc. repurchased 450,000, 5% Redeemable Preferred Stock of USD 1 each held by your Company at a price of USD 1.58 per stock.

Amalgamation

With a view to enable pooling and more efficient utilization of resources, greater economies of scale, reduction in operating and other overheads and improvement in various operating parameters, it was decided to amalgamate Zero Octa Selective Sourcing India Pvt. Ltd. ("ZOSS") and Zero Octa Recruitment and Training (India) Pvt. Ltd. ("ZORT"), (the indirect subsidiaries of the Company) with Accelya Kale.

The Hon'ble Bombay High Court has passed an order on 05 July, 2013, approving the amalgamation with effect from 01 April, 2013 (Appointed date). Accordingly, ZOSS and ZORT have been dissolved.

Directors

Mr. Sekhar Natarajan

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

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 as an organization that is a growth leader in Indian agriculture. 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 Agri sector in India. He has taken early retirement from Monsanto after 30 years of working for the company.

Mr. Natarajan is currently the managing partner at S N Consultants where he provides advice and strategic direction to several local and international companies. 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 Wyeth Ltd.

Companies in which Mr. Sekhar Natarajan is a director

Accelya Kale Solutions Limited	Monsanto India Limited
Maharashtra Hybrid Seeds Company Limited	Wyeth Limited

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

Mr. Bahram Vakil

Mr. Bahram Vakil, who was an independent director of the Company has resigned due to personal commitments with effect from 01 July, 2013.

Mr. Nani Javeri

Mr. Nani Javeri was appointed as an additional director by the Board of Directors on 08 July, 2013. The term of Mr. Javeri as an additional director expires at the ensuing Annual General Meeting. It is proposed to appoint him as a director liable to retire by rotation.

Mr. Javeri has extensive experience of 42 years in the financial services industry. He is the former CEO of Bank of Sohar, Oman and Birla Sun Life Insurance. Under his leadership, Birla Sun Life Insurance ("BSLI") emerged as one of the leading private sector life insurance companies in India. Mr. Javeri, prior to BSLI, spent 32 years with Grindlays Bank in various capacities in India, London and Melbourne. He had also been associated with Oman International Bank in Oman and Times Bank Limited in India.

Companies in which Mr. Nani Javeri is a director:

Accelya Kale Solutions Ltd.	Inarco Limited
Ari Consolidated Investments Ltd.	Union KBC Asset Management Co. Pvt. Ltd.
Voltas Ltd.	Hannover Re Consulting Services (I) Pvt. Ltd.
Universal Comfort Products Ltd.	

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

Reappointment of Mr. Vipul Jain as Managing Director

The term of Mr. Vipul Jain as Managing Director expired on 31 May, 2013. The Board of Directors, at its meeting held on 7 August, 2013, re-appointed Mr. Vipul Jain as Managing Director from 1 June, 2013 to 30 June, 2016. The appointment is subject to the approval of the members in general meeting. Members are requested to approve the resolution for reappointment of and remuneration payable to Mr. Jain as Managing Director.

Mr. Vipul Jain, 55, is a B.Tech. from IIT, Kanpur and a Post Graduate in Management from IIM Ahmedabad. He was responsible for development and implementation of the country's first on-line Hotel Management System in 1982. In 1986, he, along with Mr. Narendra Kale, promoted the Company and took on marketing responsibility for the Company. He also led the Company's efforts in building the Hospital Management System, a pioneering effort that won him the Young Consultants Award from the Government of India. In 1992, he took on the responsibility of Managing Director. The setting up of the airlines line of business has been at his initiative and he has personally been responsible for the Company's success in marketing products in the fiercely competitive international market.

Companies in which Mr. Vipul Jain is a director	
Accelya Kale Solutions Limited	Zero Octa UK Limited, UK
Kale Revenue Assurance Services Limited, UK	Kale Softech Inc., USA
Kale Logistics Solutions Private Limited	Virtual Wizards Private Limited
Baaya Ventures Limited	Fight Hunger Foundation

Mr. Vipul Jain does not hold any equity shares in the Company.

Auditors

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

Directors' Responsibility Statement

Your Directors confirm that –

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give Directors' Report a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- the directors had prepared the annual accounts on a going concern basis.

Human Resource

The Board has not granted any stock options during the year under review. During the year the Company also did not have any options in force. Therefore the details required to be given under the SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999 are not being given.

During the year, the Company had cordial relations with its employees.

Corporate Governance

A report on Corporate Governance is set out separately, which forms part of this report.

Fixed Deposits

During the year your Company has not accepted fixed deposits from the public.

Particulars of Employees

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars are required to be attached to this Report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report of your Company sent to the shareholders do not contain the said annexure. Any member desirous of obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars prescribed under clause (e) of subsection (1) of section 217 of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the annexure which forms part of this report.

Acknowledgment

Your directors extend their gratitude to all investors, clients, vendors, banks, financial institutions, regulatory and governmental authorities and stock exchanges for their continued support during the year. The directors place on record their appreciation of contribution made by the employees at all levels for their dedicated and committed efforts during the year.

For and on behalf of the Board of Directors

Philippe Lesueur
Chairman

Vipul Jain
Managing Director

Place: Mumbai
Date: 7 August, 2013

Annexure to Directors' Report Annexure to Directors' Report**Conservation of Energy**

The range of activities of your Company require minimal energy consumption and every endeavour has been made to ensure optimal utilization of energy and avoid wastage through automation and deployment of energy-efficient equipments.

Your Company takes adequate measures to reduce energy consumption by using efficient computer terminals and by using latest technology. The impact of these efforts has enhanced energy efficiency. As energy cost forms a very small part of total expenses, the financial impact of these measures is not material and measured.

Technology Absorption

Your Company, in its endeavour to obtain and deliver the best, adopts the best technology in the field, upgrades itself continuously.

Research and Development (R&D)

Your Company has a well-equipped Research and Development team carrying on research and development activities.

The total expenditure incurred on Research and Development during the year 2012-13 was Rs. 25.48 million.

Foreign exchange earning and outgo

The details of foreign exchange earnings and outgo are given in Note Nos. 33 to 35 of the "Notes to Financial Statements".

For and on behalf of the Board of Directors

Philippe Lesueur
Chairman

Vipul Jain
Managing Director

Place: Mumbai
Date: 7 August, 2013

Report on Corporate Governance

The importance of maintaining high ethical standards by the corporate sector for ensuring its long term sustainable growth has been universally accepted. It is in this context that development of best practices of corporate governance and rating of companies is increasingly becoming very relevant.

Your Company believes that good corporate governance enhances accountability and increases shareholder value. Corporate Governance is a set of guidelines to fulfill its responsibilities to all its stakeholders i.e. investors, customers, vendors, government, employees. Good corporate governance has been an integral part of the Company's philosophy. The Company believes that good corporate governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory requirements. The Company is focused on good governance, which is a key driver of sustainable growth and enhanced shareholder value.

Board Composition

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

Board Meetings

Five Board Meetings were held during the financial year 2012-13.

Name of Director	Designation	Category	Directorships / Board Committees (Number)		
			Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Philippe Lesueur	Chairman	Non-Executive	11	-	1
Mr. Vipul Jain	Managing Director	Executive (Promoter)	7	-	1
Mr. K. K. Nohria	Director	Independent and Non Executive	20	6	1
Mr. Sekhar Natarajan	Director	Independent and Non Executive	3	4	2
Mr. Bahram Vakil*	Director	Independent and Non Executive	10	6	-

* Mr. Bahram Vakil has resigned as Director w.e.f. 1 July, 2013

Dates of Board Meetings

• 1 August, 2012	• 10 October, 2012	• 6 November, 2012	• 6 February, 2013	• 2 May, 2013
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Attendance at Board Meetings and Last Annual General Meeting

Name of Director	No. of Board Meetings Attended	Attendance at AGM held on 6 November, 2012
Mr. Philippe Lesueur	5	Yes
Mr. Vipul Jain	5	Yes
Mr. K. K. Nohria	3	Yes
Mr. Sekhar Natarajan	5	Yes
Mr. Bahram Vakil	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

Four meeting of the Committee were held during the financial year 2012-2013.

Name of Director	Category	No. of Meetings Attended
Mr. Sekhar Natarajan(*)	Independent Director	4
Mr. K. K. Nohria	Independent Director	3
Mr. Bahram Vakil	Independent Director	3

(*) 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 exchange and legal requirements concerning financial statements.
 - any related party transactions i.e. transactions of the company of a material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- 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

Four meetings of the Committee were held during the financial year 2012-2013.

Name of Director	Category	No. of Meetings Attended
Mr. Sekhar Natarajan(*)	Independent Director	4
Mr. K.K Nohria	Independent Director	3
Mr. Bahram Vakil	Independent Director	3

(*) Chairman of the Committee

Terms of Reference

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

Name and Designation of Compliance Officer

Ninad G. Umranikar – Company Secretary

c) Remuneration and Compensation Committee

One meeting of the Committee was held during the financial year 2012- 2013.

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

(*) 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

Mr. Vipul Jain, Managing Director was paid Rs. 22,282,203 as remuneration during the financial year 2012-13, which includes arrears for 2011-12.

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 has not been granted any stock options.

Service Contract, Notice Period and Severance Fees

Mr. Vipul Jain has been reappointed as Managing Director from 1 June, 2013. Mr. Vipul Jain may resign by giving 3 months' notice in writing to the Company without any severance fees.

Remuneration to Non-Executive Directors

Commission - Rs. 3,00,000/-

Sitting Fees - Rs. 3,70,000/-

Commission of Rs. 1,00,000/- is paid to each Non-executive Independent Director subject to a maximum of 0.5% of the net profit of the Company. A sum of Rs. 10,000/- is paid to each independent director for attending a meeting of the Board of Directors or Committee thereof (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, 2013, none of the non-executive directors held any equity share in the Company.

e) Share Transfer Committee

Name of Director	Category
Mr. Philippe Lesueur	Non-Executive Director
Mr. Vipul Jain (*)	Managing Director
Mr. Gurudas Shenoy	Chief Financial Officer
Mr. Ninad Umrani	Company Secretary

(*) Chairman of the Committee

18 meetings of the Committee were held during the financial year 2012-2013.

Terms of Reference

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

Quorum

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

Disclosures

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

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

Means of communication

Half yearly report sent to each household of Shareholder:	No
Quarterly results:	
Which newspapers normally published in:	Free Press Journal and Loksatta
Any website where displayed:	www.accellyakale.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 2010 Annual General Meeting dated 28 September, 2010 – at Mahratta Chamber of Commerce, Industries and Agriculture, Pune – 411 002 at 3.00 p.m.

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

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

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

Special Resolution passed by Postal Ballot: The Company passed a special resolution by postal ballot on 3 January, 2012 for change of name of the Company from Kale Consultants Limited to Accelya Kale Solutions Limited.

Year 2012 Annual General Meeting dated 6 November, 2012 – at Mahratta Chambers of Commerce, Industries and Agriculture, Pune- 411 002 at 3 p.m.

No Special Resolution was passed at the 26th Annual General Meeting held on 6 November, 2012.

DECLARATION

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

Vipul Jain
Managing Director

Certificate of Corporate Governance

To the Members of
Accelya Kale Solutions Limited

I have examined the compliance of conditions of Corporate Governance by Accelya Kale Solutions Limited for the financial year ended 30 June, 2013, 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 the conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of Company.

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

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

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

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

Place: Mumbai
Date : 7 August, 2013

Safe Harbour Statement

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

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

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

INDUSTRY OUTLOOK:

GLOBAL TRAVEL SECTOR

A total of 3.13 billion passengers are expected to fly in 2013- the first time in history that passenger numbers rise above the 3 billion mark.

The International Air Transport Association (IATA) has forecast the airline industry revenues of \$711 billion in 2013 and a profit of \$12.7 billion. That compares with revenues of \$638 billion and a profit of \$7.6 billion in 2012. The industry load factor is expected to average a record high of 80.3%. World GDP growth, a key driver of airline profitability, is expected to be 2.2%.

Worldwide air travel, measured in revenue passenger kilometers, continued to expand at a rate of 5.3%. Between 2012 and 2016, it is expected to grow at a CAGR of 5%.

(Source: International Air Transport Association)

ACCELYA KALE UPDATES

During the year, Accelya Kale further consolidated its position as a leading financial solutions provider to airlines.

The company launched REVERA® Airmail revenue accounting solution for airlines to manage their airmail business. With this launch, REVERA®, Accelya Kale's leading Revenue Accounting Suite, addresses airline revenue accounting needs across all three processes – passenger, cargo and airmail.

The Company added many leading global airlines to its customer list. Some of these included:

- Biman Bangladesh Airlines Limited, the flag carrier airline of Bangladesh, selected FINESSE MBS™ solution to streamline its miscellaneous billing processes.
- Royal Air Maroc, the flag carrier airline of Morocco, selected its Finesse MBS™ to automate and standardize the entire miscellaneous billing process.
- Air India, the flag carrier airline of India, outsourced its passenger, cargo revenue accounting to Accelya Kale.
- Thai Airways, the national carrier of Thailand, selected Accelya Kale's passenger revenue accounting solution, REVERA® PRA, to streamline their passenger revenue accounting process.
- bmi regional, the British regional airline, outsourced its passenger revenue accounting, sales audit, refunds, card billing and chargeback processing to Accelya Kale.
- Air Seychelles, the national carrier of Seychelles, outsourced its passenger revenue accounting, cargo revenue accounting, airmail revenue accounting and miscellaneous (non-transport) billing to Accelya Kale.

Today, airlines see value in single-partner-integrated-solutions approach. Accelya Kale's wide portfolio of solutions, along with the parent company Accelya, enables it to offer airlines a wider choice of solutions and become their strategic solutions provider.

ACCELYA KALE'S MAJOR OFFERINGS

Accelya Kale helps airlines manage their financial processes and gain insights on their business performance. We partner with airlines right from the time a ticket or an air waybill is issued, all the way through its entire financial lifecycle, until the data is converted into actionable decision support. Together with Accelya, our expertise spans across all critical airline financial processes across revenue and cost – BSP Processing, Revenue Accounting, Card Management, Audit & Revenue Recovery, Refund Management, Miscellaneous Billing, F&A Processing and Decision Support.

Solutions

REVERA® Revenue Accounting

Accelya Kale is the leader in airline revenue accounting solutions and has more than 20 years of experience in this domain. The company has in-depth knowledge and understanding of the airline industry. Accelya Kale helps airlines process over 195 million passenger transactions on REVERA® and identify recoverable revenues worth \$ 180 million in audit annually.

REVERA® is Accelya Kale's suite of solutions that streamline and simplify revenue accounting across passenger, proration, interline, cargo and airmail. REVERA® suite includes REVERA® PRA, APEX® Proration, REVERA® Interline, REVERA® CRA and REVERA® Airmail.

Accelya Kale is a pioneer of platform based BPO or Outsourced Services model for airlines. This business model offers outsourced services on a software platform developed and maintained by Accelya Kale. It combines domain expertise with service orientation (as per SLAs). The company takes complete accountability of accuracy, timeliness and completeness of data.

For customers who do not wish to outsource, but use the platform in-house, the company offers Managed Hosting model.

FinesseMBS™ Miscellaneous Billing

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

Audit and Revenue Recovery

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

EverestAir™ Decision Support Solution

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

Industry Solutions (IATA Business Partner)

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

Accelya Kale is primary technology partner for IATA's Simplified Interline Settlement (SIS) platform.

Accelya Kale's NFP (Neutral Fare Proration) engine APEX® (jointly offered with ATPCO) is the backbone of the First & Final™ Billing service offered by IATA. As a part of the NFP process, APEX® accurately prorates more than 2.5 million transactions per month to over 30 airlines.

THE COMPANY'S STRATEGY

Airlines face a complex operating environment and are looking at ways to simplify their business processes and make them efficient and agile.

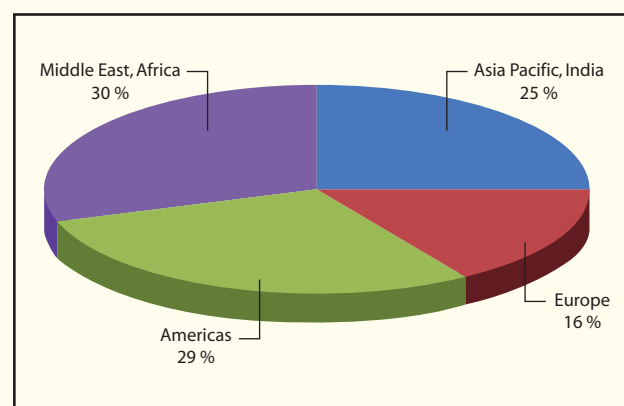
In line with its vision **"to be the market leader of integrated suite of financial and business intelligence solutions to airlines"**, Accelya Kale is strategically focused to help airlines integrate and simplify their financial processes; to better manage costs, risks, revenue leakages, cash flows, profitability and overall business performance.

A wide portfolio of solutions, along with the parent company Accelya, enables it to partner with airlines right from the time a ticket or an air waybill is issued, all the way through its entire financial lifecycle and until the data is converted to actionable decision support. For our customers, there is a wider choice of solutions and the confidence that they are engaging with a company that can become their long term and strategic solutions provider.

Pay-per-use business model further helps airlines avoid upfront capital investments and achieve business growth. It also provides the company annuity revenue streams that ensure revenue visibility and foundation for growth.

Global Operations

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



Strengths and Opportunities:

Business focus and expertise

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

Neutral service provider

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

Single vendor accountability

Accelya Kale has pioneered the concept of platform-based outsourcing in the airline industry. We take complete accountability of the outcome as per SLAs. We also take the responsibility of maintaining and upgrading the platform, processes and people skills in line with industry best practices and client requirements.

Relationship with customers

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

Pay as you use model

Accelya Kale offers its solutions on pay per use model. It helps airlines have a low capex and variable cost. At the same time, to the company it ensures annuity revenue streams resulting in revenue visibility and foundation for growth. A win-win for customers and the company.

Shareholders' funds

Shareholders' funds decreased from Rs. 1,059.37 million to Rs. 762.93 million during the year 2012-13.

Equity

During the year, Share Capital and Securities Premium stood at Rs. 14.93 million and Rs. 316.98 million respectively.

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

Profit and Loss Account

Accelya Kale's retained earnings as at June 30, 2013 amount to Rs. 137.58 million. The Board has recommended a final dividend of Rs. 40 per share for the financial year 2012-2013 at the Board Meeting held on 7th August, 2013. Accordingly, a provision for dividend (including dividend tax) to the tune of Rs. 698.52 million has been made.

As at 30th June, 2013, Accelya Kale's book value per share decreased to Rs. 51.11 per share as compared to Rs. 70.97 per share as at 30th June, 2012.

General Reserves

During the year amount of Rs. 71.24 million representing 10% of Profit for the period ended 30th June, 2013 was transferred to the General Reserves account from Profit & Loss account.

Capital Redemption Reserve

During the previous year amount of Rs. 9.54 million was created on account of buy-back of equity share capital, there is no change to this balance in the current year.

Investments:

Accelya Kale's Investments at cost, amounts to Rs. 382.11 million as compared to Rs. 403.54 million as at 30th June, 2012. During the year 450,000 5% Redeemable preferred stock in Kale Softech Inc., 100% subsidiary of Accelya Kale, of \$1.0 each fully paid up was redeemed at \$1.58 each amounting to Rs. 38.98 million.

Fixed Assets

Product Development

During the period product development cost amounting to Rs. 6.71 million has been capitalised as intangible assets.

Other Fixed Assets and Goodwill

Accelya Kale added Rs. 150.23 million to the gross block comprising of Rs. 97.28 million in Plant and Machinery, Rs. 42.74 million in purchase of Software, and the balance Rs. 10.21 million in other assets.

Sale / Disposal of Assets

During the year Accelya Kale sold/disposed off assets (including assets that had become obsolete over the years) with a Gross Book value of Rs. 46.77 million and having an accumulated depreciation value of Rs. 46.33 million. The sold assets included old plant & machinery, vehicles and furniture.

Accelya Kale's Gross Block as at 30 June, 2013 stood at Rs. 1,003.23 million as compared to Rs. 829.15 million as at 30 June, 2012. The corresponding Net Block as at 30 June, 2013 is Rs. 326.20 million as compared to Rs. 259.36 million as at 30 June, 2012.

Trades Receivables

Accelya Kale's Net Receivables as at 30 June, 2013 amounted to Rs. 268.17 million as compared to Rs. 233.82 million as at 30 June, 2012. 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 30 June 2013 stands at Rs. 8.31 million compared to Rs. 78.37 million as at 30 June, 2012.

Trade receivables as a percentage of total revenue is 10.04% as at 30 June 2013 as against 12.54% as at 30 June, 2012.

Non-current Liabilities

As at 30 June, 2013 Accelya Kale's non-current liabilities amount to Rs. 131.77 million as compared to Rs. 81.71 million as at 30 June, 2012.

Current Liabilities

As at 30 June, 2013 Accelya Kale's current liabilities amount to Rs. 1,103.03 million as compared to Rs. 512.68 million as at 30 June, 2012.

Result of Operations

Sale of services

For the year ended 30 June, 2013, Accelya Kale recorded operating income of Rs. 2,583.36 million.

Operating Profit

Accelya Kale reported profit before exceptional items and tax of Rs. 1,044.72 million for the year ended 30 June, 2013.

Profit after Tax

Accelya Kale recorded a PAT of Rs. 712.44 million for the year ended 30 June, 2013.

Dividend

Accelya Kale recommended a final dividend of Rs. 40.00 per share amounting to Rs. 698.52 million (including Dividend Distribution Tax of Rs. 101.47 million).

IPR Assets and Amortisation

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

Details of IPR assets and amortisation are as follows:

Product IPR	Rs. Million
Opening Net Block	95.42
Additions	6.71
Charge	27.75
Closing Net Block	74.38

Risks, concerns and risk mitigation

Increasing competition

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

Uncertain economic environment

The airline industry is amongst the first to be impacted by any major economic or political situations. Accelya Kale is in a good position to mitigate this risk. The company has a large customer base spread globally with strong presence in growing regions such as the Middle East and Latin America. The company has long term contracts with its customers. This generates annuity revenues and provides good visibility on business.

Adequacy of Internal Control Systems

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

Human Capital:

The work culture of Accelya Kale is built around creating excellence in domains and technology. We are a diverse, multicultural and secular work place. We are a 1595 strong workforce company spread across various nationality and geographies. Accelya Kale encourages an 'Equal Employment Opportunity Policy' which discourages discrimination for employment on account of sex, race, color, religion, physical challenge and so on. Accelyaites are with an average age of 31 years.

Gender Diversity

Male	Female
62%	38%

Education Qualification and Skills

Post Graduation	Engineering / Other Graduates	IATA Certified / Diploma holders	Undergraduates
17%	48%	30%	5%

Experience

Less than 2 years	2-5 years	5-10 years	More than 10 years
17%	20%	42%	21%

Attrition

The voluntary attrition rate is at 13% as compared to last year of 15%.

Accolades

We have been recognized with

- Diversity Impact Award** in Global HR Excellence Awards by World HRD Congress for Diversity and Inclusion.
- Diversity Impact Award** at the 4th Asia Best Employer Brand Awards 2013 in Singapore for the most diverse cultural workplace.

Engagement & Development:

Training:

Training is critical in creating and engaging high performing workforce that drives competitive advantage. At Accelya Kale we have structured training program on Project Management and Business Analysis which helped us in developing leaders, creating solutions mindset and exceed customer expectations. We have been providing relevant skills and knowledge to employees for better career growth within the organization through various initiatives such as -

- e-Hub** - A central repository of e-learning modules for domain, behavioral and product learning.
- Accelerate** - To create and develop an internal talent pipeline for future, critical roles as well as rewarding high potentials, critical employees with growth & learning opportunities.
- Introspect** - Introspect is an initiative which focuses on the very concept of self reflection.

Engagement Survey – YOU

Employment satisfaction survey score is 2.81/4. This survey helped us in deciding the areas of improvement and keeping the employees engaged. As well as understand the pulse of the employees, their expectations and areas of improvements.

Accelya Kale Women Network (AKWN):

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

“Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it... because it is good for our business” (Former CEO of one of the world's top three consumer goods company)

At Accelya Kale Solutions Limited, we had the vision and foresight of giving back to society not to necessarily facilitate our line of business, but because we wanted to engage in good social work. With that thought, we have been supporting CSA since over a decade ago. Even though in recent times, there is a recommendation to include Corporate Social Responsibility (CSR) into the Company's Bill 2012, Accelya Kale was a pioneer by paving the way quite early on for corporates to engage in social causes.

What began as a personal, life-changing family experience transcended into a bigger dream of wanting to become a change catalyst and promote the cause of child welfare and adoption for the multitudes of homeless children in India. Catalysts for Social Action (CSA) came into being in 2002 and is a Not-For-Profit organisation dedicated to the cause of child welfare and rehabilitation. CSA works as a **“catalyst”** focusing on a holistic approach to child welfare and rehabilitation in the following domains -

- Transforming lives of orphan children via initiatives ranging from providing education and training, health and hygiene plans, nutritious meals and overall well being
- We promote adoptions and work towards facilitating adoptions for children who are adoptable

In the area of enabling holistic care of children, CSA supports a number of child care organisations in the areas of Nutrition, Hygiene & Health, Education & Vocational skills, Infrastructural support and Recreation activities. CSA has made and continues to make a valuable difference to **1600+** children across **48** homes in **4** states that we support.

As part of the Adoption Facilitation process, CSA works with existing rural institutions to facilitate adoptions. The intention is to ensure that every adoptable child should find a home since adoption is considered as the most complete form of child-rehabilitation. CSA facilitates adoptions by connecting urban parents to rural child agencies in remote districts of states such as Odisha, Maharashtra, Madhya Pradesh. CSA has successfully facilitated over **200** adoptions till date.

Accelya Kale Solutions Limited is the patron sponsor and strongly believes that we have a pivotal role to play in bringing about positive social change in the country.

Our employees actively participate in a number of initiatives organized by CSA -

- * By way of employee payroll giving, individual donations and resource mobilization, employees contributed significantly to further CSA's cause.
- * Employees also supported and got involved with CSA promotional activities such as participation in the Mumbai and Delhi Half Marathon.
- * ‘School Chale Hum’ was an initiative undertaken by Accelya Kale to raise funds for school stationery & material for children for the academic year in various orphanages. Employees supported this event in a big way.
- * Our employees volunteered for a recreational activity for kids called ‘Fruits of the Season’ sessions in Maharashtra - Mumbai & Pune and Goa wherein children were given a brief presentation on a particular fruit, its benefits and then these fruits were distributed to the children.

By way of this involvement with CSA activities at the orphanage level, our employees have very often expressed that these have been inspiring, heart changing moments in their life and are thankful for the opportunity. Likewise for CSA staff, mutual sentiments exist as the presence and engagement of Accelya Kale employees aides in smooth running of different activities for children in orphanages.

To quote Sidney Rocha, Director for CSA, “Me and my team express our heartfelt thanks to Accelya Kale for allowing us to operate from their offices in Mumbai, Pune and Goa, to the HR, Administration, Finance, Marketing and IT departments for their continued support and to all the employees who have whole-heartedly supported and participated in many of our initiatives directed towards child welfare. We are indeed proud to be associated with Accelya Kale Solutions Ltd.”

Independent Auditors' Report

To the Members of
Accelya Kale Solutions Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Accelya Kale Solutions Limited ("the Company"), which comprise the Balance Sheet as at 30 June 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30 June 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by section 227(3) of the Act, 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 purpose of our 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the directors as on 30 June 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 30 June 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
7 August 2013

Annexure to the Independent Auditors' Report

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has carried out the physical verification of fixed assets during the period and no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The company is a service company, primarily rendering IT and IT enabled services. Accordingly, it does not hold any physical inventories. Thus paragraph 4(ii) of the order is not applicable.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that the sale of services are of a specialised nature for the requirements of the buyers 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) In our opinion, The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Act for any of the products manufactured/services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is 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.

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 and has not incurred any cash losses in the current financial year and 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 and according to the information and explanations given to us, the Company has not taken any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
 7 August 2013

Balance Sheet as at 30 June 2013	Notes	30 June 2013 ₹	30 June 2012 ₹
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	149,268,660	149,268,660
Reserves and surplus	4	613,663,691	910,105,381
		762,932,351	1,059,374,041
Non-current liabilities			
Long-term borrowings	5	44,900	681,208
Other long-term liabilities	6	13,982,754	8,990,379
Long-term provisions	7	117,742,270	72,038,182
		131,769,924	81,709,769
Current liabilities			
Trade Payables	8	86,108,081	152,202,404
Other current liabilities	9	64,511,186	55,327,303
Short-term provisions	10	952,408,032	305,146,655
		1,103,027,299	512,676,362
TOTAL		1,997,729,574	1,653,760,172
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	205,954,605	141,348,337
Intangible assets	12	120,247,778	118,015,176
Capital work-in-progress	11	117,676	27,789,450
Intangible assets under development	12	19,286,541	442,719
Non-current investments	13	382,107,645	403,541,645
Deferred tax assets (net)	14	79,421,167	63,130,964
Long-term Loans and advances	15	105,113,495	66,140,559
Other non-current assets	16	146,091	978,925
		912,394,998	821,387,775
Current assets			
Current investment	17	375,642,525	-
Trade receivables	18	268,167,532	233,819,653
Cash and Bank balance	19	182,163,517	200,736,452
Short-term Loans and advances	20	55,247,971	135,413,461
Other current assets	21	204,113,031	262,402,831
		1,085,334,576	832,372,397
		1,997,729,574	1,653,760,172
Significant accounting policies	2		

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

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

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
7 August 2013

Statement of Profit and Loss for the year ended 30 June 2013	Notes	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Revenue			
Revenue from operations	22	2,623,844,543	1,814,058,245
Other income	23	47,207,719	50,873,837
Total revenue		2,671,052,262	1,864,932,082
Expenses			
Employee benefits expense	24	942,531,781	781,511,544
Finance costs	25	4,629,274	7,284,308
Depreciation and amortization	26	108,969,571	71,238,261
Other expenses	27	595,680,041	590,703,855
Less: Product development cost capitalised	28	(25,483,276)	(44,313,632)
Total expenses		1,626,327,391	1,406,424,336
Profit before exceptional and taxation		1,044,724,871	458,507,746
Exceptional items income	29	-	7,770,692
Profit before taxation		1,044,724,871	466,278,438
Less : Provision for taxation			
Current tax		343,695,053	161,287,743
Deferred tax credit		(11,412,366)	(9,156,118)
Profit after taxation		712,442,184	314,146,813
Earnings per equity share (face value of Rs. 10 each)	30		
Basic		47.73	20.13
Diluted		47.73	20.13
Significant accounting policies	2		

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

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

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
7 August 2013

Cash flow statement for the year ended 30 June 2013	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Cash Flows from operating activities		
Net Profit before tax and exceptional item	1,044,724,872	458,507,746
Adjustments for:		
Depreciation/amortization	108,969,571	71,238,261
(Profit)/loss on sale of fixed asset	(175,375)	(816,174)
Provision for doubtful debts writtren back	(38,987,914)	48,807,215
Credit balances written back	(3,389,625)	(18,822,987)
Unrealised exchange gain	(20,617,351)	(13,790,257)
Interest income	(14,855,225)	(24,665,214)
Finance cost	696,122	3,042,819
Mark to market loss on derivative contract	68,379,082	29,349,208
Amortisation of premium on forward exchange contract	-	(6,452,371)
Provision for expenses recoverable	-	1,797,522
Dividend income	(14,310,630)	(1,175,600)
Operating cash flow before working capital changes	1,130,433,527	547,020,168
Increase in current liabilities and provisions	9,419,721	93,759,439
Decrease / (increase) in trade receivables	23,873,195	(26,036,135)
Decrease / (increase) in loans and advances	54,505,843	56,952,510
Decrease / (increase) in unbilled revenue	51,771,221	(97,854,574)
Cash generated from operations	1,270,003,507	573,841,408
Taxes paid, net	(305,118,711)	(103,395,230)
Net cash provided by operating activities (A)	964,884,796	470,446,178
Cash flows from investing activities		
Purchase of fixed assets	(152,190,898)	(150,340,562)
Proceeds from sale of fixed assets	614,001	820,190
Proceeds from disposal of investment in subsidiary	21,434,000	15,747,696
Interest received	17,262,806	25,761,420
Dividend received from subsidiaries	15,562,305	172,800
Dividend received on other investment	-	2,000
Purchase of Investment in a Mutual fund	(1,191,863,623)	-
Sale of Investment in a Mutual fund	928,500,000	-
Investment in deposits having maturity more than 3 months	(1,337,736,253)	(953,380,217)
Deposits matured	1,350,189,436	981,406,119
Net cash (used in) investing activities (B)	(348,228,226)	(79,810,554)

Cash flow statement (continued) for the year ended 30 June 2013	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Cash flow from financing activities		
Repayment on Buy back of shares	-	(129,737,172)
Repayment of Long Term Borrowing	(636,308)	(3,616,073)
Dividend paid	(696,348,624)	(284,293,439)
Interest paid	(696,122)	(3,042,819)
Net cash provided/ (used) by financing activities (C)	(697,681,054)	(420,689,503)
Net increase/(decrease)in cash and cash equivalents (A+B+C)	(81,024,484)	(30,053,879)
Effect of exchange differences on cash and cash equivalents held in foreign currency ..	(1,758,349)	(3,472,678)
Cash and cash equivalents on account of amalgamation	76,663,082	-
Cash and cash equivalents at the beginning of the year	49,403,481	82,930,038
Cash and cash equivalents at the end of the year	43,283,730	49,403,481
Note:		
Components of cash and cash equivalents		
Balance with banks		
in current accounts	25,210,967	9,822,644
in EEFC accounts	13,815,866	36,341,480
Unpaid dividend	4,256,897	3,239,357
Total cash and cash equivalents	43,283,730	49,403,481

As per our report of even date attached

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

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
7 August 2013

Notes to the financial statements

1. Background

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

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

2. Summary of significant accounting policies

a) *Basis of preparation of financial statements*

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

b) *Use of estimates*

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

c) *Current- non-current classification*

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

Assets

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

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

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

All other assets are classified as non current.

Liabilities

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

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

Current liabilities include current portion of non current financial liabilities.

All other liabilities are classified as non current.

Operating cycle

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

Notes to the financial statements

d) Revenue recognition

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

Revenues from transaction processing service i.e. airline ticket and coupon processing charges, is recognized based on the rate fixed in the contract entered with customer based on the work completed.

Arrangements with customer for software development and related implementation services are classified as fixed-price contracts. Revenue from maintenance services are on a time and material basis.

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

Revenue from fixed-price contracts where there is no uncertainty as to measurement or collectability of consideration, is recognized based on the percentage of completion. Percentage of completion is measured as a proportion time spent to the total estimated time to complete the contract. 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 are 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 customer training, support and other services arising due to the sale of software products, is recognized as the related services are performed.

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

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

e) Fixed assets and depreciation (including intangible assets)

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

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

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

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

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

Notes to the financial statements

f) Research and Development cost

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

g) Asset impairment

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

h) Investments

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

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

i) Leases

Operating lease

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

Finance Lease

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

j) Foreign currency transactions

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

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

Translation of foreign operations

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

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

The financial statements of an integral foreign operation are translated into Indian rupees as if the transaction of the foreign operation were those of the Company itself.

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

Notes to the financial statements

Derivative instruments

For forward foreign exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecasted transactions, are marked to market as on the reporting date and any loss on these contract are charged to the statement of Profit and Loss.

k) Employee benefits

Defined Contribution Plan

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

Defined Benefit Plan

The Company's net obligation in respect of 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 one 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 statement of Profit and Loss.

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

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

l) Income taxes

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

Current taxes

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

The profits pertaining to the Unit situated at Software Technology Park, Pune of the Company were 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 availed an exemption of profits from income tax for the period end with 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 Minimum Alternate Tax ("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, 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.

Notes 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 substantially enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

m) Earnings per share ('EPS')

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

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

n) Provisions and contingent liabilities

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

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

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

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

o) Onerous contracts

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

p) Employee stock options

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

Notes to the financial statements	30 June 2013 ₹	30 June 2012 ₹
3 SHARE CAPITAL		
<i>Authorised</i>		
20,200,000 (previous year 20,000,000) equity shares of ₹ 10 each	202,000,000	200,000,000
<i>Issued, subscribed and paid-up</i>		
14,926,261 (2012: 14,926,261) equity shares of ₹ 10 each fully paid up	149,262,610	149,262,610
Forfeited shares	6,050	6,050
Total issued, subscribed and paid-up	149,268,660	149,268,660

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity shares

	30 June 2013		30 June 2012	
	No. of shares	₹	No. of shares	₹
At the beginning of year	14,926,261	149,262,610	15,880,087	158,800,870
Equity shares bought back by the Company ...	-	-	(953,826)	(9,538,260)
At the end of year	14,926,261	149,262,610	14,926,261	149,262,610

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

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

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

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

c. Shares held by holding company

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

	30 June 2013 ₹	30 June 2012 ₹
Accelya Holding World S.L.U. ("Accelya")		
11,143,295 (2012 : 11,143,295) equity shares of ₹ 10 each fully paid	111,432,950	111,432,950

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

	30 June 2013		30 June 2012	
	Nos.	% of total shares in the class	Nos.	% of total shares in the class
Equity shares of ₹ 10 each fully paid				
Accelya Holding World S.L.U. ("Accelya")	11,143,295	74.66	11,143,295	74.66

Notes to the financial statements

3 SHARE CAPITAL (continued)

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

During the five year period ended 30th June 2013

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

4 RESERVES AND SURPLUS

	30 June 2013 ₹	30 June 2012 ₹
Capital redemption reserve		
At the commencement of the year	9,538,260	-
Add : Transfer from securities premium	-	9,538,260
At the end of the year	9,538,260	9,538,260
Securities premium account		
At the commencement of the year	316,984,098	446,721,270
Add : Premium on shares allotted	-	-
Less: Premium adjusted on buyback of shares	-	(120,198,912)
Less: Transfer to capital redemption reserve	-	(9,538,260)
At the end of the year	316,984,098	316,984,098
General reserve		
At the commencement of the year	76,115,846	44,701,165
Add : Transfer from statement of Profit and Loss	71,244,218	31,414,681
Add : Accumulated balance of Zero Octa Selective Sourcing India Private Limited	1,500,000	-
brought forward, incorporated pursuant to the scheme of amalgamation (refer Note 43)		
Add : Accumulated balance of Zero Octa Recruitment & Training (India) Private Limited		
brought forward, incorporated pursuant to the scheme of amalgamation (refer Note 43)	698,125	-
At the end of the year	149,558,189	76,115,846
Balance in the Statement of profit and loss		
At the commencement of the year	507,467,177	647,372,261
Add : Net profit for the year	712,442,184	314,146,813
Add : Accumulated balance of Zero Octa Selective Sourcing India Private Limited	211,833,570	-
brought forward, incorporated pursuant to the scheme of amalgamation (refer Note 43)		
Add : Accumulated balance of Zero Octa Recruitment & Training (India) Private Limited		
brought forward, incorporated pursuant to the scheme of amalgamation (refer Note 43)	(506,977)	-
Less: Appropriations		
Transfer to general reserve	71,244,218	31,414,681
Interim Dividend (current year amount per share ₹30, previous year amount per	447,787,830	214,382,306
share ₹ 13.5)		
Dividend distribution tax on Interim equity dividend paid	76,101,600	34,778,170
Final equity dividend (current year amount per share ₹ 40, previous year amount	597,050,440	149,262,610
per share ₹ 10)		
Dividend distribution tax on final equity dividend	101,468,722	24,214,130
Total appropriations	1,293,652,810	454,051,897
At the end of the year	137,583,144	507,467,177
Total reserve and surplus	613,663,691	910,105,381

Notes to the financial statements

5 LONG-TERM BORROWINGS

	Non current portion		Current portion (refer note 9)	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₹	₹	₹	₹
Finance lease obligations (secured)	-	-	-	4,026,645
Vehicle loans from bank/financial institution (secured)	44,900	681,208	636,308	719,380
	44,900	681,208	636,308	4,746,025
The above amount includes				
Secured borrowings	44,900	681,208	636,308	4,746,025
Net amount	44,900	681,208	636,308	4,746,025

- a) Finance lease obligations are secured by hypothecation of underlying computer equipment. Finance lease obligations carry interest in the range of 10% to 13% repayable in quarterly instalments over a period of 2-3 years.
- b) Vehicle loans from bank/financial institution are secured by hypothecation of underlying vehicles. Vehicle loans carry interest in the range of 8% to 10% repayable in monthly instalments over 48 to 60 months from the date of its origination.

6 OTHER LONG-TERM LIABILITIES

	30 June 2013	30 June 2012
	₹	₹
Deposit received	1,635,561	1,994,074
Deferred rent liability	12,347,193	6,996,305
	13,982,754	8,990,379

7 LONG-TERM PROVISIONS

	Non current portion		Current portion (Refer note 10)	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₹	₹	₹	₹
Provision for employee benefit				
- Leave encashment (refer note 36)	43,023,343	38,435,817	12,200,598	6,215,457
Other provision	74,718,927	33,602,365	-	-
	117,742,270	72,038,182	12,200,598	6,215,457

8 TRADE PAYABLES

	30 June 2013	30 June 2012
	₹	₹
Trade payable		
- dues to micro and small enterprises	-	-
- dues to others	86,108,081	152,202,404
	86,108,081	152,202,404

Notes to the financial statements	30 June 2013 ₹	30 June 2012 ₹
9 OTHER CURRENT LIABILITIES		
Current maturities of finance lease obligations	-	4,026,645
Current maturities of vehicle loans from bank/financial institution	636,308	719,380
Borrowing repayable on demand	8,570,458	-
Income received in advance	35,353,380	35,019,510
Unpaid Dividends	4,256,897	3,239,357
Provident fund contribution payable	4,044,342	3,398,610
Profession tax payable	282,825	244,825
Tax deducted at source payable	10,694,705	8,582,804
Value added tax payable	672,271	96,172
	64,511,186	55,327,303

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

10 SHORT-TERM PROVISIONS

Provision for employee benefit		
- Leave encashment (refer note 36)	12,200,598	6,215,457
- Gratuity (refer note 36)	4,592,787	4,045,433
Proposed Dividend	597,050,440	149,262,610
Tax on Proposed Dividend	101,468,722	24,214,130
Provision for salaries and incentives	82,159,034	68,901,900
Provision for litigation	1,267,137	1,000,000
Provision for mark to market loss on forward contracts	97,728,290	29,349,208
Provision for Income Tax	55,941,024	22,157,917
	952,408,032	305,146,655
Movement in provision for litigation		
Balance as at the commencement of the year	1,000,000	1,000,000
Add : Provision made during the year	267,137	-
At the end of the year	1,267,137	1,000,000

Provision for litigation represents provision made for probable liabilities/claim arising out of pending disputes/litigation with various regulatory authorities. Such provisions are generally affected by numerous uncertainties and management considers such uncertainties while making an estimate of these amounts.

Notes to the financial statements

11 TANGIBLE ASSETS

	Building ₹	Plant and machinery ₹	Furniture and fixture ₹	Vehicle ₹	Total ₹
Gross block (at cost)					
As at 1 July 2011	63,259,128	186,412,719	39,588,852	13,945,120	303,205,819
Additions	-	88,012,375	5,296,574	5,320,927	98,629,877
Deletions/Disposals	-	11,605,760	215,562	3,308,845	15,130,167
As at 30 June 2012	63,259,128	262,819,334	44,669,864	15,957,202	386,705,528
Additions	-	97,284,859	10,207,008	-	107,491,867
On merger of Zero Octa Selective Sourcing India Private Limited pursuant to scheme (refer note 43)	-	39,311,725	3,812,649	-	43,124,374
On merger of Zero Octa Recruitment & Training (India) Private Limited pursuant to scheme (refer note 43)	-	-	101,962	-	101,962
Deletions/Disposals	-	45,877,971	32,045	862,960	46,772,976
As at 30 June 2013	63,259,128	353,542,947	58,754,439	15,094,242	490,650,756
Depreciation					
As at 1 July 2011	26,173,493	152,705,274	35,739,697	10,156,292	224,774,756
Charge for the year	2,114,415	29,046,231	2,677,745	1,870,197	35,708,588
Deletions/Disposals	-	11,605,682	211,625	3,308,845	15,126,152
As at 30 June 2012	28,287,908	170,145,824	38,205,817	8,717,644	245,357,193
On merger of Zero Octa Selective Sourcing India Private Limited pursuant to scheme (refer note 43)	-	23,823,026	2,187,458	-	26,010,484
On merger of Zero Octa Recruitment & Training (India) Private Limited pursuant to scheme (refer note 43)	-	-	101,962	-	101,962
Charge for the year	2,108,638	51,115,077	4,321,320	2,015,828	59,560,862
Deletions/Disposals	-	45,449,463	21,927	862,960	46,334,350
As at 30 June 2013	30,396,545	199,634,464	44,794,630	9,870,512	284,696,151
Net Block					
As at 30 June 2012	34,971,220	92,673,510	6,464,047	7,239,558	141,348,337
As at 30 June 2013	32,862,583	153,908,483	13,959,809	5,223,730	205,954,605

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

	30 June 2013			30 June 2012		
	Gross Block	Accumulated depreciation/ Impairment	Net Block	Gross Block	Accumulated depreciation/ Impairment	Net Block
	₹	₹	₹	₹	₹	₹
Plant and machinery	59,404,341	59,404,341	-	59,404,341	56,711,464	2,692,877
	59,404,341	59,404,341	-	59,404,341	56,711,464	2,692,877
Capital work-in-progress						
As at 1 July 2011	10,508,386					
Additions	27,789,450					
Assets capitalisation during the year	10,508,386					
As at 30 June 2012	27,789,450					
Additions	117,680					
Assets capitalisation during the year	27,789,450					
As at 30 June 2013	117,680					

Notes to the financial statements

12 INTANGIBLE ASSETS

	Developed software ₹	Acquired software ₹	Total ₹
Gross block (at cost)			
As at 1 July 2011	207,010,132	152,430,996	359,441,128
Purchase/Internal development	68,230,429	14,773,960	83,004,389
Deletions/Disposals	-	-	-
As at 30 June 2012	275,240,561	167,204,956	442,445,518
On merger of Zero Octa Selective Sourcing India Private Limited pursuant to scheme (refer Note 43)	-	20,682,788	20,682,788
On merger of Zero Octa Recruitment & Training (India) Private Limited pursuant to scheme (refer Note 43)	-	-	-
Purchase/Internal development	6,711,225	42,741,448	49,452,673
Deletions/Disposals	-	-	-
As at 30 June 2013	281,951,786	230,629,192	512,580,979
Depreciation/Amortisation			
As at 1 July 2011	156,518,219	132,382,450	288,900,669
Charge for the year	23,298,026	12,231,647	35,529,673
Deletions/Disposals	-	-	-
As at 30 June 2012	179,816,245	144,614,097	324,430,342
On merger of Zero Octa Selective Sourcing India Private Limited pursuant to scheme (refer Note 43)	-	18,494,151	18,494,151
On merger of Zero Octa Recruitment & Training (India) Private Limited pursuant to scheme (refer Note 43)	-	-	-
Charge for the year	27,758,919	21,649,790	49,408,709
Deletions/Disposals	-	-	-
As at 30 June 2013	207,575,164	184,758,037	392,333,201
Net Block			
As at 30 June 2012	95,424,317	22,590,859	118,015,176
As at 30 June 2013	74,376,623	45,871,155	120,247,778
	Intangible assets under development		
As at 1 July 2011	27,250,791		
Additions	41,422,357		
Assets capitalisation during the year	68,230,429		
As at 30 June 2012	442,719		
Additions	25,555,047		
Assets capitalisation during the year	6,711,225		
As at 30 June 2013	19,286,541		

Notes to the financial statements	30 June 2013 ₹	30 June 2012 ₹
13 NON-CURRENT INVESTMENTS		
Trade investments (unquoted at cost, unless otherwise stated)		
<i>Investment in equity instruments of subsidiaries</i>		
1,300,000 (2012: 1,300,000) Class A voting common stock of Kale Softech Inc., of \$0.01 each fully paid up	57,979,585	57,979,585
4,150,000 (2012: 4,150,000) equity shares of Kale Revenue Assurance Services Limited of £1.0 each fully paid up	324,068,060	324,068,060
<i>Investment in preference shares of subsidiaries</i>		
450,000 (2012: 450,000) 5% Redeemable preferred stock of Kale Softech Inc. of \$1.0 each fully paid up	-	21,434,000
<i>Investments in Shares of Banks</i>		
Rupee Co-op. Bank Limited		
5,000 equity shares of ₹10 each fully paid up (Previous Year 5,000 equity shares of ₹10 each fully paid up)	50,000	50,000
Saraswat Co-op. Bank Limited		
1,000 equity shares of ₹10 each fully paid up (Previous Year 1,000 equity shares of ₹10 each fully paid up)	10,000	10,000
	382,107,645	403,541,645
14 DEFERRED TAX ASSETS (NET)		
Deferred tax assets:		
Depreciation and amortization	-	11,459,448
Provision for Leave encashment	19,437,417	14,487,106
Provision for doubtful debts	2,824,708	23,581,314
Expenses deductible for tax in later years	63,423,091	13,603,096
Deferred Tax Asset	85,685,216	63,130,964
Less : Deferred tax liability		
Depreciation and amortization	(6,264,049)	-
Deferred Tax Liability	(6,264,049)	-
Deferred Tax Assets (Net)	79,421,167	63,130,964

Notes to the financial statements

15 LONG TERM LOANS AND ADVANCES

	Non current portion		Current portion (refer note 19)	
	30 June 2013 ₹	30 June 2012 ₹	30 June 2013 ₹	30 June 2012 ₹
Unsecured, considered good				
Advances recoverable cash or kind	12,607,134	175,453	21,804,558	-
Advance income-tax (net of provision for tax)	31,027,659	11,927,518	-	23,390,865
Prepaid expenses	1,390,696	2,195,538	18,451,398	21,722,725
Lease and other deposits	60,088,005	51,842,050	56,000	8,323,407
	105,113,494	66,140,559	40,311,956	53,436,997

16 OTHER NON-CURRENT ASSETS

	30 June 2013 ₹	30 June 2012 ₹
Margin money deposits	121,172	868,265
Interest accrued on bank deposits	24,919	110,660
	146,091	978,925

Margin money deposits

Margin money deposit represent deposit with banks given to various authorities amounting to ₹ 121,172 (2012: ₹ 868,265) which are due to mature after 12 months of the reporting date.

17 CURRENT INVESTMENT

	30 June 2013 ₹	30 June 2012 ₹
Investments in Mutual Fund		
Non Trade (unquoted)		
HDFC		
13,857,800.154 Liquid Fund Div Reinvest of Rs. 10.1982 (net asset value of unquoted investment)	141,324,617	-
ICICI Prudential		
1,355,178.118 Liquid Fund Div Reinvest of Rs. 100.0496 (net asset value of unquoted investment)	135,585,028	-
Birla Sun Life		
985,407.262 Liquid Fund Div Reinvest of Rs. 100.1950 (net asset value of unquoted investment)	98,732,880	-
	375,642,525	-

Notes to the financial statements	30 June 2013 ₹	30 June 2012 ₹
18 TRADE RECEIVABLES		
Unsecured		
Receivables for a period exceeding six months from the date they are due for payment		
Considered good	6,762,173	1,982,129
Considered doubtful	7,742,619	76,896,634
Less: Provision for doubtful receivable	(7,742,619)	(76,896,634)
(A)	6,762,173	1,982,129
Other receivables		
Considered good	261,405,359	231,837,524
Considered doubtful	567,789	1,475,733
Less: Provision for doubtful receivable	(567,789)	(1,475,733)
(B)	261,405,359	231,837,524
(A+B)	268,167,532	233,819,653
Trade receivables include:		
Due from subsidiaries and group companies in which director and member are interested	33,945,315	15,226,320
19 CASH AND BANK BALANCE		
Cash and cash equivalents		
Balances with Bank		
In current accounts	25,210,967	9,822,644
In EEFC accounts	13,815,866	36,341,480
Other bank balances		
Deposit maturing within one year from reporting date	132,843,925	145,000,000
Margin money deposits	6,035,862	6,332,971
Unpaid dividend accounts	4,256,897	3,239,357
	182,163,517	200,736,452
Margin money deposits		
Margin money deposit represent deposit with banks given to various authorities amounting to ₹ 6,035,862 (2012: ₹ 6,332,971) which are due to mature within 12 months of the reporting date.		
20 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Capital advance	-	44,854,681
Loans and advances	3,718,515	18,373,668
Advances recoverable in cash or kind	21,804,558	18,748,115
Service tax refund receivable	11,217,500	-
Prepaid expenses	18,451,398	21,722,725
Deposits	56,000	8,323,407
Advance income-tax (net of provision for tax)	-	23,390,865
	55,247,971	135,413,461
Loans and advances include:		
Due from subsidiaries	3,678,515	18,373,668

Notes to the financial statements	30 June 2013 ₹	30 June 2012 ₹
21 OTHER CURRENT ASSETS		
Interest accrued on bank deposits	3,515,110	2,329,643
Unbilled revenue	200,597,921	252,369,142
Forward contract receivable	-	6,452,371
Dividend receivable on investment	-	1,251,675
	204,113,031	262,402,831
Other current assets include:		
Due from subsidiaries	34,743,522	30,654,977
	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
22 REVENUE FROM OPERATION		
Sale of services	2,583,361,807	1,812,871,823
Other operating revenue		
Provision for doubtful debts recovered (net)	38,987,914	-
Reimbursement from clients	1,494,822	1,186,422
	2,623,844,543	1,814,058,245
23 OTHER INCOME		
Interest on bank deposits	14,855,225	24,665,214
Interest on income tax refunds	907,830	-
Foreign exchange gain, net	-	2,960,491
Credit balances written back	3,389,625	18,822,987
Dividend from subsidiary	14,310,630	1,175,600
Dividend from mutual funds	8,565,623	-
Profit on sale of asset, net	175,375	816,174
Miscellaneous income	5,003,411	2,433,371
	47,207,719	50,873,837
24 EMPLOYEE BENEFITS EXPENSE		
Salaries and incentives	876,033,224	724,794,808
Contribution to provident fund and other funds	28,562,682	24,107,097
Staff welfare expenses	37,935,875	32,609,639
	942,531,781	781,511,544
25 FINANCE COSTS		
Bank charges	3,933,152	4,397,622
Interest on Finance lease charges	696,122	2,886,686
	4,629,274	7,284,308

Notes to the financial statements		Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
26 DEPRECIATION AND AMORTIZATION EXPENSE			
Depreciation of tangible assets	59,560,862	35,708,588	
Amortisation of intangible assets	49,408,709	35,529,673	
	108,969,571	71,238,261	
27 OTHER EXPENSES			
Advertisement and sales promotion	22,077,676	27,065,429	
Auditors Remuneration (Refer note below)	4,508,781	2,826,900	
Share buy back expenses	-	3,560,253	
Commission and brokerage	82,534,481	59,411,018	
Communication charges	15,782,138	19,123,247	
Computer consumables	540,068	554,867	
Connectivity charges	8,176,900	7,780,542	
Data processing charges	36,333,538	27,470,180	
Director's Commission	300,000	300,000	
Director's sitting and committee fees	340,000	330,000	
Donation	930,000	730,000	
Insurance	3,439,131	2,961,964	
Legal and professional fees	14,745,425	14,259,704	
Management Fees	15,692,204	15,333,226	
Foreign exchange loss (net)	41,822,609	-	
Membership and subscription	6,155,480	5,972,962	
Miscellaneous expenses	14,402,484	30,350,798	
Power, fuel and water charges	31,183,616	22,348,644	
Printing and stationery	3,193,872	2,983,966	
Provision for doubtful debts, net of bad debt written off	-	41,794,509	
Bad debts written off	-	7,012,706	
Provision for expenses recoverable	-	1,797,522	
Rates and taxes	5,884,422	2,441,341	
Recruitment expenses	1,797,210	3,300,578	
Rent (refer Note 39)	86,747,362	80,700,975	
Repair and maintenance :			
- Machinery	3,252,939	2,118,996	
- Others	19,126,243	21,315,728	
Software and maintenance	38,152,238	31,405,939	
Technical consultants charges	82,079,227	105,453,985	
Travelling and conveyance	56,481,997	49,997,877	
	595,680,041	590,703,855	
Auditor's Remuneration			
Audit Fees	3,850,000	2,600,000	
Other services (tax audit and certification)	500,000	100,000	
Out of pocket expenses	158,781	126,900	
	4,508,781	2,826,900	

Notes to the financial statements

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
28 PRODUCT DEVELOPMENT COST CAPITALISED INCLUDE		
Payroll cost.....	14,907,223	17,722,396
Technical consultants charges	10,356,375	25,997,846
Other direct cost	219,678	593,390
	<u>25,483,276</u>	<u>44,313,632</u>
29 EXCEPTIONAL ITEMS		
In the previous year ended 30th June 2012 the Company sold its entire shareholding in Synetairos Technologies Limited, a subsidiary of the Company, on 1 July 2011, to Saksoft Limited as per the Share Purchase Agreement dated 1 July 2011, which resulted in a gain of ₹ 7,770,692.		
30 EARNING PER EQUITY SHARE		
	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Number of shares (face value ₹10 each)	14,926,261	14,926,261
Profit after tax	712,442,184	314,146,813
Weighted average number of shares considered for Basic EPS	14,926,261	15,605,914
Weighted average number of shares considered for Diluted EPS	14,926,261	15,605,914
Basic and Diluted EPS:		
Basic earnings per share	47.73	20.13
Diluted earnings per share	47.73	20.13
31 CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided (net of advances)	28,905,827	45,749,615
32 CONTINGENT LIABILITIES		
Claims against the Company pertaining to Sales Tax with Asst. Commissioner of Sales Tax, (Appeals) - For F.Y. 2001-02 (disallowance of Software services and maintenance of software)	7,870,739	7,870,739
33 EARNINGS IN FOREIGN CURRENCY		
Revenue from sale of software and services	2,325,232,825	1,529,477,794
Dividend income	14,310,630	1,173,600
Other operating revenue	1,494,822	1,450,509
	<u>2,341,038,277</u>	<u>1,532,101,903</u>

Notes to the financial statements	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
34 EXPENDITURE IN FOREIGN CURRENCY		
Consultancy and professional charges	40,424,203	36,258,789
Other expenses	16,009,009	48,941,443
Sales commission	82,337,481	48,551,539
Membership and subscription	17,991,366	3,529,265
Salaries and incentives	17,999,657	24,010,230
Travelling expenses (net)	9,310,219	7,573,614
Management Fees	15,692,204	15,333,226
	199,764,139	36,258,789
35 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Year of remittance (ending on)	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Period to which the dividend relates	2011-12	2010-11
Numbers of non-resident shareholders	20	21
Numbers of equity shares held on which dividend was due	11,257,423	11,259,140
Amount remitted	112,574,230	22,518,280
Period to which the dividend relates	2012-13 (Interim dividend)	2011-12 (Interim dividend)
Numbers of non-resident shareholders	19	21
Numbers of equity shares held on which dividend was due	11,251,319	11,272,423
Amount remitted	337,539,570	152,177,713

Notes to the financial statements

36 RETIREMENT BENEFITS TO EMPLOYEES

Gratuity

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

Changes in present value of obligations

a) Liability recognised in the balance sheet

i) Present value of obligation

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Opening balance	28,876,773	26,603,372
Liabilities assumed in amalgamation	8,052,980	-
Current service cost	7,352,952	5,931,878
Past service cost	-	-
Interest cost	2,457,561	2,120,777
Actuarial (gain)/ loss on obligations	(2,535,797)	(3,675,575)
Benefits paid	(1,579,145)	(2,103,679)
Closing balance	42,625,324	28,876,773

ii) Fair value of plan assets

Opening balance	24,831,340	23,084,238
Assets acquired in amalgamation	6,927,807	-
Expected return on plan assets	2,583,619	2,162,201
Employer's contributions	4,631,189	2,685,504
Actuarial gain / (loss) on plan assets	637,727	(996,924)
Benefits paid	(1,579,145)	(2,103,679)
Closing balance	38,032,537	24,831,340

Net liability recognised in the balance sheet (i-ii)

4,592,787 4,045,433

b) Expenses recognised in statement of Profit and Loss

Current service cost	7,352,952	5,931,878
Past service cost	-	-
Interest Cost	2,457,561	2,120,777
Expected return on plan assets	(2,583,619)	(2,162,201)
Net actuarial (gain)/loss recognised during the period	(3,173,524)	(2,678,651)
Expenses recognised in statement of Profit and Loss	4,053,370	3,211,803

c) Break up of Plan assets

LIC of India - Insurer Managed Fund	100.00%	100.00%
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d) Principal actuarial assumptions

Rate of discounting	7.60%	8.20%
Expected return on plan assets	9.25%	9.25%
Rate of increase in basic salary	5.00%	6.00%

Notes to the financial statements	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Attrition rate	13.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years
Experience adjustment		
Present value of obligation	42,625,324	28,876,773
Plan assets	38,032,777	24,831,340
Surplus (deficit)	(4,592,547)	(4,045,433)
Experience adjustments on plan liabilities (loss)/gain	1,886,319	3,819,451
Experience adjustments on plan assets (loss)/gain	633,767	(996,924)
(In absence of information for the previous year details, experience adjustment is provided for two year.)		
Leave encashment		
In accordance with Accounting Standards 15 (Revised) on Employee Benefits, the Company provides for leave salary on the basis of actuarial valuation.		
Principal actuarial assumptions		
Rate of discounting	7.60%	8.20%
Rate of increase in salary cost to company	11.00%	12.00%
Attrition rate	13.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

37 SEGMENTAL REPORTING

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

Notes to the financial statements

38 RELATED PARTY TRANSACTIONS

(A) Related party disclosures

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

* Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited were amalgamated with the company effective 1st April 2013.

(B) Transactions with related parties

Nature of transactions	Year ended	Holding	Fellow Subsidiary	Subsidiaries	Key management personnel
Services rendered by the Company	30 June 2013	784,932	34,364,890	528,635,007	-
	30 June 2012	-	7,102,927	295,384,798	-
Services received by the Company	30 June 2013	-	3,910,305	10,742,210	-
	30 June 2012	-	5,397,504	7,158,626	-
Claims raised for expenses	30 June 2013	9,721,273	1,493,504	25,405,417	-
	30 June 2012	8,245,066	-	19,568,494	-
Claims received for expenses	30 June 2013	18,858,951	-	55,678,816	-
	30 June 2012	18,077,358	-	45,162,926	-
Remuneration	30 June 2013	-	-	-	22,282,203
	30 June 2012	-	-	-	21,093,227
Dividend Received	30 June 2013	-	-	14,310,630	-
	30 June 2012	-	-	1,173,600	-
Purchase of Fixed Assets	30 June 2013	-	-	250,000	-
	30 June 2012	-	-	-	-
Balances outstanding					
Payable	30 June 2013	1,051,109	-	2,637,293	2,418,030
	30 June 2012	1,332,568	5,321,232	38,598,653	2,516,148
Receivable	30 June 2013	-	19,200,701	39,368,121	-
	30 June 2012	-	740,734	16,677,210	-
Investment in subsidiary	30 June 2013	-	-	382,047,645	-
	30 June 2012	-	-	403,481,645	-

Notes to the financial statements	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
38 RELATED PARTY TRANSACTIONS (Continued)		
(C) Of the above items, transactions in excess 10% of the total related party transactions are as under		
Nature of transaction		
Income from Service rendered		
Kale Softech Inc	491,496,237	295,384,798
Zero Octa UK Limited	37,138,770	-
Accelya World SLU	25,867,651	7,102,927
Accelya Holding World SLU	784,932	-
Accelya France SAS	8,418,647	-
Accelya UK Limited	78,592	-
Purchase of services		
Accelya UK Limited	3,034,773	5,321,232
Zero Octa Selective Sourcing India Private Limited	10,742,210	7,158,626
Accelya World SLU	875,532	76,272
Expenses charged to group companies		
Kale Softech Inc	1,893,601	1,323,090
Accelya France SAS	1,236,572	-
Zero Octa UK Limited	17,682,436	18,002,143
Zero Octa Selective Sourcing India Private Limited	5,829,380	243,261
Accelya Holding World SLU	9,721,273	8,245,066
Accelya World SLU	256,932	-
Expenses charged by group companies		
Kale Softech Inc	55,430,167	44,933,106
Zero Octa UK Limited	248,649	229,820
Accelya Holding World SLU	18,858,951	18,077,358
Salary/remuneration		
Vipul Jain	22,282,203	21,093,227
Dividend received		
Kale Softech Inc	14,310,630	1,173,600
Purchase of Fixed Assets		
Zero Octa Selective Sourcing India Private Limited	250,000	-
Payables		
Kale Softech Inc	-	36,410,731
Zero Octa Selective Sourcing India Private Limited	-	2,187,923
Accelya Holding World SLU	1,051,109	1,332,568
Vipul Jain	2,418,030	2,516,148
Accelya UK Limited	-	5,321,232
Zero Octa UK Limited	2,637,293	-
Receivables		
Kale Softech Inc	39,368,121	-
Zero Octa UK Limited	-	10,848,174
Kale Revenue Assurance Services Limited	-	5,787,017
Accelya France SAS	1,241,136	-
Accelya World SLU	17,959,565	740,734

Notes to the financial statements

39 LEASES

Finance lease

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

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

Particulars	Year ended 30 June 2013		Year ended 30 June 2012	
	Minimum lease payments ₹	Present value of lease payments ₹	Minimum lease payments ₹	Present value of lease payments ₹
Not later than one year	-	-	4,409,377	4,026,645
Later than one year but not later than five years	-	-	-	-

Particulars	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Minimum lease payments as above	-	4,409,377
Less: finance charges	-	383,132
Present Value of Lease Payments	-	4,026,245

Operating lease

The lease rental for office premises, guest house and godown charged to statement of profit and loss aggregates to ₹86,747,362 (previous year ₹80,700,975).

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

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Not later than one year	81,563,748	70,416,760
Later than one year and not later than five years	197,363,115	249,394,208

Notes to the financial statements

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

The Company has no dues to micro and small enterprises during the periods ended June 30, 2013 and June 30, 2012 and as at June 30, 2013 and June 30, 2012

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Principal amount and the interest due thereon remaining unpaid to any supplier as at the year end	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible	-	-

41 Unbilled revenue include revenue based on percentage of completion basis ₹ 23,588,707/- (previous year ₹ 131,959,202/-)

42 DERIVATIVE INSTRUMENT

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

I. Outstanding derivative instruments

Category	Currency Hedge	30 June 2013		30 June 2012	
			₹		₹
Forward exchange contract (to hedge highly probable exports)	USD	19,000,000	1,131,070,000	6,842,715	380,660,235
	EUR	4,450,000	344,652,500	-	-
Forward exchange contract (to hedge trade receivables)	USD	-	-	5,157,285	286,899,765

Notes to the financial statements

II. Unhedged Foreign Currency exposures

Foreign currency	as at 30 June 2013		as at 30 June 2012	
	₹	Foreign currency	₹	Foreign currency
Payable-USD	25,392,331	426,547	57,425,274	1,032,272
Payable-GBP	243,591	2,690	5,444,816	62,319
Payable-Euro	5,182,899	66,919	4,198,139	59,599
Receivables – EURO	64,060,636	827,122	85,907,374	1,219,582
Receivables – AUD	53,818,502	988,897	4,558,332	80,055
Receivables – GBP	9,024,503	99,641	15,525,126	177,694
Receivables – USD	351,513,211	5,896,255	186,807,113	3,359,293
Receivables – HKD	4,361,280	595,045	18,288,806	2,575,610
EEFC-USD	216,460	12,885,857	593,882	33,037,637
EEFC-GBP	2,063	186,860	35,372	3,090,466
EEFC-EURO	9,595	743,149	3,029	213,377

43 Amalgamation of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited

The Board of Directors of the Company at its meeting held on 10th October, 2012, in-principle, approved the amalgamation of the subsidiaries of Zero Octa UK Limited- a step down subsidiary of Accelya Kale Solutions Limited ("the Company") named Zero Octa Selective Sourcing India Private Limited engaged in rendering information enabled revenue assurance services and Zero Octa Recruitment and Training (India) Private Limited, with the Company. The scheme was approved by the Honourable High Court of Judicature at Bombay vide its order dated 5th July 2013. The scheme inter-alia, provided for the amalgamation of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited with the company effective 1st April 2013 (the appointed date).

The Company has filed the certified copy of order issued by the Honourable High Court of Judicature at Bombay with the Registrar of Companies (ROC), Maharashtra on 22nd July 2013.

In line with the Scheme, the merger of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited, the amalgamation has been accounted for under the "Pooling of Interest" method as prescribed in Accounting Standard 14 (AS -14) "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India and as notified under section 211(3)(c) of the Companies Act 1956. There are no differences in the accounting policies followed by the Company and the amalgamated Company.

- All the assets and liabilities recorded in the books of the Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited have been transferred to and vested in the books of the Company pursuant to the Scheme at their book values as appearing in the books of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited
- All reserves and surplus of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited have been transferred to and vested in the books of the Company in the same form in which they appear in the books of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited.
- Since Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited were subsidiaries of Zero Octa UK Limited- a step down subsidiary of Accelya Kale Solutions Limited ("the Company"), the investment held by Zero Octa UK Limited in the shares of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited have been cancelled. The Share capital amounting to Rs. 1.5 million of Zero Octa Selective Sourcing India Private Limited and share capital and premium amounting to Rs.0.7 million of Zero Octa Recruitment & Training (India) Private Limited have been credited to general reserve.
- The profit in the statement of profit and loss as of 1st April, 2013 amounting to Rs.211.83 million of Zero Octa Selective Sourcing India Private Limited and the loss of Rs.0.5 million of Zero Octa Recruitment & Training (India) Private Limited have been reflected in the statement of profit and loss of the company.

Notes to the financial statements

- e) The financial results for the year ended 30 June 2013 of the Company, includes the income and expenses of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited from 1st April 2013 to 30th June 2013.
- f) During the year, as Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited carried on their existing business in trust for and on behalf of the Company, all vouchers, documents for the period from 1 April 2013 till the date of filing the order are in the name of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited. The title deeds, licenses, agreements, loan documents, etc. are in the process of being transferred in the name of the Company.

Balance Sheet of Zero Octa Selective Sourcing India Private Limited as at 31 March 2013 comprise:

	As at 31 March 2013 ₹
EQUITY AND LIABILITIES	
Shareholder's funds	
Share capital	15,00,000
Reserves and surplus	211,833,563
Non-current liabilities	
Other long-term liabilities	1,273,924
Long-term provisions	7,252,623
Current liabilities	
Trade Payables	905,118
Other current liabilities	9,414,062
Short-term provisions	8,158,579
Total	240,337,870
ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	17,113,889
Intangible assets	2,188,637
Deferred tax assets (net)	4,869,207
Loans and advances	3,286,423
Current assets	
Current investment	112,278,902
Trade receivables	15,132,754
Cash and cash equivalents	76,477,888
Short Term Loans and advances	5,482,863
Other current assets	3,507,306
Total	240,337,870

Notes to the financial statements

Balance Sheet of Zero Octa Recruitment & Training (India) Private Limited as at 31 March 2013 comprise:

	As at 31 March 2013 ₹
EQUITY AND LIABILITIES	
Shareholder's funds	
Share capital	500,000
Reserves and surplus	(308,852)
Current liabilities	
Trade payable	48,000
Total	239,148
ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	-
Intangible assets	-
Deferred tax assets (net)	8,630
Loans and advances	39,186
Current assets	
Cash and cash equivalents	185,192
Short Term Loans and advances	6,140
Total	239,148

As per our report of even date attached.

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

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
 7 August 2013

Independent Auditors' Report on Consolidated Financial Statements

To the Board of Directors
Accelya Kale Solutions Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Accelya Kale Solutions 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"] which comprise the consolidated Balance Sheet as at 30 June 2013 and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

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

- i. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30 June 2013;
- ii. in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended 30 June 2013; and
- iii. in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended 30 June 2013.

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
7 August 2013

Consolidated Balance Sheet as at 30 June 2013		30 June 2013 ₹	30 June 2012 ₹
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	149,268,660	149,268,660
Reserves and surplus	4	870,284,140	1,226,070,702
		1,019,552,800	1,375,339,362
Non-current liabilities			
Long-term borrowings	5	44,900	681,208
Other long-term liabilities	6	14,523,213	10,255,266
Long-term provisions	7	123,582,356	80,049,933
		138,150,469	90,986,407
Current liabilities			
Trade Payables	8	92,933,909	111,369,945
Other current liabilities	9	56,761,536	57,569,547
Short-term provisions	10	994,208,023	345,239,723
		1,143,903,468	514,179,215
		2,301,606,737	1,980,504,984
ASSETS			
Non-current assets			
Goodwill		416,839,258	402,110,417
Fixed assets			
Tangible assets	11	206,833,403	163,397,359
Intangible assets	12	120,247,776	121,714,472
Capital work-in-progress	11	117,680	27,789,449
Intangible assets under development	12	19,286,541	442,719
Non-current investments	13	60,000	60,000
Deferred tax assets (net)	14	79,421,167	67,494,232
Long-term Loans and advances	15	110,498,259	76,396,919
Other non-current assets	16	146,091	978,927
		953,450,175	860,384,494
Current assets			
Current investment	17	375,642,525	-
Trade receivables	18	333,907,933	317,696,765
Cash and Bank balance	19	344,698,471	399,761,249
Short-term Loans and advances	20	58,079,873	132,741,730
Other current assets	21	235,827,760	269,920,746
		1,348,156,562	1,120,120,490
		2,301,606,737	1,980,504,984
Significant accounting policies	2		

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

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

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
7 August 2013

Consolidated Statement of Profit and Loss for the year ended 30 June 2013		Notes	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Revenue				
Revenue from operations	22		3,038,367,258	2,187,594,977
Other income	23		47,911,026	78,994,996
Total revenue			3,086,278,284	2,266,589,973
Expenses				
Employee benefits expense	24		1,112,032,134	969,526,337
Finance costs	25		5,282,837	7,913,630
Depreciation and amortization	26		115,256,449	80,696,399
Other expenses	27		648,129,842	658,160,942
Less: Product development cost capitalised	28		(25,483,276)	(44,313,632)
Total expenses			1,855,217,986	1,671,983,676
Profit before exceptional and taxation			1,231,060,298	594,606,297
Exceptional items income	29		-	7,770,692
Profit before taxation			1,231,060,298	602,376,989
Less : Provision for taxation				
Current tax			399,228,492	203,049,450
Deferred tax credit			(11,926,935)	(8,526,881)
Profit after taxation			843,758,741	407,854,420
Earnings per equity share (face value of Rs. 10 each)		30		
Basic			56.53	26.13
Diluted			56.53	26.13
Significant accounting policies	2			

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

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

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
7 August 2013

Consolidated Cash flow statement for the year ended 30 June 2013	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Cash Flows from operating activities		
Net Profit before tax and exceptional item	1,231,060,298	594,606,299
Adjustments for:		
Depreciation/amortization	115,256,449	80,696,399
Profit on sale of fixed asset	(1,316,126)	(879,362)
Provision for doubtful debts writtern back	(38,132,312)	51,845,723
Credit balances written back	(6,984,073)	(21,734,438)
Unrealised exchange gain	(18,829,449)	(18,810,759)
Effect of exchange difference on translation of subsidiaries	8,134,448	18,657,381
Interest income	(22,935,834)	(31,525,009)
Finance cost	5,282,837	7,913,630
Mark to market loss on derivative contract	68,379,082	29,349,208
Amortisation of premium on forward exchange contract	-	(6,452,371)
Provision for doubtful deposit	-	300,000
Dividend income	(10,244,525)	(2,000)
Operating cash flow before working capital changes	1,329,670,795	703,964,701
Increase in current liabilities and provisions	71,090,890	98,668,544
Decrease / (increase) in trade receivables	24,311,265	(33,727,503)
Decrease in loans and advances	40,249,038	74,499,835
Decrease / (increase) in unbilled revenue	26,445,191	(90,149,284)
Cash generated from operations	1,491,767,179	753,256,293
Taxes paid, net	(349,932,134)	(132,484,863)
Net cash provided by operating activities (A)	1,141,835,045	620,771,430
Cash flows from investing activities		
Purchase of fixed assets	(152,957,698)	(239,439,199)
Proceeds from sale of fixed assets	1,842,382	1,238,436
Proceeds from disposal of investment in subsidiary	-	15,747,696
Disposal consideration discharged by cash and cash equivalents	-	(18,645,314)
Interest received	24,217,000	30,548,825
Dividend received	10,244,525	2,000
Purchase of Investment in a Mutual fund	(1,340,142,525)	-
Sale of Investment in a Mutual fund	964,500,000	-
Investment in deposits having maturity more than 3 months	(1,411,283,925)	(1,166,768,910)
Deposits matured	1,525,189,436	1,146,039,407
Net cash (used in) investing activities (B)	(378,390,805)	(231,277,059)

Consolidated Cash flow statement for the year ended 30 June 2013	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Cash flow from financing activities		
Repayment on Buy back of shares	-	(129,737,172)
Repayment of Long Term Borrowing	(636,308)	(3,485,849)
Dividend paid	(696,348,630)	(284,293,439)
Interest paid	(5,282,837)	(7,913,630)
Net cash provided/ (used) by financing activities (C)	(702,267,775)	(425,430,090)
Net increase/(decrease)in cash and cash equivalents (A+B+C)	61,176,465	(35,935,719)
Effect of exchange differences on cash and cash equivalents held in foreign currency	(2,333,731)	(821,413)
Cash and cash equivalents at the beginning of the year	146,975,950	183,733,082
Cash and cash equivalents at the end of the year	205,818,684	146,975,950
Note:		
Components of cash and cash equivalents		
Balance with banks		
in current accounts	187,745,921	107,309,054
in EEFC accounts	13,815,866	36,427,539
Unpaid dividend	4,256,897	3,239,357
Total cash and cash equivalents	205,818,684	146,975,950

As per our report of even date attached

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

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

Philippe Lesueur
Chairman

Gurudas Shenoy
Chief Financial Officer

Mumbai
7 August 2013

Notes to the consolidated financial statements

1. Background

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

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

The list of subsidiaries considered in these consolidated financial statements as at 30 June, 2013 with percentage holding is summarized below:

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

2. Summary of significant accounting policies

a) Basis of preparation of financial statements

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

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

Notes to the consolidated financial statements

d) Current- non-current classification

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

Assets

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

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

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

All other assets are classified as non current.

Liabilities

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

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

Current liabilities include current portion of non current financial liabilities.

All other liabilities are classified as non current.

Operating cycle

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

e) Revenue recognition

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

Revenue from transaction processing service ie airline ticket and coupon processing charges is recognized based on the rate fixed in the contract entered with customer based on the work completed.

Arrangements with customer for software development and related implementation services are classified as fixed-price contracts. Revenue from maintenance services are 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, revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion.

Revenue from fixed-price contracts where there is no uncertainty as to measurement or collectability of consideration, is recognized based on the percentage of completion. Percentage of completion is measured as a proportion time spent to the total estimated time to complete the contract. 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 are 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.

Notes to the consolidated financial statements

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 customer. Revenue from airline ticket and coupon processing charges is recognized on the basis of the work completed.

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

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

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

f) Goodwill on consolidation

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

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

g) Fixed assets and depreciation (including intangible assets)

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

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

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

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

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

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

Notes to the consolidated financial statements

h) Research and Development cost

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

i) Asset impairment

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

j) Investments

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

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

k) Leases

Operating lease

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

Finance Lease

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

l) Foreign currency transactions

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

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

Translation of foreign operations

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

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

The financial statements of an integral foreign operation are translated into Indian rupees as if the transaction of the foreign operation were those of the Company itself.

In the case of a non integral foreign operation, the assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rate and income and expense items are translated at the date of transaction. The resulting exchange differences are accumulated in foreign currency translation reserve. On the disposal of non-integral foreign

Notes to the consolidated financial statements

operation, the cumulative amount of foreign currency translation reserve, which pertains to that operation, is recognised as income or expense.

The functional currency of Accelya Kale Solutions Limited is the Indian Rupee. The functional currency for Zero Octa UK and Kale Revenue Assurance Services Limited is the UK pound sterling and of Kale Softech Inc is US Dollar. The translation of financial statements of non integral subsidiaries from the local currency to functional currency is performed for assets and liabilities using the 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 operations is translated at exchange rates prevailing at the date of the balance sheet. The difference arising out of the translations are transferred to foreign currency translation reserve under reserves and surplus.

Derivative instruments

For forward foreign exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecasted transactions, are marked to market as on the reporting date and any loss on these contract is charged to the statement of Profit and Loss.

m) Employee benefits

Defined Contribution Plan

Company's contributions during the year to Provident Fund are recognized in the statement of Profit and Loss.

Defined Benefit Plan

The Company's net obligation in respect of 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 one 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 statement of Profit and Loss.

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

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

n) Income taxes

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

Current taxes

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

The profits pertaining to units situated at Software Technology Park, Mumbai, Pune and Goa of the Company were 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 availed an exemption of profits from income tax for the periods end with 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 Minimum Alternate Tax ("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

Notes to the consolidated financial statements

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, 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 substantially enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

o) Earnings per share ('EPS')

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

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

p) Provisions and contingent liabilities

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

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

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

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

q) Onerous contracts

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

r) Employee stock options

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

Notes to the consolidated financial statement	30 June 2013 ₹	30 June 2012 ₹
3 SHARE CAPITAL		
Authorised		
20,200,000 (previous year 20,000,000) equity shares of ₹ 10 each	202,000,000	200,000,000
Issued, subscribed and paid-up		
14,926,261 (2012: 14,926,261) equity shares of ₹ 10 each fully paid up	149,262,610	149,262,610
Forfeited shares	6,050	6,050
Total issued, subscribed and paid-up	149,268,660	149,268,660

a. Reconciliation of the shares outstanding at the beginning and at the end of the year
Equity shares

	30 June 2013		30 June 2012	
	No. of shares	₹	No. of shares	₹
At the beginning of year	14,926,261	149,262,610	158,80,087	158,800,870
Equity shares bought back by the Company	-	-	(953,826)	(9,538,260)
At the end of year	14,926,261	149,262,610	14,926,261	149,262,610

b. Right, preference and restriction attached to equity shares

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

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

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

c. Shares held by holding company

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

	30 June 2013 ₹	30 June 2012 ₹
Accelya Holding World S.L.U. ("Accelya") 11,143,295 (2012 : 11,143,295) equity shares of ₹ 10 each fully paid	111,432,950	111,432,950

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

	30 June 2013		30 June 2012	
	Nos	% of total shares in the class	Nos	% of total shares in the class
Equity shares of ₹ 10 each fully paid				
Accelya Holding World S.L.U. ("Accelya")	11,143,295	74.66	11,143,295	74.66

Notes to the consolidated financials statement

3 SHARE CAPITAL (Continued)

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

During the five year period ended 30 June 2013

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

4 RESERVES AND SURPLUS

	30 June 2013 ₹	30 June 2012 ₹
Capital redemption reserve		
At the commencement of the year	9,538,260	-
Add : Transfer from securities premium	-	9,538,260
At the end of the year	9,538,260	9,538,260
Securities premium account		
At the commencement of the year	316,984,098	452,471,036
Less: Premium adjusted on buyback of shares	-	(120,198,912)
Less: Transfer to capital redemption reserve	-	(9,538,260)
Less: Transfer on sale of subsidiary	-	(5,749,766)
At the end of the year	316,984,098	316,984,098
General reserve		
At the commencement of the year	76,115,848	44,947,287
Add : Transfer from statement of Profit and Loss	71,244,218	31,414,681
Less: Transfer on sale of subsidiary	-	(246,120)
At the end of the year	147,360,066	76,115,848
Foreign Currency Translation reserve		
At the commencement of the year	57,192,150	(33,966,131)
Movement during the year	22,863,290	91,158,281
At the end of the year	80,055,440	57,192,150
Balance in the Statement of profit and loss		
At the commencement of the year	766,240,346	821,239,998
Add : Net profit for the year	843,758,741	407,854,420
Less: Accumulated profit on sale of subsidiary	-	8,802,175
Less: Appropriations		
Transfer to general reserve	71,244,218	31,414,681
Interim Dividend (amount per share ₹30, previous year amount per share ₹13.5)	447,787,830	214,382,306
Dividend distribution tax on Interim equity dividend paid	76,101,600	34,778,170
Final equity dividend paid (amount per share ₹40, previous year amount per share ₹10)	597,050,440	149,262,610
Dividend distribution tax on final equity dividend	101,468,722	24,214,130
Total appropriations	1,293,652,811	462,854,072
Net surplus in the Statement of Profit and Loss	316,346,276	766,240,346
Total reserve and surplus	870,284,140	1,226,070,702

Notes to the consolidated financials statement

5 LONG-TERM BORROWINGS

	Non current portion		Current portion (refer note 9)	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₹	₹	₹	₹
Finance lease obligations (secured)	-	-	-	4,026,645
Vehicle loans from bank/financial institution (secured)	44,900	681,208	636,308	719,380
	44,900	681,208	636,308	4,746,025
The above amount includes				
Secured borrowings	44,900	681,208	636,308	4,746,025
Net amount	44,900	681,208	636,308	4,746,025

- a) Finance lease obligations are secured by hypothecation of underlying computer equipment. Finance lease obligations carry interest in the range of 10% to 13% repayable in quarterly instalment over a period of 2-3 years.
- b) Vehicle loans from bank/financial institution are secured by hypothecation of underlying vehicle. Vehical loan carries interest in the range of 8% to 10% repayable in monthly instalment over 48 to 60 months from the date of its origination.

6 OTHER LONG-TERM LIABILITIES

	30 June 2013	30 June 2012
	₹	₹
Deposit received	1,635,561	1,994,074
Deferred rent liability	12,887,652	8,261,192
	14,523,213	10,255,266

7 LONG-TERM PROVISIONS

	Non current portion		Current portion (refer note 10)	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₹	₹	₹	₹
Provision for employee benefit				
- Leave encashment (refer note 34)	45,065,537	43,432,497	12,200,598	7,452,280
Other provision	78,516,819	36,617,436	-	-
	123,582,356	80,049,933	12,200,598	7,452,280

8 TRADE PAYABLES

	30 June 2013	30 June 2012
	₹	₹
Trade payable		
-dues to micro and small enterprises	-	-
-dues to others	92,933,909	111,369,945
	92,933,909	111,369,945
Trade payable includes due to group companies	9,931,286	16,104,865

Notes to the consolidated financial statement

9 OTHER CURRENT LIABILITIES

	30 June 2013 ₹	30 June 2012 ₹
Current maturities of finance lease obligations	-	4,026,645
Current maturities of vehicle loans from bank/financial institution	636,308	719,380
Income received in advance	35,947,563	35,433,817
Unpaid Dividend	4,256,897	3,239,357
Provident fund contribution payable	4,044,342	4,129,359
Profession tax payable	282,825	281,025
Tax deducted at source payable	10,921,330	9,284,652
Value added tax payable	672,271	455,312
	56,761,536	57,569,547

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

10 SHORT-TERM PROVISIONS

	30 June 2013 ₹	30 June 2012 ₹
Provision for employee benefit		
- Leave encashment (refer note 34)	12,200,598	7,452,280
- Gratuity (refer note 34)	4,592,787	5,818,044
Proposed Dividend	597,050,440	149,262,610
Tax on Proposed Dividend	101,468,722	24,214,130
Provision for salaries and incentives	87,868,871	79,804,917
Provision for litigations	1,267,137	1,000,000
Provision for wavier charges	16,083,248	9,293,007
Provision for mark to market loss on forward contract	97,728,290	29,349,208
Provision for Income Tax	75,947,929	39,045,527
	994,208,023	345,239,723
Movement in provision for litigation		
Balance as at the commencement of the year	1,000,000	1,000,000
Add : Provision made during the year	267,137	-
At the end of the year	1,267,137	1,000,000

Provision for litigations represent provision made for probable liabilities/claim arising out of pending disputes/litigation with various regulatory authorities. Such provisions are generally affected by numerous uncertainties and management considers such uncertainties while making an estimate of these amount.

Notes to the consolidated financials statement

11 TANGIBLE ASSETS

	Building ₹	Plant & machinery ₹	Furniture & fixture ₹	Vehicle ₹	Lease Hold Improvement ₹	Total ₹
Gross block (at cost)						
As at 1 July 2011	63,259,128	224,425,627	46,103,946	14,472,299	14,007,968	362,268,968
Additions	-	96,888,444	7,193,630	5,320,927	11,174,079	120,577,080
Deletions/Disposals	-	19,518,137	1,309,185	3,836,024	7,351,569	32,014,915
Revaluation	-	858,405	464,892	-	-	1,323,297
As at 30 June 2012	63,259,128	302,654,339	52,453,283	15,957,202	17,830,478	452,154,430
Additions	-	87,454,669	10,318,118	-	10,485,875	108,258,661
Deletions/Disposals	-	52,987,144	1,661,248	862,960	6,656,401	62,167,752
Revaluation	-	152,285	39,805	-	-	192,090
As at 30 June 2013	63,259,128	337,274,149	61,149,958	15,094,242	21,659,952	498,437,430
Depreciation						
As at 1 July 2011	26,173,493	185,175,014	40,913,744	10,438,802	13,663,565	276,364,618
Charge for the year	2,114,415	32,605,716	3,208,047	1,870,197	1,647,929	41,446,304
Deletions/Disposals	-	18,598,179	644,266	3,591,355	7,351,565	30,185,365
Revaluation	-	718,806	412,708	-	-	1,131,514
As at 30 June 2012	28,287,908	199,901,358	43,890,232	8,717,644	7,959,929	288,757,071
Charge for the year	2,108,638	51,056,980	4,760,081	2,015,828	4,395,554	64,337,080
Deletions/Disposals	-	52,477,882	1,644,254	862,960	6,656,401	61,641,496
Revaluation	-	113,411	37,961	-	-	151,372
As at 30 June 2013	30,396,545	198,593,867	47,044,020	9,870,512	5,699,082	291,604,026
Net Block						
As at 30 June 2012	34,971,220	102,752,981	8,563,051	7,239,558	9,870,549	163,397,361
As at 30 June 2013	32,862,583	138,680,282	14,105,938	5,223,730	15,960,870	206,833,403

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

	30 June 2013			30 June 2012		
	Gross Block	Accumulated depreciation/ Impairment	Net Block	Gross Block	Accumulated depreciation/ Impairment	Net Block
	₹	₹	₹	₹	₹	₹
Plant and machinery	59,404,341	59,404,341	-	59,404,341	56,711,464	2,692,877
	59,404,341	59,404,341	-	59,404,341	56,711,464	2,692,877

Capital work -in-progress

As at 1 July 2011	10,508,386
Additions	27,789,450
Assets capitalisation during the year	10,508,386
As at 30 June 2012	27,789,450
Additions	117,680
Assets capitalisation during the year	27,789,450
As at 30 June 2013	117,680

Notes to the consolidated financial statement

12 INTANGIBLE ASSETS

	Developed software ₹	Acquired software ₹	Commercial rights ₹	Total ₹
Gross block (at cost)				
As at 1 July 2011	207,010,132	170,975,506	12,000,000	389,985,638
Purchase/Internal development .	68,230,429	17,015,328	-	85,245,757
Deletions/Disposals	-	103,090	12,000,000	12,103,090
As at 30 June 2012	275,240,561	187,887,744	-	463,128,305
Purchase/Internal development .	6,711,225	42,741,448	-	49,452,673
Deletions/Disposals	-	-	-	-
As at 30 June 2013	281,951,786	230,629,192	-	512,580,979
Amortisation				
As at 1 July 2011	156,518,219	145,673,669	12,000,000	314,191,888
Charge for the year	23,298,026	15,952,069	-	39,250,095
Deletions/Disposals	-	28,150	12,000,000	12,028,150
As at 30 June 2012	179,816,245	161,597,588	-	341,413,833
Charge for the year	27,758,919	23,160,450	-	50,919,369
Deletions/Disposals	-	-	-	-
As at 30 June 2013	207,575,164	184,758,038	-	392,333,202
Net Block				
As at 30 June 2012	95,424,317	26,290,156	-	121,714,472
As at 30 June 2013	74,376,623	45,871,154	-	120,247,776

Intangible assets
under development

As at 1 July 2011	27,250,791
Additions	41,422,357
Assets capitalisation during the year	68,230,429
As at 30 June 2012	442,719
Additions	25,555,047
Assets capitalisation during the year	6,711,225
As at 30 June 2013	19,286,541

13 NON-CURRENT INVESTMENTS

	30 June 2013 ₹	30 June 2012 ₹
Trade investment (unquoted at cost, unless otherwise stated)		
Investments in Shares of Banks		
Ruppee Co-op. Bank Limited		
5,000 equity shares of ₹ 10 each fully paid up		
(Previous Year 5,000 equity shares of ₹ 10 each fully paid up)	50,000	50,000
Saraswat Co-op. Bank Limited		
1,000 equity shares of ₹ 10 each fully paid up		
(Previous Year 1,000 equity shares of ₹ 10 each fully paid up)	10,000	10,000
	60,000	60,000

Notes to the consolidated financial statement

14 DEFERRED TAX ASSETS (NET)

	30 June 2013 ₹	30 June 2012 ₹
Deferred tax assets:		
Depreciation and amortization	-	14,077,069
Provision for Leave encashment	19,437,417	16,410,239
Provision for doubtful debts	2,824,708	23,581,314
Expenses deductible for tax in later years	63,423,091	13,425,610
Deferred Tax Asset	85,685,216	67,494,232
Less : Deferred tax liability		
Depreciation and amortization	(6,264,049)	-
Deferred Tax Liability	(6,264,049)	-
Deferred Tax Asset (Net)	79,421,167	67,494,232

15 LONG TERM LOANS AND ADVANCES

	Non current portion		Current portion (refer note 20)	
	30 June 2013 ₹	30 June 2012 ₹	30 June 2013 ₹	30 June 2012 ₹
Unsecured, considered good				
Advances recoverable in cash or kind	12,607,134	175,453	23,779,194	-
Advance income-tax (net of provision for tax)	35,057,673	17,998,593	-	24,696,004
MAT credit entitlement	-	525,892	-	4,231,138
Prepaid expenses	1,390,696	2,195,538	21,469,164	24,869,169
Lease and other deposits	61,442,756	55,501,443	56,000	11,323,407
	110,498,259	76,396,919	45,304,358	65,119,718

16 OTHER NON-CURRENT ASSETS

	30 June 2013 ₹	30 June 2012 ₹
Margin money deposits	121,172	868,267
Interest accrued on bank deposits	24,919	110,660
	146,091	978,927

Margin money deposits

Margin money deposit represent deposit with banks given to various authorities amounting to ₹ 121,172 (2012: ₹ 868,267) which are due to mature after 12 months of the reporting date.

Notes to the consolidated financials statement

17 CURRENT INVESTMENT

Investments in Mutual Fund

Non Trade (unquoted)

HDFC

13,857,800.154 Liquid Fund Div Reinvest of Rs 10.1982

(net asset value of unquoted investment).....

30 June 2013

₹

141,324,617

30 June 2012

₹

-

ICICI Prudential

1,355,178.118 Liquid Fund Div Reinvest of Rs 100.0496

(net asset value of unquoted investment).....

135,585,028

-

Birla Sun Life

985,407.262 Liquid Fund Div Reinvest of Rs 100.1950

(net asset value of unquoted investment).....

98,732,880

-

375,642,525

-

18 TRADE RECEIVABLES

Unsecured

Receivables for a period exceeding six months from the date they are due for payment

Considered good

49,629,838

85,859,241

Considered doubtful

9,218,712

84,558,744

Less: Provision for doubtful receivable

(9,218,712)

(84,558,744)

(A)

49,629,838

85,859,241

Other receivables

Considered good

284,278,094

231,837,524

Considered doubtful

7,140,989

2,240,551

Less: Provision for doubtful receivable

(7,140,989)

(2,240,551)

(B)

284,278,094

231,837,524

(A+B)

333,907,933

317,696,765

Trade receivables include:

Due from group companies

15,302,330

1,929,324

19 CASH AND BANK BALANCE

Cash and cash equivalents

Balances with Bank

In current accounts

187,745,921

107,309,054

In EEFC accounts

13,815,866

36,427,539

Other bank balances

Deposit maturing within one year from reporting date

132,843,925

246,200,000

Margin money deposits

6,035,862

6,585,299

Unpaid dividend accounts

4,256,897

3,239,357

344,698,471

399,761,249

Margin money deposits

Margin money deposit represent deposit with banks given to various authorities amounting to ₹6,035,862 (2012: ₹6,585,299) which are due to mature within 12 months of the reporting date.

Notes to the financial statements	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
20 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Capital advance	-	44,854,681
Loans and advances	1,558,015	1,447,629
Advances recoverable in cash or kind	23,779,194	21,319,702
Service tax refund receivable	11,217,500	-
Prepaid expenses	21,469,164	24,869,169
Lease and other deposits	56,000	11,323,407
Advance income-tax (net of provision for tax)	-	28,927,142
	58,079,873	132,741,730
Loans and advances to group companies include:		
Due from group companies	-	1,447,629
21 OTHER CURRENT ASSETS		
Interest accrued on bank deposits	3,515,110	4,710,534
Unbilled revenue	232,312,650	258,757,841
Forward contract receivable	-	6,452,371
	235,827,760	269,920,746
Other current assets include:		
Unbilled from group companies	7,396,547	879,276
22 REVENUE FROM OPERATION		
Sale of services	2,988,384,544	2,173,720,645
Other operating revenue		
Provision for doubtful debts recovered (net)	38,132,312	-
Reimbursement from clients	11,850,402	13,874,332
	3,038,367,258	2,187,594,977
23 OTHER INCOME		
Interest on bank deposits	22,935,834	31,525,009
Interest on income tax refunds	907,830	5,941
Foreign exchange gain, net	-	19,640,429
Credit balances written back	6,984,073	21,734,438
Dividend from mutual fund	10,244,525	2,000
Profit on sale of asset, net	1,316,126	879,362
Miscellaneous income	5,522,638	5,207,817
	47,911,026	78,994,996
24 EMPLOYEE BENEFITS EXPENSE		
Salaries and incentives	1,034,218,271	897,426,051
Contribution to provident fund and other funds	32,850,323	31,407,316
Staff welfare expenses	44,963,540	40,692,970
	1,112,032,134	969,526,337

Notes to the financial statements	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
25 FINANCE COSTS		
Bank charges	4,586,715	5,026,944
Interest on finance lease charges	696,122	2,886,686
	5,282,837	7,913,630
26 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	64,337,080	41,446,304
Amortisation of intangible assets	50,919,369	39,250,095
	115,256,449	80,696,399
27 OTHER EXPENSES		
Advertisement and sales promotion	25,951,324	36,668,899
Auditors Remuneration (Refer note below)	4,945,281	3,226,900
Share buy back expenses	-	3,560,253
Commission and brokerage	82,534,481	53,982,785
Communication charges	18,302,178	22,970,434
Computer consumables	581,298	680,262
Connectivity charges	8,176,900	7,780,542
Data processing charges	25,591,326	20,311,554
Director's Commission	300,000	300,000
Director's sitting and committee fees	453,524	441,620
Donation	930,000	730,000
Insurance	4,019,508	3,305,678
Legal and professional fees	18,269,206	13,367,362
Management fees	15,692,204	15,333,226
Foreign exchange loss (net)	41,439,527	-
Membership and subscription	8,088,024	7,240,695
Miscellaneous expenses	21,512,864	32,810,149
Power, fuel and water charges	33,307,800	28,646,995
Printing and stationery	3,377,246	3,297,701
Provision for doubtful debts, net of bad debt written off	-	51,845,723
Provision for expenses recoverable	-	1,797,522
Rates and taxes	6,914,718	3,745,655
Provision for doubtful deposit	-	300,000
Recruitment expenses	2,346,643	4,885,392
Rent (refer Note 37)	95,476,742	98,151,031
Repair and maintenance :		
-Machinery	3,296,519	2,142,847
-Others	20,272,376	22,671,006
Software and maintenance	88,444,718	71,791,266
Technical consultants charges	53,460,534	87,551,911
Travelling and conveyance	64,444,901	58,623,534
	648,129,842	658,160,942
Auditor's Remuneration		
Audit Fees	4,286,500	3,000,000
Other services (tax audit and certification)	500,000	100,000
Out of pocket expenses	158,781	126,900
	4,945,281	3,226,900

Notes to the consolidated financial statement

28 PRODUCT DEVELOPMENT COST CAPITALISED INCLUDE

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Payroll cost.....	14,907,223	17,722,396
Consultant fees	10,356,375	25,997,846
Other direct cost	219,678	593,390
	25,483,276	44,313,632

29 EXCEPTIONAL ITEMS

In the previous year ended 30th June 2012 the Company has sold its entire shareholding in Synetairos Technologies Limited, a subsidiary of the Company on 1 July 2011 to Saksoft Limited as per the Share Purchase Agreement dated 1 July 2011, which has resulted into a gain of ₹ 7,770,692.

30 EARNING PER EQUITY SHARE

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Number of shares (face value ₹ 10 each)	14,926,261	14,926,261
Profit after tax	843,758,741	407,854,420
Weighted average number of shares considered for Basic EPS	14,926,261	15,605,914
Weighted average number of shares considered for diluted EPS	14,926,261	15,605,914
Basic and Diluted EPS:		
- Basic earnings per share	56.53	26.13
- Diluted earnings per share	56.53	26.13

31 CAPITAL AND OTHER COMMITMENTS

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided (net of advances)	28,905,827	45,749,615

32 CONTINGENT LIABILITIES

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Claims against the Company pertaining to Sales Tax with Asst. Commissioner of Sales Tax, (Appeals) - For F.Y. 2001-02 (disallowance of Software services and maintenance of software)	7,870,739	7,870,739

Notes to the consolidated financials statement

33 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Year of remittance (ending on)		
Period to which the dividend relates	2011-12	2010-11
Numbers of non-resident shareholders	20	21
Numbers of equity shares held on which dividend was due	11,257,423	11,259,140
Amount remitted	112,574,230	22,518,280
Period to which it relates	2012-13	2011-12
	(Interim dividend)	(Interim dividend)
Numbers of non-resident shareholders	19	21
Numbers of equity shares held on which dividend was due	11,251,319	11,272,423
Amount remitted	337,539,570	152,177,713

34 RETIREMENT BENEFITS TO EMPLOYEES

Gratuity

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

Changes in present value of obligations

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
a) Liability recognised in the balance sheet		
i) Present value of obligation		
Opening balance	36,890,044	35,558,569
Less: opening balance on sale of subsidiaries	-	(1,125,254)
Current service cost	8,253,570	6,275,813
Past service cost	-	-
Interest cost	2,920,791	2,711,602
Actuarial (gain)/ loss on obligations	(2,897,796)	(3,003,869)
Benefits paid	(2,541,285)	(3,526,817)
Closing balance	42,625,324	36,890,044
ii) Fair value of plan assets		
Opening balance	31,072,000	30,109,791
Less: opening balance on sale of subsidiaries	-	(774,857)
Expected return on plan assets	3,020,306	2,715,579
Employer's contributions	5,701,189	3,572,180
Actuarial gain / (loss) on plan assets	780,327	(1,023,876)
Benefits paid	(2,541,285)	(3,526,817)
Closing balance	38,032,537	31,072,000
Net liability recognised in the balance sheet (i-ii)	4,592,787	5,818,044
b) Expenses recognised in statement of Profit and Loss		
Current service cost	8,253,570	6,275,813
Past service cost	-	-
Interest Cost	2,920,791	2,711,602
Expected return on plan assets	(3,020,306)	(2,715,579)
Net actuarial gain recognised during the period	(3,678,123)	(1,979,993)
Expenses recognised in statement of Profit and Loss	4,475,932	4,291,843

Notes to the consolidated financials statement

34 RETIREMENT BENEFITS TO EMPLOYEES (continued)

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
c) Break up of Plan assets		
LIC of India-Insurer Managed Fund	100.00%	100.00%
d) Principal actuarial assumptions		
Rate of discounting	7.60%	8.30%
Expected return on plan assets	9.25%	9.25%
Rate of increase in salary cost to company	5.00%	6.00%
Attrition rate	13.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years
Experience adjustment		
Present value of obligation	42,625,324	36,980,044
Plan assets	38,032,777	31,072,000
Surplus (deficit)	(4,592,547)	(5,818,044)
Experience adjustments on plan liabilities (loss)/gain	1,993,066	3,274,195
Experience adjustments on plan assets (loss)/gain	768,083	(1,023,876)
(In absense of information for the previous year details, experience adjustment is provided for two year.)		
Leave encashment		
In accordance with Accounting Standards 15 (Revised) on Employee Benefits, the Company provides for leave salary on the basis of actuarial valuation.		
Principal actuarial assumptions		
Rate of discounting	7.60%	8.30%
Rate of increase in cost to company	11.00%	12.00%
Attrition rate	13.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

Notes to the consolidated financials statement

35 SEGMENTAL REPORTING

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

Geographic segments

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

Segment revenues

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

Capital Employed

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

Continent wise geographical revenue and capital employed

Continent	Revenue		Capital employed	
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012
Asia Pacific	740,842,990	547,029,521	473,339,482	401,726,628
Middle East and Africa	918,313,959	598,182,386	44,283,886	100,765,730
America	866,328,359	610,785,216	179,507,609	153,756,346
Europe	474,749,638	431,597,854	572,934,387	524,516,578
Un-allocable assets	-	-	(249,831,356)	199,491,214
Total	3,000,234,946	2,187,594,977	1,020,234,008	1,380,256,496

Notes to the consolidated financials statement

36 RELATED PARTY TRANSACTIONS

(A) Related party disclosures

Related parties where control exists	Name
Holding company	Accelya Holding World SLU
Fellow Subsidiary	Accelya World SLU Accelya UK Limited Accelya France SAS
Key management personnel	Philippe Lesueur - Chairman Vipul Jain - Managing Director

(B) Transactions with related parties

₹

Nature of transactions	Year ended	Holding	Fellow Subsidiary	Key management personnel
Services rendered by the Company	30 June 2013	784,932	34,431,861	-
	30 June 2012	-	7,102,927	-
Services received by the Company	30 June 2013	-	46,270,813	-
	30 June 2012	-	37,182,480	-
Claims raised for expenses	30 June 2013	9,755,167	1,493,504	-
	30 June 2012	8,267,121	-	-
Claims received for expenses	30 June 2013	19,623,167	591,575	-
	30 June 2012	18,715,448	2,929,804	-
Remuneration	30 June 2013	-	-	22,282,203
	30 June 2012	-	-	21,093,227
Balances outstanding				
Payable	30 June 2013	1,262,850	-	2,418,030
	30 June 2012	1,515,971	11,952,676	2,516,148
Receivable	30 June 2013	-	13,929,593	-
	30 June 2012	-	740,734	-

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

Nature of transaction

Income from Service rendered

Accelya World SLU	25,934,623	7,102,927
Accelya Holding World SLU	784,932	-
Accelya France SAS	8,418,647	-
Accelya UK Limited	78,592	-

Purchase of services

Accelya UK Limited	3,034,773	5,321,232
Accelya World SLU	43,236,041	31,861,248

Expenses charged to group companies

Accelya France SAS	1,236,572	-
Accelya Holding World SLU	9,755,167	8,267,121
Accelya World SLU	256,932	-

Notes to the consolidated financial statement

36 RELATED PARTY TRANSACTIONS (continued)

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Expenses charged by group companies		
Accelya Holding World SLU	19,623,167	18,715,448
Accelya World SLU	591,575	-
Salary/remuneration		
Vipul Jain	22,282,203	21,093,227
Payables		
Accelya Holding World SLU	1,262,850	1,515,970
Vipul Jain	2,418,030	2,516,148
Accelya World SLU	-	5,890,710
Accelya UK Limited	-	5,321,232
Receivables		
Accelya France SAS	1,241,136	-
Accelya World SLU	12,688,457	-

37 LEASES

Finance lease

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

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

Particulars	Year ended 30 June 2013		Year ended 30 June 2012	
	Minimum lease payments ₹	Present value of lease payments ₹	Minimum lease payments ₹	Present value of lease payments ₹
Not later than one year	-	-	4,409,377	4,026,645
Later than one year but not later than five years	-	-	-	-

Particulars	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Minimum lease payments as above	-	4,409,377
Less: finance charges	-	382,733
Present Value of Lease Payments	-	4,026,645

Operating lease

The lease rental for office premises, guest house and godown charged to statement of profit and loss aggregates to ₹ 95,476,742 (previous year ₹ 98,151,031).

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

	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
Not later than one year	83,069,914	70,443,026
Later than one year and not later than five years	204,614,820	250,632,829

Notes to the consolidated financial statement

37 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, 2013 and June 30, 2012 and as at June 30, 2013 and June 30, 2012.

Particulars	Year ended 30 June 2013 ₹	Year ended 30 June 2012 ₹
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	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible	-	-

39 Unbilled revenue include revenue based on percentage of completion basis ₹ 23,688,118/- (previous year ₹ 131,959,202/-)

40 Amalgamation of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited

The Board of Directors of the Company at its meeting held on 10th October, 2012, in-principle, approved the amalgamation of the subsidiaries of Zero Octa UK Limited- a step down subsidiary of Accelya Kale Solutions Limited ("the Company") named Zero Octa Selective Sourcing India Private Limited engaged in rendering information enabled revenue assurance services and Zero Octa Recruitment and Training (India) Private Limited, with the Company. The scheme was approved by the Honourable High Court of Judicature at Bombay vide its order dated 5th July 2013. The scheme inter-alia, provided for the amalgamation of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited with the company effective 1st April 2013 (the appointed date).

The Company has filed the certified copy of order issued by the Honourable High Court of Judicature at Bombay with the Registrar of Companies (ROC), Maharashtra on 22nd July 2013.

In line with the Scheme, the merger of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited, the amalgamation has been accounted for under the "Pooling of Interest" method as prescribed in Accounting Standard 14 (AS -14) "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India and as notified under section 211(3)(c) of the Companies Act 1956. There are no differences in the accounting policies followed by the Company and the amalgamated Company.

- All the assets and liabilities recorded in the books of the Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited have been transferred to and vested in the books of the Company pursuant to the Scheme at their book values as appearing in the books of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited.
- During the year, as Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited carried on their existing business in trust for and on behalf of the Company, all vouchers, documents, for the period from 1 April 2013 till the date of filing the order are in the name of Zero Octa Selective Sourcing India Private Limited and Zero Octa Recruitment & Training (India) Private Limited. The title deeds, licenses, agreements, loan documents, etc. are in the process of being transferred in the name of the Company.

Statement pursuant to Section 212 of the Companies Act, 1956

Sr. No.	Particulars	Kale Softech Inc.	Kale Revenue Assurance Services Limited	Zero Octa UK Limited*
		(USA)	(UK)	(UK)
1	Financial Year Ended	June 30, 2013	June 30, 2013	June 30, 2013
2	Shares of Subsidiary held by the Company directly or through its subsidiary companies as on June 30, 2013			
	a. Number of Shares and face value	1,300,000 Class A voting common stock of USD 0.01 each 100%	4,150,000 Share of GBP 1 each 100%	111,000 Ordinary Shares of GBP 1 each 100%
	b. Extent of Holding			
3	Net aggregate amount of profit/ (loss) of the subsidiary so far as it concerns the members of Accelya Kale Solutions Limited for the current financial year.			
	a. Dealt with in the accounts of Accelya Kale Solutions Limited	Nil	Nil	Nil
	b. Not dealt with in the accounts of Accelya Kale Solutions Limited	USD 438,243	GBP 613,206	GBP 1,066,224
4	Net aggregate amount of profit / (loss) of the subsidiary so far as it concerns the members of Accelya Kale Solutions Limited for the previous financial year			
	a. Dealt with in the accounts of Accelya Kale Solutions Limited	Nil	Nil	Nil
	b. Not dealt with in the accounts of Accelya Kale Solutions Limited	USD 243,681	GBP 189,740	GBP 634,641

* By virtue of Section 4(1)(c) of the Companies Act, 1956, Zero Octa UK Limited is the subsidiary of the Company.

Financial Information relating to Subsidiary Companies for the year ended June 30, 2013

(Currency: ₹)

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of investment in the subsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
Kale Softech Inc.	773,890	104,534,204	168,555,802	63,247,708	-	596,783,428	44,334,610	17,714,164	26,620,447	-
Kale Revenue Assurance Services Limited	375,865,500	104,140,918	480,323,413	316,995	-	-	55,538,067	-	55,538,067	-
Zero Octa UK Limited*	100,533	114,858,972	143,296,503	28,336,998	-	411,959,728	125,960,771	29,392,863	96,567,908	-

* By virtue of Section 4(1)(c) of the Companies Act, 1956, Zero Octa UK Limited is the subsidiary of the Company.

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

While making the above statement following foreign currency rates as on June 30, 2013 have been applied:

1 USD= 59.53 in case of Kale Softech, Inc.

1 GBP=90.57 in case of Kale Revenue Assurance Services Limited and Zero Octa UK Limited.

For and on behalf of Board of Directors

Ninad Umranikar Company Secretary	Vipul Jain Managing Director	Philippe Lesueur Chairman	Gurudas Shenoy Chief Financial Officer
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Mumbai
7 August 2013

Shareholder Information**1. Annual General Meeting**

Date and Time	- Thursday, 26 September, 2013 at 12.00 noon
Venue	- Pudumjee Assembly Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune – 411 002
Book Closure Dates	- 19 th September, 2013 to 26 th September, 2013 (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 14926261
Market Lot	- 50 shares for physical mode.

Name, Address & Telephone Nos. of the Stock Exchanges	Scrip Code	Date of Listing	Listing fees For 2012-13
Pune Stock Exchange Limited Shivleela Chambers, 752, Sadashiv Peth, Kumthekar Marg, Pune – 411 030 Tel.: (020) 24485701	16268 – KALCO	November 11, 1999	Paid
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Tel.: (022) 22721233 / 34	532268	November 16, 1999	Paid
National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel.: (022) 2659 8100 –14	ACCELYA	December 1, 1999	Paid

4. Share Transfer System

Shares of the Company shall be compulsorily traded in dematerialized form by all investors with effect from 26 June, 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 30 June, 2013)

Type of Holding	Percentage to Share Capital
Physical	1.26%
Dematerialised	98.74%
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) 23420818 / 23420828
 Fax No. (040) 23420814
 Contact Person: Ms. Sravanthi Kodali.

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

Month	Accelya Kale Share Price (Rs.)		NSE S&P CNX Nifty	
	High	Low	High	Low
July, 2012	134.50	111.00	5348.55	5032.40
August, 2012	177.20	131.15	5448.60	5164.65
September, 2012	221.00	149.30	5735.15	5215.70
October, 2012	259.20	195.20	5815.35	4888.20
November, 2012	406.00	210.50	5885.25	5601.95
December, 2012	393.55	335.40	5930.80	5823.15
January, 2013	385.00	320.65	6111.80	5935.20
February, 2013	397.25	304.20	6052.95	5691.90
March, 2013	385.00	300.00	5971.20	5604.85
April, 2013	396.90	334.00	5962.30	5477.20
May, 2013	525.00	363.00	6229.45	5910.95
June, 2013	468.85	431.15	6011.00	5566.25

8. Shareholding Pattern as on 30 June, 2013

Sr. No.	Category	No. of Shares held	Percentage
1	Promoters		
	- Foreign Promoters	11,143,295	74.66
2	Banks, FIs, Insurance Companies, Institutions	1,000	0.01
3	Foreign Institutional Investors	50	0
4	Corporate Bodies	593,950	3.98
5	Indian Public	2,993,675	20.05
6	NRIs / OCBs / Foreign Nationals	177,996	1.19
7	Trusts	16,295	0.11
	TOTAL	14,926,261	100.00

9. Distribution of Shareholding as on 30 June, 2013

Shareholding Range	No. of Shareholders	Percentage	Shareholding	Percentage
Upto 500	12,928	93.55	1,197,060	8.02
501 – 1000	460	3.33	366,111	2.45
1001 – 2000	200	1.45	298,457	2.00
2001 – 3000	84	0.61	212,891	1.43
3001 – 4000	41	0.30	145,987	0.98
4001 – 5000	26	0.19	122,088	0.82
5001 – 10000	45	0.32	317,691	2.12
10001 and above	35	0.25	12,265,976	82.18
TOTAL	13,819	100	14,926,261	100

10. Investor Complaints

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

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

Stock Exchange	Date of Letter
Bombay Stock Exchange Limited	17 th October, 2012
National Stock Exchange of India Limited	17 th October, 2012
Bombay Stock Exchange Limited	7 th January, 2013
National Stock Exchange of India Limited	2 nd January, 2013
Bombay Stock Exchange Limited	11 th April, 2013
National Stock Exchange of India Limited	3 rd April, 2013
Bombay Stock Exchange of India	10 th July, 2013
National Stock Exchange of India Limited	22 nd July, 2013

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

11. Financial Calendar

Unaudited / Audited Financial Results	Quarter / Year ended	Month of approval of Financial Results
Unaudited financial results for the quarter ended	September 30, 2013	October / November, 2013
Unaudited financial results for the quarter ended	December 31, 2013	January / February, 2014
Unaudited financial results for the quarter ended	March 31, 2014	April / May, 2014
Audited financial results for the year ended	June 30, 2014	July / August, 2014



ACCELYA KALE SOLUTIONS LIMITED

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the twenty seventh Annual General Meeting of the members of the Company will be held on Thursday, the 26th day of September, 2013 at 12.00 noon 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 2013, together with the Reports of the Directors and Auditors thereon.
2. To confirm payment of interim dividend and declare a final dividend on equity shares.
3. To appoint a Director in place of Mr. Sekhar Natarajan, who retires by rotation and being eligible offers himself 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. Nani Javeri, 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 8 July, 2013 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. Nani Javeri 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 a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and any statutory modification(s) or re-enactment thereof for the time being in force and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the reappointment of Mr. Vipul Jain as Managing Director of the Company from 1 June, 2013 to 30 June, 2016 upon the terms and conditions set out in the agreement to be entered into between the Company and Mr. Vipul Jain and on remuneration for the period from 1 June, 2013 to 30 June, 2016 mentioned below:

A. Basic Salary

Basic Salary of Rs. 9,540,000 (Rupees Nine Million Five Hundred and Forty Thousand only) per annum.

B. Perquisites and Allowances

- i) In addition to salary, perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances or utilities such as gas, electricity, water and furnishings, repairs, servant / gardener salaries, club fees etc., not exceeding 80% of the basic salary.

For the purposes of calculating the aforesaid ceiling of 80%, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost.

- ii) Medical Allowance for self and family members subject to ceiling of one month's basic salary.
- iii) Leave Travel Assistance: As per rules of the Company.
- iv) Insurance: As per rules of the Company.
- v) Provision of Company Car and Telephone(s) at residence.
- vi) Provision of driver/Allowance for driver's salary.

C. Other Benefits

- i) Employer's Contribution to Provident Fund
- ii) Gratuity: As per rules of the Company.
- iii) Leave: As per rules of the Company.

D. Commission and Incentive

Mr. Vipul Jain shall be paid commission of 1% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956. Mr. Jain shall also be entitled to incentive, provided that the total amount to be paid to Mr. Jain towards commission and incentives shall not exceed Rs.5,700,000 (Rupees Five Million Seven Hundred Thousand only).

"RESOLVED FURTHER THAT the overall remuneration payable to Mr. Vipul Jain shall not exceed Rs.25,132,000 (Rupees Twenty Five Million One Hundred and Thirty Two Thousand only) per annum.

"RESOLVED FURTHER THAT Mr. Vipul Jain shall be entitled for increase upto 25% in the overall remuneration on an annual basis.

"RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, subject to the approval of the Central Government, the remuneration payable to Mr. Vipul Jain by way of salary, perquisites, other allowances, benefits, commission and incentive as aforesaid shall be paid as minimum remuneration.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps, including making an application to the Central Government, as may be necessary, proper and expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:**

"RESOLVED THAT subject to the provisions of Sections 198 and 309 and all other applicable provisions, if any, of the Companies Act, 1956 and any statutory modification(s) or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded to the payment of Commission to the Non Executive Independent Directors of the Company as may be decided by the Board, from time to time, but not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of the Act, such commission be divisible amongst the Directors in such proportion and in such manner as may be decided by the Board of Directors of the Company for a period of five years commencing from 1 July, 2013."

For and on behalf of the Board of Directors

Place: Mumbai
Date: 7 August, 2013

Vipul Jain
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, DULY EXECUTED, IN ORDER TO BE VALID, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 19th day of September, 2013 to Thursday, the 26th day of September, 2013 (both days inclusive) for the purpose of dividend and Annual General Meeting.
3. Members are required to approach M/s Karvy Computershare Private Limited, Plot No. 17 - 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081, in case they have not encashed the Dividend Warrants for any year from 2006-07.
4. Members / proxy holders are requested to bring copy of the Annual Report to the Meeting.
5. Members desiring any information as regards the accounts and operations of the Company are requested to send their queries to the Company, at least 10 days in advance, so as to enable the management to keep the information ready.
6. To further Company's environment friendly agenda and to participate in MCA's Green Initiative, members are requested to register / update their e-mail address with their Depository Participant. Members who are holding shares in physical form are requested to send their e-mail address at kle.cs@karvy.com to update their e-mail address.

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

ITEM NO. 5

Mr. Nani Javeri, was appointed Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 by the Board of Directors on 8 July, 2013. The term of Mr. Nani Javeri 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. Nani Javeri as a candidate for the office of Director.

A brief resume of Mr. Javeri, 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. Nani Javeri himself, is concerned or interested in the resolution set out in Item No. 5 of the Notice.

ITEM NO. 6

The term of Mr. Vipul Jain as Managing Director expired on 31 May, 2013. The Board of Directors, at its meeting held on 7 August, 2013 passed a resolution for reappointment of Mr. Vipul Jain as Managing Director from 1 June, 2013 to 30 June, 2016, subject to the approval by shareholders in the general meeting.

The Remuneration and Compensation Committee and the Board of Directors, subject to the approval of the shareholders in the ensuing Annual General Meeting and of the Central Government, approved the remuneration payable to Mr. Vipul Jain.

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. Vipul Jain, himself, is concerned or interested in the resolution set out in Item No. 6 of the Notice.

This Explanatory Statement together with the accompanying Notice shall be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 7

The Non Executive Directors and the Independent Directors of your Company bring with them significant professional expertise and rich experience.

The Board is of the view that it is necessary that adequate compensation should be given to the Non-Executive Independent Directors so as to compensate them for their time and efforts and also to retain and attract the pool of talent for the growth and prosperity of the Company.

In view of the same, it is recommended that commission as envisaged in the resolution be paid to the Non-Executive Directors for a period of five (5) years with effect from 1 July, 2013.

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

Mr. K. K. Nohria, Mr. Sekhar Natarajan and Mr. Nani Javeri, being non-executive independent directors of the Company, may be deemed to be concerned or interested in the said resolution.

For and on behalf of the Board of Directors

Vipul Jain
Managing Director

Place: Mumbai
Date: 7 August, 2013



ACCELYA KALE SOLUTIONS LIMITED

PROXY FORM

I/We _____ of _____
being a member(s) of Accelya Kale Solutions Limited hereby appoint Mr./ Mrs./ Ms. _____
_____ of _____ in the district of _____
_____ or failing him / her Mr./ Mrs./ Ms. _____
of _____ in the district of _____ as my / our Proxy to attend and to vote for me/
us on my/ our behalf at the Annual General Meeting to be held on Thursday, the 26th day of September, 2013 at 12.00 noon 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 _____ 2013.

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

Client Id: _____ DP Id : _____

Affix
30 paise
revenue
stamp

Signature _____

NOTES:

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



ACCELYA KALE SOLUTIONS LIMITED

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting on Thursday, the 26th day of September, 2013 at 12.00 noon 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.



Management - Flight Profitability - Audit-Revenue
 Profitability - Route Profitability - Decision Support - Cost Management - Interline-Airmail - Passenger - Cargo - Interline-Airmail
 Flight Profitability - Audit-Revenue Accounting - Miscellaneous Billing - Decision Support - Cost Management - Interline-Airmail - Passenger - Cargo - Interline-Airmail
 Route Profitability - Passenger - Cargo - Interline-Airmail - Audit-Revenue Accounting - Miscellaneous Billing - Decision Support - Cost Management - Interline-Airmail - Passenger - Cargo - Interline-Airmail

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

1	Name of the Company	Accelya Kale Solutions Limited
2	Annual financial statements for the year ended	30 th June, 2013
3	Type of Audit observation Un-qualified / Matter of Emphasis	Unqualified
4	Frequency of observation	NIL
5	To be signed by:	
	CEO/Managing Director	 (Vipul Jain)
	CFO	 (Gurudas Shenoy)
	Auditor of the company	 (For B S R & Co. Bhavesh Dhupelia - Partner)
	Audit Committee Chairman	 (Sekhar Natarajan)