



**22<sup>ND</sup>**  
**ANNUAL**  
**REPORT**  
**2012-13**



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## VISION AND MISSION

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### Vision

Become a global leader in the 21st century healthcare and education solutions & services market through innovations in both technology and process areas.

### Mission

To create a globally reputed organization that provides state-of-the-art technology-cum-service platform and solutions for the healthcare and education sectors, that results in a highly efficient and profitable system for providers world over, where people enjoy working for, doing business with and investing in.



## REMODELLING THE BUSINESS...

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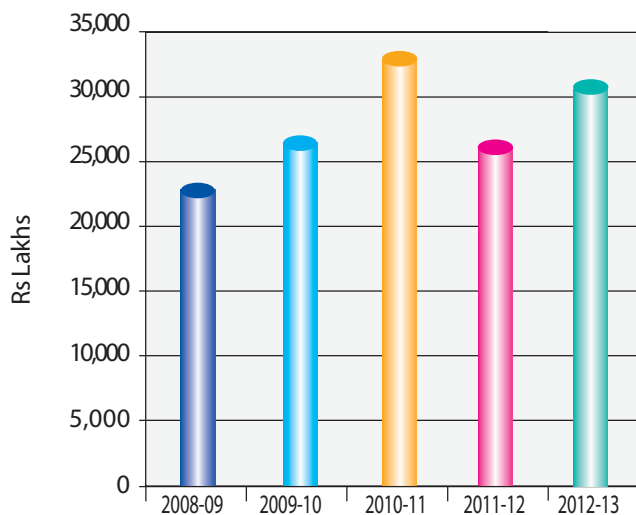
The Financial Year 2013-'14 has changed the way Accentia has been conducting business over the past 16 years in the healthcare domain. As the new Obamacare policy in the US demanded new modus operandi to be followed in the healthcare document creation, storage and management, Accentia's business in the Clinical Data Management, mainly in the Medical Transcription field has been severely affected. The management after assessing the latest developments in the healthcare domain in the US and after due evaluation of the potential of growth of business in the enterprise products/platform for healthcare domain, have decided to a) focus on Enterprise Products market in the healthcare arena, b) shift the focus from the Business to Customer (B to C) model to Business to Business (B to B), and c) explore entry into niche areas in the field of education.

As this is a clear deviation from the business model followed in the last 16 years in healthcare, a strategy was formed by which we will focus on White Labelled Software Products for Practice Management System(PMS), Electronic Medical Records(EMR), Receivables Cycle Management(RCM), Code Scrubbing, Discrete Reportable Transcription(DRT) etc.; and Platform As A Service(PaaS) in which our platform will be leased out to Companies for managing their clients, with no start up cost.

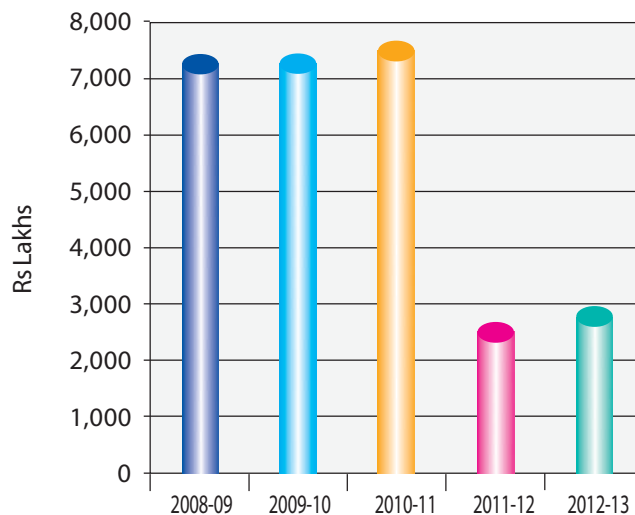
Your company is taking every step to make it lean and mean and focus on a scalable, sustainable and bottom-line centric growth in the new highly dynamic healthcare and education market place globally.

## FINANCIAL OVERVIEW

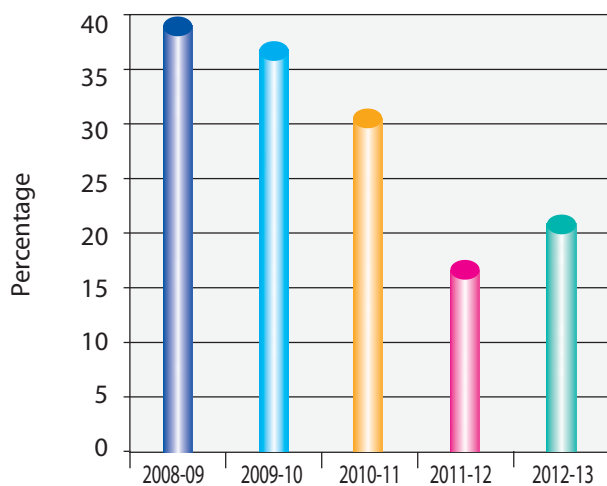
### REVENUES



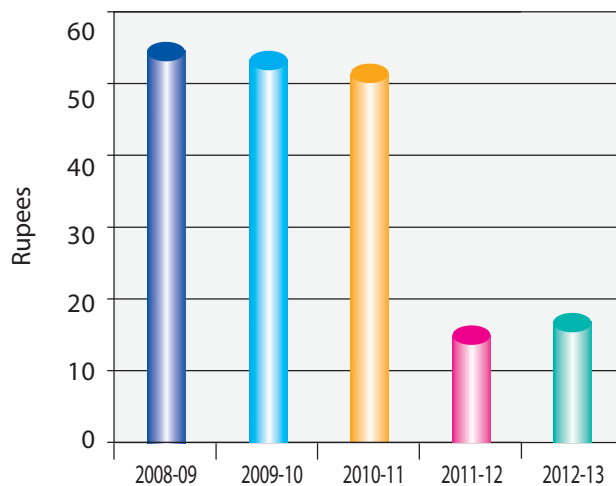
### PROFIT AFTER TAX



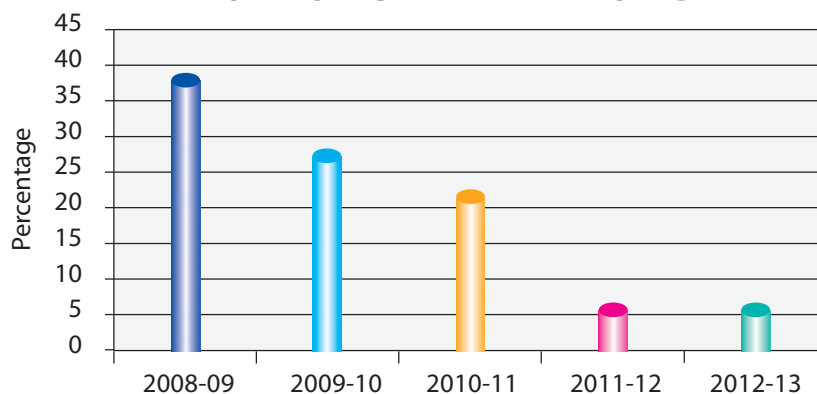
### EBIDTA %



### EARNINGS PER SHARE



### RETURN ON CAPITAL EMPLOYED



## MESSAGE FROM THE CEO

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Dear Shareholders,

I am happy to present before you a brief note on the affairs of your Company for the financial year 2012-2013.

For the year ended 31.03.2013, Accentia recorded revenues of Rs 31,136 lakhs over Rs 26,085 lakhs recorded last year, a growth of 19.36%. Net profit increased from Rs 2312 lakhs last year to Rs 2925 lakhs this fiscal. EPS is Rs 17.81 against Rs 15.80 last year. I would like to briefly dwell upon the activities of your Company during the last financial year.

The fortunes of Accentia underwent a drastic transformation after the announcement of the new healthcare policy by US President Obama in 2009. The new bill is totally changing the way documentation and healthcare receivables cycle management has been conducted over the past four decades. A major mandatory requirement as per the Obama Healthcare Bill is the usage of an Electronic Medical Records (EMR) suite to capture and record patients' demographical, clinical and all other related data into a database, which can be accessed anytime for future reference and analysis. The new healthcare policy will literally bring the traditional medical transcription industry to a standstill by June 2014, and hence Accentia management decided to act proactively and develop its own EMR software and market the same all over the US.

The EMR software development work was undertaken by different teams and our software called Instakare was certified by the US government appointed agency ONC-ATCB in July 2011. After this we also launched Software As A Service (SaaS) platform for the EMR software, wherein Accentia will offer the entire suite of healthcare receivables management services for a physician or a clinic on a single, seamless platform.

Once the development of the various modules and refinements were completed, we found that we had to spend a substantial amount of money for marketing the same all over the country. Hence we decided to raise capital through preferential allotment of shares as well as debt from financial institutions and about Rs 12 crores was raised through share allotment and Rs 5 crores as debt in 2012, and the same was utilized for marketing and refining the SaaS platform offering. By end 2012, we had added more clients through the SaaS platform, which is continuing in the current year.

Based on these changes happening in the marketplace, the Board of Directors had taken a strategic decision to focus on Enterprise Products market in the healthcare arena, thereby shifting from the earlier Business to Customer (B to C) model to Business to Business (B to B) model, and also to enter niche areas in the field of education. Since this was a total deviation from the business model followed in the last 16 years in the healthcare business, a strategy was formed by which we will focus on White Labelled Software Products for Practice Management System(PMS), Electronic Medical Records(EMR), Receivables Cycle Management(RCM), Code Scrubbing, Discrete Reportable Transcription(DRT) etc.; and Platform As A Service(PaaS) in which our platform will be leased out to Companies for managing their clients, with nil or minimal start up cost. The target clients will be software integrators, vendors of various hardware products, document management and receivables management companies.

Further in the education field, the wholly owned education subsidiary company has developed a tablet based device for school students based on cloud technology, and we are tied up with various content providers for the content. The first order for the same from a large Dubai based chain of schools has been successfully serviced and we are expecting further orders for the same. We have also developed a safety cum tracking device called Safecomm, which is a GSM phone with GPS facility, which can be given to children, elders and also women, when they are on the move. This device has been tested and approved by the central government agency Centre for Development of Advanced Computing(C-DAC) and with this certification we are expecting a host of purchase orders from the central and various state governments as well.

During the past couple of years, the revenues have dropped due to the steady migration of medical transcription work to EMR software, and we have drastically reduced the man power strength due to the reduction in the medical transcription work. At the same time, the profitability of the Company was affected due to the development of the EMR software and SaaS platform, and the full fledged marketing efforts that we have undertaken in the US. But this is purely temporary in nature and the coming year onwards, the company should see a steady growth, both in revenues and profitability. But the need of the hour is infusion of working capital, to fuel the marketing efforts and also to support the hand holding of new physicians in the SaaS platform.

Due to the need to conserve funds to meet the requirements of the new business model, the Directors felt it is desirable not to recommend dividend on equity shares for the financial year.

During the financial year, two of the Directors have resigned from the Board of the Company. Mr Kabir Kewalramani had resigned from the Board with effect from 11th September, 2013 and Mr. Ravi Sankar had resigned from the Board with effect from 18th September, 2013, due to their pre-occupations. I would like to place on record my sincere gratitude and appreciation for their contributions to the Company during their tenure.

I would like to appeal to all our shareholders to please support the management during this phase of turbulence in the market place, and I am sure your faith in the company will be rewarded in the next couple of years. I take this opportunity to thank all the shareholders for their continued faith in the Company and the understanding they have shown during the past two years of transformation. I am sure that with your support and faith in the management, we can scale new heights together.

Pradeep Viswambharan  
Managing Director & Chief Executive Officer

## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

**Mr S.M. Parande**

Independent Director

**Mr Pradeep Viswambharan**

Managing Director &  
Chief Executive Officer

**Mr Sooraj C. K.**

Director, Operations & HR

**Mr Kezer Kharawala**

Independent Director

**Registered Office**

D-207, Second Floor  
International Infotech Centre  
Belapur Railway Station Complex  
CBD Belapur, Navi Mumbai  
Mumbai 400 614

**Registrar & Transfer Agents**

Sharex Dynamics (India) Private Limited  
17-B, Dena Bank Building, 2nd Floor  
Horniman Circle, Fort, Mumbai 400 001

**Company Secretary & Compliance Officer**

Ms. Jayashree C. O.

**Auditors**

M/s. DMKH & Co, Chartered Accountants

**Internal Auditors**

M/s. Murali & Sumeet, Chartered Accountants

**Bankers**

Exim Bank, ICICI Bank, Axis Bank,  
Federal Bank, Dhanalakshmi Bank  
Citi Bank NA, London  
Bank of America, USA  
Standard Chartered Bank, UAE

### FACILITIES

**Trivandrum**

233/241, "NILA"  
Technopark Campus  
Trivandrum, Kerala 695 581  
C – 4, "TEJASWINI"  
Technopark Campus  
Trivandrum, Kerala 695 581

**Cochin**

Near South Overbridge  
Valanjambalam  
Cochin 682 016

**Bhubaneswar**

STPI Complex, Fortune towers  
Bhubaneswar 751 023

**Bangalore**

3802/B, MKB Towers  
HAL 2nd Stage, Bangalore 560  
038

**Hyderabad**

Babu Khan Mall, Somajiguda  
Hyderabad 500 016

### SUBSIDIARY COMPANIES

**INDIA****Thunga Software Private Limited**

MKB Towers, 7th Main,  
H A L 2nd Stage,  
Bangalore 560 038

**Accentia Oak Technologies Pvt Ltd**

4th Floor, Babu Khan Mall,  
Somajiguda, Hyderabad 500 016

**Accentia Education Services P Ltd**

International Infotech Centre  
CBD Belapur, Navi Mumbai  
Mumbai 400 614

**USA****GSR Physicians Billing Services Inc.**

10096 Griffin Road,  
Cooper City, Florida 33328

**GSR Systems Inc.**

7481 W. Oakland Park Blvd.  
Suite 302, Lauderhill, Florida 33319

**Denmed Inc.**

1485 20th St SE  
Salem, Oregon 97302

**Oak Technologies Inc.**

50 Cragwood Road, Ste 104  
South Plainfield, NJ 07080-2435

**UAE****Accentia Technologies FZE**

RAK Free Trade Zone  
P.O Box 10055, Ras Al Khaimah,  
United Arab Emirates



## DIRECTORS' REPORT

Distinguished Members,

It is a great privilege for the Directors to present the Twenty Second Annual Report of the Company along with Audited Annual accounts for the financial year 2012-13.

### A. Performance of the Company

The healthcare segment in the US is compelled to shift from conventional Medical Transcription to Electronic Medical Records (EMR). Though the reforms open up tremendous opportunities for growth, the above mentioned transition has temporarily affected the productivity. However, the Company is carrying out the operational activities of the Company in a better manner.

### B. Financials of the Company

The financial highlights of the Company are given below:

#### Financial Results (Stand Alone)

₹ in lakhs

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Total Income	18,236	12,674
Less: Total Expenditure	16,404	11,750
Profit Before Tax	1,832	924
Less: Provision of tax	609	146
Profit after Tax	1,223	778

#### Financial Results (Consolidated)

₹ in lakhs

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Total Income	31,136	26,085
Less: Total Expenditure	27,473	23,516
Profit before Tax	3,664	2,569
Less: Provision of tax	739	257
Profit after Tax	2,925	2,312

### C. Dividend

In view of the need to conserve funds for plough back, the Directors feel it is desirable not to recommend any dividend on equity shares for the financial year.

### D. Share Capital

As on date of this report the Authorized capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crore only) divided into 2,50,00,000 equity shares of Rs. 10/- each. The total issued, subscribed and paid up capital of the Company as on the date of the report is Rs. 17,02,45,700/-, (Rupees Seventeen Crores Two Lacs Forty Five Thousand Seven Hundred Only) divided into 1,70,24,570 equity shares of Rs.10/- each.

### E. Constitution of the Board

The Board of Directors is duly constituted and the present structure is as follows:

Name of Directors	Designation	Date of Appointment
1 Sooraj C. K.	Whole Time Director	22/03/2006
2 Pradeep Viswambharan	Managing Director & CEO	28/03/2006
3 S. M. Parande	Independent Director	28/07/2006
4 Kezer Abbas Kharawala	Independent Director	12/11/2010

During this year, Director Mr. Kabir Kewalramani had resigned from the Board with effect from 11th September, 2013 and Mr. Ravi Sankar had resigned from the Board with effect from 18th September, 2013.

### F. Fixed Deposits

Your company has not accepted any public deposits within the meaning of provisions of section 58A of the Companies act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 and as such no amount of principal or interest are outstanding as on the balance sheet date.

### G. Management Discussion and Analysis

The Management Discussion and Analysis including the result of operations of the Company for the year under review, as required under Clause 49 of the listing agreement with the stock exchange is appended to this report.

### H. Corporate Governance

Your directors affirm their commitments to the corporate governance standards prescribed by the Securities and Exchange Board of India (SEBI). A report on the Corporate Governance with Management Discussions and Analysis as required under Clause

49 of the listing Agreement forms part of this report.

The requisite certificate from the Auditors of the Company confirming compliance with conditions under aforesaid Clause 49 is attached to this report.

#### **I. Auditors**

M/s. DMKH & Co, Chartered Accountants, Mumbai, the Statutory Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and is eligible for re- appointment. The Company has received confirmation from the Auditors that their re-appointment will be within the limits prescribed under section 224(1 B) of the Companies Act, 1956. The necessary resolution is being placed before the shareholders for approval.

#### **J. Auditor's Report**

The report of the Auditors of the Company and notes to the accounts are self explanatory and therefore do not call for any further comments and may be treated as adequate compliance of Section 217(3) of the Companies Act, 1956.

#### **K. Directors' Responsibility Statement:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis.

#### **L. Particulars Of Employees**

During the period under review, no employee of the Company has received remuneration at a rate, which, in the aggregate was more than Rs. 5,00,000/- or more per month or Rs.60,00,000/- or more per annum and

hence there was no requirement of a statement under sub section (2A) of the Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

#### **M. Conservation Of Energy**

Your Company's operations do not involve large scale use of energy. The disclosure of particulars under this head is not applicable as your Company operates in the Service sector. Although your Company is not a largescale energy user, it acknowledges the concept of conservation of energy.

#### **N. Foreign Exchange Earnings & Outgo**

The foreign exchange earnings of the Company for the year is Rs. 1,069,026,524/- as against Rs.927,621,875/- of the previous year and the foreign exchange outgo of the Company for the year is Rs. 77,261,143/- as against Rs. 89,430,474/- of the previous year. Also note that there is a difference in the previous year forex outflow of the Company in the P&L for the current year from that of the Previous year's P&L Account.

#### **O. Corporate Social Responsibility**

Your Company is known not only for its commitment towards its clients but also for its commitment to the society. Social commitment is becoming a part of Accentia culture.

Through the charitable foundation, Accentia Candle Light Charitable Trust, Accentia and its stakeholders contribute a part of their earnings, acquired knowledge, and efforts for the good of the underprivileged. Firmly anchored in our corporate values, it is reflected in our daily activities.

Accentia's current initiatives focus on facilitating underprivileged children's education, healthcare, and support for palliative care for children under the age of 18. Accentia also helps various terminally ill patients with healthcare and medical facilities and extends its support to various organizations who reach out these underprivileged people.

#### **P. Subsidiary Companies**

Accentia is having 8 number of subsidiaries, namely;

1. Thunga Software Private Limited
2. Accentia Oak Technologies Pvt Ltd
3. Accentia Education Services Pvt Ltd
4. GSR Physicians Billing Services Inc.
5. GSR System Inc.
6. Denmed Inc.