



TWENTY FOURTH ANNUAL REPORT

2014-15

Accentia Technologies Limited



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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...

The Financial Years between 2012-13 and 2014-15 has changed the way Accentia has been conducting business over the past 17 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 Documentation and revenue cycle management arena in the USA 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 other IT enabled areas leveraging on the domain expertise and intellectual properties gained over the years. As this is a clear deviation from the business model followed in the last 17 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.; Platform As A Service(PaaS) in which our platform will be leased out to Companies for managing their clients with no start up cost; and Safecomm, safety communication device for women and children. However, the transition so far has been slower than planned due various factors. The progress is expected to be faster from now on as the company has been able to build a foundation for growth in the new areas.



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 and evolving IT market place globally.

MESSAGE FROM THE CEO

Dear Shareholders,

It is with pleasure that I am presenting before you a note on the affairs of your Company for the financial year 2014-'15.

For the year ended 31.03.2015, Accentia recorded revenues of Rs 580 lakhs over Rs 3,916 lakhs recorded last year. Net loss increased from Rs 1563 lakhs last year to Rs 1775 lakhs this fiscal. I would like to briefly dwell upon the activities of your Company during the last financial year.

Our Company has been focussing on the rebuilding process leveraging on the inherent strengths in its domain areas and technology platforms that have been developed over the years. The FY 2014-15 has been an year where the top management of the company put their efforts in building a strong foundation for a steady and sustainable growth over the next 10 years. The sudden downfall of healthcare backoffice business after the change in US government policy has severely affected our financials. This has led to initiating settlement talks with various authorities including financial institutions to settle our companies' liabilities.

I should mention here that the employees of the Company in the different units in India and abroad have been very supportive and understanding during this transition phase. Without their dedication and hard work, the Company could not have adapted to the new requirements in this short time, and I take this opportunity to thank all our past and present employees of the Company.

I also take this opportunity to thank all the shareholders for their continued faith in the Company and the understanding they have shown during the past year of painful transition. I am sure that with your support and faith in the management, we can scale new heights together in the near future.

Sooraj C. K.
Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Sooraj C.K.
Managing Director

Dr K. Balasubramani
Independent Director

Mr Pradeep Viswambharan
Non Independent Director

Mr Bobichen Jacob Thomas
Independent Director

Mr Sudeepa Nagasampagi
Independent Director

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

Company Secretary & Compliance Officer
Mr. Jose George, Company Secretary

Auditors
M/s. DMKH & Co, Chartered Accountants

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

Bankers
Exim Bank, ICICI Bank, Axis Bank,
Federal Bank, Dhanalakshmi Bank

Facilities

Trivandrum
233/241, "NILA"
Technopark Campus
Trivandrum, Kerala 695 581

Bangalore
S&S Business Centre, 224, 1st Main Road,
Domlur 2nd Stage, Bangalore 560 071

Hyderabad
Babu Khan Mall, Somajiguda
Hyderabad 500 016

SUBSIDIARY COMPANIES

INDIA

Thunga Software Private Limited
S&S Business Centre, 224,
1st Main Road, Domlur 2nd Stage,
Bangalore 560 071

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

GSR Systems Inc.
50 Cragwood Road, Ste 104
South Plainfield, NJ 07080-2435

USA

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

Oak Technologies Inc.
50 Cragwood Road, Ste 104
South Plainfield, NJ 07080-2435

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Twenty Fourth Annual Report along with the audited annual accounts for the financial year ended March 31, 2015.

1. FINANCIAL HIGHLIGHTS

Key aspects of Standalone Financial Performance / Operating Performance of the Company for the year ended March 31, 2015 are tabulated below:→

Financial Results (Stand Alone)		in lakhs
Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Total Income	580	3,916
Less: Total Expenditure	2,695	5,538
Profit Before Tax	-2,114	-1,622
Less: Provision of tax	359	59
Profit after Tax	-1,755	-1,563

Financial Results (Consolidated)		in lakhs
Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Total Income	2,960	11,262
Less: Total Expenditure	5,492	13,649
Profit Before Tax	-2,532	-2,387
Less: Provision of tax	379	125
Profit after Tax	-2,153	-2,262

2. INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

Information on operational and financial performance, etc., is provided in the Management Discussion and Analysis Report, which is annexed to the Directors' Report and has been prepared, inter-alia, in compliance with the terms of Clause 49 of the

Listing Agreement with Indian Stock Exchanges.

3. DIVIDEND

After considering the Company's current financial position and cash flow, your Directors have not recommend a dividend.

4. PUBLIC DEPOSITS

During the year, your Company has not accepted any deposits within the meaning of the provisions of Section 73 of the Companies Act, 2013.

5. SUBSIDIARY COMPANIES

The Company has following subsidiaries as on March 31, 2015:

Your company is having 8 numbers of subsidiaries, namely;

1. Thunga Software Private Limited
2. Accentia Oak Technologies Private Limited
3. Accentia Education Services Private Limited
4. GSR Physicians Billing Services Inc.
5. GSR System Inc.
6. Denmed Inc.
7. Oak Technoloiges Inc.
8. Accentia Technologies FZE

6. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Internal Financial Controls (IFC) as per explanation to Section 134(5)(e) of the Companies Act, 2013 are reviewed by your management and key areas are subject to various statutory, internal and operational audits based on periodic risk assessment. The findings of the audits are discussed with the management and key findings are presented before the Audit Committee for review of actionable items.

The review of the IFC, inter-alia, consists of the following three components of internal controls:

- A. Entity level controls;
- B. Key financial reporting controls; and
- C. Internal controls in operational areas.

7. INCREASE IN SHARE CAPITAL

There is no increase in the share capital of the company during the financial year

8. STATUTORY AUDITORS

DMKH & CO. Chartered Accountants.

DURGESH KABRA

Partner

Membership No - 44075

Firm Registration no – 116886W

The Statutory Auditors of the Company, were appointed by the Shareholders at their meeting held on Dec 31, 2014, subject to ratification by Shareholders at every Annual General Meeting as per the provisions of the Companies Act, 2013 ('Act'). Pursuant to the Act, Members are requested to consider ratification of their appointment and authorise the Board of Directors including Audit Committee thereof to fix their remuneration for the Financial Year 2014-15. In this regard, the Company has received a Certificate from the Auditors to the effect that their appointment as Auditors continues to be in accordance with the provisions of the Act.

9. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

10. DIRECTORS

In accordance with the Articles of Association of the Company, Bobichen Jacob Thomas, [DIN: 06995856] retire from office by rotation, and being eligible, offer himself for re-appointment at the forthcoming Annual General Meeting of the Company.

11. DECLARATION BY INDEPENDENT DIRECTOR(S)

The Company has received Certificate of Independence from all Independent Directors, inter-alia, pursuant to Section 149 of the Companies Act, 2013, confirming and certifying that they have complied with all the requirements of being an Independent Director of the Company.

12. BOARD AND COMMITTEE EVALUATION

The Companies Act 2013, rules thereunder and the Listing Agreement provide that the Annual Report of the Company shall disclose the following:

Manner in which formal performance evaluation of the Board, its Committees, and Individual Directors has been carried out; and Evaluation criteria.

To this effect, the Board of Directors appointed an external expert on Board evaluation, for facilitating and carrying out the said evaluation who carried out the review, analysis, and evaluation and submitted its report. This exercise, inter-alia, aimed at evaluation of the Board at a collective level and evaluation of individual board members, including peer review and self-assessment. The individual reports were submitted to respective directors whereas the Board level report was placed before the Nomination and Remuneration Committee

as well as the Board of Directors, for review, requisite noting and action items.

The said review was carried out, based on pre-defined comprehensive checklist(s) covering evaluation criteria(s), inter-alia, modelled on the following factors:

- Accountability towards shareholders;
- Critical review of business strategy;
- Conducive environment for candid communication and rigorous decision making;
- Board's ability to demand and foster higher performance;
- Business Continuity preparedness;
- Skill Set and mix thereof among Board members;
- Flow of information so as to enable informed
- Manner in which formal performance evaluation of the opinions by the Directors;

Adequacy of meetings of directors in terms of frequency as well as the time dedicated for discussions and deliberations.

The peer review checklist encouraged the Directors to share their feedback, suggestions and opinions frankly which were then collated and submitted to each of the directors for noting, information and requisite future action, as deemed fit.

On the same lines, review of committees of Board of Directors was also conducted based on pre-defined comprehensive checklist(s) covering evaluation criteria(s), inter-alia, modelled on the following factors:

- Contribution, control and counselling by the Committee on various matters;
- Qualitative comments/ inputs;
- Deficiencies observed, if any;
- Qualification of members constituting the Committee;
- Attendance of Committee members in the respective meetings;
- Frequency of meetings. In addition, the Chairman was also evaluated on the key aspects of his role.

The findings of this exercise were also placed before the Nomination and Remuneration Committee and the Board for review, evaluation and noting.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive director and non-executive directors. The same was discussed in the subsequent Board Meeting that followed the Meeting of Independent Directors.

It is intended to continue with this practice going forward and explore to enhance the scope of this exercise, if and as deemed fit.

13. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has in place a detailed Nomination and Remuneration Policy, which is also available on the website of the Company dealing with related matters. The Familiarisation

program is undertaken as and when there is a new induction on the Board of the Company, which, inter-alia, covers the following:

- a) Introduction and meeting with other Directors on the Board and the Senior Management;
- b) Brief introduction about the business of the Company;
- c) Roles and responsibilities of directors;
- d) Extant Committees of Board of Directors;
- e) Meetings of Board and Committees, venue, generic dates and timings when such meetings are generally held and the Annual General Meeting of shareholders of the Company;
- f) The Codes of Conduct which are in place and applicable to the Directors;
- g) Remuneration payable to Directors pursuant to Shareholders approval to that effect;
- h) Liability Insurances taken by the Company to cover directors;

Further the Directors have access to Management to seek any additional information, clarification and details as may be required.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013 and other applicable rules and regulations, the Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts for the Financial Year 2014-15, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) 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 as at March 31, 2015 and of the profit or loss of the Company for the year ended on that date;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. NO. OF MEETINGS OF THE BOARD

During the Financial Year 2014-15, 4 (four) Board Meetings were held.

17. NOMINATION AND REMUNERATION POLICY

In terms of Section 178 of the Companies Act, 2013 and the

16. AUDIT COMMITTEE

Composition of Audit Committee:

There were no such instances wherein the recommendations of the Audit Committee were rejected by the Board of Directors.

Name of the Director	Position in Audit committee	No. of committee meetings attended
Dr K. Balasubramani	Chairman	4
Mr Bobichen Jacob Thomas	Member	4
Pradeep Viswambharan	Member	4

Listing Agreement, entered into by the Company with Stock Exchanges, as amended from time to time, the policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company had been formulated by the Nomination and Remuneration Committee of the Company. The policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

18. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

Pursuant to the provisions of the Companies Act, 2013 and Listing Agreement, the Company has in place Whistle Blower Policy to encourage all employees or any other person dealing with the Company to disclose any wrongdoing that may adversely impact the Company, the Company's customers, shareholders, employees, investors, or the public at large. This policy, inter-alia, also sets forth (i) procedures for reporting of questionable auditing, accounting, internal control and unjust enrichment matters and (ii) an investigative process of reported acts of wrongdoing and retaliation from employees, inter-alia, on a confidential and anonymous basis.

19. SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013, and Rules thereunder, a Secretarial Audit Report for the FY 2014-15 in Form MR 3 given by JBP & Associates, Company Secretaries in practice is attached as Annexure with this report.

20. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required, inter-alia, under Section 134(3)(m) of the Companies Act, 2013, is given in the Annexure forming part of this report.

The framework is periodically reviewed by senior management persons to ensure that the risks are identified, managed and mitigated. The same is also periodically reported to the Audit Committee and the Board of Directors.

21. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013