



Truly Global

NINETEENTH ANNUAL REPORT 2009 - 10

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VISION AND MISSION

Vision

To become the Partner of Choice for Integrated Practice Management and Revenue Management Solutions for Physicians and Healthcare Providers by providing cutting edge technology backed by immaculate service delivery network that follows the Sun

Mission

A seamless integration of state of the art technology into a single source Clinical Data Management, Billing and Receivable Management Solutions and acquire clients on Software As A Service model. Provide Total Customer Satisfaction through simple yet powerful tools



TRULY GLOBAL



Accentia has gone a long way from being a single location, single service firm to a multi location, diversified Knowledge Process Outsourcing Company, operating from multiple locations in India, USA, UK and the Middle East. Not resting at being the fastest growing Healthcare Receivables Cycle Management Company, we have now ventured into Legal Process Outsourcing, Data Process Outsourcing and high end software services delivery, besides offering Software As A Service model in the healthcare outsourcing area.

In 1998-1999 when the units in Trivandrum and Bangalore were started, Medical Transcription was a little known industry. In the decade that followed, Accentia ventured into Coding, Billing and Collections in HRCM, and is now looking to capitalise on the huge opportunities that can open up for Healthcare BPOs once US President Barack Obama's new health insurance initiative becomes effective.

Today Accentia is a Truly Global Company with thousands of talented professionals and operations in Trivandrum, Kadakkal, Perinad, Kochi, Bangalore, Hyderabad, Bhubaneswar, Kolkata and Chandigarh in India; Fort Lauderdale, Portland, Oregon, Chicago and New Jersey in the US, London in the UK and Raz Al Khaima in the Middle East.

MESSAGE FROM THE CEO

Dear Shareholders,

I am happy to present before you a brief note on the accomplishments of your Company on yet another successful year.

For the year ended 31.03.2010, Accentia recorded revenues of Rs 26,572 lakhs over Rs 23,601 lakhs recorded last year, a growth of 12.59%. Net profit increased from Rs 72.07 lakhs last year to Rs 72.53 lakhs this fiscal. EPS is Rs 53.79 against Rs 55.35 last year.

This year too I had the privilege of meeting some of the shareholders of the Company, and had meaningful discussions over phone with quite a few others.

FY 2007-2008 was a testing year for the economy due to the rising crude prices, fear of recession in the US, high inflation in India etc and in FY 2008-2009, the world witnessed a severe economic recession. Being in the healthcare segment, your Company did not experience the full impact of negative financial repercussions that many other companies in almost all industries experienced. As in the previous years, your Company met the targets and financial projections set by the Management and has drawn up ambitious plans to diversify into yet another challenging area in Knowledge Process Outsourcing services – Legal Process Outsourcing. As mentioned during my address last year, we are moving from being a BPO Company focussed on the healthcare space to a Company with business presence in multiple areas of KPO.

It is also my pleasure to inform you that the Board of Directors have recommended a total dividend of 30% this year.

After a very productive stint, Dr Vivek Hebbar resigned from the Board of Accentia Technologies due to his preoccupations. I extend my sincere thanks to Dr Hebbar for his valuable contributions during his tenure. I also welcome on board our new member Mr Ravi Sankar.

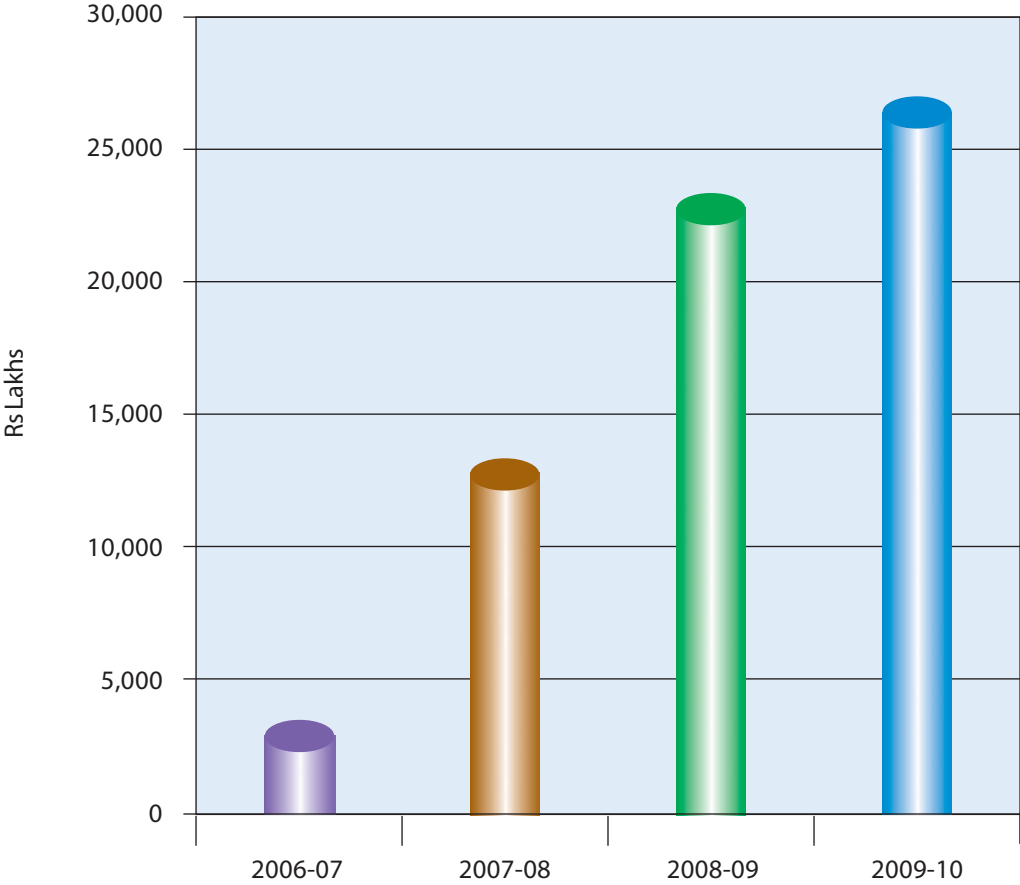
My top management team has shared my dream of building the best and the biggest HRCM Company in India and supported me in this continuing endeavour. The success of the Company could not have been achieved without the whole hearted support and hard work put in by the employees. I take this opportunity to thank all the employees of the Company, whose dedication and confidence in the management has contributed to this success. 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.

Pradeep Viswambharan

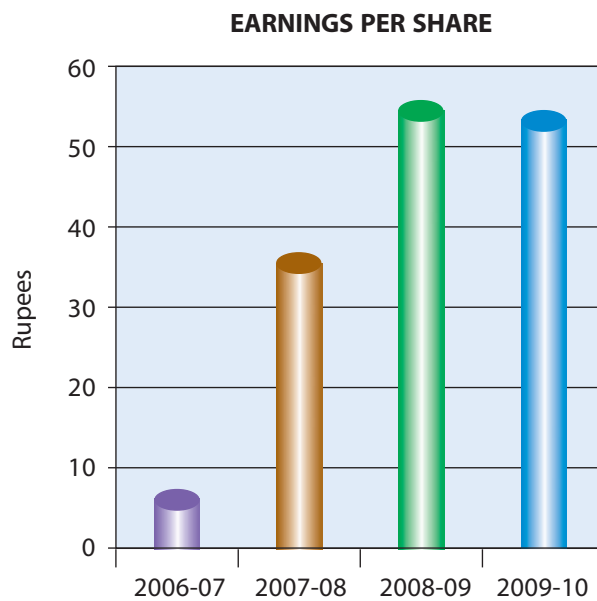
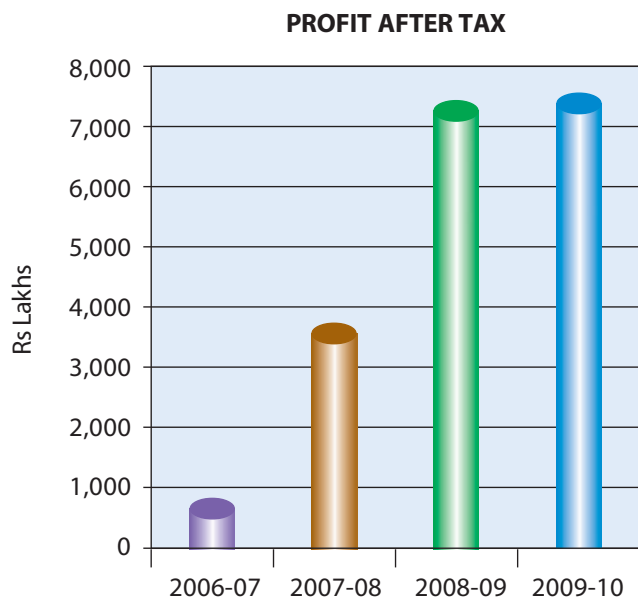
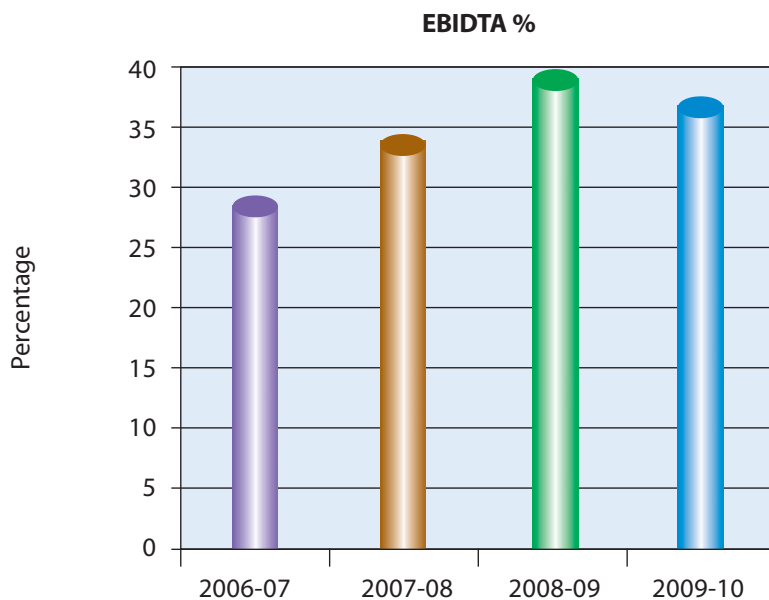
Managing Director & Chief Executive Officer

FINANCIAL OVERVIEW

INCOME FROM OPERATIONS

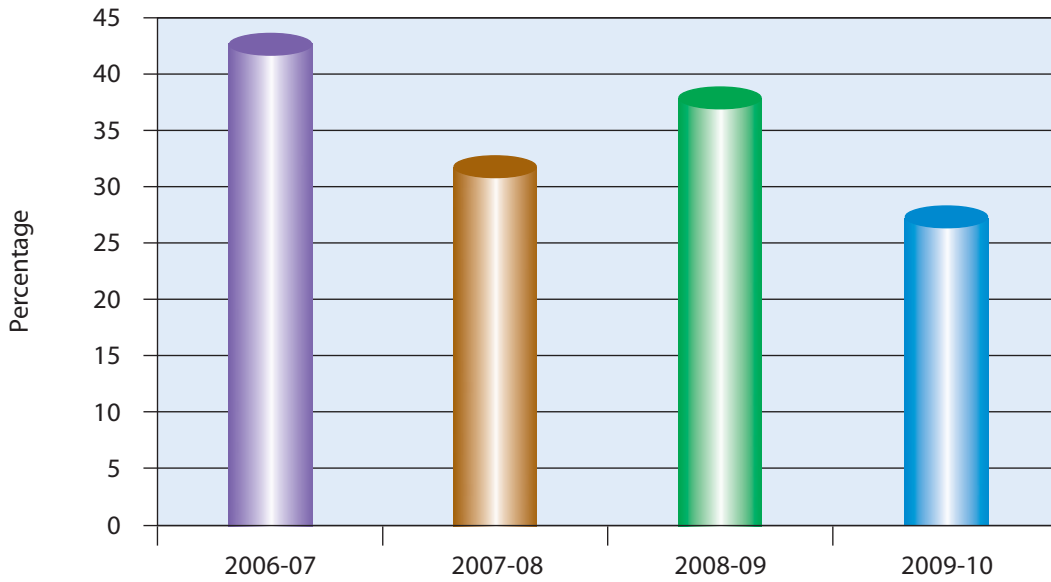


FINANCIAL OVERVIEW

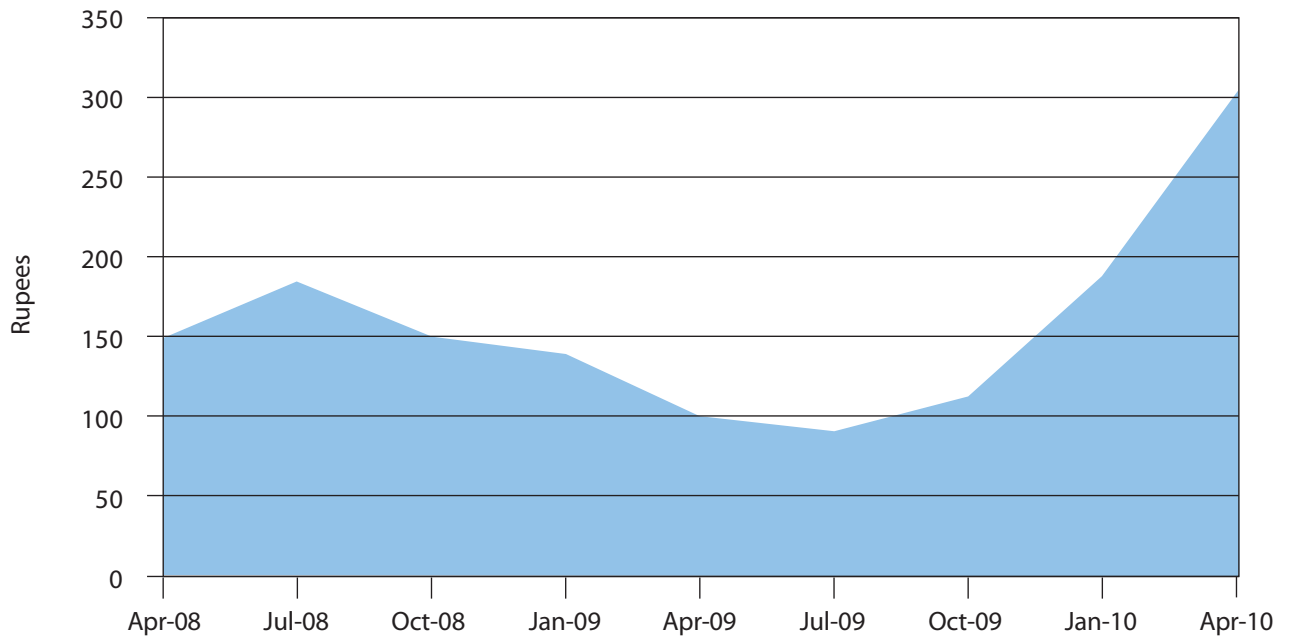


FINANCIAL OVERVIEW

RETURN ON CAPITAL EMPLOYED



SHARE PRICE MOVEMENT ON BSE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Pradeep Viswambharan

Managing Director & Chief Executive Officer

Mr Sooraj C. K.

Director, Operations & HR

Mr Ravi Sankar

Director, Corporate Planning

Mr S. M. Parande

Independent Director

A B.Sc. Gold Medalist, M.Sc. Dakshina Fellow and first in the university, LLB first class first, LL.M. (Commercial Law) first in the university, CAIIB, AIB. (London), Diploma in German Language, Certificate in French Language.

Started his career with State Bank of India as a Management trainee, later as Executive Director of SBI Capital Markets Ltd and was responsible for setting up the SBI Mutual Fund, the first Mutual Fund set up in the country (aside from UTI). Successfully launched an offshore fund of over US \$ 250 Million in collaboration with Morgan Stanley and secured mandate for and managed a convertible bond fund of US \$ 50 Million by Asian Development Bank, Manila.

Later he became the Managing Director of State Bank of Hyderabad with over 750 branches all over the country and over 15,000 employees. After moving out of State Bank of India he was associated with three major business groups in the country, Hinduja, Mittals and the Mafatlals in key roles helping them in financial restructuring and diversification plans

Company Secretary

ABP & Associates, Company Secretaries

Auditors

Durgesh Kabra & Co., Chartered Accountants

Internal Auditors

Murali & Sumeet, Chartered Accountants

Bankers

Exim Bank, ICICI Bank, Axis Bank, Federal Bank, Dhanalakshmi Bank, Citi Bank NA, London, ICICI Bank, Hong Kong

Mr G. K. Misra

Independent Director

Mr GK Misra is a finance professional with over 18 years' experience in Commercial/Development Banking. After a four year stint in State Bank of India (Probationary Officer), GK worked with IDBI for over 14 years. He has handled the entire gamut of commercial/development banking. Prior to joining SBI, he worked with CARE India - a USA based not-for-profit organization associated with United States Agency for International Development (USAID).

Currently, Mr. Misra is the promoter director of Samadhan Services & Projects Pvt. Ltd. Samadhan is a financial services provider offering debt syndication, equity raising, mergers & acquisitions and turn-around management, to its clients.

Mr Kabir Kewalramani

Nominee Director

Kabir Kewalramani is the Managing Director of Berggruen Holdings India (Berggruen). Berggruen was founded in June 1984 and has offices in the USA, Europe and Asia.

Prior to this, he was the CEO of RDC Concrete India Ltd. RDC was previously financially strained and needed a complete financial and operational restructuring. Kabir orchestrated a complete and smooth change in the top and middle management of the company, divested non-core assets, restructured the debt, simultaneously raised fresh capital from financial institutions and eventually led a management buyout of RDC Concrete. Currently, RDC is one of the leading ready mix concrete companies in India and employs in excess of 800 people.

Prior to joining RDC, Kabir was working with Crosby Capital Partners where he spent his time between the private equity and investment banking groups. Based in Hong Kong and Singapore, he was involved in investments, high profile mergers & acquisitions, restructurings and debt and equity fund raisings across Singapore, India, Indonesia, Thailand, Australia, Korea and Hong Kong.

Prior to Crosby Capital Partners, Kabir worked with JP Morgan Partners on the private equity group in India where he was involved in some of the most high profile private equity investments in India such as HDFC Bank, Dominos Pizza, Gujarat Glass, Bhukhanvala Diamond Tools, eCapital Solutions etc.

Registered Office

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

Registrar & Transfer Agent

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

CORPORATE INFORMATION

FACILITIES

Trivandrum

Unit I

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

Unit II

C – 4, "TEJASWINI"
Technopark Campus
Trivandrum, Kerala 695 581

Cochin

Unit I

Near South Overbridge
Valanjambalam
Cochin 682 016

Unit II

No. 6, Leela Infopark
Infopark Campus, Kakkanad
Kochi 682 030

Kadakkal

Technolodges
Bus Stand Complex
Kadakkal P.O. Kollam 691 536

Perinad

Technolodges
Perinad, Kollam 691 536

Bangalore

3rd Floor, MKB Towers
3802/B, 7th Main
HAL 2nd Stage
Bangalore 560 038

Bhubaneswar

Unit I

STPI Complex
Fortune towers
Chandrasekharapur
Bhubaneswar 751 023

Unit II

Infocity Campus
Chandrasekharapur
Bhubaneswar 751 016

Kolkata

Bidhan Sarani
Besides Mitra Cinema
Kolkata 700 004

Chandigarh

Phase 7
Mohali, Punjab 160 059

Hyderabad

Unit I

4th Floor
Babu Khan Mall, Somajiguda
Hyderabad 500 016

Unit II

Rajanigandha Extension
Chaitanyapuri, Dilsukhnagar
Hyderabad 500 035

Unit III

Bhagyanagar Colony
Kukatpally, Hyderabad 500 072

Unit IV

3rd Floor, Swathi Plaza
Somajiguda
Hyderabad 500 082

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 Legal Private Limited
4th Floor, 3802/B,
7th Main, H A L 2nd Stage
Bangalore 560 038

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

UK

8 The Square, Stockley Park
Uxbridge UB11 1FW,
United Kingdom

UAE

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

KEY MANAGEMENT PERSONNEL

ACCENTIA MANAGEMENT TEAM

Pradeep Viswambharan

Managing Director & Chief Executive Officer



A chemical engineer by training, Pradeep Viswambharan worked in Hindustan Organic Chemicals in Hyderabad and left in the year 1996 to pursue his Masters in Business Management from T A Pai Management Institute, Manipal. In 1998, he launched one of the pioneering ITES projects in the country by founding Geosoft Technologies in Technopark, Trivandrum, which metamorphosed into Accentia Technologies Ltd in 2006. As Founder-CEO he spearheads the success story of

Accentia, one of the world's largest HRCM Companies, spread across three continents and ten cities, with several offices and thousands of employees.

Sooraj C.K.

Director - Operations & HR



A mechanical engineer by profession and an MBA from Symbiosis in Human Resources Management, Sooraj served Hindustan Latex Ltd as Quality Engineer before joining hands with Pradeep Viswambharan and V. S. Rajeev to launch Geosoft and later Iridium, both of which eventually merged with Accentia. Sooraj oversees the entire operations of the

Company from its corporate office in Technopark. As Director-HR, he is in charge of overseeing the global HR activities of Accentia Group

Ravi Sankar

Director – Corporate Planning



A mechanical engineer by profession, he had worked with the BPL Group in materials and production management. He served as the Managing Director and CEO of Asscent Infoserve Private Limited since 1998, which became a subsidiary of Accentia in 2006. He is presently in charge of Corporate Strategic Planning of the Accentia Group including inorganic growth

both in India and overseas.

Ronald Jacobson

Head - Chiropractic Billing & Collections Operations



Ronald Jacobson is a graduate of Florida International University. Ronald received a double major in Business and Psychology. He later went on to receive his Masters degree in Industrial and Organizational Psychology. Ron was one of the original founders of GSR Systems, Inc. Ten years later along with Herb Cane, Ron formed GSR Physician's Billing Service. As its CEO, he is the architect behind the growth and success of the company.

KEY MANAGEMENT PERSONNEL

ACCENTIA MANAGEMENT TEAM

Jorge Perez

Head – Electronic Health Records



An experienced entrepreneur, he founded the MedX Group Corporation in 2009 with the vision of becoming a healthcare information technology leader, focused on eliminating the waste and inefficiency in the healthcare industry today. Previously, he was Vice President of APB, a software technology and service revenue cycle management company in the healthcare industry. He is the lead inventor of many Accounts Receivable Management methodologies used today in the industry. Jorge is also an active member of the state of Florida Medicare Part B Provider Outreach and Education Advisory Group (POE-AG) since 2001. A highly accomplished operations and marketing professional, Jorge combines

numerous healthcare and insurance industry credentials with proven experience in guiding IT, marketing, and client service divisions.

Jereen Mathew

Vice President – Operations & HR



Jereen Mathew pursued his management education from S P Jain Institute of Management after completing his engineering in computer science and gaining work experience in the service industry. He worked as the Service Delivery Manager of the British Council, Dubai before moving back to India to join Accentia in 2007. He

overlooks the operations and human resources management of all the production centers, working closely with all partners and Accentia US entities. Jereen plays a key role in Accentia being branded as a quality partner for ITES solutions with a global delivery model.

Murali Krishna

Head Finance, Projects



Murali is a Chartered Accountant with 15 years' experience in various industries. His responsibilities include analysis of new projects and ventures and he is a key player in Accentia's inorganic growth strategy team. He was involved in all the mergers and acquisitions taken up by Accentia in the past few years. He is also

continuously involved in the cost reduction strategies adopted by Accentia at its various centres.

Scott Schram

Head Operations - West Zone



Mr. Scott has been with DenMed for 15 years. Scott coordinates all computer hardware and software support for DenMed. Mr. Scott has a degree in Computer Science and is knowledgeable in Microsoft and Novell network engineering. He is a certified Workmen's Compensation Claims Examiner. Mr. Scott has many years of experience as a Human Resources Manager in Idaho and Oregon. Scott is our lead business manager with all administrative staff reporting to him.

KEY MANAGEMENT PERSONNEL

ACCENTIA MANAGEMENT TEAM

V.S. Rajeev

Sr. Vice President – Administration



With quiet efficiency as the hallmark of his nature, V. S. Rajeev is a Mechanical Engineer. He was one of the founding members of erstwhile Geosoft Technologies, and he has vast experience in managing complex, multi-locational administrative functions. He was instrumental in successfully implementing the Company's inorganic growth in the past few years.

Herb Cane

Sr. Vice President – Sales, Central Zone



Herb Cane is a graduate of Brooklyn College. Herb began teaching his coding techniques on a national level. In 1996, Herb joined forces with Gary, Steven, and Ron Jacobson of GSR Systems Inc. Together they created GSR Physician's Billing

Service. Using his billing and coding knowledge as well as his sales and marketing experience, Herb has spent the last twelve years selling and training doctors on billing and collections.

Mary Facarazzo

Head - Billing & Data Processing



Mary Facarazzo is working with GSR Systems Inc. since 1987. Mary's job functions include, technical support to clients, supervision of the posting department, reviewing payments from insurance carriers when there is a discrepancy, printing insurance claims to insurance companies that are not sent electronically, and following-up with clients when problems arise.

Gary Jacobs

Chief Software Architect - Billing & Coding



Dr. Gary Jacobs received his bachelor's degree from Brooklyn College in 1971 where he graduated Cum Laude. He went on to study Chiropractic at Life University in Atlanta Georgia where he graduated Summa Cum Laude with a D.C. degree. In 1985, Gary designed a billing software program for his own office and, after requests from friends and colleagues to obtain a copy, began selling it to local physicians. In addition to his programming and executive position with G.S.R. Systems Inc., Dr. Jacobs is also in charge of the IT department at PBS where he oversees the design and implementation of the company's billing software, hardware, client/server applications and the technical support for clients and staff. He continues to work with his programming department to maintain the relevance of both company's software in the changing Healthcare Industry and the advancement of G.S.R.'s software with innovations to keep it ahead of its competitors.

KEY MANAGEMENT PERSONNEL

ACCENTIA MANAGEMENT TEAM

T. K. Velayudham

Sr. Vice President - New Initiatives



An Electronics and Telecommunication Engineering graduate with more than 26 years of experience behind him, he started his career with a State Government Electronics Development Corporation and then set up the CAD Design group for the country's largest Cable TV operations. Later he moved on to Terumo Penpol (Terumo Corporation Japan is the world's largest Pharmaceuticals disposables manufacturing company) and set up a division for development and manufacturing of electronic equipment required for blood collection and storage. Later he promoted a company in Technopark, Trivandrum and before joining Accentia he has promoted a joint venture with a Japanese company for developing Software for Industrial Automation equipment.

T K Velayudham is responsible for Business Development and New Business Initiatives of the Company in the Middle East.

Cindy Boerum

Vice President – HRCM, North America



Cindy Boerum has over 27 years of senior executive experience in leading healthcare organizations in the US. Cindy is tasked with strategically positioning Accentia to be the leader of the Healthcare BPO service industry. Prior to joining Accentia, Cindy spent 3 years with Opus Healthcare in Austin TX, positioning them for acquisition. Prior to that she

spent 15 years with McKesson as an Executive Vice President.

Cindy's healthcare background has equipped her with the knowledge of the healthcare vertical and its need for improved patient care, and she is also thorough with all aspects of off shoring a very sensitive service like healthcare services.

Vincent Ellis

Vice President – Business Development, Technology Solutions



Joining Centriq in 2008 after a two successful years at Centriq's sister company Tactiq, where he has been responsible for implementing an ambitious marketing and commercial strategy resulting in substantial growth. Prior to joining Tactiq, Vince held senior commercial and business development positions

at Lear Corporation, Air International and Sanden with over 13 years experience in international automotive business management. He has a B Engineering from Brunel University and an MBA from Oxford Brooks University.

Balachander Fenn

Vice President - Offshore Strategies



Balachander Fenn, after 15 years of emigrant life in the United States in various senior management positions, returned to India in 2007 and joined Accentia as Vice President - Offshore Strategies. It coincided with the Company's decision to pursue the inorganic route of growth which has led to the takeover of over a half dozen companies, making Accentia one of the largest HRCM operators globally. Besides a Bachelor's degree from Kerala University, Fenn received his Bachelors degree in Business Administration from California State University. He also holds an MBA from The University of Missouri, USA with a double major, one in Finance and the other in Management Information Systems. He has been the main driver behind the

identification of potential target companies for acquisition in overseas markets.

KEY MANAGEMENT PERSONNEL

ACCENTIA MANAGEMENT TEAM

Allen Velani

Head of Technology, Europe and North America



A co-founder of Centriq in 1996, Allen has been responsible for shaping Centriq's successful IT and operations strategy and has been instrumental in building the business teams and offerings. Prior to founding Centriq, Allen worked for GE Healthcare and Schlumberger and has 13 years experience designing leading edge products in the healthcare and power generation markets with a particular specialism in user interface design.

He has a BSc in Computer Science and an MSc in Cognitive Science from the University of Manchester.

Santhosh K. Pillai

General Manager, Operations



Santhosh Kumar Pillai, one of the senior-most members of Team Accentia, having joined the company in 1999, symbolizes the phenomenal career growth possible for a hard-working Accentian. Operating closely with the top management team and sharing their anxieties and moments of joy, Santhosh rose in stature to become

GM in 2007, was assigned to oversee the integration of the subsidiaries in India.

Patricia R. Burkett

Head of Collections Division, US



Patty Burkett began her career at GSRPBS in 1997. In 2002, Patty was promoted from collector to supervisor. Her functions for the past six years include supervision of collectors including their work, giving them their assignments, overlooking reports, and working with client offices to resolve collection issues. Patty is also the go-

between for the collectors with management and overlooking billing and collection work done in India.

Steve Jacob

Vice President – Sales, South East



Dr. Steven Jacob earned his Bachelors degree from Florida Atlantic University in Boca Raton, Florida. In 1977, he enrolled in Life Chiropractic College in Marietta, Georgia, where he graduated with high honors, Summa Cum Laude. He earned his Doctor of Chiropractic degree in 1980, having already received his diplomate from the National Board of Chiropractic Examiners. Dr. Jacob practiced chiropractic medicine in Florida from 1981-1986. In 1985, he co-founded GSR Systems, Inc. Having sold hundreds of software packages to physicians across the country, Dr. Jacob retired from private practice to concentrate on his clients, as well as GSRPBS.

Today Dr. Jacob handles sales and customer relations for many of the clients the company services, as well as helping to bring on new clients.

KEY MANAGEMENT PERSONNEL

ACCENTIA MANAGEMENT TEAM

Alan Johnson

Head of Research & Development



A co-founder of Tactiq, Alan Johnson's engineering leadership and outstanding technical guidance to the teams has resulted in a number of "World Firsts" for clients. Prior to founding Tactiq, AJ worked in a number of senior engineering positions in GE Healthcare and has almost 25 years experience developing demanding embedded systems and leading international teams. He has a BA and MA in

Mathematics & Physics, Cambridge University and is a member of the IET, SAE and IPEM.

Debra Kay

VP - Marketing & Client Relations Manager - West Zone



Mrs. Kay was one of the founders of DenMed and is in charge of marketing and contract negotiations. Mrs. Kay has over 30 years of hands-on medical transcription and medical-related business management experience in both the front and back office settings.

Dr. Art Levine

Chief Compliance Officer, US



Dr. Art Levine is a chiropractic physician. He has been with GSR Physician's Billing Service since 2001. Dr. Levine is on the board of directors of the Florida Chiropractic Association. Dr. Art Levine is recognized throughout the state of Florida for his work with the Florida Chiropractic Association. Dr. Levine will also become the President of the Florida Chiropractic

Association in 2010. Along with being our compliance officer, Dr. Levine is an expert on coding and documentation.

Steve Birk

Vice President - Sales & Strategic Alliances



Stephen Birk pursued a career in sales after graduating from college with a degree in Electronic Technology. His distinguished record of achievement includes 20 years of healthcare technology sales at Dictaphone Corporation where he was responsible for Voice Processing System sales to hospitals, clinics and physician offices in western United States. Steve's present responsibilities include expanding Accentia brand name recognition and market share in USA hospitals, clinics, and physician offices, with a primary focus on outsource transcription services utilizing a

hybrid-labor solution of Indian and US services to guarantee quality and reduce cost. He will also be instrumental in the expansion of EMR and coding solutions plans.

KEY MANAGEMENT PERSONNEL

ACCENTIA MANAGEMENT TEAM

Ruchir Verma

Head - Legal Process Outsourcing



Ruchir is a Bachelor of Engineering, an MBA in Strategy and Finance from Imperial College, London and has an LLM in Corporate Finance Law from University of Westminster London. He is amongst a handful of people with the unique education and experience of Legal Sector, Business Operations, Offshoring, Outsourcing and Entrepreneurship. He has worked for large IT / consulting multinationals such as HCL Technologies and Avanade (Accenture, Microsoft JV), Media and Financial product leader Thomson Reuters, and has run his own company in

the past. His geographical footprint of work location includes countries in Asia (India, China, Indonesia, Taiwan, Singapore), Europe (UK, Italy, Ireland, Netherlands, France), and USA (New York, Seattle).

Rajani Jagarlamudi

Sr. Vice President - SME Marketing, USA



Rajani earned her Bachelor of Science degree from Madras University. She has been living in the US since 1978, where she went on to pursue her education in subjects like Psychology, Healthcare Billing, and Medical Assisting in Milwaukee and received a CMA. She worked in a Milwaukee clinic between 1992 and 1994 as CMA and

as Billing Manager with a private office in Chicago. Joined Oak Technologies Inc. in 2001 and is currently concentrating on SME Marketing for Accentia with emphasis on customer and technical support.

Vicki Kibbey

Sr. Manager - Human Resources & Administration



Vicki has been with DenMed for three and a half years. Her professional working relationship with us, however, has spanned over 25 years. Vicki is a Registered Health Information Technologist (RHIT) and a certified coder. Vicki has managed medical record departments in hospitals and clinics across Oregon. She is a valued key member of

theadministrative team and handles the Human Resources side of the Company.

Ricardo J P

Head - Medical Coding



Ricardo is a graduate of Business Administration-Management program at the University of Miami, and was a member of the senior management team at MedX. He has the uncanny ability to quickly trouble shoot any potential areas of concern at the practice level. Moreover, Ricardo has a proactive approach in dealing with potential pitfalls before they become a concern.

As one of the founders of APB and MedX Group, Ricardo brings 19 years of experience as a health care support manager. He utilizes his medical billing administrative knowledge to ensure that the daily operations are maintained with the highest level of efficiency and optimal quality.

FACILITIES



ACCENTIA'S UNIT I, TECHNOPARK, TRIVANDRUM



ACCENTIA UNIT I, OREGON, USA



BUILDING HOUSING ACCENTIA'S OFFICE IN UAE



BUILDING HOUSING ACCENTIA'S OFFICE, LONDON



AERIAL VIEW OF REGISTERED OFFICE AT CBD BELAPUR, NEW MUMBAI

FACILITIES



BUILDING HOUSING ACCENTIA'S UNIT I, HYDERABAD



BUILDING HOUSING ACCENTIA'S UNIT I, BHUBANESWAR



ACCENTIA UNIT I, BANGALORE



BUILDING HOUSING ACCENTIA'S REGISTERED OFFICE IN MUMBAI



ACCENTIA'S UNIT II, TECHNOPARK, TRIVANDRUM



ACCENTIA UNIT I, FT. LAUDERDALE, USA

FACILITIES



BUILDING HOUSING ACCENTIA UNIT I, TRIVANDRUM



ACCENTIA'S OFFICE, HYDERABAD



EMPLOYEE TRANSPORT FACILITY



ACCENTIA'S OFFICE IN LAUDERHILL, USA



ACCENTIA UNIT II, TRIVANDRUM



ACCENTIA'S UNIT II, BHUBANESWAR

TEAM ACCENTIA



ACCENTIA UNIT I, TRIVANDRUM



ACCENTIA UNIT I, HYDERABAD



ACCENTIA BHUBANESWAR



ACCENTIA KOCHI



ACCENTIA BANGALORE



ACCENTIA UNIT II, TRIVANDRUM

TEAM ACCENTIA



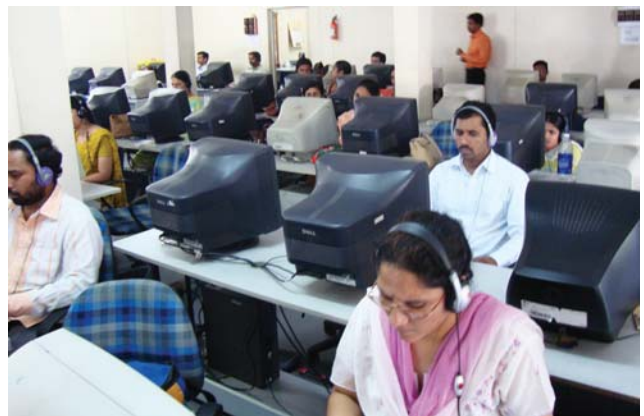
ACCENTIA UNIT II, HYDERABAD



ACCENTIA CHANDIGARH



ACCENTIA KOLKATA



ACCENTIA UNIT III, HYDERABAD



ACCENTIA, LAUDERHILL, USA



ACCENTIA, LONDON, UK

TEAM ACCENTIA



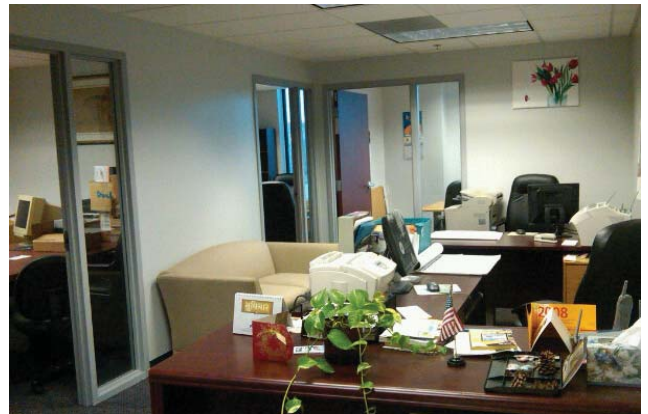
ACCENTIA TEAM, OREGON, USA



ACCENTIA OFFICE, LONDON, UK



ACCENTIA, OREGON, USA



ACCENTIA, NEW JERSEY



ACCENTIA, FLORIDA, USA



ACCENTIA BILLING & COLLECTIONS TEAM, USA

ACCENTIA'S TRAINING CENTRES



TRAINING FACILITY, HYDERABAD



TRAINING FACILITY, KOCHI



TRAINING FACILITY, TRIVANDRUM



TRAINING FACILITY, TRIVANDRUM



TRAINING FACILITY, KOLKATA



TRAINING FACILITY, HYDERABAD

FUN AND FROLIC AT ACCENTIA



Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report together with the Audited Statement of Accounts and the Auditor's Report of your Company for the year ended 31st March 2010. The report covers all major events till the date of this report.

A. Performance of the Company.

The Company is carrying out the operational activities of the Company in a better manner and during the Financial year 2009-10 total turnover of the Company is Rs 26,572 lakhs.

Financial Results (Stand Alone)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
Total Income	940,908,699	801,562,509
Less : Total Expenditure	678,194,958	548,891,901
Profit before Tax and exceptional items	262,713,741	252,670,608
Less: exceptional items	428,534	428,534
Profit before tax	262,285,207	252,242,074
Less : Provision for Tax	63,746,504	38,071,722
Profit after Tax	198,538,703	214,170,352

Financial Results (Consolidated)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
Total Income	2,657,159,488	2,360,235,121
Less : Total Expenditure	1,777,622,050	1,514,994,874
Profit before Tax and exceptional items	879,537,438	845,240,247
Less: exceptional items	428,534	428,534
Profit before tax	879,108,904	844,811,713
Less : Provision for Tax	153,778,522	124,126,864
Profit After tax	725,330,382	720,684,849

Dividend

Your Directors are pleased to recommend a Dividend @ 30% on the Paid up Equity Share Capital of the Company in respect of the financial year 2009-10. The total outgo on account of dividend, inclusive of dividend tax is Rs 51,352,601.

B. Share Capital.

As on date of this report the Authorized capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crore only) divided into 2,00,00,000/- 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.14,63,09,960/- (Rupees Fourteen Crore Sixty Three Lakhs Nine Thousand Nine Hundred and Sixty only) divided into 1,46,30,996 equity shares of Rs.10/- each.

C. Constitution of the Board.

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

Name of Directors	Designation	Date of Appointment
1. Pradeep Viswambharan	Managing Director & CEO	28.03.2006
2. Sooraj C.K.	Whole-time Director	22.03.2006
3. G. K. Misra	Independent Director	28.07.2006
4. S.M. Parande	Independent Director	28.07.2006
5. Kabir Kewalramani	Nominee Director	29.09.2008
6. Ravi Sankar	Executive Director	26.04.2010

During the financial year, Dr. Vivek Hebbar resigned from the Board of the Company and Mr. Ravi Sankar has joined the Board of the Company.

During the financial year, following Directors are liable to retire by rotation as per provisions of Section 255 of the Companies Act, 1956 and clause No 145 of the articles of association, and offers themselves for reappointment.

1. S. M. Parande
2. Kabir Kewalramani

D. Directors' Responsibility statement .

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement it is hereby declared that:

- i. in the preparation of the annual accounts for the financial year ended 31st March 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;

- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review;
- iii. 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;
- iv. the Directors had prepared the annual accounts on a going concern basis.

E. 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 Discussion and Analysis as required under clause 49 of the Listing Agreement forms part of this report.

F. Auditors

M/s. DMKH & Co, Chartered Accountants, 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.

G. 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.

H. Fixed deposits:

Your Company has not accepted any public deposit 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.

I. 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. 2,00,000/- or more

per month or Rs.24, 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 .

J. 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 large-scale energy user, it acknowledges, the concept of conservation of energy.

K. Foreign Exchange Earnings & outgo.

The foreign exchange earning of the Company for the year is Rs. 927,621,875/- against Rs. 787,207,652/- of the previous year and the foreign exchange outgo of the Company for the year is Rs. 90,097,140/- against Rs. 86,443,623/- of the previous year.

L. Subsidiary companies:

As per Section 212 of the Companies Act 1956, the Company needs to attach Annual Accounts of its subsidiaries along with the holding Company's Annual Reports. But your Company could not attach the same as the accounting year followed by its foreign subsidiaries are different. The Company had filed application with the Ministry of Company Affairs for exemption from attaching the annual reports of the subsidiaries and the same was approved vide letter no. 47/671/2010-CL-III dated 18th August 2010. The annual accounts of the subsidiary Companies will be kept in the head office for inspection by any investor.

M. Acknowledgement

Your Directors place on record their gratitude to the Central and State Government, the Company's Bankers for the assistance, co-operation and encouragement they have extended to the company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Customers, Vendors and Employees in ensuring an excellent all around operational performance.

For and on behalf of the Board,

Pradeep Viswambharan	Sooraj C. K.	Ravi Sankar
<i>Managing Director & Chief Executive Officer</i>	<i>Director</i>	<i>Director</i>

Mumbai
September 6, 2010

CEO Certification

I, Pradeep Viswambaran, Managing Director and Chief Executive Officer of Accentia Technologies Limited, to the best of my knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account consolidated and unconsolidated and all its schedules and notes on accounts, as well as the cash flow statements, and the Directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the statement made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violate of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company's disclosure controls and procedures:
 - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions)
 - a) all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b) significant changes in internal controls during the year covered by this report;
 - c) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - d) instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity – based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
9. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Mumbai
September 6, 2010

Pradeep Viswambharan
Managing Director &
Chief Executive Officer

Corporate Governance Report

Corporate Governance is the relationship between various stakeholders involved and the goals for which the corporation is involved. It is a multi- faceted subject which helps to portray how the Company is directed, administered and controlled. In simple language, CG is defined as the general set of customs, regulations, habits, and laws that determine to what end a firm should be run

Corporate Governance helps in the accountability of certain individuals in the organization through mechanisms that try to reduce or eliminate the major set of issues. Efficient threads of discussions are focused on the impact of the Corporate Governance system in economic efficiency, with a strong emphasis on shareholders welfare.

Corporate governance philosophy is based on the following principles:

- Lay solid foundations for management and oversight by recognizing publishing respective roles and responsibilities of board and management
- Promote ethical and responsible decision making
- Systematically follow adequate code of conduct for employment practices, responsibilities to clients, individuals & community, legislation and monitoring compliance
- Safeguard integrity in financial reporting through independent verifications
- Recognize the legitimate interests of stakeholders

- Establish and manage a sound system of risk oversight & management and internal control

Your Company is following an expansion strategy through amalgamations, acquisition, mergers, joint ventures and wholly owned subsidiaries, where the practices adopted by your Company is visible and which in turn helps the Company towards achieving its corporate objectives. Corporate Governance practices have placed a very transparent procedure which helps your Company to review and evaluate the operations of the Company and to make necessary modifications in the course of action.

To be brief, the Company aims at the wealth maximization of the Company while upholding its social responsibility and being a model corporate citizen.

Board composition

The Board of Directors, a body of elected members who jointly oversees the activities of the Company, in order to maintain independency at all levels has an appropriate mix of executive and independent directors. The legal responsibilities of boards and board members vary with the nature of the organization, and with the jurisdiction within which it operates. The Board consists of 6 members, three of them are executive or full time directors, one is non executive director and two are independent directors. All the three executive directors of the Company are from the promoter group of the Company and the Company periodically evaluates the constitution of the Board to make it cope with the demands of the industry and believes that the current structure is appropriate and good considering the needs and operations of the Company and the environment in which the Company is being.

Composition of the Board, and Directorships held during fiscal 2010

Name of Director	Position	Relationship with other Directors	Directorships held as on March 31, 2010		Committee Membership	Chair person
			India Listed Companies*	All Companies around the world** (listed & unlisted)	In all Companies ***	In Committees***
Sooraj C. K.	Executive Director	None	NIL	3	2	NIL
Pradeep Viswambharan	Executive Director	None	NIL	10	NIL	NIL
G. K. Misra	Independent Director	None	NIL	1	1	1
S. M. Parande	Independent Director	None	NIL	8	3	1
Dr. Vivek Hebbar	Independent Director	None	1	1	3	1
Kabir Kewalramani	Nominee Director	None	NIL	5	NIL	NIL

* Excluding directorship in Accentia Technologies Limited

** Including Directorship in Accentia Technologies Limited and its subsidiaries

*** Including Chairmanships in Accentia Technologies Limited and its subsidiaries

Board definition of Independent Director

According to Clause 49 of the Listing Agreement with Bombay stock exchange, an independent director means, a person other than an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The term "Independent Director" is defined as a non-executive director of the Company who:

- apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its senior management or its holding Company, its subsidiaries and associated companies;
- is not related to promoters or management at the board level or at one level below the board;
- has not been an executive of the Company in the immediately preceding three financial years;
- is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the Company, and has not been a partner or an executive of any such firm for the last three years. This will also apply to legal firm(s) and consulting firm(s) that have a material association with the entity.
- is not a supplier, service provider or customer of the Company. This should include lessor-lessee type relationships also; and
- is not a substantial shareholder of the Company, i.e. owning two percent or more of the block of voting shares.

Board meetings

Scheduling and selection of agenda items for Board meetings

Dates for Board meetings in the ensuing year are decided in advance. Most Board meetings are held at our registered office. The Chairman of the Board and the Compliance officer draft the agenda for each meeting, along with explanatory notes in consultation with the lead independent director, and distribute these in advance to the directors. Every Board member is free to suggest items for inclusion on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the annual shareholders meeting. Additional meetings are held, when necessary. Eight Board meetings were held during the financial year on 27th April 2009, 03rd June 2009, 29th July 2009, 18th September 2009, 30th October 2009, 03rd December 2009, 25th January 2010 and 20th February 2010.

Number of Board meetings and the attendance of Directors during the fiscal 2009-10

	No. of Board meetings held	No. of Board meetings attended	Attendance at last AGM meetings
Sooraj C. K.	8	8	Yes
Pradeep Viswambharan	8	8	Yes
G. K. Misra	8	6	Yes
S. M. Parande	8	6	Yes
Vivek Hebbar	8	7	Yes
Kabir Kewalramani	8	5	No

Availability of information to the members of the Board

The Board has unfettered and complete access to any information within the Company and to any of our employees. At meetings of the Board, it welcomes the presence of managers who can provide additional insights into the items being discussed.

The information regularly supplied to the Board includes:

- Annual operating plans and budgets, capital budgets, and updates
- Quarterly results of our operating divisions or business segments
- Minutes of meetings of audit, compensation, nominations, investor grievance and investment committees, as well as abstracts of circular resolutions passed. Also, Board minutes of the subsidiary companies.
- General notice of interest.
- Dividend data
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of CFO and Company secretary.
- Materially important litigations, show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.
- Any materially relevant default in financial obligations to and by us or substantial non-payment for goods sold by us.
- Any issue that involves possible public or product liability claims of a substantial nature.
- Details of any joint venture, acquisitions of companies or collaboration agreement.
- Transactions that involve substantial payment toward goodwill, brand equity or intellectual property.

- Significant development on the human resources front.
- Sale of material nature, of investments, subsidiaries and assets, which are not in the normal course of business.
- Details of foreign exchange exposure and the steps taken by the management to limit risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

Independent Director's discussion

The Board policy is to regularly have separate meetings with independent directors to update them on all business-related issues and new initiatives so as to enable them to actively participate contribute fruitfully in the discussions in the Board meeting. In such meetings, the executive directors and other senior management personnel make presentations on relevant issues. These type of discussions helps in collecting unbiased decisions which will help in improving the benefits of the organization and for uplifting the outlook of the firm.

Materially significant related party transactions

There have been no materially significant related party transactions or relationships between us our directors' management, subsidiary or relatives except for those disclosed in the financial statement for the year ended 31st March, 2010.

Board Committees

Currently, the Board has three committees, the audit committee, the remuneration committee and the Shareholder's/ Investor's Grievance Committee.

The Chairperson of the Board in consultation with the Company Secretary and the committee chairman determine the frequency and duration of the committee meetings. Normally all the committees meet four times a year. The quorum for meetings is either two members or one-third of the members of the committee whichever is higher.

1. Audit Committee

An audit committee is an operating committee of the Board of Directors charged with oversight of financial reporting and disclosure. Committee members are drawn from members of the company's board of directors, with a Chairperson selected from among the committee members.

The Audit Committee is constituted as per provisions of Section 292A of the Companies Act, 1956 and the committee comprises 3 directors of the Board. They are:

Dr Vivek Hebbar*	Chairman
S.M. Parande	Member
Sooraj C.K.	Member

*Dr. Vivek Hebbar has resigned from the Board as on date. Mr. Sooraj C.K has been appointed in the committee in his place as member

Primary objective of the audit committee

The primary objective of the audit committee (the committee) of Accentia Technologies Limited (the Company) is to monitor and provide effective supervision of the management's financial reporting with a view to ensure accurate, timely and proper disclosures, and transparency, integrity and quality of financial reporting.

The committee oversees the work carried out in the financial reporting process by the management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each.

Responsibilities of the audit committee

- Provide an open avenue of communication between the independent auditor, internal auditor, and the Board of Directors (BoD).
- Meet at least four times every year, or more frequently as circumstances require. The audit committee may ask members of the management or others to attend meetings and provide pertinent information as necessary.
- Confirm and assure the independence of the independent auditor and objectivity of the internal auditor.
- Appoint, compensate and oversee the work of the independent auditor including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- Review and pre-approve all related party transactions in the Company. For this purpose, the committee may designate a member who shall be responsible for pre-approving related party transactions.
- Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
- Consider and review the following with the independent auditor and the management:
 - The adequacy of internal controls including computerized information system controls and security, and
 - Related findings and recommendations of the independent auditor and internal auditor, together with the management's responses.
- Conduct a post-audit review of the financial statements and audit findings, including any significant suggestions

- for improvements provided to the Management by the independent auditor.
- i. Review before release, the unedited quarterly operating results in the Company's quarterly earnings release.
 - j. Oversee compliance with the requirements of the SEC and SEBI, as the case may be, for disclosure of auditors' services and audit committee members, member qualifications and activities.
 - k. Review, approve and monitor the code of ethics that the Company plans for its senior financial officers.
 - l. Review management's monitoring of compliance with the Company's standards of business conduct and with the Foreign Corrupt Practices Act.
 - m. Review, in conjunction with the counsel, any legal matters that could have a significant impact on the Company's financial statements.
 - n. Oversee and review, at least annually, the Company's risk management policies, including its investment policies.
 - o. Review the Company's compliance with employee benefit plans.
 - p. Oversee and review the Company's policies regarding information technology and management information systems.
 - q. If necessary, institute special investigations with full access to all books, records, facilities and personnel of the Company.
 - r. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.
 - s. Review its known charter, structure, processes and membership requirements.
 - t. Provide a report in the Company's proxy statement in accordance with the rules and regulations of the SEC.
 - u. Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
 - v. Consider and review the following with the Management, internal auditor and the independent auditor:
 - Significant findings during the year, including the status of previous audit recommendations
 - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information, and

- Any changes required in the planned scope of the internal audit plan
- w. Report periodically to the BoD on significant results of the foregoing activities.

During the year the Committee has met 4 times.

Sl. No.	Date	Venue
1	March 27, 2009	Corporate office
2	July 29, 2009	Corporate office
3	December 27, 2009	Corporate office
4	January 25, 2010	Corporate office

2. Remuneration committee

The remuneration committee is established to ensure that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population.

Our remuneration committee comprises three independent directors. They are:

G. K. Misra	Chairman
S. M. Parande	Member
Dr Vivek Hebbar	Member

The purpose of the compensation committee of the board of directors (the board) shall be, to discharge the Board's responsibilities relating to compensation of the Company's executive directors and senior management. The committee has overall responsibility for approving and evaluating the Executive Directors' and senior managements' compensation plans, policies and programs.

During the year the Committee has met 4 times.

Sl. No.	Date	Venue
1	March 27, 2009	Corporate office
2	July 29, 2009	Corporate office
3	December 27, 2009	Corporate office
4	January 25, 2010	Corporate office

3. Shareholders/Investor grievance committee

The Committee specifically looks into redressing of investors' complaints with respect to transfer of shares, non-receipt of shares, non-receipt of declared dividends, etc. The Committee also provides continuous guidance to improve the service levels for investors.

Our investor grievance committee comprises of three directors. They are:

S. M. Parande	Chairman
Sooraj C. K.	Member
Dr Vivek Hebbar	Member

During the year the Committee has met 4 times.

Sl. No.	Date	Venue
1	March 27, 2009	Corporate office
2	July 29, 2009	Corporate office
3	December 27, 2009	Corporate office
4	January 25, 2010	Corporate office

Investor grievances and share transfer

We have a Board – level investor grievance committee to examine and redress shareholders' and investors' complaints. The status on complaints and share transfers is reported to the full Board. The details of shares transferred and the nature of complaints are provided in the Additional information to shareholders section of the Annual Report.

The share transfer committee of the Company will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with concerned intermediaries appointed for the purpose

Shares transacted in electronic form can be effected in a much simpler and faster manner. After confirmation of sale / purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need the separate communication to the Company to register the share transfer.

Details of non-compliance

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI or SEC, on any matters relating to the capital market over the last three years.

General Body Meetings

The general meetings are the place for shareholders to express their views and concerns and, at Accentia we respect their right and privilege to a great extent. The general meetings of the company are being conducted in a proper and transparent manner and the same has enhanced the image of the company among investor community in a larger manner.

General Body Meetings

Date, time and venue of the last three AGMs

FY ending	Date & Time	Venue
Mar 31, 2007	Dec 17, 2007 12.00 hrs IST	International Infotech Park, Mumbai
Mar 31, 2008	Sep 29, 2008 11:00 hrs IST	Hotel Days Inn, Mumbai
Mar 31, 2009	Dec 29, 2009 10:30 hrs IST	Celebrations Hotel, Mumbai

Whistle-blower policy

The purpose of the Whistleblower Policy is to enable a person who observes an unethical practice (whether or not a violation of law), to approach a senior personnel appointed to be reported to, without necessarily informing their supervisors and without revealing their identity, if they choose to do so. This policy governs reporting and investigation of allegations of suspected improper activities. Employees and others are encouraged to use guidance provided by this policy for reporting all allegations of suspected improper activities. In all instances, Accentia Technologies Limited retains the prerogative to determine when circumstances warrant an investigation and, in conformity with this policy and applicable laws and regulations, the appropriate investigative process to be employed. And the mechanism also provides a direct access to the Chairperson of the Audit Committee in exceptional cases taking into consideration the seriousness of the issue. We further affirm that no person has been denied the access to the Audit Committee during the fiscal, 2010.

Code of Conduct

This Code of Conduct (the "code") has been adopted by our Board of Directors and summarizes the standards that must guide our actions. While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather set forth key guiding principles that represents the Company's policies.

The Code of Conduct is defined as the principles, values, standards, or rules of behavior that guide the decisions, procedures and systems of an organization in a way that

- contributes to the welfare of its key stakeholders,
- respects the rights of all constituents affected by its operations.

The concept of code of conduct is to strive to foster a culture of honesty and accountability. The management is committed to the highest level of ethical conduct and the same is reflected in all of the Company's business activities

including, but not limited to relationships with employees, customers, suppliers, competitors, the government and the public and our shareholders. All the directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behaviour.

The board of directors recognizes that the management's actions are the foundation of the Company's reputation and adhering to this Code and applicable law is imperative.

Respect for our Employees

The real backbone and strength of Accentia is its employees. We have created an atmosphere of caring, open communications and candor by treating each other with respect. We place a great deal of emphasis on personal integrity and believe long term results are the best measure of the performance.

We respect individual differences in culture, ethnicity and color. Accentia is committed to equal opportunity in all aspect of employment for all employees and applicants without regard to race, color, religion, gender, sexual orientation, age, marital status, or any other status protected by federal, state or local Law. We are committed to providing a workplace free from all forms of discrimination, including sexual and other forms of harassment. We respect the right of individuals to achieve personal and professional balance in their lives.

National Interest

We shall be in all our business actions to benefit the economic development of the countries in which we operate and shall not engage in any activity that would adversely affect such objective. The Company shall not undertake any project or activity to the detriment of the nation's interest or those that will have any adverse impact on the social and cultural life patterns of its citizens. The Company shall conduct its affairs in accordance with the economic development and foreign policies, objectives and priorities of the Nation's government and strive to make a positive contribution to the achievement of such goals at the international, national or local level as appropriate.

Conflicts of Interest

Our employees, officers and Directors have an obligation to conduct themselves in an honest and ethical manner and act in the best interest of the Company. All employees, officers and Directors should endeavour to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when an employee, officer or Director takes an action or has an interest that

may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or Director (or his or her family members) receives improper personal benefits as a result of the employee's, officer's or Director's position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations which may constitute a conflict of interest:

1. Working, in any capacity, for a competitor, customer, supplier or other third party while employed by the Company.
2. Accepting gifts of more than modest value or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as result of your position in the Company from a competitor, customer or supplier.
3. Competing with the Company for the purchase or sale of property, products, services or other interests.
4. Having an interest in a transaction involving the Company, a competitor, customer or supplier (other than as an employee, officer or Director of the Company and not including routine investments in publicly traded companies).
5. Receiving a loan or guarantee of an obligation as a result of your position with the Company.
6. Directing business to a supplier owned or managed by, or which employs, a relative or friend.
7. In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or Director, the employee, officer or Director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this code.

Quality of Public Disclosures

The Company has a responsibility to communicate effectively with shareholders so that they are provided with full and accurate information, in all material respects, about the Company's financial condition and results of operations. Our reports and documents required to be filed with or submitted to the Stock Exchanges, in India, Securities and Exchange Board of India, Reserve Bank of India or other regulatory agencies and our other public communications shall include full, fair, accurate, timely and understandable disclosure.

Compliance with Laws, Rules and Regulations

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance

with all applicable laws, rules and regulations. Every employee, officer and Director of the company shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code then the standards of the Code shall prevail.

Trading on Inside Information

Using non-public information to trade in securities, or providing a family member, friend or any other person with a “tip” is illegal. All non-public information should be considered inside information and should never be used for personal gain. You are required to familiarise yourself and comply with the Company’s Code of Conduct for prevention of Insider Trading. You should contact the Compliance Officer with any questions about your ability to buy or sell securities.

Protection of Confidential Proprietary Information

Confidential proprietary information generated and gathered in our business is a valuable asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company or its customers if disclosed. Intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, research and new product plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of proprietary information violates the Company’s policy and could be illegal. Such use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions.

Your obligation to protect the Company’s proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

Protection and Proper Use of the Company’s Assets

Protecting the Company’s assets against loss, theft or other misuse is the responsibility of every employee, officer and Director. Loss, theft and misuse of the Company’s assets directly impact our profitability. Any suspected loss, misuse or thefts should be reported to a manager / supervisor or the Chief Financial Officer.

The sole purpose of the Company’s equipment, vehicles, supplies and electronic resources (including, hardware, software and the data thereon) is the conduct of our business. They may only be used for the Company’s business consistent with the Company’s guidelines.

Corporate Opportunities

Employees, officers and Directors are prohibited from taking for themselves business opportunities that arise through the use of corporate property, information or position. No employee, officer or Director may use corporate property, information or position for personal gain, and no employee, officer or Director may compete with the Company.

Competing with the Company may involve engaging in the same line of business as the Company, or any situation where the employee, officer or Director takes away from the Company opportunities for sales or purchases of property, products, services or interests.

Fair Dealing

Each employee, officer and Director of the Company should endeavour to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No payment in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favourable action. The Company and the employee, officer or Director involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Financial Reporting and Records

The company shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards, which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the Company’s business transactions and disposition of assets. All required shall be accessible to Company auditors and other authorized parties and government agencies. There shall be no willful omissions of any Company transactions from the books and records, no advance income recognition and no hidden Company account and funds. Any willful material misrepresentation of and / or misinformation on the financial accounts and reports shall be regarded as a violation of the code apart from inviting appropriate civil or criminal action under the relevant laws.

Email, Internet and Intranet

Accentia's E-mail, Internet and Intranet system are to be used primarily for Company business. In no event may the systems be used: for sending or receiving discriminatory or harassing messages, chain letter, confidential information, material which is obscene or in bad taste; for commercial solicitations; or in a way that would otherwise violate this code.

Accentia owns all E mail Messages which are sent from or received through Accentia's system. It may monitor your messages and may be required to disclose them in the case of litigation or any appropriate government enquiry.

Shareholders

The Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors shall duly and fairly inform its shareholders about all relevant aspects of the Company's business and disclose such information in accordance with the respective regulations and agreements.

Equal – Opportunities

The Company shall provide equal opportunities to all its employees and applicants for employment without regard to their race, cast, religion, colour, ancestry, marital status, sex, age, nationality, disability and veteran status. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

Gifts and donations

The Company and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations, or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, the Company and its employees may accept and offer nominal gifts, which are customarily given and are commemorative nature for special events.

Government agencies

The Company and its employees shall not offer or give any Company funds property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties.

Health, Safety and Environment

The Company shall strive to provide a safe and healthy working environment and comply, in the conduct of its

business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The Company shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

Ethical Conduct

Every employee, officer and Director of the Company, shall deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such contact shall be fair and transparent and be perceived to be as such by third parties. Every employee shall be responsible for the implementation of and compliance with the Code in this professional environment. Failure to adhere to the Code could attract most severe consequences including termination of employment.

Compliance with This Code and Reporting of Any Illegal or Unethical Behaviour

All employees, Directors and officers are expected to comply with all of the provisions of this code. The code will be strictly enforced and violations will be dealt with immediately, including subjecting persons to corrective and / or disciplinary action.

Employees, officers and Directors should promptly report any concerns about violations of ethics, laws, rules, regulations or this Code, including by any senior executive officer or Director, to their supervisors / managers or the Managing Director.

Disclosure

Every employee shall disclose promptly to his or her immediate supervisor any personal situation or transactions which are or may be in conflict with the intent or spirit of this code, and shall cooperate with any enquiry into such matter. The supervisor shall determine what action should be taken and recommended that action in writing for approval by the next higher level of management. All employee disclosures and corrective actions shall be reported to Accentia's Managing Director. If disclosure of matter to your supervisor seems inappropriate, you should promptly discuss the matter with the Managing Director.

Waivers and Amendments

Any waivers (including any implicit waivers) of the provisions in this Code for Executive Officers or Directors may only be granted by the Board of Directors. Any waivers of this Code for other employees may only be granted by the Managing Director. Amendments to this Code must be approved by the Board of Directors.

HIGHLIGHTS

- More than a decade of proven track record in Healthcare Receivables Cycle Management
- First Company to offer SaaS model in the HRCM area
- Acquisition of IQ Group of Companies in the United Kingdom
- Entering the Legal Process Outsourcing segment
- Publicly traded company listed in Bombay Stock Exchange and Singapore Stock Exchange
- More than 5,000 talented professionals
- Started operations from two Technolodges in Kadakkal and Perinad in Kerala
- Operates from world-class fault tolerant, HIPAA compliant locations including Fort Lauderdale, Portland, Oregon, Chicago, New Jersey, Trivandrum, Kochi, Bangalore, Hyderabad, Bhubaneswar, Kolkatta, Chandigarh, Kadakkal and Perinad
- Immaculate Business Process Outsourcing Management (BPO) solutions for Healthcare, Financial and Insurance Sectors
- HealthDox- Cutting edge Offshore HRCM solution for Healthcare Sector

Manpower

People are Accentia's most valuable assets, and we take pride in moulding them to be the best in the industry. Healthcare BPO is one industry which caters to the global healthcare industry around the clock, and delivers 100% accurate reports without any room for errors!

The majority of employees in the Company come from socially and economically marginalized sections of the society. Close to 65% of the employees in the organization are women and the average age within the organization is 28 years. The effectiveness of its talent management initiatives is reflected in the fact that the annual rate of attrition is 4%, much below industry levels.

Right from induction stage, the Company gives lot of focus on attracting, training, incentivising and retaining talent across all levels.

- Round the clock availability of more than 5,000 talented professionals
- Informal and transparent environment with utmost seriousness in end objectives
- Performance Management Metrics
- Ensures objective evaluation of resources on a regular basis in each functional vertical

- Generates specific and comprehensive feedback that is communicated to all participants
- Performance driven and merit linked career progression

Quality Control:

Highlights of our quality systems are as follows:

- Experts of QA department work very closely with the project teams to implement Quality Management System (QMS) and thus transfer the best practices from past projects
- All activities are continuously benchmarked with Global Best Business Practices and constant effort is made to achieve them
- Prompt audit feedback enables re-engineering of internal processes
- Ensuring superb processes - processes are clearly described in the on-line quality system documentation and are made available to all our employees and consultants world wide
- Constant vigil on quality is maintained by random sampling
- Daily feedback is made available to employees to review their work and improvise

Training & Development:

Attracting and motivating the sharpest minds with the right kind of channels for furthering their careers has been the strategy for Accentia for the past few years.

Accentia believes in having dedicated training facilities at all locations for their captive requirement of highly skilled manpower across all verticals. Apart from the initial training, we also impart specialised training for experienced staff during various stages of their career.

The training modules are structured to unlock the potential of each and every employee of the Company, and to enable the person to strive for growth in the Company.

Attracting fresh graduates and showing them the immense possibilities of a career in HRCM has been a factor which differentiated Accentia from others in the same field.

Training Programs:

We have a structured training program for fresh graduates with good English language skills, to make them ready for a career in Medical Transcription, Coding or Billing and Receivables Management and other BPO work.

The components of Accentia Certified Standardized in-house Training program are:

- Well-documented recruitment and selection procedures
- Modular training program that mould a complete BPO executive

- Daily performance evaluation resulting in a CGPA to decide monthly remuneration during training
- Classes on business ethics, values, vision, mission and etiquettes
- Creating awareness for managing third party business processes at an offshore location

NOTES ON SOFTWARE AS A SERVICE (SaaS) MODEL

Software as a Service (SaaS) is typically software that is deployed over the internet and/or behind a firewall on a local area network or personal computer. With SaaS, a provider licenses an application to customers as a service on demand, through a subscription or a "pay-as-you-go" model. SaaS is effectively a software application delivery model in which the clients pay to access and use software functionality over a network through a hosted, web native platform operated by the software vendor, either independently or through a third party

- It is not just a change in delivery model
- It forces fundamental shift in thinking across the business
- It changes many assumptions about being a successful software vendor

The major differences between the traditional Software as a Product model and Software as a Service model are as follows:

	Software as a Product	Software as a Service(SaaS)
Delivery	Installed	Hosted
Development	Longer cycle	Short, continuous cycle
Pricing	Licence + maintenance	Subscription based, all inclusive
Allocation	Capitalized	Expensed
Platform	Multi version	Single platform
Updates	Larger, less frequent	Shorter, frequent
Sales focus	Close the deal	Prove value in say, 90 days
Feedback cycle	Long	Short
Profits	Initial sale	Ongoing

Key characteristics of SaaS model:

- Network based access to and management of commercially available software
- Activities are managed at central locations rather than at each customer site
- Application delivery is closer to one-to-many model rather than one-to-one model characteristically

Key drivers of SaaS are

- Increasing broadband penetration
- Improvements in remote access technologies
- General improvements in computing capacities and corresponding cost reductions
- Virtualisation technologies
- Improvement in technologies for development of web based applications

Application of SaaS model at Accentia:

Accentia is now offering SaaS model across its Healthcare Receivables Cycle Management offerings to customers, by integrating all the functions of HRCM under one umbrella, thereby offering substantial savings in cost and time to clients. We intend to roll out the same in the next 6 to 8 months. The acquisition of the IQ Group of Companies, UK is a strategic move in this direction since IQ Group's capabilities in software and hardware integration as well as information technology maintenance capabilities will be combined with Accentia's capabilities in the service delivery area to offer the SaaS model to its clients.

The salient features of Accentia's SaaS offering are as follows:

Currently, Accentia is offering the entire gamut of services under Healthcare Receivables Cycle management viz., Medical Transcription, Medical Coding and Billing and Receivables Management services, to different clients; in some cases separately and in some cases, all the three

different services are offered to the same client. The delivery of these services is using third party software in most cases and in some cases, using proprietary software. Same is the case with hardware infrastructure too.

We are now gearing up to offer complete healthcare documentation as well as receivables management services, including installation and maintenance of all software, hardware and bandwidth infrastructure required for the same; deployment of manpower, and service delivery in all these areas. This will save a lot of resource deployment for the client in terms of IT and support manpower; upfront costs for deployment of all above infrastructure and continuous maintenance of the same – in a nutshell, the client can then concentrate more on their core healthcare activities!

Instead of charging the client for each of these services separately as is done presently, Accentia will now be charging the client a percentage of their total revenue collections for providing the entire gamut of services.

Not many Companies in the world today have the capability to offer all the 3 services like Transcription, Coding and Billing as well as software and hardware integration capabilities to large hospitals from under the same roof, and this is indeed a very big advantage Accentia is enjoying.

We expect a very good response from large hospitals as well as smaller clinics; since for large hospitals, there will be huge savings monetarily as well as in resource deployment, apart from huge reduction in the RCM cycle. For smaller clinics, this will be a good opportunity to get all the documentation and receivables management done through a single agency with a much less turnaround time, without having to invest upfront on software and hardware infrastructure and support manpower.

Accentia will enjoy the advantage of cross selling to our existing customers in different service areas, and we expect up to 10 times more revenues in the next 3 to 5 years, if we could roll out the SaaS model successfully. We also expect a high retention of clients once the SaaS model is implemented, since it will be difficult for a client to move to another vendor once they have entrusted us with the management of all documentation as well as receivables cycle management, including the entire infrastructure associated with the same.

Benefits of offering SaaS model to Accentia's customers

- Faster Time to Value
- High levels of security
- Minimal training
- Anywhere, anyone, anytime access - high flexibility and mobility
- Nil or low upfront/installation costs

- Operating costs only – can be resized easily and much faster
- Cost savings through:
 - Accelerated payback and higher Return on Investment
 - Reduced risk
 - More efficient deployment of human and financial resources
 - Increased flexibility in responding to changes in demand
 - Seamless product enhancements and upgrades
 - Reduced system/network downtime
 - Reduced complexity
 - Increased focus on core healthcare business

IQ GROUP OF COMPANIES

The IQ Group of Companies consists of three Companies, Tactiq Ltd., Centric Ltd., and Neologiq Ltd.

Tactiq Limited:

The services offered by Tactiq are Full Product Development Lifecycle involving Electronic Design and development, Software Design and Development and separate validation service, and User Interface Design and Implementation; and Product Development Consultancy and Troubleshooting involving Systematic Technology Consultation - Regulatory, Business Case and Best Practice, Systematic Problem Solving within Product Arena and Training Services

The advantages Tactiq offer compared to similar companies are

- High Level of expertise
- True Partnership approach
- Reduce the Time and Risk of Product Development

Tactiq is now planning to offer the following new and extended services:

- Extend Regulatory Consultancy
- Extend Software Validation & Verification Service
- Develop Human Factors Service
- Intellectual Property Service
- Funding Support and Sources
- Sustained engineering for developed products

Centriq Limited:

Centriq Ltd is a communications and computing solutions provider currently catering to the healthcare industry in

Europe and the Middle East. Centriq through its unique blend of healthcare and technical expertise design, deploy and maintain healthcare IT infrastructure in hospitals across the Middle East and Europe. Centriq's converged network, computing and telephony solutions ensure that healthcare data from a telephone call to an MRI exam get the IT infrastructure to operate effectively in large hospitals.

The Services offered by Centriq in the Healthcare Infrastructure sphere are:

- VoIP Telephony & Unified Communications
- Clinical Networks & Storage
- Radiology Solutions
- Computer Systems

Healthcare IT Consultancy & Trouble Shooting

- New Build, Strategic Technology Consultation, Business case & Best Practice
- Systemic Problem Solving within Healthcare Enterprise & Training Services

Healthcare IT Support

- Break-Fix, Preventative/Monitoring, Off-site and On-Site Managed Services

The advantages Centriq offer are:

- Expertise and Experience specifically Healthcare IM&T
- High Level of expertise in latest technologies including vendor accreditations
- Flexible, Independent and Dynamic plus Full Turnkey Service

Future Plans for Centriq:

Further UK & Ireland Market Expansion

- Further NHS IT penetration
- UK Private Hospital Group

Extended Services

- Launch of State of the art \$1.0M Support Infrastructure

- 24/7 Global Help Desk
- Business Intelligence (HIS, CRM, GP)
- Asset Tracking

New Territories

- Middle East Office

Neologiq Ltd.:

Neologiq is the specialised product development arm of the IQ Group. The products offered by Neologiq are:

ImageWorxFamily

- Exambench Endoscopy Record and Review workbench & Archive
- Exambench plus Live-link (Telemedicine)
- Disposable Endoscope

Bedside Infotainment

- Touch screen Terminal on arm (Virtualised back-end)
- Wall Hung Terminal (Virtualised back-end)
- Public Display Terminals (Virtualised back-end)
- Content Provisioning Through GE Dreamworks etc..

The strengths of Neologiq are:

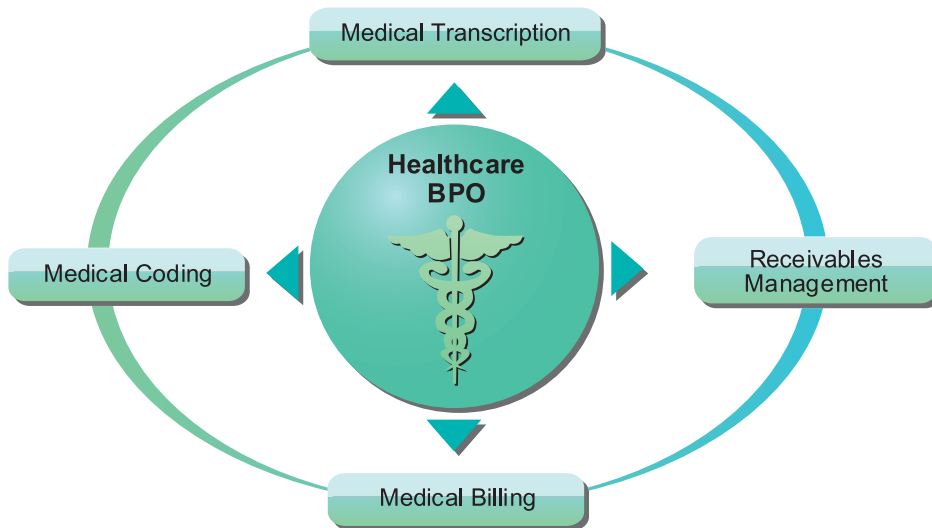
- Centriq and Tactiq Partners' strength and experience
- Identified Market opportunities
- Complete outsourced business model

Accentia is now channelising the strengths of the three IQ Companies to offer SaaS model to existing as well as prospective clients in the Healthcare market. IQ Group, especially Centriq Ltd has the expertise to do integration of different software platforms as well as integration of different services under HRCM viz, transcription, coding, billing and receivables management. IQ's team has started working on ways of seamlessly moving the output from Medical Transcription as the input to the Coding division; moving the output from the Coding division as the input to the Billing division etc.

HRCM SERVICES

Accentia Technologies Limited provides the following HRCM services:

- **Medical Transcription**
- **Medical Coding**
- **Billing**
- **Receivables Management (Collections)**



HRCM PROCESS

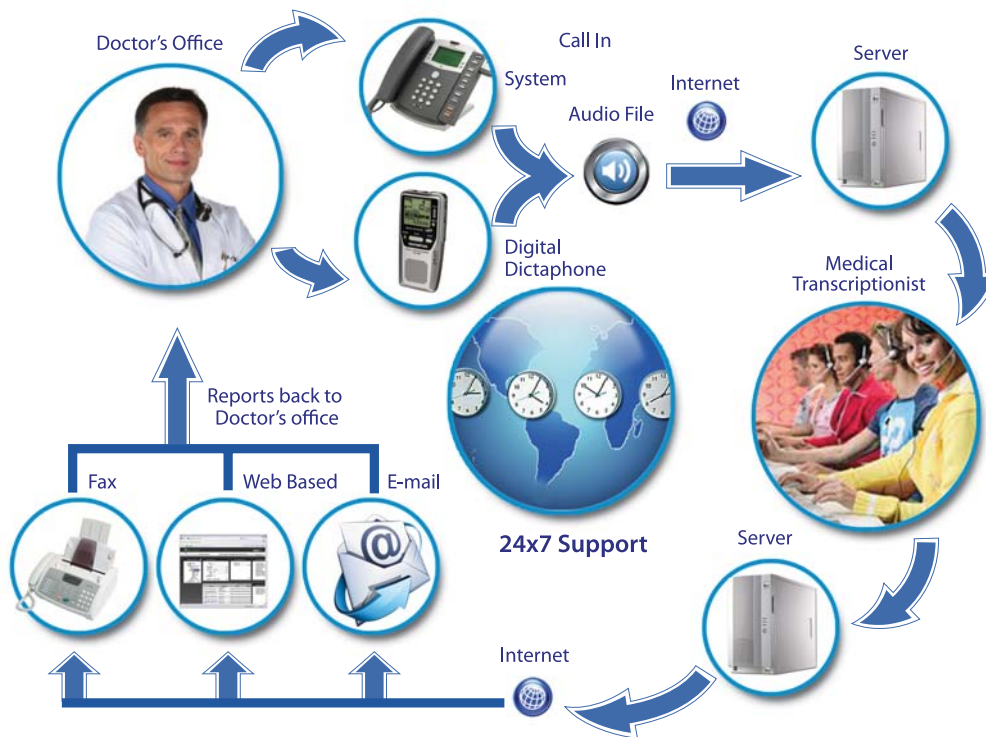


MEDICAL TRANSCRIPTION

Medical Transcription, also known as MT, is an allied health profession which encompasses the process of transcribing or converting voice-recorded reports as dictated by physicians and/or other healthcare professionals to text format.

Medical transcription is an IT enabled service that requires specialized skills in utilizing Information Technology in converting the voice data of the doctors who are located anywhere across the globe, consisting of patient history and medical advises into electronic documents. Pertinent, up-to-date, confidential information is converted to a written text document by medical transcriptionist. This written text may be printed and or hand placed in the patient’s record, archived and/ or retained only as an electronic medical record. Medical transcription can be performed in a hospital, via remote transmission to the hospital, or directly to the actual providers of service (doctors or their group practices) in off-site location. Medical transcription is still the primary mechanism for a physician to clearly communicate with other healthcare providers who access the patient record; to advise them on the state of the patient's health and past/current treatment; to assure continuity of care.

Medical Transcription – Process Flow Chart



Medicines and drugs are an integral part of mainstream western allopathic medicines that are consumed around the world. A medical transcription professional who daily transcribes the dictations by the physicians or any specialist doctors will often come across prescription of drugs both old and new. A medical transcriptionist has to be aware of the latest drugs introduced in the concerned market and this can be done with the following pharmacology (drug) reference books which should always be a part of his library.

- Physician’s Desk Reference (PDR)
- American Drug Index (ADI)
- Saunders Pharmaceutical Word Book
- Understanding Pharmacology

Whenever a transcriptionist comes across a new drug name he must know how to search for it and become familiar with the drugs, their indications and dosages. Being up to date can save a lot of search time. Remember, good productivity in transcription is a critical factor as payment is usually made on a per line basis.

While a drug's trade name or brand name is selected for its appeal to prescribing physicians, the generic drug can have several trade names, each copyrighted by different manufacturers. While transcribing drug names these are some of the main factors that should be kept in mind by the transcriptionist.

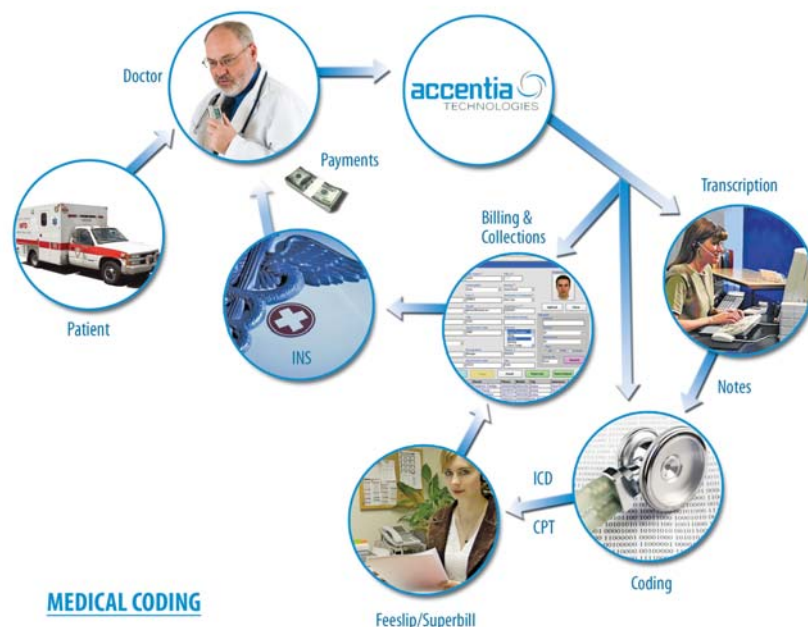
- Generic names are in lower case
- Trade names start in capitals and can have internal caps as well
- PDR (Physicians' Desk Reference) is for prescribed drugs
- Separate publication for non prescribed drugs
- Drugs can sound similar but be totally different in spelling and usage
- Do not capitalize words like tablet / capsule / solution / cream etc

One of the biggest challenges medical transcriptionists often come across is when listening to dictations that may not be very clear. It can be confusing when there are two drugs that are spelled differently but sound very much alike. These two drugs could be for completely different uses and the transcription professional has to be very alert to all such names. Hence, the MT profession is considered very much a skilled work, which can be done only after undergoing 6 to 8 months of rigorous training.

MEDICAL CODING

In order to derive synergy in operations and leverage on scale, Accentia has concretized its plans to increase the business in the related area of Medical Coding. The strengths of the Company in these domains are that the Company already has developed a sizeable number of certified Coders who could straight away be deployed in outsourced Medical coding work from the to-be acquired entities. The margin from Medical Coding is on a higher side when compared to Medical Transcription.

Every healthcare provider that delivers a service receives money for these services by filing a claim with the patient's health insurance provider or managed care organization. This is also referred to as an encounter. An encounter is defined as "a face-to-face contact between a healthcare professional and an eligible beneficiary."



Codes exist for all types of encounters, services, tests, treatments, and procedures provided in a medical office, clinic, or hospital. Even patient complaints such as headache, upset stomach, etc. have codes, which consist of a set of numbers and combinations of sets of numbers. The combination of these codes tells the payer (health insurance companies or government entities) what was wrong with the patient and what services were performed. This makes it easier to handle these claims and to identify the provider on a predetermined basis. In addition, the services rendered (CPT) codes have to match the diagnosis (ICD) codes to justify medical necessity.

Medical coding is assigning codes to diagnoses and procedures which help in financial reimbursement from insurance companies and government companies, software companies and consulting firms. Medical coding is also known as insurance coding. This field generates medical coders who specialize in coding after thorough training program and a certification. Medical coding aids in identifying the claims and display the entire history of the patient and the services performed. Coders convert the physician's note into code that is utilized by the insurance providers in compensating the health care provider. It helps in attaining judgment at a glance.

Medical Coding is also outsourced to remote countries where the nature of this work is such that it can lend itself to alternative working arrangements.

MEDICAL BILLING

Medical billing is better described as medical practice management and a doctor's key to getting paid. Although most doctors' offices request that payment be made at the time a medical service is provided in order to minimize billing, every medical office has a need to maintain patient financial accounts for collecting money.

In a small family practice or suburban clinic this task may be simple and assigned to the medical assistant or nurse but in bigger practices and clinics this is the medical biller's job.

They must know the different methods of billing patients, understand various collection methods, ethical and legal implications, have a good working knowledge of medical terminology, anatomy, medical billing and claims form completion, and coding. They also must understand database management, spreadsheets, electronic mail, and possess state-of-the-art word processing and accounting skills, be proficient in bookkeeping, and be able to type at a speed of at least 45 words-per-minute.



The work area of medical billers and coders usually is in a separate area away from the patients and public eye and even in a different country. However, even though they are not involved in the actual process of doctors and healthcare professionals providing medical care they need to possess excellent customer service skills when it comes to making contact with clients, insurance companies, and often patients. Medical billers must know how to explain charges, deal with criticism, give and receive feedback, be assertive, and communicate effectively without becoming confused as the person is asking questions. Patients can quickly become frustrated when trying to deal with healthcare providers and bills over the phone.

Medical Billing is billing on insurance companies by hospitals for and on behalf of the patients' medical care expenses. Medical billing is the major process outsourced by the providers from the US market and the activities outsourced to India accounted to about US\$110 million in financial year 2005-06..

HRCM SERVICES - THE ROADMAP AHEAD

Medical transcription is one of the most widely outsourced jobs in the healthcare industry and is adopted as a part of easing the tedious process of medical records documentation. Processing of medical transcription jobs in-house means medical care providers have to invest a lot in terms of time and money for selecting and training the right manpower, apart from installing and maintaining costly infrastructure such as dictation equipments and computers. To keep operating costs low, outsourcing of medical transcription is the preferred choice for most healthcare firms operating in the US and UK.

A key factor that persuades developed economies such as the US to outsource their medical transcription jobs to developing countries such as India and the Philippines is the availability of cheaper and qualified labor in these countries. The medical transcription firms in these countries have better infrastructures with backups for labor and internet and are thus capable of providing round-the-clock uninterrupted transcription services. The skills of medical transcriptionists in these countries include a better understanding of the spoken English language. The majority of these professionals have excellent academic qualifications and in-depth awareness of the subject.

Another major benefit of outsourcing these medical transcription jobs is that backup copies of patient records are always available at the servers of these outsourcing companies and hence it is easier to search and access patient records which are years old. Moreover, these documents can be sent across multiple destinations through the internet so that doctors, regardless of their location can keep in touch with their patients and their medical treatments

Preservation of narrative capture is critical to meaningful use of EHRs because:

- More than 1.2 billion clinical records are produced in the U.S. every year.
- 60 percent of all clinical records are documented via traditional dictation/transcription.
- No documentation method captures complex patient stories better than narrative dictation.
- Dictation/transcription is still the preferred method among U.S. physicians for documenting patient encounters.
- Point-and-click templates cannot adequately capture a comprehensive, complete patient story.
- Physician-driven data entry is costing health care time and money; physicians are better deployed in frontline care than burdened with clerical capture.

Health care documentation specialists are critical to effective capture of health information because they:

- Understand the diagnostic process and the complex story-telling of patient care.
- Provide risk management support and oversight to ensure health encounters are captured accurately.
- Are able to identify error/inconsistency in the record as well as support pay-for-performance goals through documentation improvement measures.
- Know how to apply data capture standards that ensure health information is available at point of care for clinical decision-making.

- Integrate seamlessly with data capture technologies, such as EHRs and speech recognition technology (SRT) solutions.
- Partner with physicians to document care encounters in a way that frees up providers for hands-on patient care.

As per a 2006 strategic report of NASSCOM, the Medical Transcription segment alone in India earns an annual revenue aggregate of approximately \$ 220-240 million and the MT industry will be worth Rs 40 billion by 2010 and could employ as many as 50,000 people.

The work off-shored was expected to be in the region of \$ 860 million in 2010, of which India is expected to capture \$ 647 million.

Healthcare spending in the US is expected to grow at an annual rate of 6.2% to \$4.4tn by 2016 from \$2.2tn in 2007, as per a recent report by Center for Medicare & Medicaid Services, US. Spiralling healthcare costs coupled with the increasing regulatory requirement would result in increased administrative costs. These costs are expected to increase by 10% annually, higher than the rise in medical inflation. There would be pressure to contain these costs, which will translate into increased outsourcing. Widespread adoption of electronic health record systems in North America and Europe will result in 23.8% CAGR in e-health record spending in these regions from \$4.4bn in 2007 to \$13bn in 2012, according to Data Monitor. Accentia is well-placed to capitalise on these opportunities in the coming years.

US Healthcare market:

As a share of its economy, the US spends more money on healthcare than any other nation in the world (16% of GDP). According to Center for Medicare & Medicaid Services and Centrum Research, healthcare expenditure is expected to cross US\$3tn mark in 2011 and is projected to reach US\$4.4tn in 2016. As a part of the US\$787bn stimulus package, named the American Recovery and Reinvestment Act of 2009, more than US\$180bn has been set aside for healthcare related spending, of which over US\$19bn of incentives will be distributed to hospitals/healthcare institutes which better utilize and implement qualified electronic health records. With the regulations (HIPAA) making it mandatory to maintain electronic records, the demand to document medical record has increased many folds. This coupled with a lack of manpower resulted in outsourcing the services of medical transcriptionists.

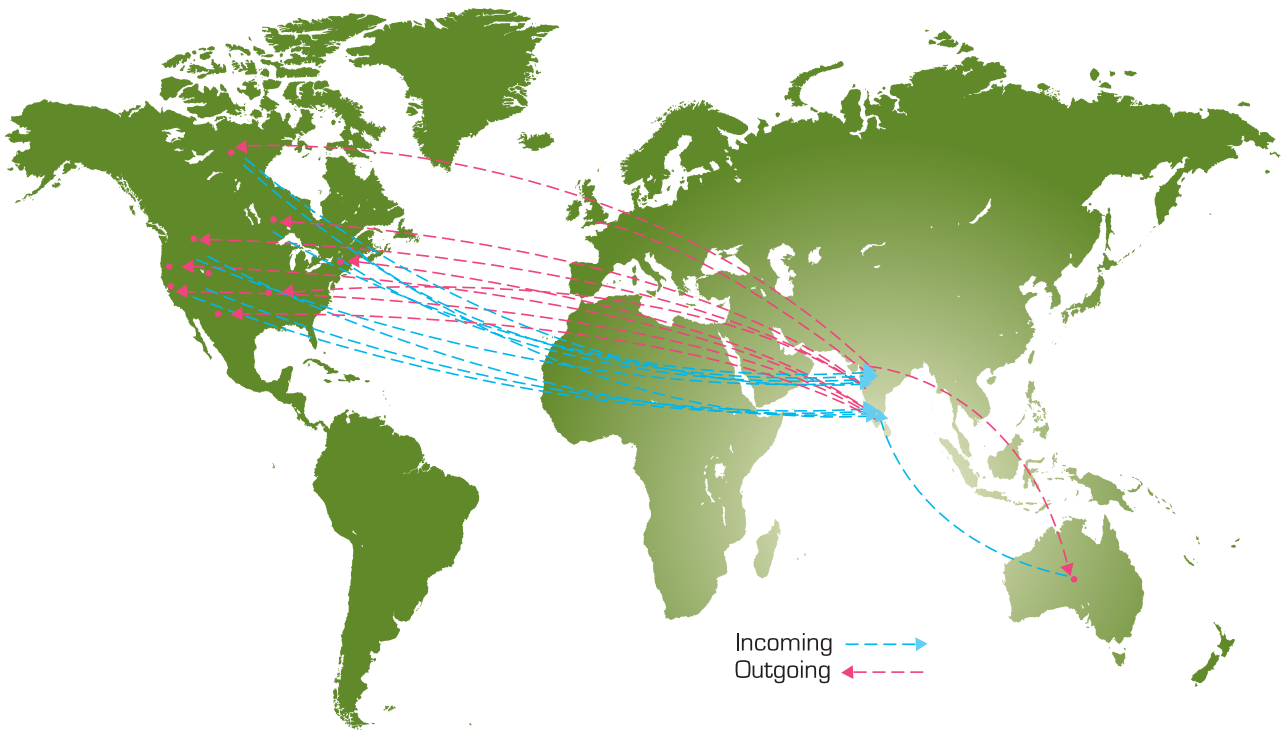
UK healthcare market

The UK mainly funds healthcare through national taxation and delivers services through public providers. Coverage is available to 100% of the population. All legal residents of the UK, residents of the European Economic Area and citizens of other countries with whom the UK has reciprocal agreements, are covered under the UK National Health Service (NHS). The UK's healthcare market was estimated at US\$141bn in 2006 with a growth of 7%. The UK currently spends roughly 7.6% of GDP on healthcare under the NHS — a tax-based universal healthcare financing system. Though UK's healthcare expenditure as a percentage of GDP is below Europe's average, fertility rates and other demographic factors such as aging make UK's healthcare system vulnerable. As a result, outsourcing of healthcare processes is gaining momentum in the UK.

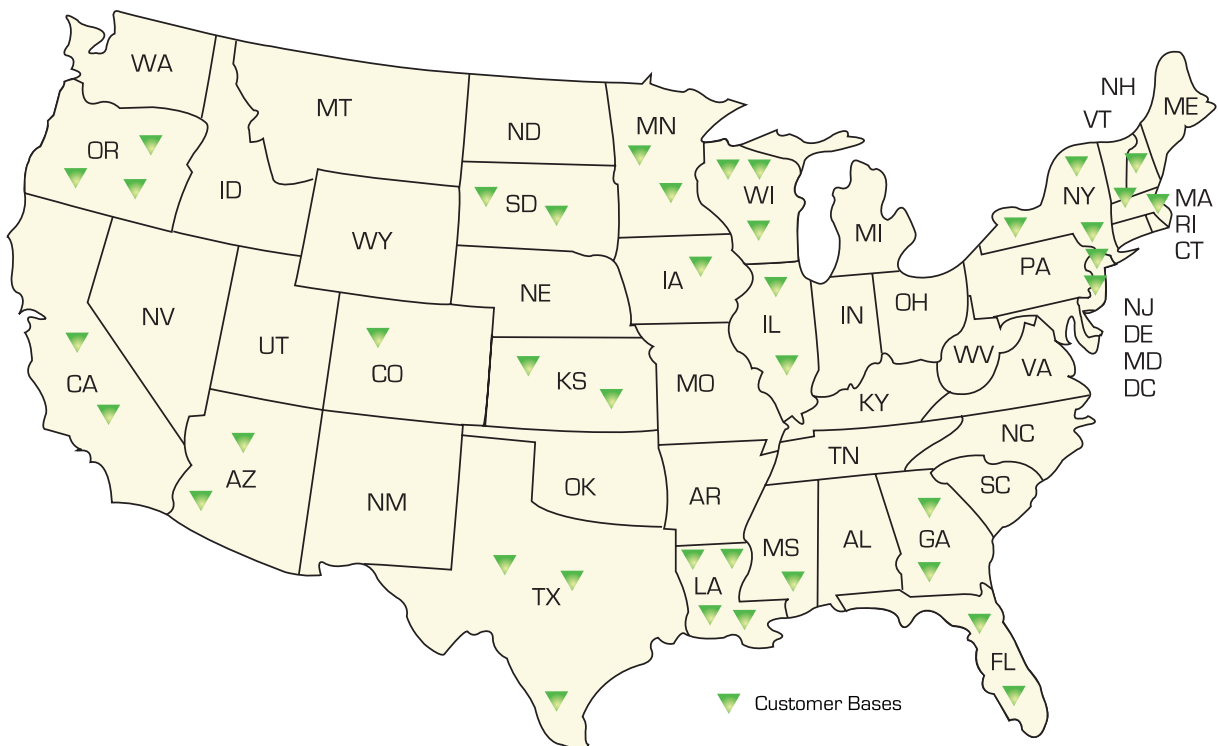
President Obama has established three essential principles to his health care reform plan as listed on his website: reduce costs; guarantee choice, including a public option; and ensure quality care for all. If his plan becomes a reality, it could have a major impact on medical records digitising business across the health care arena. Physicians and other health care providers who see an increase in patients at their offices will have a need to have more records digitised and it is estimated that will be as much as a 35 percent increase between now and 2016.

An additional 32 million US citizens would now be covered under health insurance, as a result of the new healthcare reforms bill. The healthcare sector of US would have to overhaul its systems and increasingly automate to create a cutting-edge healthcare application in order to be ready for the ensuing healthcare reforms. Indian IT outsourcing sector stands to benefit most from this bill as about \$20bn is expected to be spent on healthcare IT. Most of this money is expected to be spent on Electronic Health Records (EHR), which includes medical transcription, medical coding and billing.

GLOBAL DELIVERY MODEL



CUSTOMER BASE FOR HRCM SERVICES - UNITED STATES



NOTES ON LEGAL PROCESS OUTSOURCING

Legal Process Outsourcing or LPO refers to the practice of a law firm or corporation obtaining legal support services from an outside law firm or legal support services company.

LPO is considered as a classic example of Knowledge Process Outsourcing; the jobs outsourced cannot be done by anyone without knowledge of law. It is estimated that professional outsourcing jumped from a \$260 million industry in 2001 to a \$3.05 billion industry in 2007. It will reach a projected \$11.2 billion by 2011, says a report from the India Brand Equity Foundation, a public-private partnership. Legal research, which the group didn't track in 2001, contributes about \$95 million

Global spending on legal services is estimated to be over \$250bn, with the US accounting for more than two-thirds of the market. The addressable market for LPO is estimated to reach \$3bn by 2015. India's share is expected to be around 60%. Currently only 3% of the total addressable market is tapped by Indian LPO service providers, as per estimates by The Management Accountant.

LPO services are a nascent but growing practice, with relatively consistent market growth since early emergence of LPO in 2000/2001. LPO providers have established themselves in India, the Philippines, the US, Israel and Latin America. They were traditionally offering services in the areas of document review, legal research and writing, drafting of pleadings and briefs, and patent services outsourcing, but of late, LPO providers have ventured into more complicated areas of Legal Services as well. In-house law departments of major multinational corporations outsource some of their work in order to limit costs.

According to a research conducted by Evalueserve, there are over 5,200 professionals in the LPO industry as on April 2010 in India and the Philippines, contributing annual revenues of USD 300 million. This is expected to grow to 18,000 professionals with annual revenues of USD 960 million by December 2015.

Like outsourcing generally, shifting lawyer jobs overseas is still a relatively small phenomenon. The U.S. legal industry, according to government data, is a \$184 billion behemoth with roughly a million trained attorneys and about 500,000 support personnel such as paralegals and legal assistants. This year 29,000 legal jobs moved offshore - less than one percent of the total - according to Forrester Research, a Cambridge, Mass.-based market research firm. By 2015, Forrester predicts 79,000 legal jobs will move off shore, with just over half being attorney positions.

Initially, legal process outsourcing gained traction in the Asian subcontinent. However, in recent years the so called 'near shore', 'back-door' and specialized legal firms have

sprung up to satisfy law firms and corporations that demand quality and confidentiality.

Advantages

Most firms and corporations outsource primarily to save cash, and this is considered the biggest advantage for legal outsourcing. While an attorney in major legal markets such as the US may charge from \$150–350 per hour when performing rote services, legal process outsourcing firms can often charge a fraction of this. This has attracted major corporations to outsource specific work outside their legal departments.

The LPO industry is believed to have benefited from the global financial crisis, due to the increasing number of litigations and bankruptcies. Teams of Indian lawyers have achieved notable success providing legal research and drafting services in high-profile U.S. litigation matters.

As reported in the ABA Journal, "the market for outsourced legal work is booming in India. While lawyers there are doing a lot of routine work, they are also handling some interesting legal matters, including work for the makers of movies and television shows."

As noted in USA Today, "you could call it 'Outsourcing 2.0' or maybe even '3.0.' Now firms are increasingly trying to leverage expertise," says Saikat Chaudhuri, an assistant professor in the business school at the University of Pennsylvania. Legal Outsourcing is "growing very, very quickly."

LPO Industry and the Recession

LPO firms in India had predicted an annual growth of 200% due to recession related litigation and the increased need to save costs in the U.S. But since U.S. lawyers themselves have started looking at alternative fee structures due to the recession and job losses, the outsourced LPO industry has seen growth of about 40-60% in the last one year. Although some areas of practice, such as real estate, have drastically reduced due to the recession, some areas such as litigation, document review, and corporate compliance, among others, have gained ground, resulting in a good amount of business directed to LPO firms in India.

The recession has put pressure on law firms to reduce their overheads related to marketing and sales, general administration, Information Technology, accounting, clerical, paralegal, and knowledge management. These overhead expenses account for about 17% of the total overhead expenses (of approximately 41%) that a typical law firm with 20 or more lawyers incurs in the U.S. By moving most of this work, which is non billable, offshore, these firms can reduce this cost to approximately 7%.

Issues of Confidentiality and Attorney-Client Privilege

Legal outsourcing is entirely a different game. In other forms of outsourcing, there are issues like client confidentiality and data security. However, legal process outsourcing has more complicated issues such as the liability of service providers and violation of the Attorney-Client privilege. During the early years of legal process outsourcing, many law firms hesitated to outsource their work. Attorney-Client Privilege is a doctrine that says anything conveyed between an attorney and his client shall be treated with utmost confidentiality and is exempted from disclosure even in a court of law. However, when either party discloses confidential information to a third party or the opposite party, the privilege is deemed to be waived.

Similarly, those people who are against legal process outsourcing claim that since communication is being sent to a country other than United States, the confidentiality is broken; hence, the privilege has been waived. However, American Bar Association clarified this in 2008, clearing the way for the development of legal process outsourcing.

"The Global Lawyers"

India has become one of the most popular destinations for companies wanting to outsource legal work. This is so because there are certain very obvious advantages like availability of English speaking, US and UK graduated qualified attorneys working at less expensive rates. Besides the Indian legal system is much like its counterparts in the West. The other major LPO hubs are in Japan, France, Australia, South Korea and China. Some companies are also looking at setting up their own establishments in these countries to save costs. Countries like China and Sri Lanka are also stepping in as tough competitors to India. However, Indian legal professionals seem to be the most suitable ones due to their legal education system.

According to Jalal Alamgir and Matthew Sullivan, the LPO sector in India has reported 200% growth in the last 12 months, unaffected by the economic crunch. LPO revenues grew from \$80 million in 2006 to \$225 million in 2007, and are expected to reach \$640 million by 2010.

Compared to India's 37% share of the world's outsourced services, China has managed to get only 10%. The main reasons for the same are India's command of English, the language of not just LPO but most offshore industries, and the fact that the Indian legal system is built upon the British system, which makes Indian lawyers familiar with Western legal concepts. Indian LPO Companies can offer savings of 30% to 70% for Western firms; many have yet to come on board because of concerns about information and data security.

India's central and state governments have invested heavily in the economic infrastructure of IT and business process outsourcing. LPO uses the same infrastructure. The Indian

government has undertaken worldwide campaigns to showcase India's strengths to reduce investor sensitivity to economic and political risks.

India's success in LPO came from a regional competitive strategy that weds skilful private entrepreneurship, wise economic policy and strong public diplomacy.

In the US, law-firm partners bill at a national average of \$318 per hour and at \$550 per hour at large New York City firms, according to a 2007 survey by Altman Weil, a legal-consulting company. Starting salaries for attorneys at some large firms now stand at \$160,000. So a U.S. company's simple problem can generate hundreds of thousands of dollars in fees to a law firm. With rates ranging from \$20 an hour at the low end to \$70 an hour at the top, the savings US law firms can make by off shoring can run as high as 70 percent for work traditionally handled by even junior U.S. lawyers, who command close to \$200 an hour.

ValueNotes, a business-research firm based in Pune, also says that the revenues from LPOs will touch \$640 million, by 2010. ValueNotes counts more than 100 legal-services providers in India, ranging from a handful of overseas corporate legal offices, such as Oracle's and General Electric's, to companies that contract to provide low-cost legal services to U.S. and British businesses.

Legal services offshoring includes a wide range of services. Value Notes Research have divided the offshored services into eight broad areas: Legal transcription, Document review, Litigation support, Legal research, Intellectual Property, Contracts, Secretarial and Legal publishing services.

Among the various functions in the legal services space, the non-core and manpower intensive processes are more easily offshored. The relatively low-value, high volume services include processes like legal transcription, document conversion, legal data entry, legal coding, indexing, online content management, paralegal services and database management. These jobs are typically quite process-oriented, do not require very specialized legal skills, and hence are billed at lower rates, typically \$10 - \$25 per hour.

In contrast, the higher-end jobs like legal research and patent related work require relatively higher skill / knowledge levels and a professionally qualified work force and hence command a higher billing rate, anywhere from \$25 to \$90 per hour, depending on specific service and nature of content.

As per Value Notes, Document review, eDiscovery, Legal publishing and niche areas in Intellectual Property and Contract services are the emerging segments with tremendous growth potential. Though dramatic growth is envisaged in eDiscovery, currently there are very few Indian vendors with the requisite capabilities or the focus.

2.3 Offshoring of Legal Services: Eight Broad Groups

Legal services offshoring includes a wide range of services. The services are divided into eight broad areas: Legal transcription, Document review, Litigation support, Legal research, Intellectual property related services, Contract related services, Secretarial services and Legal publishing.

Within these broad groups, there are a variety of specific services that are outsourced/offshored. These are described in greater detail below:

2.3.1 Legal Transcription

Legal transcription typically involves data entry and conversion. It entails converting voice recordings of court proceedings including interviews by lawyers with clients or witnesses, dictation, testimonies and pleadings into document format. Law firms, legal departments of corporate houses, attorneys, public utility companies, insurance companies, public defenders and prosecutors' offices all use legal transcription services.

2.3.2 Document Review

Includes reviewing, organizing, coding and synopsising scanned documents in preparation for litigation or in connection with due diligence for a large transaction or as a risk management tool.

2.3.3 Litigation Support

Litigation support refers to all activities involved in preparing lawyers, law firms and legal departments to try a case. This includes interviewing witnesses, case preparation, organizing legal documents (by abstracting key fields, indexing, etc.), objective/bibliographic coding, legal coding and document scanning etc.

2.3.4 Legal Research

Legal research refers to researching of online libraries (like Westlaw and LexisNexis), studying identical/similar cases for references, case histories, reviewing facts of a certain case, rules of particular law and judgments, and writing memos based on the above activities.

Legal research can be divided into two groups; multi-jurisdictional surveys and case law research.

Multi-jurisdictional surveys: Involve subject-matter analysis and broad multi-jurisdictional surveys of Federal, State, International and Local points of law.

Case law research: Involves researching for a particular litigation.

2.3.5 Intellectual Property Related Services

Intellectual property comprises a range of services that include patents, trademarks, industrial design rights, licensing, etc. Although not strictly a legal function, prior patent search and drafting patent applications is one of the

fastest growing support functions for the legal needs of companies.

Prior to filing any patent, a detailed search is performed to determine the availability of the patent, which is called a 'prior art search'.

The other steps that are involved in this type of work are as follows:

Proof reading issued patents: The process identifies errors in the issued patents.

Prior art searching: An integral component of the application process, prior art searching determines patentability prior to the filing. The search is also used to analyze competitor's patents and possible areas of innovation.

Application drafting: Drafting the patent application including specifications as per the international standards.

Patent analytics: A detailed search and analysis of the state of Intellectual Property and business in the domain. The end result is a report that analyzes and classifies the patents and the players in the specific domain.

Trademark searches: Helps know the full extent of any possible use of a trademark prior to filing a trademark application.

2.3.6 Contract Related Services

Typically outsourced by corporates, contract related services range from drafting and

negotiating contract to contract management and corporate due diligence.

Contract drafting and negotiation: Includes reviewing, analyzing and negotiating a client contract or commenting on certain client requirements (e.g., product specifications, service levels, insurance coverage, etc.) to enable the client to assess contract risks.

Contract management/abstraction: Involves managing and administering for a client the entire process of contract review and contract abstraction.

Corporate governance & corporate secretary services: Verification of good standing of corporate entities, monitoring subsidiary compliance with corporate governance laws and regulations, maintaining global corporate subsidiary minute books and other corporate filings and notices; drafting minutes for board meetings and general meetings, preparing necessary corporate legal forms, annual reports, etc.

Corporate due diligence: Creation of due diligence reports based on the specific requirements of the client.

These are typically the 'non-core' processes outsourced by law firms and corporates.

Statutory reports & filings: Includes regulatory reporting events and ensuring global subsidiary compliance with local regulatory requirements and filings.

Forms development & standardization: Includes converting and managing documents, letters in an electronic format, indexing and scanning of these documents and then creating a database for law firms.

Services also include legal billing, which involves management of legal fees and payments to the attorneys by their clients. Time sheets and related billing functions of attorneys are also processed.

Word processing: Creating and editing documents.

EDGAR filings: Filing of annual, quarterly and other reports on EDGAR.

2.3.7 Secretarial Services

2.3.8 Legal Publishing

Legal publishers outsource/offshore certain editorial and operational functions in relation to printing or publishing journals, reports, online research, news, database services etc.

Editorial: Includes reading, analyzing, summarizing, interpreting and editing print or online content.

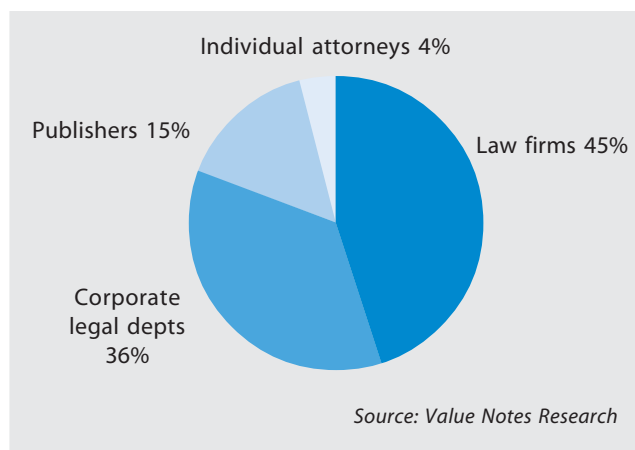
Operations: Includes fact and data checking, tagging, indexing and proofreading content.

Sl. No.	Services	Level of Outsourcing	Relative Offshoring Capability
1	Legal transcription	High	High
2	Document review	High	High
3	Litigation support	High	High
4	Legal research		
	Multi-jurisdictional surveys	Medium	Medium
	Case law research	High	Medium
5	IP related services		
	Proof-reading issued patents	High	Medium
	Prior art searching	High	Medium
	Application drafting	Medium	Medium
	Patent Analytics	Medium	Low
	Trademark searches	High	Medium
6	Contract related services		
	Contract drafting	High	Medium
	Contract management / abstraction	High	Medium
	Corporate Governance		
	& Corporate Secretary Services	Medium	Medium
	Corporate due diligence	Medium	Low
7	Secretarial Services		
	Statutory reports & filings	Medium	Medium
	Forms development & standardization	High	Medium
	Word processing	High	High
	EDGAR filings	High	High
8	Legal Publishing		
	Editorial	Medium	Low
	Operations	Medium	Medium

Source: Value Notes Research

LPO Share by Buyer Type

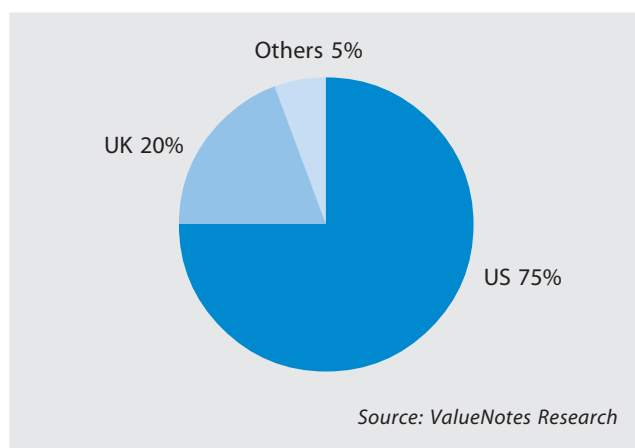
As per the study conducted by Value Notes research, Law Firms currently are the largest service buyers with almost half of the off-shored work coming from that segment. Given the cost pressures and work over-load, law firms are seen offshoring more work and will continue to offshore – the bulk of this is likely to be litigation support and paralegal services. Law Firms contribute to the majority of the offshore revenues (45%) followed by legal departments of Corporates (36%). Legal Publishing accounts for about 15% while Individual Attorneys account for 4% of the LPO industry revenues.



LPO Share by Region

The largest market segment for Indian vendors is the US market. As per Value Notes Research estimates, about 75% of the current Indian offshore business is generated from clients based in the US, while 20% of the business comes from UK and the remainder (5%) comes from the rest of the world, including countries such as Australia and New Zealand.

Interestingly, it was found that contracts differ significantly by geography, with UK based entities typically offshoring bulk conveyancing, support services and word processing and the US contracts cover various services within multiple groups.



Although most Indian vendors have been primarily US focused, several vendors have reported increasing number of enquiries from the UK market. Although this will not affect the dominant US focus in this sector, it is seen that a larger number of UK law firms and corporates are seriously considering the offshoring option.

Alternately, there are also several vendors aiming at 'other markets', which include Australia, Canada and also the non-English speaking East Asian markets, such as South Korea, China, and Japan. Majority of this work currently comes from corporates and is related to prior art searches and application drafting.

ACCENTIA'S PLANS IN LPO:

Accentia plans to enter the LPO space through a combination of both inorganic and organic routes. Initially we have planned to acquire a well known and firmly established LPO Company in South India, with a head count of around 100. This Company has a successful track record of 6 years, and is well recognised within the legal fraternity in the US and Canada. We have also recruited a couple of highly qualified and well experienced executives in the UK and US to spearhead the activities of the LPO arm.

Accentia LPO will be offering the following services initially:

CONTRACTS: drafting (Motions, Pleadings, Position Statements, Contracts, Immigration and bankruptcy petitions), management, review (Discovery, Due diligence, compliance related bulk document review backed by robust processes), abstraction

INTELLECTUAL PROPERTY: patentability searches, drafting, paralegal and filing support, proofreading, IP infringement analysis, valuation

RESEARCH: legal research, business research

ADMINISTRATIVE SERVICES: Document Processing, Transcriptions, Litigation Coding, Deposition Scheduling

SPECIALISED OFFERING:

FINANCIAL INSTRUMENTS: All aspects of ISDA documentation, loans, asset finance, Islamic Finance, and other instrument documentation; Research & Analysis of Anti Money Laundering process, Credit research and analysis

DUE DILIGENCE: M&A, buyout, IPO, prospectus

MEDICO-LEGAL SERVICES: Medical Summaries, Demand Letters, Complaints, Discovery documents, Case Intakes

Accentia has drawn up ambitious plans for growth in the LPO space. The business strategy for the first five years has been drawn up by planning for marketing in the UK as well as US/ Canada; and simultaneously expanding the delivery centres in India.

- Buyout of LPO in India to establish platform for growth
- Build UK client base of key law firms and corporate clients. Add financial instrument related work

- Add Asian, European, US clients with brand names
- Acquisition in Year 1 onwards (focus on Corporate legal captives in India). Partnerships in USA with onshore service providers for synergy
- Add specific complex financial instrument related legal work aggressively

In the 2nd and 3rd Years, Accentia LPO will be concentrating on adding new clients, with special focus on key large

accounts. While keeping the options open for inorganic growth in India, Accentia will be specifically looking to add new clients in Singapore and the Middle East.

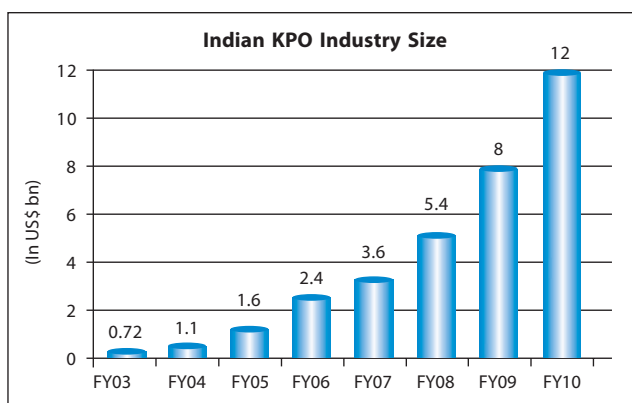
In the 4th and 5th Years, we will be aiming to be one of the top 5 global LPO companies. We will be looking to acquire existing LPO companies/operations in the US, Canada, UK, South Africa, Philippines, Singapore and Australia to add business and manpower in this area, and have offerings in more verticals within LPO.

OUTLOOK FOR THE BPO AND KPO INDUSTRIES

Knowledge Process Outsourcing (KPO)

After BPO, Knowledge Process Outsourcing (KPO) is gradually unfolding as the next great opportunity for India. In fact India, with its abundant skilled resources and competitive cost advantage is all set to bank on this next big opportunity. The KPO requires domain knowledge, analytical skills and decision making capabilities. KPO is defined as high end knowledge work which includes equity & finance, intellectual property rights, analytics, business research, market research, investment analysis, data management etc.

According to Evalueserve, the global KPO market in FY03 was around US\$ 1.29 billion and is expected to grow at a CAGR of 44.54 per cent to reach US\$ 17 billion by FY10. Significantly, India's share to the global KPO industry was around 56 per cent in FY03 which is anticipated to go up to 71 per cent by FY10. Currently the sector employs more than 25,000 people, which is expected to grow at a CAGR of 77.8 percent to reach 250,000 by 2010.



Source: Evalueserve

According to NASSCOM, it is expected that segments such as data search, integration & management would contribute around US\$ 5 billion (29 per cent) of the total US\$ 17 billion global KPO market by FY10, followed by biotech & pharmaceuticals with US\$ 3 billion, engineering & design

with US\$ 2 billion, remote education and publishing and R&D with US\$ 2 billion, animation and simulation services with US\$ 1.4 billion and lastly other segments are expected to account for the balance US\$ 1.6 billion.

India's IT-BPO market (including exports) could touch USD 285 billion in 2020 growing at a CAGR of 15%, according to a report prepared by KPMG and ASOCIO (Asian-Oceanian Computing Industry Organisation). IT-BPO industry in India has achieved impressive growth rates over the past decade and stood at US\$71.6 billion in 2009, said the report. The report titled 'Asia-Oceania Vision 2020: Enabling IT Leadership Through Collaboration' was released at NASSCOM India Leadership Forum 2010. India is the current market leader in global sourcing supply, serving approximately 51% of overall global sourcing demand.

Engineering Process Outsourcing (EPO)

Engineering Process Outsourcing (EPO) is another emerging segment of the global offshoring business. India has comparative advantage in terms of cost and a highly competitive pool of human resources. Companies have developed required skills, capabilities and the investments made in technology development open immense opportunities in this booming segment. According to a study conducted by NASSCOM in association with the global consulting firm Booz Allen Hamilton, it is estimated that global spending on engineering services would reach US\$ 1.1 trillion by 2020 from US\$ 750 billion in 2004. Currently, around US\$ 10-15 billion is off-shored and there is a huge potential for the offshore segment, which is anticipated to be around US\$ 150-225 billion by 2020. Currently, India's contribution to global EPO is around 12 per cent which is anticipated to reach US\$40 billion by 2020, thus constituting 30 per cent share of the total global market.

EPO encompasses product design, R&D and other technical services across various sectors such as automotive, aerospace, hi-tech/telecom, utilities and construction/ industrial machinery. In fact in 2004, the automotive sector

contributed 19 per cent, aerospace at 8 per cent and utilities 3 per cent, while the high tech/telecom was the major and fastest growing sector with 30 per cent of the total market share.

However, there are various challenges associated with it. China has already emerged as leading destination for engineering offshore segment. For instance, as per a recent survey of the attractiveness of offshoring locations, 46 per cent companies identified China as a future resource, as compared to 26 per cent for India, 13 per cent for Latin America and 9 per cent for Eastern Europe. In addition, the Government of India has to play a significant role in providing adequate physical infrastructure, investments in academic institutions to provide quality resources, conducting regular trade shows, garnering further domain expertise from countries like Japan, US and Europe to tap the huge potential of the segment.

Legal Process Outsourcing (LPO)

Legal Process Outsourcing (LPO) is another emerging sector which Indian companies have recently started leveraging. The global spending on legal services is estimated to be around US\$ 250 billion, of which US contributes more than two thirds. Considering India's competitive advantage, a large number of organisations have already started outsourcing their legal services to India. For instance Oracle, Sun and Cisco have been outsourcing their patent research and other documentation work to Indian BPO firms or to their own captive units. In fact, there are around 100 small and big size law firms in the country which are exclusively servicing their clients in the US, UK and other European countries. According to NASSCOM, the market potential for LPO from the US alone is estimated to be around US\$ 3-4 billion. Moreover, as per the study conducted by Forrester Research, 79,000 legal jobs are anticipated to be outsourced to low cost countries like India by 2015, since the cost of legal services in India is much lower as compared to the US. For example, India offers just around 30 per cent of the fee charged by a paralegals and assistants in the US, similarly in case of an Attorney, India offers only 20 per cent of the fee charged in the US.

Emerging Verticals

Insurance

Global insurance companies are facing various challenges caused by growing claims disbursements, underwriting losses, rising agent attrition, growing competition from brokerages and banks amongst others. As a result, insurance companies have realised outsourcing is the best option to combat these issues and hence reduce administrative and labor costs. Notably, the US and Europe constitutes more than 80 per cent of the total insurance outsourcing revenue.

According to NASSCOM, Indian insurance outsourcing industry size was estimated at US\$ 425 million in 2004 and was expected to reach US\$ 790 million by the end of 2006.

Procurement Outsourcing (PO)

The procurement outsourcing is another new growth segment of Indian outsourcing industry. According to a study conducted by IDC, global procurement outsourcing (PO) market was recorded to be around US\$ 625 million in 2005 and will grow at a CAGR of 22 per cent to reach US\$ 1.7 billion by 2010. Indian BPO companies are gearing up for PO boom to tap the potential of the segment due to its competitive advantage.

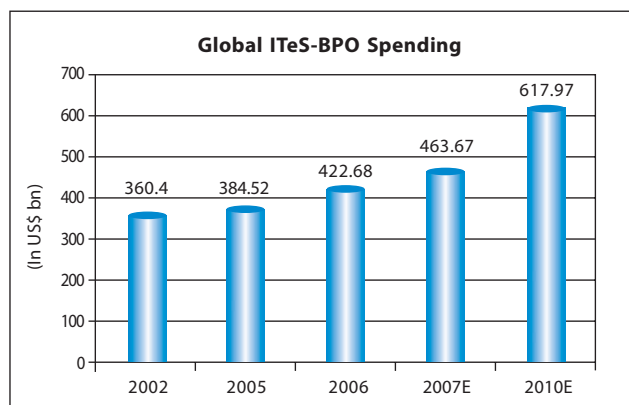
Healthcare

The Healthcare outsourcing industry is making waves in the Indian outsourcing scenario with a growing trend of healthcare outsourcing by global organisations. Healthcare BPO offers services across wide range of business processes such as medical coding, medical billing, forms processing, medical transcription and claims processing. Significantly, as per the Centre for Medicare and Medicaid Services, the US healthcare spending in 2005 was US\$ 2 trillion (16 per cent of the US GDP), which is expected to reach US\$ 4.14 trillion by 2016. Importantly, with increasing pressure from regulators and rising cost, global players are increasingly outsourcing their healthcare services.

Outlook

Global ITES-BPO Spending

Outsourcing to low cost countries continues to gain momentum in the current business environment, not only for reasons of cost and quality, but also as strategic business



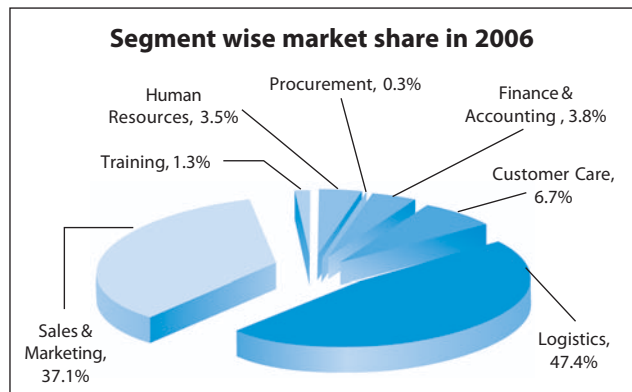
Source: *Evalueserve*

drivers. For instance currently, companies measure the advantages of outsourcing based upon various parameters such as reliability, speed to market, new market opportunities, lesser working capital, reduction in defects,

higher customer satisfaction, and most importantly, emphasizing on core competencies which helps companies to improve quality and productivity. According to IDC, global spending on ITES-BPO witnessed a growth rate of 9.9 per cent in 2006 to reach US\$ 422.68 billion and it is expected grow at a CAGR of 10 per cent over the next 3 years to reach US\$ 617.97 billion by 2010.

Segment wise Market Share

The US accounts for more than 60 per cent of the total ITES-BPO spending, followed by Western Europe with 30 per



Source: Evalueserve

cent and the Europe Middle East and Africa (EMEA) accounts for remaining 10 per cent. Recently, it is being observed that larger companies from UK have increasingly started outsourcing their non-core activities. Logistics continued to be the biggest segment in ITES-BPO industry with estimated size of US\$ 200.24 billion in 2006, while sales and marketing segment market size was around US\$ 157 billion during the same period.

Forecasted Revenue of Indian ITES-BPO Industry

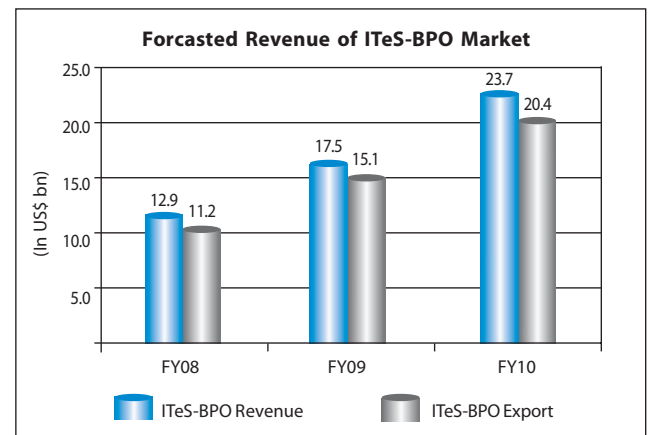
As per D&B estimates, it is expected that the Indian ITES-BPO industry would achieve strong growth over the next three years and reach US\$ 23.7 billion by FY10, assuming the growth of the ITES-BPO industry continues as in the last four-five years. However, the future growth could be slightly moderate; in view of the recent appreciation of the Rupee against the US Dollar.

ITES-BPO exports would contribute the major share approximately 86 per cent; to the revenue of India's ITES-BPO industry in the next three years. The domestic market would also emerge as an important driver of Indian ITES-BPO industry and is expected to generate US\$ 3.41 billion by FY10 in revenues.

Besides CIS, F&A and HR administration, it is expected that several other vertical specific and niche business services

would witness growth in the future. For example, high-end knowledge services such as financial services, research, analytics, equity research, data analysis & modelling, animation & game development, econometrics and legal processes among others. The Indian ITES-BPO companies are looking for smaller towns to reduce operational costs, attrition rate and high commercial real estate cost. The industry is adopting global best practices to improve efficiency, productivity, talent utilisation which will help to keep the growing costs under control. It is also expected that in the next three years, the global BPO industry would witness considerable global integration and consolidation.

Nasscom-McKinsey Report 2005 further goes on to say "In the last decade, the IT and BPO industries have seen substantial off-shoring. India has been the leading off-shore destination during this period, and now accounts for 65 per cent of the global industry in offshore IT and 46 per cent of the global Business Process Off-shoring (BPO) industry. The global off-shoring market continues to grow rapidly, as the proven benefits of off-shoring (also termed global sourcing or global delivery) induce more and more companies to adopt these practices and providers develop the capabilities to serve even more sophisticated customers.



Source: Evalueserve

Our detailed analyses for this report indicate that the addressable market for global off shoring exceeds US\$300 billion. We believe that India can sustain its global leadership position, grow its offshore IT and BPO industries at an annual rate greater than 25 per cent, and generate export revenues of about US\$60 billion by 2010. Additionally, export growth can be further accelerated through deep and enduring innovation by industry participants. Such extensive innovation could generate an additional US\$15-20 billion in export revenue over the next five to ten years."

Future Projections

According to Forrester Research, in the next 15 years, more than 3 million US white-collar jobs, representing \$136 billion

in wages, will depart to places like India, with the IT industry leading the migration. Additionally the telecom bubble has burst and growth has been sluggish. Telecom majors like Lucent and Nortel are cutting costs and trying to recover heavy investments. They are therefore looking at Indian software companies to provide offshore solutions to manage their network operations, support systems, billing software, OS integration and business process re-engineering.

India sees this potential and is working towards meeting future demand for knowledge workers at home and abroad. India produces 3.1 million college graduates a year, which is expected to double by 2010. The number of engineering colleges is slated to grow 50%, to nearly 1,600 in four years. There's a growing movement to boost faculty salaries and reach more students nationwide. India's rich diaspora population too is chipping in. Prominent Indian Americans

helped found the new Indian School of Business, a tie-up with Wharton School and North Western University's Kellogg Graduate School of Management that lured most of its faculty from the U.S. Meanwhile, the six IIT campuses are tapping alumni for donations and research links with Stanford, Purdue, and other top science universities. "Our mission is to become one of the leading science institutions in the world," says director Ashok Mishra of IIT-Bombay, which has raised \$16 million from alumni in the past five years. Since 2001, Delhi has been furiously building a network of highways. Modern airports are next. Deregulation of the power sector should lead to new capacity. Free education for girls upto age 14 is a national priority.

A good number of people from the US and Europe are seeking jobs and are willing to work in India. Experts say there are about 30,000 foreigners working in India. And this number is expected to grow in coming years.

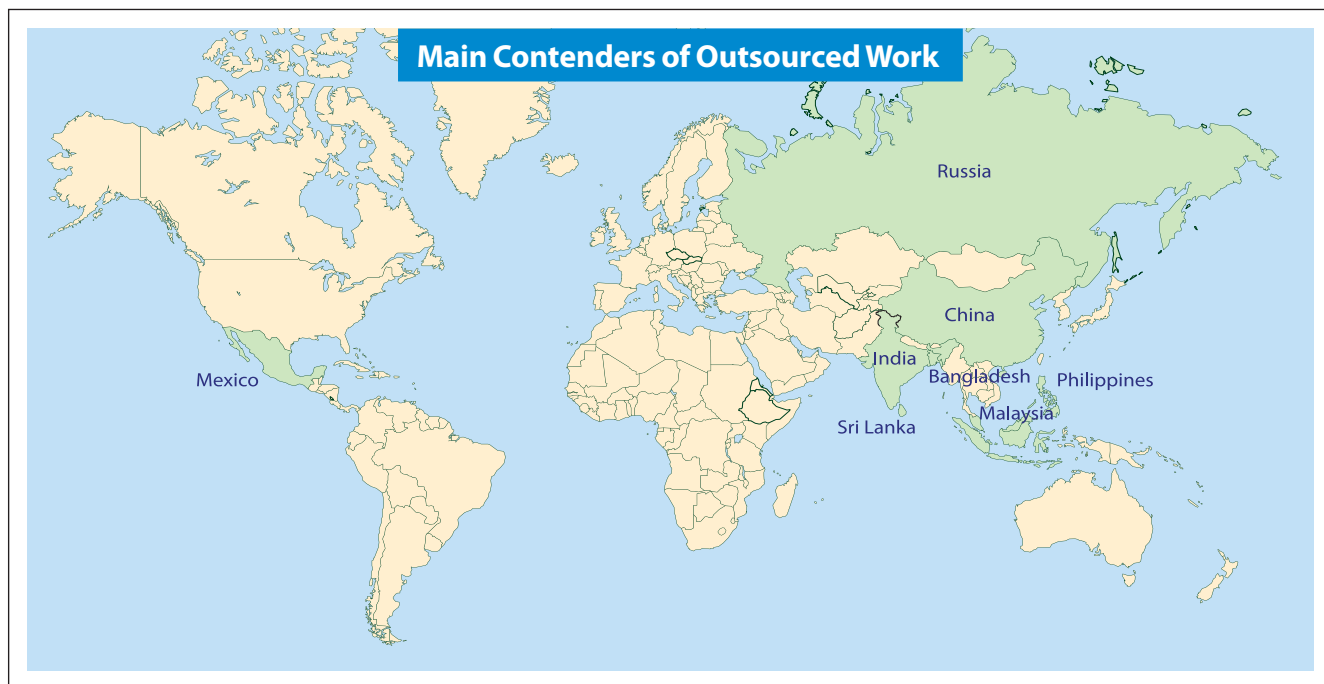
NOTES ON OUTSOURCING & OFFSHORING

What is Outsourcing?

Technically, outsourcing is the process through which a company hands over part of its non-core work to another company for execution. In this process the new company is totally in charge of the designing and implementing of the business process with guidelines of requirements from the outsourcing company. In other words, the outsourcing company orders a product that is tailor made for it by the service providing company or the service provider. This product fits into the customer's overall business plan.

This process is beneficial to both the parties involved as it releases the outsourcing company from concentrating on the business processes of its non-core activities and the establishment costs involved. The service provider on the other hand specializes in that service and already has the infrastructure and the expertise, and is therefore able to utilize it to the maximum.

When the outsourced entity is based in another country the practice is called Off-shoring. Traditionally outsourcing has been part of the business process in every business activity, for a very long time.



Professional outsourcing rose from a moderate \$260 million industry in 2001 to a \$3.05 billion industry in 2007. It will reach a projected \$11.2 billion by 2011, says a report from the India Brand Equity Foundation, a public-private partnership.

Knowledge process outsourcing (KPO) is a form of outsourcing, in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary of the same organization, which may be in the same country or in an offshore location to save cost. Unlike the outsourcing of manufacturing, this typically involves high-value work carried out by highly skilled staff. KPO firms, in addition to providing expertise in the processes themselves, often make many low level business decisions—typically those that are easily undone if they conflict with higher-level business plans.

It is part of India's inevitable move up the corporate food chain, from lower-value business process outsourcing—like call centers—to knowledge process outsourcing (KPO). The latter category encompasses higher-skilled jobs, such as engineering and medicine, and relies on the KPOs to behave more like branch offices of U.S. companies.

BPO or Business Process Outsourcing is not simply another term for outsourcing. It involves creating strategic value through outsourcing by creatively examining the process and changing the way it is actually performed and is therefore more than just changing hands. Here, the supplier not only takes on the responsibility to take over the function or business process, but also to re-engineer the way it is done. That includes either applying new technology or applying the existing technology in a new way. As a result, something about the way the process is currently being done gets fundamentally changed even though considerations of how the new process affects the buyer's company and interacts with other departments and functions in it. BPO often increases a company's shareholder value.

Globalization

A new era of globalization began in the 1980s and brought along a significant decline in costs of transportation, communication, and production, and considerably improved inter country competitiveness; and broke down trade and cultural barriers among countries. The concept of a sovereign nation has been increasingly questioned in recent years. Some, indeed, have imagined a world without boundaries, without countries. Others who doubt the benefits of globalization have called for increased protectionism and greater regulation of economic activity. Offshore outsourcing is a product of this fast moving globalization and likewise it has its supporters and its detractors.

Communication (Internet / travel)

But for the ease in communication, offshore outsourcing could be unthinkable. The shift from atoms to bytes and bits has made this possible. Distance has become immaterial to many of today's business processes. Business services can reach and be reviewed by the company as many times and in as much time as they would at the site itself. Data transfer and communication time has immensely shortened.

Countries Outsourcing to India

The United States of America is the largest outsourcer in terms of both volume and value. The next largest outsourcer is the United Kingdom. However, these countries seem to bear different viewpoints. Whereas there is a big outcry against outsourcing to India in the US, the UK has recently reiterated its faith in the wisdom of outsourcing to India. Other European countries are the third resource for outsourcing to India. Analysts however feel that Europeans have more to lose from this arrangement than the Americans mainly due to two reasons. Firstly all those countries where outsourcing is done buy their equipment from the US, even those that are outsourced by Europe; and secondly the workforce in the USA is considered flexible and has a capacity to upgrade but the European workforce is considered inflexible and therefore less prone to upgrade and get new jobs.

Countries being outsourced to

In terms of offshore centres, India remains the undisputed leader, with China and Russia emerging as strong contenders," Gartner has said in its report. Countries like India, Malaysia, and the Philippines are happy to offer well-educated, English-speaking workers at a fraction of the price prevalent in the United States and are therefore reaping in rich dividends. Other countries benefiting from outsourcing are Mexico (where the first jobs from the US moved), Bangladesh and Sri Lanka.

A McKinsey study for the National Association of Software and Service Companies had recently calculated that for every dollar of work outsourced to India, the US gains more in terms of not just cost savings, but even in terms of telecom and other equipment bought from US firms by Indian development centres. The Journal also quoted the commerce department as saying "in addition to hiring more US businesses to provide services, foreigners doubled last year the amount of money invested in US companies, plants, offices, stores and other facilities. Foreign direct investment swelled to \$81.98 billion in 2003, from \$39.63 billion in 2002".

Challenges in Process Transition for corporate houses

Despite its popularity, successful outsourcing to India is still difficult. While the market has matured, telecommunications have improved and English fluency in India has flour-

ished, challenges still remain. Cultural issues creep in, service-level expectations are set too high, transitional costs can be foreboding, and ongoing relationship management is expensive and labour-intensive. It is important to focus on processes with high impact such as the financial and vendor expertise.

Growing Competition

Though success has come to India, it was achieved by facing tough competition and facing it well. Today however, a new set of challenges face the industry. The India brand is quite well established, yet, there's lot of ground to be covered in this space. Other countries like China are emerging as powerful threats as we're not yet that high up the value chain to ignore them. Even on the BPO front, the need is to move quickly up the value chain, and deal with fears in other economies about the dangers of off-shoring to India, vis-à-vis near-shoring.

Security

Indian companies are increasing undertaking high-end software development and security concerns need to be addressed at the CEO and boardroom level of every company and by political leaders at all levels. Although India compares well with competing destinations on the security matrix, awareness about security issues is still low. Stringent legal frameworks are needed to deal with data protection and IP rights issues, creating awareness about protecting sensitive information from unauthorized disclosure, highlighting the need for international security standards, ensuring robust verification and auditing process to track development of software code and exchange reports with member companies on market trends, issues and challenges of the security market at regular intervals. With the launch of Security Forum, Nasscom has stepped in and hopes to alter the low awareness on security issues and promote security consciousness to enhance international competitiveness of the Indian IT industry.

Is there a way out from Job Outsourcing?

Most experts think not. They feel there is no escape from the attack of E-commerce on industry after industry that threatens to transform traditional industry structures into new configurations. Managers they feel will be forced to rethink their outsourcing strategies in profound ways. Studies have shown that more and more companies outsource still more complex activities. Also, a considerable reduction in supplier base can be detected, leading to closer relationships between companies. This development has called for a totally new way of doing business. Successful outsourcing has become a key to competitiveness. For the seller or vendor, the sale of total solutions has become a key to new and expanding markets.

Outsourcing Statistics

Outsourcing as a phenomenon is not new and has been going on for years. But since 1990 the offshore outsourcing market has grown immensely bringing it into the spotlight.

Outsourcing statistics show that the largest percentage of jobs being outsourced is in Information Technology, by around 28%. The next largest field is human resources taking 15% of the outsourcing market, followed closely by sales and marketing outsourcing with 14% and financial services outsourcing at 11%. The remaining 32% is made up of other different processes such as administrative outsourcing. Most of the outsourcing is done by multinational companies and the most popular destinations are India, China and the Philippines. Of course these figures slightly differ depending on the study and the point of view, but this division gives an idea of the outsourcing market.

Below are some outsourcing statistics:

- According to Deloitte Consulting, 2 million jobs will move from the United States and Europe to cheaper destinations in the financial services business alone. The emigration of service jobs across all industries could be as high as 4 million. The consulting firm also forecasts that in the next five years 3/4 of major financial institutions and investment banks will allocate tasks to low labour cost countries and that India will be at the top of the list. Global financial institutions are predicted to invest \$356 billion in India for outsourcing projects.
- Forrester Research estimates that 3.3 million U.S. jobs and \$136 billion in wages could be moved to such countries as India, China, and Russia by 2015.
- Among the different offshore destinations, India has become the number one location for most companies.

All outsourcing statistics show that the offshore outsourcing trend is enormous and will just keep growing. India for example expects to create 2 million jobs in the next 10 years in offshore BPO.

Advantages of Outsourcing

In today's economy, outsourcing is no longer an option but a necessity. As companies are forced to focus on core competencies, many are considering outsourcing various aspects of their in-house operations. The driving force behind this decision is typically cost reduction and organizational restructuring. Outsourcing can result in significant benefits for both customers and vendors.

The Outsourcing market is estimated to grow tremendously in the coming few years with an increasing number of companies planning to outsource both low end and high end jobs to offshore destinations. Also the number of companies providing outsourcing services is on the rise, thus resulting in larger variety. Due to the fact that more

and more companies are outsourcing, the risks are getting smaller as businesses have more experience and clearer objectives.

There are several marked advantages of outsourcing:

1. Concentration on core business areas

Back office operations of a company require high maintenance and specialized attention. Yet most of them are critical for the company's everyday activities. By outsourcing their back office operations businesses can concentrate on their core competencies while their back office operations are being managed smoothly by a specialized third party company.

2. World-class technology at lower rates

Investing in new technology is very costly and often risky. As the technology market develops rapidly, it is difficult to keep up with latest innovations and solutions. Thus outsourcing to companies that have the resources, expertise and desire to continuously update their technological solutions, offers a true advantage of outsourcing.

3. Skilled manpower at affordable prices

Outsourcing gives a company the ability to get access to skilled and trained man power at extremely low rates. This in turn leads to an increase in productivity as well as cost savings. By outsourcing a company saves on recruitment, training and other human resource costs it would otherwise have to maintain internally. Also an advantage of outsourcing is that a company is able to utilize the kind of expertise it could not internally provide.

4. Increased productivity

By employing skilled manpower in larger numbers at lower costs companies can really increase their productivity. This in turn would result in better customer satisfaction and increased profitability.

5. Beat Competition

In today's fast paced global economy a company needs to provide high-quality services to its customers in order to retain them, as well as provide the services for cheap prices. Outsourcing in this case can help the company maintain lower rates with better service solutions, thereby giving them a better market position or even a competitive advantage.

6. Tax benefits

By selecting the right BPO destination companies can save up on taxes in turn saving on costs.

Benefits of Outsourcing

Outsourcing in the world today is seen as a strategic

management option rather than just a cost cutting operation. It aids companies to achieve their business objectives through operational excellence and a better market position. In order for companies to focus on their core competencies, all companies today outsource one or more of their operations. In order to compete in the global economy companies need to focus their resources on their core operations.

Many companies today are outsourcing for example their human resource department, their financial department and their marketing department. The benefits of outsourcing thus include professional manpower, cutting-edge technology and cost savings. Through outsourcing companies receive flexibility in decision-making and companies are able to quickly set up or change certain operations or processes depending on the requirements at hand.

The short term benefits gained through outsourcing:

- Ability to focus resources and attention on core business processes.
- Reduced human resource management costs
- Access as needed to specialized resources
- Refinement of risk management, project management, and service delivery abilities.
- Implementation of demand management and service delivery disciplines.
- More accurate process management and support operations.

Typical long-term benefits include:

- More predictable results-based budgeting for the outsourced function over the period of a certain outsourcing agreement.
- Joint and interactive problem solving and creativity.
- Superior management of the business operations portfolio.
- Better management, contracting, and outsourcing integration skills.

Companies today want to make use of the outsourcing advantage in order to progress and stay abreast of the competition. This is the reason why more and more companies irrespective of certain failures are entering the race of outsourcing.

Global Outsourcing

Even though there has been a lot of political debate on the subject, global outsourcing has become a fact of life and is growing rapidly. This is because, despite all the criticism and scepticism, global outsourcing can provide huge benefits in terms of cutting costs, productivity, management,

and profits. Global outsourcing can be seen as a natural development of existing outsourcing practices in the global economy today. In fact global outsourcing is becoming a necessary business solution in order for companies to maintain market share and profitability. Global outsourcing is also considered the practice of using multiple offshore locations. Global outsourcing thus balances the supply of specific talent while minimizing geopolitical risk.

It can thus be stated that global outsourcing is a real and inevitable part of the global markets today, and should be considered for its desirable benefits. Global outsourcing creates and expands new markets. It also effectively and efficiently promotes global citizenship. Not only does global outsourcing recognize the benefits of a global economy, but it also enhances technological innovation and diversity.

In addition global outsourcing has both benefits for one company as well as positive implications on a larger level. Global outsourcing will ensure that companies can pass the reduced costs to national consumers or for investors to reinvest. New revenues will be created as global outsourcing will establish demand for national products, especially in high-tech products. Although some national jobs may be lost in the outsourcing process, other jobs will then be filled

generating additional value for the economy. Thus there is a misconception in current discussion on global outsourcing, because the problem is neither trade nor globalization at such, but more specifically how a country allocates its benefits from international trade.

Of course global outsourcing is not the easiest business decision for companies. There are large cost variations from country to country. Companies must take into consideration the risks involved that can include geopolitical, economic, legal, cultural, infrastructure and competency risks. But then these are risks that have to be taken into account when embarking on any international operation. The movement towards global outsourcing is more complicated than just acquiring skill and resources in a low-cost country. The main reasons emerging now are quality and speed to market. Global outsourcing also provides companies with flexibility in needs and the possibility to shut down the outsourced operation when it is no longer needed.

Global outsourcing is said to be driving the world past the information economy towards a global knowledge-based economy. The technology today enables knowledge to be shared throughout the developed and developing world, resulting in a range of regional specializations to emerge.

THE INDIA ADVANTAGE

India is the fastest growing, free market democracy in the world. India is recognized as the premier destination for offshore technology services.

Accentia is developing a number of Offshore Development Centres in India to take advantage of the availability of the large number of English speaking graduates available across the entire length and breadth of the Country.

The first striking feature obviously is the economic reform. Irrespective of the occasional grumbling about liberalisation, Indians want more reform. This paradigm shift in public perception is the greatest guarantee that the reforms process is irreversible.

The second paradigm shift is in the Indian workforce. Most critical for economic growth is the proportion of the working population in a country. India's demographics are going to build the new economic architecture of the world in the 21st century.

Today's political leadership thinks that the mantle of tomorrow's growth passing on to India's tier 2 and tier 3 cities – complete osmosis of English speaking capabilities to small towns; women white-collar workers changing India's social structures; and India playing a critical role as the world's back-office.

According to Nasscom-McKinsey Report 2005, "India's leadership position in the global offshore IT and BPO industries is based on five main advantages: (1) Abundant talent: India now accounts for 28 per cent of IT and BPO talent among 28 low-cost countries; (2) Creation of urban infrastructure that has fostered several IT centres in the country; (3) Operational excellence that has delivered cost and quality leadership in offshore service centres; (4) A conducive business environment including several favourable policy interventions such as telecom reforms; and (5) Continued growth in the domestic IT sector that provides enabling infrastructure and develops a broad-based skill base.

Leadership has its rewards. Over the last four to five years, India's offshore industries have proven to be significant economic growth engines. They have grown roughly three-fold between 2000 and 2004, from US\$4.0 billion in 2000 to US\$12.8 billion in 2004, accounting for 6% of the increase in GDP between 2000 and 2004. According to the Centre for Monitoring Indian Economy, the offshore IT and BPO industries accounted for nearly 95 per cent of the absolute growth in foreign exchange inflows associated with services industries between 2000 and 2004. While total services exports grew by 60 per cent from US\$16 billion in 2000 to

US\$25 billion in 2004, offshore IT and BPO exports tripled in the same period."

As per Nasscom figures, BPO exports from India grew by 30% in 2007-2008 registering revenues of US \$ 10.9 billion.

Abundant skilled resources that India has are again a very big factor in its favour. India has a large and highly skilled English-speaking labour pool. According to the NASSCOM Strategic review 2007, India produces approximately 3.1 million university and college graduates, including approximately 500,000 engineering degree and diploma holders from its educational institutions annually. According to NASSCOM, India has the single largest pool of suitable offshore talent- accounting for 28% of the total suitable pool available across all offshore destinations and outpacing the share of the next closest destination by at least a factor of 2.5.

Offshore Outsourcing to India

India is fast emerging as a winner in this outsourcing services hype with almost 82% of the US based companies ranking India to be their first choice as an offshore outsourcing destination. Being a talent rich country, India has all the right resources, infrastructure and facilities to stand apart from the crowd as one of the best offshore destinations to outsource services.

The Indian government is concentrating a lot in developing the country's Electronics, Information Technology, and Telecommunications infrastructure and the success of this promotion is being reflected in cities like Bangalore (India's IT capital), Chennai, Mumbai and Pune. Owing to these reasons the Indian BPO market has grown from 0.8 billion US dollars in 1999-2000 to 1.5 billion US dollars in 2001-2002 and is estimated to have grown to 17 billion US dollars by the year 2008

In with the competition, Indian companies/firms are constantly moving up the value chain and are equipped to handle all kinds of low end as well as high end services. The services that are currently being outsourced to India are IT related services, data entry/maintenance services, software research/ maintenance/ development services; IT enabled services, back office operations, business process outsourcing, web development services, CRM/SCM, medical transcription services and so on.

Government Policies and backing

India has written its success story not in spite of the chaotic, robust democracy, but because of it. Decades of Socialist Democracy and affirmative action have allowed the participation of the poorest, for whom education is the only way out. This mindset has led to increased schooling. In the past two years, six companies have won prestigious Deming quality awards, and their excellence has triggered a surge in export orders.

Liberalization has taken roots in India and the Government has steadily lowered interest rates, eased up foreign exchange restrictions, and freed banks from their social obligations. The governments within India, at the Centre as well as in certain States, have realized that India has stumbled upon a goldmine and seem determined to mine this gold. As a result, renewed support from the governments is forthcoming.

With the rupee fully convertible, Indian businesses are now free to invest anywhere. Simultaneously, credit banking has led to a consumer boom and a new and confident India has emerged even as old problems persist.

Demography

What was a few years ago cause for worry, has turned to India's advantage. The growth of India's population is a big factor in the whole scenario. If it were not for the teeming millions in the country and the government's inability to provide employment to them, the workforce would not have offered cheaper services and appear satisfied to boot. The salary structure has always been low in India so whatever the workforce earns from outsourced jobs is much more than he would get anywhere else.

Even though the literacy levels are still dismal vis-à-vis the developed Nations, India's massive population guarantees a large number of graduates. In terms of total number of graduates, India scores high. This large workforce has been hungering for employment that the country had so far been unable to generate.

By 2020, 47% of Indians will be between the ages of 15 and 59, as compared with 35% now. The working populations of the U.S. and China on the other hand are projected to shrink. With the world's largest population of workers and consumers, India should be able to sustain 7.5% annual growth after 2005.

Social

Education has always been important in India and the status of its citizens has been heavily weighed on the terms of this parameter.

On the other hand education has taken a beating in the developed Nations. The youth has been in a hurry to earn even as teenagers and have therefore given more priority to earning rather than to learning. In developed nations the line of division is very thin and social interaction is more at par.

Economic

The economic factor has been greatly highlighted in this issue. Even though it is indeed a major factor in the process, analysts have been overlooking the other very important factors. It is true that if it were not due to economic reasons outsourcing would have never happened. It works both ways

for the people who outsource as well as for those that take up the jobs. Cutting costs has been the major concern of companies who are faced not only with recession but also with growing competition. Coupled with that is the growing stature of a fussy and smart consumer who wants the best for the least. Development of easy transportability and service delivery has given the consumer a global market and he is willing to make the best of it. This has made it imperative for companies to deliver to the demands of the consumer.

Developed nations have had a good per capita income. Their workforce is used to the high wages and is therefore unwilling to comply with lower wages.

Language

Even as certain part of the Indian think tank described the gaining popularity of English as a medium of education, Indians continued to learn the language because it had already become the norm. Also some states who felt Hindi, the National language, had been imposed upon them preferred the use of English to connect them to the other parts of India; and English which was stipulated to be phased out as the official language of the government refused to step down. Moreover, English was gaining global acceptance and Indians were unwilling to limit themselves. In this background, when IT happened and English became the lingua franca of the Internet, the India smoothly fitted in. It had the largest population of English speaking people among the third world countries. China and Japan who had technologically challenged the US and raced ahead in manufacturing could not do a repeat performance, as its populace had never mastered foreign languages. India is a multi - language society and many speak at least three languages. As a society they are very comfortable with a multi-lingual system and schools all over India follow the 3-language formula envisaged by former Prime Minister Mr. Rajiv Gandhi. This was done with the intention of National Integration. However, with Globalization benefiting Indians

and their will to take on the world; more and more children are learning foreign languages at school. Of the three languages two are Global and the third is mostly the mother tongue. Generally English or the mother tongue forms the medium of education and the next important language that is studied. Thus English is at most the second language studied. In many English medium schools, however the second language is either German or French. Even though the USA forms the largest outsourcer, India could soon be changing focus to Europe as its populace is increasingly being trained in European languages.

Location

Being located on the other side of the world from the US gives the advantage of time difference to India and some companies find it a definite advantage. In fact many companies are giving users in Europe and the USA the choice to choose the place of service in processing their bills and insurance documents, but always warn them of the time advantage they get if they get their jobs processed in India. Consumers are told that if they choose to process in India they may get the required job done in a day or if they choose a local service they get the same thing done in two days.

The Shift from other Nations

Cheap labour might be available in many parts of the world but it does not come with the maturity that India has gained over the years, having entered the field early. Many companies in India have scored a Level 5 rating from Carnegie Mellon's Software Engineering Institute, the highest international standard a software company can achieve. In fact of the 70 or so companies in the world that have earned this designation, half are from India. That does not leave much choice to outsourcers. The Indian market is also a tried and tested market so newer jobs are coming to India, but more than that, it is the growth in the value chart that has endeared customers to India.

To,

**The Members of
Accentia Technologies Limited**

We have examined the compliance of conditions of Corporate Governance by Accentia Technologies Limited, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the Company with The Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no Investor Grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder/ Investors Grievance Committee.

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

**For Durgesh Kabra & Co.
Chartered Accountants**

Durgesh Kabra
Proprietor
Membership No. : 44075

Place : Mumbai
Date : September 6, 2010

FINANCIAL STATEMENTS

For the year ended March 31, 2010

Accentia Technologies Limited

AUDITOR'S REPORT

To,

The Members of Accentia Technologies Limited

We have audited the attached balance sheet of ACCENTIA TECHNOLOGIES LIMITED as at 31st March 2010 and also the profit & loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In Accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to above, we report that:
 - i. 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.

- ii. 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 these books.
- iii. The Balance Sheet and the Profit and Loss account referred to in this report are in agreement with the books of account.
- iv. In our opinion the Balance Sheet and the Profit and Loss account referred to in this report comply with mandatory Accounting Standards referred to in sub section 3C of section 211 of the Companies Act, 1956.
- v. On the basis of the information and explanations given to us, and on the basis on the written representations received from the Directors and taken on record, none of the directors of the company is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) In the case of the Balance sheet, of the state of affairs of the Company as at 31st March 2010.
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For DMKH & Co.

Chartered Accountants
Firm Reg. No. – 116886W

CA. Durgesh Kabra

Place : Mumbai

Partner

Date : September 6, 2010

Membership No. : 044075

- I. (a) The Company has maintained proper records showing full Particulars, including quantitative details and situation of fixed Assets on the basis of information available.
- (b) As explained to us, all the fixed assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) In our opinion and according to information and explanation given to us no substantial part of fixed asset has been disposed off by the company during the year and the going concern status of the company is not affected.
- II. In our opinion and according to the information and explanations given to us, in view of the nature of the company, the provision of clause 4(ii) of the order relating to inventory is not applicable to the company.
- III. (a) The Company has granted unsecured loans to three subsidiaries covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance of such loans were Rs. 4,89,35,669.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for the loans mentioned in para (iii) (a) above, are prima facie not prejudicial to the interest of the Company.
- (c) Since the loans mentioned in para (iii) (a) above are without any fixed repayment schedule, the question of examining the regularity of repayment of the Principal amount and interest thereon, does not arise.
- (d) For the same reasons given in para (iii) (c) above, the question of examining the overdue amount and commenting on the reasonableness of the steps taken by the Company for the recovery of such loans does not arise.
- (e) The Company has not taken loans from party covered in the register maintained under Section 301 of the Companies Act, 1956, hence para (f) to (g) of the clause 4 (iii) of the order is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- V. (a) In respect of transactions covered under section 301 of the Companies Act, 1956. In our opinion and according to the information given to us, there are no such transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956, hence para (b) of the clause 4 (v) of the order is not applicable to the company.
- VI. The Company has not accepted any deposits during the year and consequently the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- VII. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
- VIII. We have been informed that the maintenance of cost records has not been prescribed by the central government under section 209(1) (d) of the Companies Act, 1956.
- IX. (a) According to the information and explanation given to us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable.

- (b) According to the information and explanation given to us no undisputed statutory dues including income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable were in arrears as at 31.03.2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, customs duty, wealth tax, service tax, excise duty and cess which has been deposited on account of any dispute except the below.

Name of the Statute	Nature of the Dues	Amount Disputed Rs.	Year to which amount related	Forum where Dispute is pending
Income Tax Act, 1961	Income tax and Interest thereon	4,47,43,357/-	A.Y. 2007-08	Commissioner of Income Tax (Appeal)
Service Tax	Service Tax and Interest thereon	58,01,866/-	2003 to 2007	CESTAT, Bangalore

- X. The Company does not have any accumulated losses at the end of the year. The company has not incurred any cash losses for the year under review and immediately preceding such current year.
- XI. According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to Financial Institution, Banks and debenture holder.
- XII. We are informed that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and the securities. Accordingly the provisions of the clause 4 (xii) of the order are not applicable to the company.
- XIII. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of the clause 4 (xiii) of the order are not applicable to the company.
- XIV. According to the information and explanation given to us the company is not dealing in or trading in shares, securities, debenture and other investments.
- XV. According to the information and explanation given to

us the company has not given any guarantee for loans taken by others from banks or financial institutions.

- XVI. According to the information and explanation given and based on the documents and records produced, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- XVII. According to the information and explanations provided to us and an overall examination of the balance sheet and the cash flow statement of the Company, in our opinion no funds raised on short term have been used for long term investment.

- XVIII. According to the information and explanations provided to us the Company has not made any Preferential allotment of equity shares during the year.
- XIX. According to the information and explanations provided to us, during the year the Company has not issued any debentures till date.
- XX. According to the information and explanations provided to us, during the year the Company has not raised any money by way of public issues. Accordingly the provisions of the clause 4 (xx) of the order are not applicable to the company.
- XXI. Based upon the Audit procedures performed and information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For DMKH & Co.
Chartered Accountants
Firm Reg. No. – 116886W

CA. Durgesh Kabra
Partner

Place : Mumbai
Date : September 6, 2010

Membership No. : 044075

BALANCE SHEET

Amount in Rs.

	Schedule No.	As at 31.03.2010	As at 31.3.2009
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	146,309,960	130,426,830
Share Application Money		-	48,956,400
(b) Reserves and Surplus	2	1,417,011,945	1,016,123,717
		<u>1,563,321,905</u>	<u>1,195,506,947</u>
2. SHARE WARRANTS MONEY			
		-	8,159,500
3. LOAN FUNDS			
(a) Secured Loans	3	296,099,174	302,864,591
(b) Unsecured Loans		10,957,109	300,000
		<u>307,056,283</u>	<u>303,164,591</u>
4. DEFERRED TAX LIABILITY			
(Refer Note No. B 13 of Schedule 10)		9,971,443	6,292,805
		<u>1,880,349,631</u>	<u>1,513,123,843</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	4	519,949,284	249,179,765
(b) Less : Depreciation		196,392,126	82,231,248
(c) Net Block		<u>323,557,158</u>	<u>166,948,517</u>
(d) Capital Work-in-progress		1,482,491	1,440,000
		<u>325,039,649</u>	<u>168,388,517</u>
2. INVESTMENTS			
	5	927,045,705	949,601,690
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Receivables	6	237,949,254	260,541,753
(b) Cash and Bank Balances		161,080,872	171,359,662
(c) Loans and Advances		91,075,308	56,013,633
		<u>490,105,434</u>	<u>487,915,048</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	7	29,055,023	20,869,604
(b) Provisions		127,785,867	75,340,074
		<u>156,840,890</u>	<u>96,209,678</u>
Net Current Assets		333,264,544	391,705,370
4. Miscellaneous Expenditure			
		294,999,733	3,428,266
		<u>1,880,349,631</u>	<u>1,513,123,843</u>
Significant Accounting Policies / Notes on Accounts	10		

As per our report of even date attached

For Accentia Technologies Ltd

For DMKH & Co.,
Chartered Accountants
Firm Registration No. 116886W

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

Durgesh Kabra
Proprietor
Membership No. : 44075

Mumbai
06.09.2010

PROFIT AND LOSS ACCOUNT

Amount in Rs.

	Schedule No.	As at 31.03.2010	As at 31.3.2009
INCOME			
Sales and Services	8	940,862,351	801,440,931
Other Income		46,348	121,578
		940,908,699	801,562,509
EXPENSES			
Depreciation & Amortization of Goodwill	9	601,909,932	510,350,795
		76,285,026	38,541,106
		678,194,958	548,891,901
Profit before Tax and Exceptional Items		262,713,741	252,670,608
Exceptional Income / (Expense)		(428,534)	(428,534)
PROFIT BEFORE TAXATION		262,285,207	252,242,074
Provision for Taxation :			
For Current Year		48,074,802	27,525,500
Income Tax of earlier years		0	1,717,869
For Fringe Benefit Tax		0	100,000
For Deferred Tax		15,671,702	8,728,353
		63,746,504	38,071,722
PROFIT AFTER TAXATION		198,538,703	214,170,352
Add : Surplus brought forward from previous year		412,486,717	251,334,939
AMOUNT AVAILABLE FOR APPROPRIATION		611,025,420	465,505,291
Appropriations			
General Reserve		22,500,000	22,500,000
Dividends:			
Final (Proposed)		43,892,988	26,085,366
Tax on Dividend		7,459,613	4,433,208
Earlier year dividend		800,000	
Surplus Carried to Balance Sheet		536,372,819	412,486,717
Significant Accounting Policies / Notes on Accounts			
EPS - Basic (on Rs.10 per Share)		14.72	16.56
EPS - Diluted (on Rs 10 per Share)		14.72	15.82
(Refer Note B 12 of Schedule 10)			

As per our report of even date attached

For DMKH & Co.,
Chartered Accountants
Firm Registration No. 116886W

Durgesh Kabra
Proprietor
Membership No. : 44075

For Accentia Technologies Ltd

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

Mumbai
06.09.2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
20000000 equity shares of Rs.10/- each (Previous year 20000000 equity shares of Rs 10/- each)	200,000,000	200,000,000
	200,000,000	200,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
14630996 equity shares of Rs 10/- each (Previous year 13042683 equity shares of Rs 10/- each)	146,309,960	130,426,830
	146,309,960	130,426,830
Of the above, the following are for other than cash		
a) 916667 shares allotted as fully paid up to the promoters of the foreign companies as per the FIPB and BSE approval.		
(b) Pursuant to the Scheme of Amalgamation of Geosoft Technologies Ltd (GTTL) and Iridium Technologies (Pvt) Ltd (ITL) with the Company, 4640713 shares allotted to the share holders of GTTL and ITL as fully paid up		
(c) Pursuant to the scheme of Amalgamation of Asscent Infoserve Private Limited with company, 1188313 shares allotted to the share holders of the Asscent Infoserve Pvt. Ltd. as fully paid up.		

SCHEDULE 2				Amount in Rs.
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010
RESERVES & SURPLUS				
Capital Reserve	821,250	2,723,500	-	3,544,750
Investment Subsidy	165,246	-	-	165,246
Securities Premium Account	577,247,563	276,171,870	-	853,419,433
General Reserve	25,402,941	22,500,000	24,393,244	23,509,697
Total	603,637,000	301,395,370	24,393,244	880,639,126
SURPLUS PER PROFIT & LOSS ACCOUNT	412,486,717	123,886,102	-	536,372,819
TOTAL	1,016,123,717	425,281,472	24,393,244	1,417,011,945

SCHEDULES FORMING PART OF THE BALANCE SHEET

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
SCHEDULE 3		
LOAN FUNDS		
A. SECURED LOANS		
(1) Loans and Advances from Banks		
(a) Exim Bank Term Loan	3,831,382	5,843,750
(b) Exim Bank Over draft	108,541,170	96,349,631
(c) ICICI Bank - Term loan	316,947	821,968
(d) Axis Bank - Term Loan	4,501,701	
(e) Loan against FD	70,644,479	46,453,523
(f) Icici loan against property	23,832,058	26,020,719
(2) External commercial Borrowing	84,431,437	127,375,000
	296,099,174	302,864,591

Note - Exim bank term Loan has been availed from the bank by pledging few fixed assets and all the current assets of the company and personal guarantee of the Directors.

Exim Bank Over Draft has been availed from the bank by pledging all the fixed assets and the receivables of the company.

Vehicles have been hypothicated to the ICICI bank for availing the Vehicle loan.

External Commercial borrowing from the ICICI bank has been secured on the receivables of the Company, Fixed assets of the company and personal guarantee of the Directors.

Loan from ICICI has been availed from the bank by pledging the property located at the Hyderabad.

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
B. UNSECURED LOANS		
(1) OD from the Banks	10,657,109	0
Others	300,000	300,000
	10,957,109	300,000

**SCHEDULE 4
FIXED ASSETS**

(Amount in Rs)

	COST				DEPRECIATION				NETVALUE			
	As at 01.04.2009 Rupees	Adjustments	Additions Rupees	Deductions/ Adjustments Rupees	As at 31.03.2010 Rupees	Upto 01.04.2009 Rupees	Adjustments Rupees	For the year Rupees	Deductions/ Adjustments Rupees	Upto 31.03.2010 Rupees	As at 31.03.2009 Rupees	As at 31.03.2010 Rupees
Goodwill/Brands/IPR's	28,798,230	-	190,651,057	-	219,449,287	10,379,987	-	24,824,751	-	35,204,738	184,244,549	18,418,243
Computer & Softwares	132,950,626	55,405,369	6,804,106	-	195,160,101	55,136,692	33,021,714	41,867,896	-	130,026,302	65,133,799	77,813,934
Buildings	63,441,830	1,156,683	1,147,100	-	65,745,613	7,045,455	1,135,106	5,752,431	-	13,932,992	51,812,621	56,396,375
Library Books	35,937	-	-	-	35,937	27,154	-	1,590	-	28,744	7,193	8,783
Electrical Installations	5,974,652	2,390,402	185,729	-	8,550,783	1,519,554	1,724,916	932,498	-	4,176,968	4,373,815	44,55,098
Plant and Machinery	3,289,051	299,248	166,746	-	3,755,045	1,956,074	132,145	212,501	-	2,300,720	1,454,325	1,332,977
Furniture/Fixtures & Equipment	11,676,826	6,612,323	5,200,593	-	23,489,742	4,702,400	1,441,887	2,206,949	-	8,351,236	15,138,506	6,974,426
Vehicles	3,012,613	750,163	-	-	3,762,776	1,463,932	420,084	486,410	-	2,370,426	1,392,350	1,548,681
Total	249,179,765	66,614,188	204,155,331	-	519,949,284	82,231,248	37,875,852	76,285,026	-	196,392,126	323,557,158	166,948,517
Capital Work-in-Progress (c)											1,482,491	1,440,000
Previous Year	92,771,821	-	156,407,944	-	249,179,765	43,690,142	-	38,541,106	-	82,231,248	166,948,517	

Note: Adjustment in Gross block and Depreciation block represents the fixed assets of the subsidiary Company merged with the Company as per the scheme of amalgamation.

SCHEDULES FORMING PART OF THE BALANCE SHEET

Amount in Rs.

				As at 31.03.2010	As at 31.3.2009
SCHEDULE 5					
	Class	No.	Face Value of each		
INVESTMENTS - AT COST					
Long term investments (Fully paid) :					
Trade (Unquoted)					
Investment in Trans Services	Equity Shares	460	USD 1	134,618,744	72,595,514
Investment in Subsidiary Companies:					
Accentia Technologies FZE	Equity Shares	1	Dhms100000	1,713,283	1,713,283
Asscent Infoserve Pvt Ltd (Merged during the year) (PY 2454000 shares of Face value Rs 10 each)					55,981,685
Thunga Software Pvt.Ltd	Equity Shares	2304345	10	57,759,070	57,759,070
Denmed Inc.	Equity Shares	1000	USD 1	122,884,928	122,884,928
GSR System Inc	Equity Shares	100	USD 1	40,961,723	40,961,723
GSR PBS Inc	Equity Shares	100	USD 1	102,404,187	102,404,187
Oak Technologies Inc	Equity Shares	1000	USD 1	445,000,000	445,000,000
				770,723,191	826,704,876
Other Investments Quoted					
Octant Interactive Technologies Ltd (1700000 shares sold during the year)	Equity Shares	1266340	10	21,302,470	49,900,000
Kapol Co-Operative Bank Ltd.	Equity Shares	2030	10	20,300	20,300
TECIL Chemicals & Hydropower Ltd	Equity Shares	12,700	10	381,000	381,000
				401,300	401,300
				927,045,705	949,601,690
Cost of Investments					
Long Term					
Quoted				21,302,470	49,900,000
Unquoted				905,743,235	899,701,690
Total				927,045,705	949,601,690
Market value of Quoted Investments				15,196,080	243,757,650

SCHEDULES FORMING PART OF THE BALANCE SHEET

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
SCHEDULE 6		
CURRENT ASSETS, LOANS AND ADVANCES		
(a) RECEIVABLES :		
Sundry Debtors :		
Debts outstanding for a period exceeding six months		
- Unsecured Considered Good	39,561,277	-
- Unsecured Considered Doubtful	-	-
	39,561,277	-
Other Debts		
- Unsecured Considered Good	198,387,977	260,541,753
- Unsecured Considered Doubtful	-	-
	198,387,977	260,541,753
(a)	237,949,254	260,541,753
 (b) CASH & BANK BALANCES :		
Cash and stamp balances	39,051	39,685
Bank balances :		
With Scheduled Banks :		
On Current Accounts	3,029,264	3,004,017
In Deposit Accounts	158,012,557	168,315,960
(b)	161,080,872	171,359,662

SCHEDULES FORMING PART OF THE BALANCE SHEET

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
Brought forward	399,030,126	431,901,415
c) LOANS & ADVANCES :		
(Unsecured - Considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received :		
Considered Good	19,998,987	19,512,948
Considered Doubtful	-	-
	19,998,987	19,512,948
Due from subsidiary companies	48,935,669	17,486,329
Mat Credit Entitlement	16,148,023	16,148,023
Other Deposits	5,992,629	2,866,333
	71,076,321	36,500,685
	(C) 91,075,308	56,013,633
	(a)+(b)+(c) 490,105,434	487,915,048
SCHEDULE 7		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors		
- Due to micro, small & medium enterprises	-	-
- Others	17,659,079	14,321,404
Other Liabilities	10,599,137	4,112,309
Interest accrued but not due	717,879	2,435,891
Liability towards investors Education and Protection Fund		
Under Section 205C of the Companies Act 1956 -		
Unpaid Dividend	78,928	
	29,055,023	20,869,604
PROVISIONS :		
Provision for taxation	96,274,803	44,821,500
Less: Payments in advance	19,841,537	-
	76,433,266	44,821,500
Dividend		
Proposed Final	43,892,988	26,085,366
Tax on Final Dividend	7,459,613	4,433,208
	51,352,601	30,518,574
	156,840,890	96,209,678

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
SCHEDULE 8		
INCOME		
Medical Transcription	638,414,556	489,020,303
Billing and Collections	171,073,685	160,179,905
Income From Coding	118,133,634	138,007,444
Interest on FD	9,663,891	14,233,279
Income from Exchange Fluctuation	3,576,585	
Total Operational Income	940,862,351	801,440,931
Other Income		
Others	46,348	121,578
Total Other Income	46,348	121,578
SCHEDULE 9		
Expenditure		
Salary and Allowances to Staff	415,705,845	365,422,025
Contribution to PF and other funds	1,079,032	660,763
Staff Welfare Expenses	1,854,398	1,934,082
Rent	7,010,328	3,528,853
Overseas Business Expenses	89,430,474	86,443,623
Power & Fuel	4,759,320	2,579,145
Communication charges	3,735,053	2,406,745
Postage and Courier	239,956	266,847
Travelling Expenses	4,081,074	2,534,677
Printing and Stationery	1,081,191	773,257
Amortisation of Contracts	23,485,253	0
General Expenditure	16,578,896	9,207,404
Repairs & Maintenance	2,837,706	1,683,404
Interest and finance charges	29,779,543	21,915,186
Exchange fluctuation	0	10,770,064
Audit Fees	251,863	224,720
Total Expenses	601,909,932	510,350,795
Exceptional Income/(Expenses)		
Deferred Revenue Expenses Written off	428,534	428,534
Total Exceptional Expenses	428,534	428,534

SCHEDULE 10

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

(A) Significant Accounting Policies

1. Accounting convention & concepts

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the Indian Generally Accepted Accounting Principles (IGAAP) comprising the Accounting standards Notified under Companies Accounting Standards Rules 2006 by the Central Government of India under section 211(3C) of the Companies Act 1956, Various pronouncements of the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and guidelines issued by the Securities Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting policy hitherto in use.

2. Use of Estimates

The preparation of financial statements in conformity with IGAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. Examples of such estimates and assumptions include useful lives of fixed assets and Intangible assets, taxes, provision for doubtful debts, anticipated obligations under employee retirement plans, etc. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent. Actual results could differ from those estimates.

3. Revenue Recognition

Income from Medical Transcription, Coding and Billing and collection are recognised as income on completion of the service. Interest Income is recognized based on time proportion and on gross basis.

4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes all identifiable expenditure to bring the assets to its present location and condition for intended use.

Intangible assets are stated at the consideration paid for

the purchase/acquisition less accumulated amortization.

Capital work in progress includes advances paid for acquiring fixed assets and cost of assets not ready for use before the balance sheet date.

5. Depreciation

Depreciation on Fixed Assets has been provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion of assets during the year is provided on a pro-rata basis.

6. Investments

Investments are valued at cost of acquisition and include brokerage fees and incidental expenses, wherever applicable. Investments are classified as long term and are carried at cost with an appropriate provision of permanent diminution in value. Investments made in the wholly owned subsidiaries are valued at cost of acquisition including the acquisition expenses relating to it.

7. Taxation

Provision for current tax is based on tax liability computed in accordance with relevant tax rates and tax laws. Provision for deferred tax is made for all timing differences arising between taxable incomes and accounting Income at rates that have enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized in future.

8. Foreign Exchange Transaction

Transactions in Foreign Currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities (for eg. Cash, receivables, payables etc.) denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the balance sheet date.

Gain/loss on realization/Payment of revenue transactions in the same year is charged to "Exchange Fluctuation Account" in the Profit & Loss Account.

9. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to check any indication of impairment based on internal/external factors. Impairment Loss is recognised whenever the carrying amount of an asset is in excess of its recoverable amount. The Impairment Loss is recognised as an expense in the Statement of Profit and Loss and carrying amount of the asset is reduced to its recoverable value.

10. Deferred Revenue Expenditure

Amount paid for the purchase of contracts relating to the medical transcription and coding have been amortized and shall be written off over a period of 3 years being the period of contract.

11. Provision for Contingent Liabilities and Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent Assets are neither recognised nor disclosed in the financial statements.

12. Earning per Share (EPS)

The earning considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year duly adjusted for additional shares issued during the year, if any.

The number of shares used in computing diluted EPS comprises the weighted average number of equity shares considered for deriving basic EPS, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

(B) NOTES TO ACCOUNTS

1. Amalgamation of Asscent Infoserve Private Limited with the company.

Pursuant to the scheme of amalgamation of the erstwhile Asscent Infoserve Private Limited (subsidiary of the company) with the company as approved by the shareholder in the court convened meeting held on the 25th day of April, 2009 and subsequently sanctioned by the honorable high court of Judicature at Mumbai vide order dated 21st August 2009 and Honorable high court of Karnataka at Bangalore vide order dated 6th February 2010, the assets and liabilities of the erstwhile company was transferred and vested in the company with effect from 1st Apr, 2008 and the scheme has been given effect to in the accounts of the year.

Asscent Infoserve Private Limited was engaged in the business of Medical Transcription and Coding and has

the softwares which are being used by the Accentia Technologies Ltd in serving the end to end results.

As a consequence of amalgamation:

- * The assets, liabilities and accumulated reserves of the erstwhile Asscent Infoserve Private Limited (as at 1st Apr 2008) have been incorporated in the books of accounts of the company as per "pooling of interest" method as prescribed by AS14 notified under Companies auditing standards 2006. The resultant Goodwill as specified in the scheme of amalgamation has been incorporated in the books of the accounts of the company and same will be amortized over the period of 10 years.
- * The financial results of the company for the year ended 31st March, 2010 are inclusive of the figures of the amalgamating company.
- * 11,88,313 equity shares (8.84% of the Company's increased share capital) have been issued to the shareholders of the Asscent Infoserve Private Limited in the ratio of one equity share in Accentia Technologies Ltd for every 1.6 equity shares held in Asscent Infoserve Private Limited.

Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the scheme, such assets and liabilities remain in the name of the erstwhile amalgamating companies.

In view of the above amalgamation being effective the figures for the year ended 31st Mar, 2010 are inclusive of the figures relating to the amalgamating company and thus are not comparable with those of the previous year.

2. Conversion of Share warrants to Equity shares :

The Company has issued 400000 Equity shares during the year at the rate of Rs 135.99 per share including the share premium of Rs 125.99 per share as part of conversion of share warrants. These shares would be entitled for the full dividend for the year, in accordance with the terms of the issue. The earnings per share has been calculated considering the pro-rata increase in the equity capital. Amount received Rs 2,710,000 during the year 2007-08 towards Share warrants have been forfeited and adjusted in the capital reserve account.

3. The company has bought another 13% stake in Trans Service Inc making a total investment of 23%. During the year, Company invested USD One and Half Million for 260 equity shares of Trans Service INC, USA.

4. Auditor's Remuneration

(Amount in Rs.)

Particulars	2009-10	2008-09
Audit Fees	1,10,000	1,00,000
Internal Audit Fees	55,000	50,000
Tax Audit Fees	36,000	32,500
Tax Matters	20,000	17,500
Service Tax	22,763	24,720
Out of Pocket expenses	8,100	13,990
Total	2,51,863	2,38,710

5. Earnings in Foreign Currency

(Amount in Rs.)

Particulars	2009-10	2008-09
Medical Transcription	638,414,556	489,020,303
Billing and Collection	171,073,685	160,179,905
Income Coding	118,133,634	138,007,444

6. Expenditure in Foreign Currency

(Amount in Rs.)

Particulars	2009-10	2008-09
Overseas Business expenses	89,430,474	86,443,623

7. Particulars of Dividend declared and Paid to Non Residents

(Amount in Rs.)

Particulars	2009-10	2008-09
Number of Non resident Share holders	2	4
Number of Shares held by them	666,666	2,075,702
Dividend	1,333,332	Nil

8. Disclosure as per AS 15 –Retirement Benefits:

Post Retirement Employee Benefits

a) Description of Plan

i) Gratuity:

Disclosures required as per the Accounting Standard is as follows;

b) Principal actuarial assumptions:

Particulars	Gratuity	
	2010	2009
Discount Rate	8.00	8.00
Rate of Return on Plan assets	0.00%	0.00%
Salary Escalation	5.00%	5.00%

c) Net Assets/(Liabilities) recognized in the Balance Sheet are as follows:

(Amount in Rs.)

Particulars	Gratuity	
	2010	2009
Present Value of Defined Benefit Obligation	2700340.00	1393261.00
Fair Value of Plan Assets	0.00	0.00
Funded Status [Surplus/(Deficit)]	(2700340.00)	(1393261.00)

Net Asset/(Liability) recognized in Balance sheet

(2700340.00)(1393261.00)

d) Amounts recognized in the Profit and Loss Accounts are as follows

(Amount in Rs.)

Particulars	Gratuity	
	2010	2009
Current Service Cost	1255064.00	585765.00
Interest Cost	163744.44	95589.44
Expected return on Plan assets	0.00	0.00
Net actuarial loss/(gain) recognized during the year	(111729.04)	(284568.44)
Total included in employee Benefit	1307079.40	396786.00

e) Reconciliation of opening and closing balances of the present value of the obligations

(Amount in Rs.)

Particulars	Gratuity	
	2010	2009
Opening defined benefit obligation	1393261.00	996475.00
Current Service Cost	1255064.00	585765.00
Interest Cost	163744.04	95589.44
Net actuarial loss/(gain) recognized during the year	(111729.04)	(284568.44)
Benefit Paid	0.00	0.00
Closing Defined Benefit Obligation	2700340.00	1393261.00

9. Segment Information (AS-17)

Company has only one segment of activity namely "healthcare Receivable Management", therefore segment reporting as defined in AS-17 does not apply.

10. Related Party Transactions:

As per the accounting standards 18 on "Related Party Disclosures" notified under Companies auditing standards 2006, the related parties of the company and nature of relation are as follows:

RELATED PARTY	NATURE OF RELATIONSHIP
Sooraj C K	Key Management Personnel
Pradeep S Viswambharan	Key Management Personnel
Thunga Software Pvt Ltd	Subsidiary
Accentia Technologies FZE	Subsidiary
GSR PBS Inc	Subsidiary
GSR Systems Inc	Subsidiary
Denmed Inc	Subsidiary
Oak Technologies Inc	Subsidiary

Nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows,

Particulars	Key Management Personnel	Subsidiaries
Remuneration to Key Management Personnel	15,00,000	20,32,201
Dividend Paid to Key Management Personnel	44,39,376	Nil
Advances Given Subsidiaries	4,89,35,669	174,86,239

11. Erstwhile GET, has taken commercial premises under financial lease. The Company to recognize the lease as an asset and a liability. This has been disclosed pursuant to Accounting Standards 19, "Leases" issued by the Institute of Chartered Accountants of India.

12. Earnings Per Share : (AS-20)

Particulars	2009-10	2008-09
Net Profit After Tax	198,538,703	21,41,70,353
Weighted Average Number of shares	13483334	12932883
Basic earnings per share	14.72	16.56
Shares for the purpose of calculating Diluted EPS	13483334	13532883
Diluted Earnings per share	14.72	15.82

13. Deferred Tax Liability/(Asset) comprises the following

Particulars	2009-10	2008-09
Opening Balance	6,292,805	(2,435,548)
Difference in WDV between books and tax	3,678,637	8,728,353
Closing balance	9,971,443	62,92,805

(During the year Deferred tax asset of Rs 1,19,93,064 of the subsidiary company merged with the books and same has been charged off)

14. The company has not received any intimation from the suppliers regarding The Micro, Small and Medium Development Act, 2006 (the Act) and hence disclosure regarding:

- Amount due and outstanding to suppliers as at the end of the accounting year.
- Interest paid during the year.
- Interest payable at the end of the accounting year.
- Interest accrued and unpaid at the end of accounting year and has not been provided.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

15. Contingent Liability and Capital Commitments not provided for

Particulars	2009-10	2008-09
Claims against company not acknowledged as debts- Demand raised by Income Tax and Service Tax Authorities	5,05,45,223	Nil
Bank Guarantees	13,41,076	13,41,076
Capital Commitments in respect to capital work in progress	4,65,09,000	5,75,32,000

16. In the opinion of the Board, the Current Assets, loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the financial statements and provision made for all known and determined liabilities are adequate and not in excess of the amount stated.
17. General Expenses includes the Directors' sitting fees paid Rs 30,000 (Previous year Nil)
18. Previous year figures have been regrouped, reclassified and rearranged wherever necessary to confirm to this year's classification. Figures with previous year are not comparable due to merging of the subsidiary Company during the current year.
19. Figures are rounded off up to nearest rupee.
20. Balance sheet Abstract & Companies general business profile as required by Part IV Schedule VI to the Companies Act 1956 is enclosed in Annexure 'A'.

As per our report of even date attached

For DMKH & Co.,
Chartered Accountants
Firm Registration No. 116886W

Durgesh Kabra
Proprietor
Membership No. : 44075

For Accentia Technologies Ltd

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

Mumbai
06.09.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxes and exceptional items	262,713,741	252,670,608
Depreciation	76,285,026	38,541,106
Interest Expense	29,779,543	21,915,186
Exchange Fluctuation (Income)/Expense	(3,576,585)	10,770,064
Interest and Dividend Income	(9,663,891)	(14,233,279)
Operating profit/(loss) before Working capital changes	355,537,834	309,663,685
Decrease/(Increase) in Current Assets		
Sundry Debtors	75,997,731	(105,969,224)
Decrease/(Increase) in Current Assets		
Loans & Advances	(32,650,912)	(26,686,509)
Increase in Current Liabilities & Provisions	8,185,419	68,132,723
Income Tax paid during the year	(19,841,538)	(16,398,023)
Fringe Benefit Tax	-	(250,000)
Purchase of Contracts amortised	(291,571,467)	-
NET CASH FROM OPERATIONS (A)	95,657,067	228,492,652
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,497,053)	(157,013,856)
Purchase of Investements	(62,023,230)	(442,160,514)
Sale of Investment	20,781,343	-
Interest Expense	(29,061,664)	(19,479,295)
Interest and Dividend Income	9,330,109	14,233,279
NET CASH FROM INVESTING ACTIVITIES (B)	(69,470,495)	(604,420,386)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Shares allotment on preferential basis	-	52,241,400
Net Loan received from the banks	(9,579,996)	121,260,995
Dividend Paid	(26,885,366)	-
NET CASH FROM FINANCING ACTIVITIES ©	(36,465,362)	173,502,395
NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)	(10,278,790)	(202,425,339)
CASH AND CASH EQUIVALENT AS AT BEGINNING OF THE YEAR	171,359,662	373,785,001
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR	161,080,872	171,359,662

Notes to the Cash Flow Statement for the year ended 31st March 2010

1. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date attached

For Accentia Technologies Ltd

For DMKH & CO.
Chartered Accountants.
Firm Registration No. 116886W

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

CA. Durgesh Kabra
Proprietor
Membership No. : 44075

Mumbai
06.09.2010

SCHEDULE 11**1. Registration Details :**

State Code :	11	Registration No.	L99999MH1991PLC062885
		Balance Sheet Date	31.03.2010

2. Capital Raised during the year (Rupees in Thousands)

Public Issue	—	Right Issue	—
Bonus Issue	—	Private Placement	54396

3. Position of Mobilisation and Deployment of Funds (Rupees in Thousands)

Total Liabilities	1880350	Total Assets	1880350
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Source of Funds

Paid up Capital	146310	Reserves & Surplus	146983
Secured Loan	296099	UnSecured Loan	10958

Application of Funds

Net Fixed Assets	325039	Investments	927046
Net Current Assets	333265	Misc. Expenditure	295000
Accumalated Losses	—		

Performance of Company (Rupees in Thousands)

Turnover	940909	Total Expenditure	678195
Profit before Tax	262286	Profit after Tax	198538
Earning per. Share in Rs.	14.72	Dividend	43893

4. Generic Name of three Principal Products/ Services of the Company (as per Monetary terms)

Item Code No. (ITC Code)	Service	Product Description	Not applicable
Item Code No. (ITC Code)	Software	Product Description	892.2

For Accentia Technologies Ltd

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

Mumbai
06.09.2010

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2010

Accentia Technologies Limited

To,

The Board of Directors of ACCENTIA TECHNOLOGIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of ACCENTIA TECHNOLOGIES LIMITED and its subsidiaries (the group), as at March 31, 2010, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. We did not audit the Financial Statement of Subsidiaries, whose financial statement reflect the group's share of net assets of Rs. 11,946.73 lakhs as at March 31, 2010 and group share of net profit of Rs 5,253.70 lakhs for the year ended on that date, which are considered in the Consolidated Financial Statements. This Financial Statement and other financial information have been audited by other auditor whose reports have been furnished to us, and our opinion, in so far as it relates to
- the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Statement-21, "Consolidated Financial Statement" notified under Companies Accounting Standards Rules 1956.
 5. Based on our audit, and on consideration of the report of the other auditors on the separated financial statement of the Subsidiaries and other financial information of its components, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statement give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010.
 - (b) In the case of the Consolidated Profit & Loss account, of the Profit of the Group for the year ended on that date; and
 - (c) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For DMKH & Co.
Chartered Accountants
Firm Reg. No. – 116886W

CA. Durgesh Kabra

Partner

Place : Mumbai

Date : September 6, 2010

Membership No. : 044075

CONSOLIDATED BALANCE SHEET

Amount in Rs.

	Schedule No.	As at 31.03.2010	As at 31.3.2009
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	146,309,960	130,426,830
Share Application Money		-	48,956,400
(b) Reserves and Surplus	2	2,552,473,563	1,767,372,548
		2,698,783,523	1,946,755,778
2. Share warrants Money		-	8,159,500
3. Minority Interest		-	38,577,262
4. LOAN FUNDS			
(a) Secured Loans	3	296,099,174	302,864,591
(b) Unsecured Loans		10,957,109	1,673,220
		307,056,283	304,537,811
5. DEFERRED TAX LIABILITY		11,448,416	-
(Refer note no B 9 of schedule 10 of the Notes to accounts)			
		3,017,288,222	2,298,030,351
APPLICATION OF FUNDS			
1. Goodwill on consolidation		711,511,737	723,776,576
2. FIXED ASSETS			
(a) Gross Block	4	742,702,669	441,630,040
(b) Less : Depreciation		284,047,503	194,923,737
(c) Net Block		458,655,166	246,706,303
(d) Capital Work-in-progress		25,982,491	6,404,730
		484,637,657	253,111,033
3. INVESTMENTS	5	156,322,514	122,896,814
4. DEFERRED TAX ASSET		-	1,455,649
5. CURRENT ASSETS, LOANS & ADVANCES			
(a) Receivables	6	980,364,753	1,135,508,475
(b) Cash and Bank Balances		231,629,939	186,331,428
(c) Loans and Advances		116,891,441	91,412,002
		1,328,886,133	1,413,251,905
Less: CURRENT LIABILITIES AND	7		
(a) Liabilities		98,402,929	116,858,021
(b) Provisions		131,413,538	105,902,264
		229,816,467	222,760,285
Net Current Assets		1,099,069,666	1,190,491,620
6. Miscellaneous Expenditure to the extent not written off - Deferred Revenue Expenditure		565,746,648	6,298,659
		3,017,288,222	2,298,030,351
Significant Accounting Policies / Notes on Accounts	10		

As per our report of even date attached

For Accentia Technologies Ltd

For DMKH & CO.
Chartered Accountants.
Firm Registration No. 116886W

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

CA. Durgesh Kabra
Proprietor
Membership No. : 44075

Mumbai
06.09.2010

CONSOLIDATED PROFIT & LOSS ACCOUNT

Amount in Rs.

	Schedule No.	As at 31.03.2010	As at 31.3.2009
INCOME			
Income from operations	8	2,647,345,950	2,360,058,381
Other Income		9,813,538	176,740
		2,657,159,488	2,360,235,121
EXPENSES			
Depreciation & Amortization of Goodwill	9	1,688,392,272	1,447,003,968
Preliminary Expenses written off		89,123,766	67,886,217
		106,012	104,689
		177,622,050	1,514,994,874
Profit Before Taxation and Exceptional Items		879,537,438	845,240,247
Exceptional Income / (Expense)		(428,534)	(428,534)
PROFIT BEFORE TAXATION		879,108,904	844,811,713
Provision for Taxation :			
For Current Year		140,874,457	127,260,275
For Fringe Benefit Tax		-	131,300
For Deferred Tax		12,904,065	(3,264,711)
		153,778,522	124,126,864
PROFIT AFTER TAXATION		725,330,382	720,684,849
Minority Interest		-	(4,901,091)
Add : Surplus brought forward from previous year		1,114,064,968	451,299,784
Adjustment on Amalgamation		(68,308,599)	-
AMOUNT AVAILABLE FOR APPROPRIATION		1,771,086,751	1,167,083,542
General Reserve		22,500,000	22,500,000
Final (Proposed)		43,892,988	26,085,366
Tax on Dividend		7,459,613	4,433,208
Earlier year dividend		800,000	
Surplus Carried to Balance Sheet		1,696,434,150	1,114,064,968
EPS - Basic (on Rs.10 per Share)		53.79	55.35
EPS - Diluted (on Rs 10 per Share)		53.79	52.90
(Refer Note No. B8 of Schedule 10)			
Significant Accounting Policies / Notes on Accounts	10		

As per our report of even date attached

For Accentia Technologies Ltd

For DMKH & CO.
Chartered Accountants.
Firm Registration No. 116886W

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

CA. Durgesh Kabra
Proprietor
Membership No. : 44075

Mumbai
06.09.2010

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

		Amount in Rs.	
		As at 31.03.2010	As at 31.3.2009
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED			
20,000,000 equity Shares of Rs.10/-		200,000,000	200,000,000
		200,000,000	200,000,000
ISSUED, SUBSCRIBED AND PAID-UP			
14630996 equity shares of Rs 10/- each		146,309,960	130,426,830
(Previous year 13042683 Equity shares of Rs 10/- each)		146,309,960	130,426,830
Of the above, the following are for other than cash			
a) 916667 Shares allotted as fully paid up to the promoters of the foreign companies as per the FIPB approval and BSE			
b) Pursuant to the Scheme of Amalgamation of Geosoft Technologies Ltd (GTTL) and Iridium Technologies (Pvt) Ltd (ITL) with the Company, 4640713 shares allotted to the share holders of GTTL and ITL as fully paid up			
c) Pursuant to the scheme of Amalgamation of Asscent Infoserve Private Limited with the company, 1188313 shares allotted to the share holders of the Asscent Infoserve pvt ltd as fully paid up.			

				Amount in Rs.
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
RESERVES & SURPLUS				
Investment Subsidy	165,246			165,246
Securities Premium Account	577,247,563	276,171,870		853,419,433
General Reserve	25,402,941	22,500,000	24,393,244	23,509,697
Capital Reserve	821,250	2,723,500		3,544,750
Foreign Currency Translation Reserve	49,670,580	4,750,829	79,021,122	-24,599,713
Total	653,307,580	306,146,199	103,414,366	856,039,413
SURPLUS AS PER PROFIT & LOSS ACCOUNT	1,114,064,968	582,369,182	-	1,696,434,150
TOTAL	1,767,372,548	888,515,381	103,414,366	2,552,473,563

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Amount in Rs.

	Asat 31.03.2010	Asat 31.3.2009
SCHEDULE 3		
A. SECURED LOANS		
(1) Loans and Advances from Banks		
(a) Exim Bank Term Loan	3,831,382	5,843,750
(b) Exim Bank Over draft	108,541,170	96,349,631
(c) ICICI Bank - Term loan	316,947	821,968
(d) Axis Bank - Term Loan	4,501,701	
(e) Loan against FD	70,644,479	46,453,523
(f) ICICI loan against property	23,832,058	26,020,719
(2) External commercial Borrowing	84,431,437	127,375,000
	296,099,174	302,864,591

Note - Exim bank term Loan has been availed from the bank by pledging few fixed assets and all the current assets of the company and personal guarantee of the Directors.

Exim Bank Over Draft has been availed from the bank by pledging all the fixed assets and the receivables of the company.

Vehicles have been hypothicated to the ICICI bank for availing the Vehicle loan.

External Commercial borrowing from the ICICI bank has been secured on the receivables of the Company, Fixed assets of the company and personal guarantee of the Directors.

Loan from ICICI has been availed from the bank by pledging the property located at the Hyderabad.

Amount in Rs.

	Asat 31.03.2010	Asat 31.3.2009
B. UNSECURED LOANS		
OD from Banks	10,657,109	1,373,220
Others	300,000	300,000
	10,957,109	1,673,220

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

**SCHEDULE 4
FIXED ASSETS**

(Amount in Rs)

	COST				DEPRECIATION				NET VALUE		
	As at 01.04.2009 Rupees	Adjustments Rupees	Additions Rupees	As at 31.03.2010 Rupees	Upto 01.04.2009 Rupees	Adjustments Rupees	For the year Rupees	Deductions Rupees	Upto 31.03.2010 Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Goodwill	28,798,230	-	190,651,057	219,449,287	10,379,987	-	24,824,751	-	35,204,738	184,244,549	18,418,243
Computer & Software	263,041,690	-	101,883,110	364,924,800	130,713,912	-	53,779,486	-	184,493,398	180,431,402	132,327,778
Buildings	65,358,193	-	1,147,100	66,505,293	8,930,240	-	5,752,431	-	14,682,671	51,822,622	56,427,953
Library Books	57,877	-	-	57,877	50,368	-	2,456	-	52,824	5,053	7,509
Electrical Installations	12,375,286	-	1,821,298	14,196,584	3,735,078	-	1,119,295	-	4,854,373	9,342,211	8,640,208
Plant and Machinery	6,854,262	-	166,746	7,021,008	5,445,118	-	231,400	-	5,676,518	1,344,490	1,409,144
Furniture/Fixtures & Equipment	60,346,676	-	5,403,318	65,749,994	32,960,624	-	2,927,079	-	35,887,703	29,862,291	27,386,052
Vehicles	4,797,826	-	-	4,797,826	2,708,410	-	486,868	-	3,195,278	1,602,548	2,089,416
Total	441,630,040	-	301,072,629	742,702,669	194,923,737	-	89,123,766	-	284,047,503	458,655,166	246,706,303
Capital Work-in-Progress (c)										25,982,491	6,404,730
Previous Year	205,032,362	49,157,937	187,439,741	441,630,040	95,250,195	31,787,325	67,886,217	-	194,923,737	246,706,303	

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Amount in Rs.

				As at 31.03.2010	As at 31.3.2009
SCHEDULE 5					
	Class	No.	Face Value of each		
INVESTMENTS - AT COST					
Long term investments (Fully paid) :					
TRADE (Un quoted)					
Investment in Trans Services Inc	Equity Shares	460	USD 1	134,618,744	72,595,514
OTHER INVESTMENTS					
Quoted					
Octant Innteractive Technologies Ltd (1700000 shares sold during the year)	Equity Shares	1266340	10	21,302,470	49,900,000
Un quoted					
Kapol Co-Operative Bank Ltd.	Equity Shares	2030	10	20,300	20,300
TECIL Chemicals & Hydropower Ltd	Equity Shares	12,700	10	381,000	381,000
				<u>401,300</u>	<u>401,300</u>
				<u>156,322,514</u>	<u>122,896,814</u>
Cost of Investments					
Long Term					
				21,302,470	49,900,000
				135,020,044	72,996,814
				<u>156,322,514</u>	<u>122,896,814</u>
Market value of Quoted Investments				15,196,080	243,757,650
SCHEDULE 6					
CURRENT ASSETS, LOANS AND ADVANCES					
(a) RECEIVABLES :					
Debts outstanding for a period exceeding six months					
-				39,561,277	-
-				-	-
				<u>39,561,277</u>	<u>-</u>
Other Debts					
-				940,803,476	1,135,508,475
-				-	-
				<u>940,803,476</u>	<u>1,135,508,475</u>
		(a)		<u>980,364,753</u>	<u>1,135,508,475</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

		Amount in Rs.	
		As at 31.03.2010	As at 31.3.2009
<i>Schedule 6 (contd...)</i>			
	Brought Forward	980,364,753	1,135,508,475
(b) CASH & BANK BALANCES :			
	Cash and stamp balances	40,063	45,085
	Bank balances :	-	-
	With Scheduled Banks :	-	-
	On Current Accounts	3,245,643	3,017,090
	In Deposit Accounts	158,012,557	168,315,960
		161,298,263	171,333,050
	Other Bank Accounts	70,331,676	14,953,293
	(b)	231,629,939	186,331,428
(c) LOANS & ADVANCES :			
(Unsecured - Considered good unless Otherwise stated)			
	Advances recoverable in cash or in kind or for value to be received :		
	Considered Good	94,452,855	68,542,166
	Considered Doubtful	-	-
		94,452,855	68,542,166
	MAT Credit Entitlement	16,148,023	16,148,023
	Other Deposits	6,290,563	6,721,813
		22,438,586	22,869,836
	(C)	116,891,441	91,412,002
	(a)+(b)+(c)	1,328,886,133	1,413,251,905
SCHEDULE 7			
CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES :			
	Sundry Creditors		
	- Due to Small micro, small & medium enterprises	-	-
	- Others	71,033,565	77,720,791
	Other Liabilities	26,572,557	36,701,339
	Interest accrued but not due	717,879	2,435,891
	Liability towards investors Education and Protection Fund Under Section 205C of the Companies Act 1956 - Unpaid Dividend	78,928	-
	(a)	98,402,929	116,858,021
PROVISIONS :			
	Provision for taxation	184,339,289	146,779,913
	Less: Payments in advance	104,278,352	71,396,223
		80,060,937	75,383,690
	Dividend		
	Proposed Final	43,892,988	26,085,366
	Tax on Final Dividend	7,459,613	4,433,208
		51,352,601	30,518,574
	(b)	131,413,538	105,902,264
	(a+b)	229,816,467	222,760,285

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Amount in Rs.

	As at 31.03.2010	As at 31.3.2009
SCHEDULE 8		
SALES & SERVICES		
Medical Transcription	1,640,652,139	1,432,699,557
Billing And Collection	699,247,611	591,523,950
Coding	296,690,343	321,584,901
Other Operational income	10,755,857	14,249,973
Total Operational Income	2,647,345,950	2,360,058,381
Other Income		
Others	9,813,538	176,740
	9,813,538	176,740
SCHEDULE 9		
Direct Expenditure		
Purchase of Software	-	4,772,185
Salary and Allowances to Staff	1,321,183,236	1,009,431,706
Contribution to PF and other funds	1,727,852	2,340,300
Overseas Business Expenses	100,026,261	199,205,882
Staff Welfare Expenses	10,408,103	11,577,742
Amortisation of Training Expenses	26,086,602	-
Rent	20,041,070	21,283,839
Medical Transcription Expenses	42,087,524	40,517,952
Power & Fuel	7,194,020	6,717,275
Advertisement Expenses	2,271,129	2,235,775
Amortisation of Contracts	45,992,829	-
Bad Debts	352,186	-
Postage and Courier	3,607,852	5,987,860
Communication Expenses	10,068,606	12,054,108
Insurance	1,724,204	2,063,941
Traveling Expenses	14,151,289	15,615,368
Office Expenses	6,288,045	31,991,077
Professional Charges	4,114,336	2,582,166
General Expenditure	28,562,779	31,067,075
Repairs & Maintenance	5,767,387	10,990,545
Rates and Taxes and Renewals	4,193,877	2,506,042
Interest charges	29,893,942	21,599,780
Bank Charges	1,609,357	1,200,616
Exchange fluctuation	-	10,241,955
Audit Fees	1,039,786	1,020,779
Total Expenses	1,688,392,272	1,447,003,968
Exceptional Income/(Expenses)	428,534	428,534
Deferred Revenue Expenses Written off	428,534	428,534
Total Exceptional Expenses	428,534	428,534

SCHEDULES TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31.03.2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2010.

SCHEDULE 10

A. Significant Accounting Policies

1. Accounting convention & concepts

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the Indian Generally Accepted Accounting Principles (IGAAP) comprising the Accounting standards Notified under Companies Accounting Standards Rules 2006 by the Central Government of India under section 211(3C) of the Companies Act 1956, Various pronouncements of the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and guidelines issued by the Securities Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting policy hitherto in use.

2. Use of Estimates

The preparation of financial statements in conformity with IGAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. Examples of such estimates and assumptions include useful lives of fixed assets and Intangible assets, taxes, provision for doubtful debts, anticipated obligations under employee retirement plans, etc. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent. Actual results could differ from those estimates.

3. Basis of Preparation

The consolidated financial statements are prepared in accordance with Accounting standard 21 on Consolidated Financial Statements Notified under Companies Accounting Standards Rules 2006

- i) The financial statements of the holding company & all subsidiaries are prepared according to uniform accounting policies, in accordance with generally accepted accounting policies in India.
- ii) The financial statements of the holding company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group

balances, intra-group transactions and unrealized profits or losses thereon have been fully eliminated

- iii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve
- iv) The financial statements of the subsidiaries are used in consolidation are drawn up to the same reporting date as that of the Holding Company
- v) The excess value of the consideration given over the net value of the identifiable assets acquired in the subsidiary companies is recognized as "Goodwill on consolidation" and is not being amortized. Good will is tested for the impairment on a periodic basis and written off, if found impaired.
- vi) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- vii) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.

viii) Subsidiaries included in Consolidation

Name of the Enterprise	Country of Incorporation	Nature of Business	Share holding/ Controlling Interest
Thunga Software Pvt Ltd	India	Health Care BPO	100%
GSR Systems Inc	U.S	Health Care BPO	100%
GSR PBS Inc	U.S	Health Care BPO	100%
DENMED Inc	U.S	Health Care BPO	100%
Accentia Technologies FZE	U.A.E	Health Care BPO	100%
OAK Technologies Inc	U.S	Health Care BPO	100%

4. Revenue Recognition

Income from Medical Transcription, Coding and Billing and collection are recognised as income on completion of the service. Interest Income is recognized based on time proportion and on gross basis.

5. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes all identifiable expenditure to bring the assets to its present location and condition for intended use.

Intangible assets are stated at the consideration paid for the purchase /acquisition less accumulated amortization.

Capital work in progress includes advances paid for acquiring fixed assets and cost of assets not ready for use before the balance sheet date.

6. Depreciation

Depreciation on Fixed Assets has been provided on written down value method and for certain fixed assets at straight line method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion of assets during the year is provided on a pro-rata basis. Depreciation in respect of assets held by foreign subsidiaries are provided over the useful life of the asset.

7. Investments

Investments are valued at cost of acquisition and include brokerage fees and incidental expenses, wherever applicable. Investments are classified as long term and are carried at cost with an appropriate provision of permanent diminution in value. Investments made in the wholly/partly owned subsidiaries are valued at cost of acquisition including the acquisition expenses relating to it.

8. Taxation

Provision for current tax is based on tax liability computed in accordance with relevant tax rates and tax laws. Provision for deferred tax is made for all timing differences arising between taxable incomes and accounting Income at rates that have enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized in future.

9. Foreign Exchange Transaction

Transactions in Foreign Currency are converted at the rates prevailing on the date of the transaction. Monetary assets and liabilities (for eg. Cash, receivables, payables etc.) denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the balance sheet date.

Gain/loss on realization/Payment of revenue transactions in the same year is charged to "Exchange Fluctuation Account" in the Profit & Loss Account.

10. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to check any indication of

impairment based on internal/external factors. Impairment Loss is recognised whenever the carrying amount of an asset is in excess of its recoverable amount. The Impairment Loss is recognised as an expense in the Statement of Profit and Loss and carrying amount of the asset is reduced to its recoverable value.

11. Deferred Revenue Expenditure

Amount paid for the purchase of contracts relating to the medical transcription and coding have been amortized and shall be written off over a period of 3 years being the period of contract. The expenditure incurred for the training of the new employees has been amortized and shall be written off over a period of 5 years.

12. Provision for Contingent Liabilities and Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not (in the opinion of the management), require outflow of resources. Contingent Assets are neither recognised nor disclosed in the financial statements.

13. Earning per Share (EPS)

The earning considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year duly adjusted for additional shares issued during the year, if any.

The number of shares used in computing diluted EPS comprises the weighted average number of equity shares considered for deriving basic EPS, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

B. NOTES TO ACCOUNTS:

1. Amalgamation of Asscent Infoserve Private Limited with the company.

Pursuant to the scheme of amalgamation of the erstwhile Asscent Infoserve Private Limited (subsidiary of the company) with the company as approved by the shareholder in the court convened meeting held on the 25th day of April, 2009 and subsequently sanctioned by the honorable high court of Judicature at Mumbai vide order dated 21st August 2009 and Honorable high court of Karnataka at Bangalore vide order dated 6th February 2010, the assets and liabilities of the erstwhile company

was transferred and vested in the company with effect from 1st Apr, 2008 and the scheme has been given effect to in the accounts of the year.

Asscent Infoserve Private Limited is engaged in the business of Medical Transcription and Coding and has the softwares which are being used by the Accentia Technologies Ltd in serving the end to end results.

As a consequence of amalgamation:

- a. The assets, liabilities and accumulated reserves of the erstwhile Asscent Infoserve Private Limited (as at 1st Apr 2008) have been incorporated in the books of accounts of the company as per "pooling of interest" method as prescribed by AS14. The resultant Goodwill as specified in the scheme of amalgamation has been incorporated in the books of the accounts of the company and same will be amortized over the period of 10 years.
- b. The financial results of the company for the year ended 31st mar, 2010 are inclusive of the figures of the amalgamating companies.
- c. 11,88,313 equity shares (8.84% of the Company's increased share capital) have been issued to the shareholders of the Asscent Infoserve Private Limited in the ratio of one equity share in Accentia Technologies Ltd for every 1.6 equity shares held in Asscent Infoserve Private Limited.

Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the scheme, such assets and liabilities remain in the name of the erstwhile amalgamating companies.

2. Conversion of Share warrants to Equity shares :

The Company has issued 400000 Equity shares during the year at the rate of Rs 135.99 per share including the share premium of Rs 125.99 per share as part of conversion of share warrants. These shares would be entitled for the full dividend for the year, in accordance with the terms of the issue. The earnings per share has been calculated considering the pro-rata increase in the equity capital. Amount received Rs 2710000 during the year 200708 towards Share warrants have been forfeited and adjusted in the capital reserve account.

3. The company has bought another 13% stake in Trans Service Inc making a total investment of 23%.

During the year, Company invested USD One and Half Million for 260 equity shares of Trans Service INC, USA.

4. Contingent Liability and Capital Commitments not provided for

(Amount in Rs.)

Particulars	2009-10	2008-09
Claims against company not acknowledged as debts-		
Demand raised by Income Tax and Service Tax Authorities	5,05,45,223	Nil
Bank Guarantees	15,91,076	15,91,076
Capital Commitments in respect to capital work in progress	9,12,78,000	12,43,50,000

5. Auditor's Remuneration

(Amount in Rs.)

Particulars	2009-10	2008-09
Audit Fees	8,10,000	8,00,000
Internal Audit fees	55,000	50,000
Tax Audit Fees	57,500	57,500
Tax Matters	30,000	25,000
Service Tax	32,600	30,900
Out of Pocket Expenses	54,686	57,379
Total	10,39,786	10,20,779

6. Segment Information (AS-17)

Company has only one segment of activity namely "healthcare Receivable Management", therefore segment reporting as defined in AS-17 does not apply.

7. Related Party Transactions

As per the accounting standards 18 on "Related Party Disclosures", the related Parties of the company and nature of relation are as follows:

RELATED PARTY	NATURE OF RELATIONSHIP
Pradeep Viswambharan	Key Management Personnel
Sooraj C K	Key Management Personnel
Dileep V	Key Management Personnel
V S Rajeev	Key Management Personnel
Thunga Software Pvt Ltd	Subsidiary
Accentia Technologies FZE	Subsidiary
GSR PBS Inc	Subsidiary
GSR Systems Inc	Subsidiary
Denmed Inc	Subsidiary
OAK Technologies Inc	Subsidiary

Nature and volume of transactions carried out with the above related parties in the ordinary course of business for the year ended March 31, 2010.

<i>(Amount in Rs.)</i>		
Particulars	2009-10	2008-09
Remuneration to Key Management Personnel	24,89,148	20,32,201
Dividend Paid to Key Management Personnel	45,41,538	Nil
Advances given to subsidiaries	4,89,35,669	174,86,239

8. Earnings Per Share : (AS-20)

<i>(Amount in Rs.)</i>		
Particulars	2009-10	2008-09
Net Profit After Tax after Minority Interest	725,330,382	715,783,757
Weighted Average Number of shares	13,483,334	12,932,883
Basic earnings per share	53.79	55.35
Shares for the purpose of calculating Diluted EPS	13,483,334	13,532,883
Diluted Earnings per share	53.79	52.90

9. Deferred Tax Liability/(Asset) comprises the following
(Amount in Rs.)

Particulars	2009-10	2008-09
Opening balance of Deffered Tax liability/(Asset)	(14,55,649)	(24,35,548)
Difference in WDV between Books and Tax	12,904,065	8,86,304
Closing balance of Deffered Tax liability/(Asset)	11,448,416	(14,55,649)

10. In the opinion of the Board, the Current Assets, loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the financial statements.

11. Previous year figures have been regrouped, reclassified and rearranged wherever necessary to confirm to this year's classification. Figures are rounded off up to nearest rupee.

As per our report of even date attached

For DMKH & CO.
Chartered Accountants.
Firm Registration No. 116886W

CA. Durgesh Kabra
Proprietor
Membership No. : 44075

Mumbai
September 6, 2010

For Accentia Technologies Ltd

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

Amount in Rs.

Particulars	As at 31.03.2010	As at 31.3.2009
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxes and exceptional items	879,537,438	845,240,247
Depreciation	89,123,766	67,886,217
Preliminary Expenses and exceptional expenses	-	533,223
Interest Expense and Finance Charges	29,893,943	21,599,780
Exchange Fluctuation	(10,755,857)	10,241,955
Interest and Dividend Income	(9,813,538)	(14,233,279)
Operating profit/(loss) before Working capital changes	977,985,752	931,268,143
Increase in Miscellaneous Assets to the extent of not written off	(559,447,989)	-
Decrease/(Increase) in Sundry Debtors	101,253,814	(727,617,408)
Increase in Loans & Advances	(37,532,225)	(49,571,915)
Decrease in Current Liabilities & Provisions	(29,776,592)	180,231,226
Income Tax paid during the year	(167,296,112)	(71,396,223)
Fringe Benefit Tax	-	(420,000)
NET CASH FROM OPERATIONS (A)	285,186,648	262,493,823
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(142,449,333)	(193,010,384)
Purchase of Investements	(62,023,230)	(442,160,514)
Sale of Investment	20,781,343	
Interest Expense	(29,061,664)	(19,163,889)
Interest and Dividend Income	9,330,109	14,233,279
NET CASH FROM INVESTING ACTIVITIES (B)	(203,422,775)	(640,101,508)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Shares allotment on preferential basis	-	52,241,400
Net loan from the banks	(9,579,996)	121,279,071
Dividend Paid	(26,885,366)	-
NET CASH FROM FINANCING ACTIVITIES (C)	(36,465,362)	173,520,471
NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)	45,298,511	(204,087,214)
CASH AND CASH EQUIVALENT AS AT BEGINNING OF THE YEAR	186,331,428	390,418,642
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR	231,629,939	186,331,428

Notes to the Cash Flow Statement for the year ended 31st March 2010

1. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date attached

For Accentia Technologies Ltd

For DMKH & CO.
Chartered Accountants.
Firm Registration No. 116886W

Pradeep Viswambharan
Managing Director & C E O

Sooraj C K
Director

Ravi Sankar
Director

CA. Durgesh Kabra
Proprietor
Membership No. : 44075

Mumbai
06.09.2010

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting (AGM) of the members of Accentia Technologies Limited will be held on 29th September, 2010, at Hotel The Park Navi Mumbai, No 1, Sector 10, CBD Belapur, Navi Mumbai 400 614, Maharashtra, India at 10.30 a.m. to transact the following business:

Ordinary business

- 1) To receive and consider and adopt the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditor's Reports thereon.
- 2) To adopt and approve the dividend declared for the financial year ended 31st March, 2010.
- 3) To appoint a Director in place of Mr. S.M. Parande, who retires by rotation and being eligible, offers himself for re-election.
- 4) To appoint a Director in place of Mr. Kabir Kewalramani, who retires by rotation and being eligible, offers himself for re-election.
- 5) To appoint auditors from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors. The retiring auditors of the Company, M/s. DMKH & Co, Chartered Accountants who are eligible for reappointment offer themselves for re-election.

Special business

- 6) Appointment of Ravi Sankar as Executive Director - Corporate Affairs

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution

"Resolved that, Mr. Ravi Sankar, whose term of office as Additional Director of the Company expires on the date of the Nineteenth Annual General Meeting and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956, from a member of the company for the candidature to the office of the Director, be and is hereby appointed as Executive Director - Corporate Affairs of the company, whose period of office shall be liable to retire by rotation."

- 7) Fixing the remuneration of Mr Ravi Sankar.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of section 198, 309 and 310 and all other applicable provisions, if

any, read with Schedule XIII of the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force, the company hereby approves the payment of the following remuneration, as approved by the Committee constituted for the purpose, to Mr. Ravi Sankar, Executive Director - Corporate Affairs of the Company with effect from date of appointment as detailed below.

Salary:

Salary shall not be less than Rs 720,000/- per annum. The salary may progressively go up to Rs 1,800,000/- per annum, subject to the confirmation of the Board of Directors.

Perquisites:

Perquisites as follows will be paid / provided in addition to salary; perquisites shall be valued in terms of actual expenditure incurred by the company. However in case where the actual amount of expenditure cannot be ascertained with reasonable accuracy, the perquisite shall be valued as per income tax rules:

- Medical Reimbursement – at actuals
- Leave Travel Concession/ Allowance – Rs. 1,00,000 per annum
- Club Fees - Rs. 1,00,000 per annum
- Provident Fund, Pension Fund & Superannuation Fund- Company's Contribution to Provident Fund, Pension Fund & Superannuation Fund as per the rules of the company.
- Gratuity- Gratuity is payable as per the rules of the company.
- Car - at actuals

Overall Remuneration

The total remuneration (i.e. salary, perquisites, commission and allowances) in any one financial year shall not exceed the limits prescribed from time to time under section 198, 309 other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be for the time being in force and any amendments thereto. In case of any doubt/ discrepancy and clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendations of the Committee of Directors constituted for the purpose. Further within the overall remuneration, the individual components may be changed as desired by Mr. Ravi Sankar, Executive Director - Corporate Affairs and accepted by the Committee constituted for the purpose.

Minimum Remuneration

In the event of loss or inadequate profits in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed under section II of part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or reenactment thereof, as may be, for the time being, be in force.

8) Further issue of shares

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

“RESOLVED THAT in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof for the time being in force] and relevant provisions of the Memorandum and Articles of Association of the Company, the Foreign Exchange Management Act, 1999 and the Issue of Foreign Currency Convertible Bonds, Global Depository Receipts and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Guidelines prescribed by the Securities and Exchange Board of India (SEBI) and subject to such approval(s), consent(s), permission(s) and/or sanction of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms, conditions, modifications and alterations as may be prescribed and specified by any of them in granting such approval, consent, permission or sanction, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) to offer, issue and allot, in the course of offerings, in domestic and/or one or more foreign markets, any Securities including Equity Shares, Global Depository Receipts and/or American Depository Receipts, Foreign Currency Convertible Bonds, Convertible Bonds, Euro-convertible Bonds/Shares/Debentures, Preference Shares whether Cumulative/ Redeemable/ Partly convertible/ convertible at the option of the company and / or at the option of the holders of the Security(s), Securities partly or fully convertible into Equity shares and/or securities linked to Equity Shares and/or any instruments or securities with or without detachable warrants, secured or unsecured or such other types of securities representing either Equity Shares or Convertible Securities (hereinafter referred to as “Securities”) to Companies in the process of acquiring companies, either by way of swap of equity shares or by way of cash payments, or a mix of both swap and cash, to

Foreign/Domestic Investors, Non-residents, Foreign Institutional Investors/ Foreign Companies/ NRI(s) / Foreign National(s)/Banks/Mutual Funds/Financial Institutions or such other entities or persons as may be decided by the Board, whether or not such persons/entities/investors are Members of the Company, through Prospectus, Offering Letter, Circular to the general public and/or through any other mode or on private placement basis as the case may be from time to time in one or more trenches as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US\$ 25 Million (US Dollar Twenty Five Million only) or equivalent thereof, including green shoe option on such terms and conditions, as the Board may in its sole discretion decide including pricing, the form and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith.

RESOLVED FURTHER THAT without prejudice to the generality of the above the aforesaid issue of the Securities may have all or any term or combination of terms in accordance with normal practice including but not limited to conditions in relation to payment of interest, dividend, premium or redemption or early redemption at the option of the company and/or of the holder(s) of the securities and other debt service payment whatsoever and all such terms as are provided in offerings of this nature including terms for Issue of additional Equity Shares, Variation of interest payment, Variation of the price or the period of conversion of securities into Equity Shares, Issue of Equity Shares on swap basis for the acquisition of company / companies whether wholly or partly in whatever manner what so ever equation the said acquisition may be worked out whether partly / fully transacted by way of swap of shares and / or cash payable or, Issue of Equity Shares during the duration of the securities or terms pertaining to voting rights or option for early redemption of securities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of underlying Equity Shares as may be required to be issued and allotted upon conversion of any such securities referred to above or as may be in accordance with the terms of the offering(s) and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed of by the Board to such person(s)/ entity(ies) in such manner and on such terms as the Board in its absolute discretion thinks fit, in the best interest of the Company and as is permissible in law.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body for issue of Depository Receipts representing underlying equity Shares/ Preference Shares/ GDR's and other securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent.

RESOLVED FURTHER THAT the securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the securities in the international market and may be governed by applicable foreign laws.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in such tranche, issue price, face value, premium amount on issue/conversion of Securities, Exercise of Warrants/redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges as the Board in its absolute discretion deems fit and to make and accept any modification in the proposal as may be required by the authorities involved in such issues and on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, the Appointment of Registrar, Book-Runner, Lead-Managers, Trustees/Agents, Bankers, Global co-ordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies/intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and/or in one or more international stock exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of securities and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and

intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

9. Issue of Convertible Share Warrants

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

"RESOLVED THAT pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment there to or re-enactment thereof) and subject to the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Bombay Stock Exchange Ltd., and other stock exchanges where the securities of the Company are presently listed and subject to the approval, consent, permission and/or sanction as may be necessary of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), and any other appropriate authority, Institutions or Body and subject to such terms, conditions, alterations, corrections, changes, variations, and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/or sanction, consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include any committee duly constituted by the Board of Directors or any Committee which the Board of Directors may hereafter reconstitute, to exercise one or more of its powers including the powers conferred by this resolution) to offer, issue and allot in one or more lot(s) upto 8,00,000 (Eight lakhs only) Convertible Share Warrants of the face value of Rs.10/- each at a price of Rs. 290.50 (Rupees Two Hundred and Ninety and Fifty Paise) being the price which is in accordance with the SEBI guidelines for preferential issues, to the various investors, on preferential basis as per the list bellow, to the various investors, on such terms and conditions that the Board of Accentia Technologies Limited, may deem appropriate in its absolute discretion.

Convertible Share Warrants at Rs. 290.50 (Rupees Two Hundred and Ninety and Fifty paise):

Sl No.	Name of the Proposed Allottees	Category	No. of share warrants
1	Pradeep Viswambharan	Promoters/ Persons acting in concert	8,00,000
	Sub Total		8,00,000

"RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Financial Institutions, and any other appropriate authority may impose at the time of their approval as agreed by the Board.

RESOLVED FURTHER THAT the offer, issue and allotment of the aforesaid 8,00,000 convertible share warrants to above named person shall be made at such time in one or more lots as the Board may in its absolute discretion decide, subject to applicable guidelines, notifications, rules and regulations.

RESOLVED FURTHER THAT the `Relevant Date' for the preferential issue as per SEBI (Disclosure and Investor Protection) Guidelines, 2000 for determination of applicable price for equity shares is 12th August 2010.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot subject to the Memorandum and Articles of Association of the Company such number of convertible share warrants as may be required to be issued and allotted in accordance with the terms of the offer and all such equity shares allotted shall rank pari-passu with the existing equity shares of the Company in all respects, including dividend, subject to lock-in for such period that may be prescribed under the SEBI Guidelines for Preferential Issues.

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting convertible warrants of the Company as aforesaid, the Board be and is hereby authorized to delegate all or any of the powers conferred to any Committee of Directors or any Director or any other officer(s) of the Company and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the equity shares of the Company, as it may in its absolute discretion, deem fit and proper."

By order of the Board of Directors
For Accentia Technologies Limited

Regd Office:
D-207, Second Floor,
International Infotech Centre,
Belapur Railway Station,
Sector II, CBD Belapur,
Navi Mumbai, Maharashtra- 400614

Mumbai
September 6, 2010

Pradeep Viswambharan
Managing Director & CEO

Notes

1. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a member of the company.
3. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
4. Members/ proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
5. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.
6. The Register of contract, maintained under section 301 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the Company.
7. The Register of Members and Share Transfer Book will remain closed from September 28th, 2010 to September 29th, 2010 (both days inclusive).
8. Subject to the provisions of Section 206A of the Companies Act, 1956 dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 30th September, 2010 to those names appearing on the Register of Members as on 29th September, 2010.
9. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updations of bank account details to their respective Depository Participants.

Item 6 Appointment of Ravi Sankar as Executive Director - Corporate Affairs

The Board meeting of the company held on 26th April, 2010 has appointed Mr. Ravi Sankar as additional director of the company to hold the office up to the date of Annual General Meeting of the company. Ravi Sankar has been the Director & CEO of erstwhile Asscent Infoserve Private Limited, subsidiary of Accentia Technologies Limited which was merged in to the Company during the Financial year under.

Ravi Sankar is a mechanical engineer by profession and has worked with the BPL Group in materials and production management. He served the erstwhile Asscent Infoserve Private Limited since 1998 which became a subsidiary of Accentia in 2006. He is presently in charge of Corporate Strategic Planning of the Accentia Group including inorganic growth both in India and overseas

Considering the expertise and experience of Mr. Ravi Sankar, your Board of Directors decided to recommend his appointment as Executive Director - Corporate Affairs of the Company, hence the resolution.

None of the Directors except Mr. Ravi Sankar is interested in the resolution and your Board of Directors recommend the same to be passed as an ordinary resolution.

Item 7- Fixing the Remuneration of Mr. Ravi Sankar, Executive Director - Corporate Affairs

The remuneration committee meeting held on 12th August, 2010 has decided to provide a remuneration of Rs 720,000 per annum, subject to the approval of the same by the shareholders at their meeting. The remuneration recommended is within the limits prescribed under provisions of section 198, 309 and 310 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956. He is entitled for all perquisites and benefits mentioned in the resolution

Considering the expertise and experience of Mr. Ravi Sankar, your Board of Directors decided to recommend the remuneration of Executive Director - Corporate Affairs of the Company, hence the resolution.

None of the Directors except Mr. Ravi Sankar is interested in the resolution and your Board of Directors recommend the same to be passed as an ordinary resolution.

The terms of appointment of Mr. Ravi Sankar as stated in this

notice may be treated as the abstract under section 302 of the Companies Act, 1956.

Item 8 Further issue of shares

To implement the growth plan of the Company, a rational fund raising program is being designed along with augmenting the present and future working capital facilities of the company, future acquisition that the company has and is envisaging in the near future which might be by way of swap of shares or by way of cash payment or a mix of both the swap and / or cash payment, The fund raising would be through a mix of debt / equity related instruments, as may be appropriate, which would be worked out in consultation with Advisors, Lead Managers and other intermediate agencies. The fund raising program is subject to approval of Government of India, Reserve Bank of India, Securities and Exchange Board of India and other authorities wherever applicable. It is proposed to issue appropriate securities for an amount not exceeding the equivalent of US\$ 25 million in one or more tranches in such form and on such terms and conditions and in such manner, at such price or prices and at such time as may be considered appropriate by the Board of Directors to the various categories of investors in the domestic/ international markets as set out in the Resolution.

Section 81(1A) requires that approval of members of the Company by way of a special resolution is required for further issue of equity shares or any instrument being a potential equity share. Accordingly, item no. 8 deals with the requisite approval under Section 81(1A) of the Companies Act, 1956.

Your Directors recommend the proposed resolution in item no.8 to be passed as a Special Resolution. None of the directors is interested or concerned in the said resolution.

Item No 9: Issue of Convertible Share Warrants

The Board of Directors of Accentia Technologies Ltd., in its Board Meeting held on 12th August, 2010 have decided to issue 8,00,000 convertible share warrants at a rate of Rs. 290.50 each on preferential placement basis. The preferential placement of equity shares and convertible warrants in Accentia Technologies Ltd., is meant for acquiring companies in the USA and working capital requirements. For the said purpose of the said acquisition, Accentia Technologies Ltd., will raise Rs.23.24 Crores by issuing 8,00,000 convertible share warrants of Rs. 290.50 to the Promoters / Persons acting in concert.

The offer, issue and allotment of 8,00,000 convertible share warrants to the person(s) / entities shall be completed within the prescribed period of 15 days from the date of passing of the special resolution in accordance with the guideline of the Securities & Exchange Board of India (SEBI) for preferential issue, being chapter XIII to the SEBI (Issue of Capital and Disclosure requirement) Regulations, 2009, or within such other time as may be permitted under the said guidelines. The said equity shares and convertible share warrants shall have such face value and shall be subject to such terms and conditions, as are stated in the special resolution mentioned above.

Disclosure as required under "SEBI Guidelines for Preferential Issue" under SEBI (Issue of Capital and Disclosure

requirement) Regulations, 2009 are as under :

- a) Objects of the issue :
To acquire companies in the USA and working capital requirements.
- b) Intention of Promoters to subscribe to the offer :
The promoters and persons acting in concert are participating in the preferential issue.
- c) Shareholding Pattern before and after the Preferential Allotment

The shareholding pattern of the Company before and after amalgamation and preferential issue, based on the shareholding as on 30th June 2010 is given below :

Shareholding pattern Category	Before issue of Share Warrants		After issue of Share Warrants	
	No. of Shares	% of share Holding	No. of Shares	% of Share Holding
A Promoter's holding				
1. Promoters - Indian promoters				
Pradeep Viswambharan	23,36,294	15.97	23,36,294	15.14
On conversion of warrants			8,00,000	5.18
Sub - Total :	23,36,294	15.97	31,36,294	20.32
B Non-Promoters' Holding	--	--	--	--
Institutional Investors	--	--	--	--
Mutual Funds/Banks/FIs	--	--	--	--
FIs	400		400	
Others	--	--	--	--
C Corporate Bodies				
Existing	26,34,425	18.01	26,34,425	17.07
D Indian Public				
Existing	64,93,637	44.38	64,93,637	42.08
NRIs	12,35,894	8.45	12,35,894	8.00
Others (Clearing Members)	12,63,680	8.64	12,63,680	8.19
Overseas Corporate Bodies	6,11,111	4.18	6,11,111	3.97
Shares held by custodians and against which Depository receipts have been issued	55,555	0.38	55,555	0.37
Total Non-Promoter holding	1,22,94,702	84.03	1,22,94,702	79.68
GRAND TOTAL : (A+B+C+D)	1,46,30,996	100%	1,54,30,996	100%

d) Proposed time within which allotment will be completed :

The allotment of 800,000 convertible warrants as proposed under special resolution of the notice will be completed within 15 days period from the passing of the said resolution at this meeting, or such other time as may be prescribed under the SEBI's Guidelines on Preferential Issues.

e) Identity of allottees with percentage of expanded capital to be held by them:

Convertible Share Warrants

Sl No.	Name of the Proposed Allottees	Category	No. of share warrants
1	Pradeep Viswambharan	Promoters/ Persons acting in concert	8,00,000
	SubTotal		8,00,000

The proposed allottees for 8,00,000 convertible warrants issued pursuant to special resolution at Item No. 9 of the notice and the percentage of expanded capital to be held by them after the proposed allotment of the said equity shares to them as per the said resolution are considered in the Post Allotment pattern above.

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution.

Hence consent of shareholders by way of special resolution is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the SEBI (Issue of Capital and Disclosure requirement) Regulations, 2009 Guidelines and the listing agreements executed by the Company with the Stock Exchange where the Company's shares are listed.

f) Change in Management

The proposed preferential allotment of Warrants will not result in any change in the management and control of the Company. Voting right shall change according to the change in shareholding pattern mentioned above.

g) Pricing:

The issue of 8,00,000 convertible share warrants on preferential basis shall be at a price of Rs. 290.50. The price is determined in compliance with SEBI Guidelines for Preferential Issues.

h) Relevant date :

Relevant date for this purpose is 04th September, 2010 i.e. 25 days prior to the date of the meeting of the Members of Company i.e. 29th September, 2010

i) Auditor's Certificate:

A copy of the certificate of the Auditors of the Company certifying the adherence to SEBI's Guidelines for preferential issues, to the SEBI (Issue of Capital and Disclosure requirement) Regulations, 2009 by the proposed issue shall be laid before the shareholders at their proposed General Meeting.

j) Lock in:

The equity shares to be allotted to all applicants stated above on preferential basis shall be locked in for a period of one year from the date of allotment as per SEBI (Issue of Capital and Disclosure requirement) Regulations, 2009

In terms of the provisions of the Companies Act, 1956, consent of the members is required for issue of equity shares to persons other than the existing members. Hence consent is sought under section 81(1A) of the Companies Act, 1956, for the offer, issue and allotment of the said shares, as stated in the resolution. The Board may be authorized to issue the equity shares in accordance with the terms of offer, as detailed in the resolution and to take all necessary actions without any limitation for implementing the resolution.

Except Mr. Pradeep Viswambharan none of the Directors of the Company is concerned or interested in the aforesaid proposed resolutions.

The Board of Directors recommend the resolution for the approval of the shareholders.

By order of the Board of Directors,

Mumbai
September 6, 2010

Pradeep Viswambharan
Managing Director & CEO

ACCENTIA TECHNOLOGIES LIMITED

Registered office:

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

PROXY FORM

Nineteenth Annual General Meeting - 29 September, 2010

Regd. Folio No/ DP Client ID: _____

I / We _____, of _____ in the district of _____ being a member / member(s) of the Company, hereby appoint _____ of _____ in the district of _____ or failing him/ her _____ of _____ in the district of _____ as my / our proxy to vote for me / us on my/ our behalf at the Nineteenth Annual General Meeting of the Company to be held at Hotel The Park Navi Mumbai, No 1, Sector 10, CBD Belapur, Navi Mumbai 400 614, Maharashtra, India at 10.30 A.M on Wednesday, September 29, 2010 and at any adjournment(s) thereof.

Signed thisday of....., 2010

Affix Re.1
Revenue
Stamp

SIGNATURE _____

Note :

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. If used, it should be returned to the Registered Office of the Company duly completed not later than forty-eight hours before commencing the meeting.



ACCENTIA TECHNOLOGIES LIMITED

Registered office:

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

ATTENDANCE SLIP

Nineteenth Annual General Meeting - 29 September, 2010

Regd. Folio No/ DP Client ID: _____

No. of shares held _____

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

I hereby record my presence at the Nineteenth Annual General Meeting of the Company to be held at Hotel The Park Navi Mumbai, No 1, Sector 10, CBD Belapur, Navi Mumbai 400 614, Maharashtra, India at 10.30 A.M on Wednesday, September 29, 2010 .

Name of the member / proxy
(in BLOCK letters)

Signature of the member/ proxy

Note: please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copy of the Annual Report to the meeting.

