

Empowering
Patients

2012
2013

18th
Annual
Report



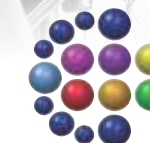
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Excelicare™
the solution for collaborative care



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2012 Empowering Patients

AxSys' Consolidated Financial Highlights and Major Achievements in 2012/2013

- Current Year's Revenue Rs.21.63 crores. Last year's revenue Rs 43.10 crores
- Loss Rs.30.17 crores. Last year Net Profit after Tax 5.28 crores.
- Unforeseen suspension of a large Canadian contract and delays in confirmation of other contracts caused an unexpected loss that we report for this year.
- Excelicare continues to win more blue chip customers in the UK, US and Canada.
- AxSys named as a 'Leader' amongst US vendors in Health Information Exchange platform technology by IDC Market Scape in July 2012.



Board of Directors

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Dr. Anjali Ramayya

Dr. G. Ramesh Ramayya

Mr. P. Sudhir Rao

Mr. Vinod Sethi

Dr. S. Surender Reddy

Dr. P. Ravinder Reddy

Mr. Salim Pyarali Govani

BANKERS
HDFC Bank
Bank of India

AUDITORS
Sudhakar Kumar & Associates
Chartered Accountants

FACILITIES
5-9-34/2, Adj. New MLA Quarters, Basheer Bagh, Hyderabad - 500 063

AxSys House
Marchburn Drive, Glasgow Airport Business Park, PAISLEY, PA3 2SJ, U.K

REGISTERED OFFICE
5-9-34/2, Adj. New MLA Quarters, Basheer Bagh, Hyderabad - 500 063
Tel No. (040) 6610 5000/ 2329 9258

LISTED AT
Delhi Stock Exchange Limited
Inter-connected Stock Exchange of India Limited.

REGISTRARS AND SHARE TRANSFER AGENTS
Karvy Computershare Private Limited
Corporate Office
21, Road No.4, St. No.1, Banjara Hills, Hyderabad-500 034

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IDC MarketScape, the ICT industry's premier vendor assessment tool which provides in-depth quantitative and qualitative technology market assessments of ICT vendors, published their report on vendors operating in the fast growing US Health Information Exchange market in July 2012, placing your company, AxSys, in the 'Leader' category, ahead of the various IT majors who compete in this market space. This is real testimony to the strategy and capability that we continue to demonstrate. I have provided a copy of the graphic that IDC use to demonstrate the categories in which they place the various vendors. The (-) sign, placed by IDC beside our name because they believe that we should have a greater share of the market than we currently do, is encouraging because it confirms that we have the right product, while also indicating our weakness in sales and marketing. This is something I acknowledge and have already started to address.

Letter to Shareholders

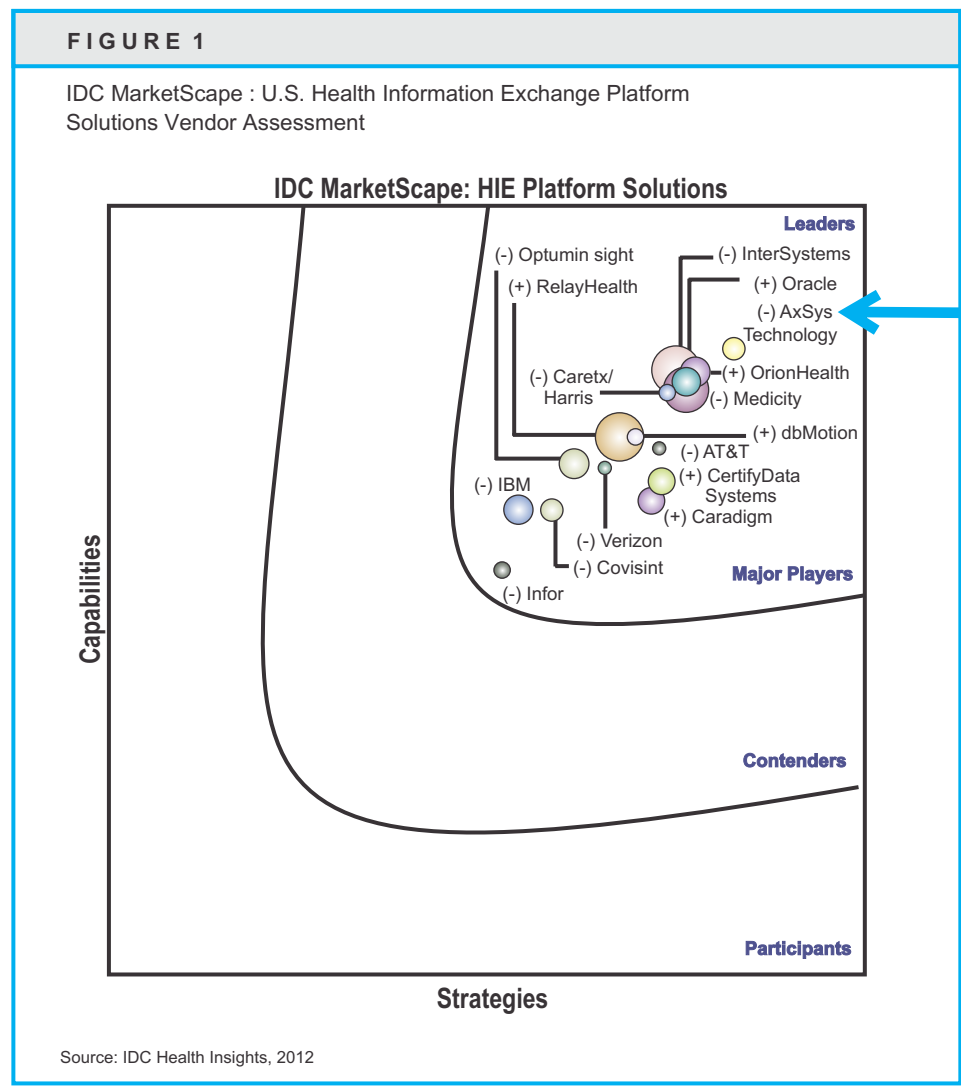
Dear Shareholders

This year has been difficult as a result of the unforeseen suspension in September 2012 of the large Canadian project which was mentioned in my letter to you previously. This happened shortly before the project was due to go live, in spite of our software being independently verified as ready to launch. We were acting as subcontractors to a large Canadian system integrator, CGI, on this project and were given no warning of the decision by the ultimate client, eHealth, Ontario. AxSys was due to receive over C\$4m on this contract as well as on-going revenue of at least C\$100,000 per month. The matter is now subject to legal action between our client, CGI, and the ultimate client, and while CGI's lawyers are confident of recovering the sums due, there is uncertainty as to the timing and extent of this recovery.

Another difficulty we faced was that one of our major clients in the US was itself subject to an acquisition, resulting in the suspension of ongoing contract discussions. Consequently, contracts on which we were working with them didn't materialise. Further, due to protracted contractual negotiations another two large North American contracts that were due to be signed in 2012 were only signed in 2013 and will appear in next year's accounts.

The end result of these one-off events and the subsequent unexpected loss in revenue caused the loss that I unfortunately report to you. The ramping up of our resource pool and cost base to meet the demands of the Canadian contract and other prospects resulted in higher operating costs, which we have now reduced. I sincerely believe that we are in the right market with the right product and the suspension of the contract and other events mentioned above have no bearing on our product or performance. My belief has been validated by AxSys continuing to win new contracts in the UK, Canada and the USA and our partners, including CGI in Canada, continuing to assist in the selling and deployment of the company's products in these markets.

Despite the loss and the setback we have suffered due to these events, I am pleased to report that the market we are in remains buoyant and showing strong signs of growth, and also that we continue to get recognition by independent market analysts.



Healthcare remains a challenge across the globe as the care of patients, especially those with long term conditions, is a complex process that involves many different organisations, professionals and care protocols. Patients receive care not by one person, but by a multi-disciplinary array of care providers, often in different locations in a disconnected and distributed environment. Care delivery is most often reactive, inefficient and non-standard and usually delivered based on the priorities and availability of providers. Patients are disempowered by the system and left wondering if the care they receive is correct, appropriate, integrated and delivered in a manner that suits them rather than the providers.

We believe that there is a need to empower patients by shifting the care paradigm from being expert-centric to patient-centric. The current expert-centric care paradigm depends heavily on a small window of a patient-expert encounter that is used for optimising and tracking care, as well as for knowledge transfer on self-management skills. We believe that placing healthcare information technology at the heart of care delivery can help in the shift to a patient-centric care paradigm, so have been working at enhancing Excelicare to enable such a shift. We have conducted extensive research & development and are announcing the launch of a new offering based upon Excelicare.

CareVigilance, our new offering, uses web based and mobile device enabled technology to give patients access to a care management system that acts as their own personal, virtual healthcare expert who is aware of their conditions, care plan activities and tracks their compliance against care protocols and informs them of their health targets. It supports integrated care management wherein an individual's needs are assessed and evaluated, care plans are implemented and services are suggested.

CareVigilance understands:

- **WHAT is required** – based on patient needs and service delivery
- **WHEN it is required** – schedule intervention based on care pathway and best practice
- **WHO is required** – identify and notify the providers responsible for delivering service intervention. Patients are also informed on pending care activities.

CareVigilance provides dashboards that help in the discovery of gaps in care and compliance of both providers and patients to the care protocols that have been implemented, making it easy for providers to see and act on their patients' current state and needs, and patients to engage in their own care proactively.

I am excited at these new developments and passionately believe that by delivering technology that empowers patients we are doing the right thing for health care. Many payer organisations such as the National Health Service in the UK and insurance companies the world over are looking to make significant investments in technology such as CareVigilance, so I am confident that the poor results that I report to you this year will soon be a distant memory.

As in previous years, my final note is dedicated to all our employees for their hard work, determined dedication, innovation and unwavering pursuit of our customers' delight. Despite the difficulties we face, this is what continues to drive me to deliver the results that you seek. I do hope that all of you as shareholders will continue to support and contribute to the success of AxSys HealthTech.

Dr. G. Pradeep Ramayya
Chairman and Managing Director

Directors' Report

Dear Members,

Your Directors are pleased to present the Seventeenth Annual Report with Standalone and Consolidated audited statements of accounts for the year ended 31st March 2013.

Financial Results

Particulars	2012-2013		2011-2012	
	Standalone	Consolidated	Standalone	Consolidated
Total Revenue	740.80	2163.88	1218.58	4310.64
Profit/(Loss) before Depreciation & Tax	(511.52)	(1033.01)	(16.68)	666.48
Depreciation and Amortization	40.88	102.17	42.02	93.12
Profit/(Loss) before Exceptional Item	(552.40)	(1335.18)	(58.70)	573.36
Exceptional Item	590.65	1682.74	-	-
Profit before Tax	(1143.05)	(3017.92)	(58.70)	573.36
Provision for Taxation	-	-	-	44.92
Profit/(Loss) after Tax	(1143.05)	(3017.92)	(58.70)	528.44

(₹ in Lakhs)

Significant events

This year has been difficult as a result of the unforeseen suspension in September 2012 of the large Canadian project. This happened shortly before the project was due to go live, in spite of our software being independently verified as ready to launch. We were acting as subcontractors to a large Canadian system integrator, CGI, on this project and were given no warning of the decision by the ultimate client, eHealth, Ontario. AxSys was due to receive over C \$4m on this contract as well as on-going revenue of at least C\$100,000 per month. The matter is now subject to legal action between our client, CGI, and the ultimate client, and while CGI's lawyers are confident of recovering the sums due, there is uncertainty as to the timing and extent of this recovery.

Another difficulty your company has faced was that one of our major clients in the US was itself subject to an acquisition, resulting in the suspension of ongoing contract discussions. Consequently, contracts on which your company was working with them didn't materialise. Further, due to protracted contractual negotiations another two large North American contracts that were due to be signed in 2012 were only signed in 2013 and will appear in next year's accounts.

Future Outlook

Despite the loss and the setback we have suffered due to these events, Your Directors are pleased to report that the market in which your company operating, remains buoyant and showing strong signs of growth, and also that we continue to get recognition by independent market analysts.

IDC MarketScape, the ICT industry's premier vendor assessment tool which provides in-depth quantitative and qualitative technology market assessments of ICT vendors, published their report on vendors operating in the fast growing US Health Information Exchange market in July 2012, placing your company, AxSys, in the 'Leader' category, ahead of the various IT majors who compete in this market space.

Fixed Deposits

Your company did not accept any deposits during the year under review.

Directors

Mr. Vinod Sethi and Dr. Ramesh Ramayya, non - executive directors, retire by rotation at the ensuing Annual General Meeting and are eligible, for re-appointment.

Statutory Auditors

M/s. Sudhakar & Kumar Associates, Chartered Accountants, Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Management Discussion and Analysis

Global economic growth slowed from 3.9% from 2011 to 3.2% in 2012. As a consequence, buying decisions had been delayed. Further the uncertain government policies regarding healthcare reform in the UK and in the North American markets have also delayed decisions with regard to investment in IT in the healthcare sector. However, healthcare demand is ever increasing and with resource constraints due to the general economic slowdown, there is more need than ever for IT to play a significant role in creating efficiencies in this sector. In the U.S. alone, health information technology market is expected to reach \$22.6 billion by 2017, as compared to \$15.9 billion in 2012, according to a report from R&R Market Research.

Additionally, the North American health information technology market is forecasted to grow at a compound annual growth rate (CAGR) of 7.4 percent to reach \$31.3 billion by 2017, from \$21.9 billion in 2012, due to the increasing demand for clinical information technology, and administrative solutions and services, the report says.

Major factors driving the growth of the healthcare information technology market are rise in pressure to cut healthcare costs, growing demand to integrate healthcare systems, high rate of return on investment, financial support from governments, rise in aging population and a rise in incidence of chronic disorders.

Corporate Governance

The Report on Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges forms part of Annual Report. Certificate from M/s. P.M.V. Subba Rao & Associates, Company Secretaries, Hyderabad, confirming the compliance with the Corporate Governance is attached with the Report.

Particulars of Employees

The Particulars of Employees required to be furnished under section 217(2A) of the Companies Act, 1956, read with the rules thereunder forms part of this Report. However, as per provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Reports and Accounts are being sent to all the shareholders of the company excluding the statement of Particulars of employees. Any Shareholders interested in obtaining a copy, may write to the company at its registered office of the company.

Directors Responsibility Statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 the Directors based on the information and representations received from the operation management confirm that:

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed with no material departures;
- ii) The Directors have 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 as on March 31, 2013 and of the profit of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability 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; and
- iv) The Directors have prepared the annual accounts for the financial year ended 31st March 2013 on a 'going concern' basis.

Consolidated Financial Statements

The report and accounts of M/s.AxSys Technology Limited, Glasgow, Scotland, a Wholly Owned Subsidiary of the company, are annexed to this Report.

In accordance with the Accounting Standard AS 21 on Consolidated Financial Statements read with Accounting Standard AS 23 on Accounting for Investments in Associates and AS 27 on interest in joint ventures, the audited consolidated financial statements are provided in the Annual Report.

Adequacy of Internal Controls

The Company has an adequate system of management, supervised internal controls, which are aimed at achieving efficiency in operations, optimum utilisation of resources effective monitoring and compliance with all applicable laws. The Company ensures adherence to all internal control policies and procedures. A qualified and independent audit committee of the Board, comprising the independent directors reviews the adequacy of internal controls.

Human Resource Development

The Company including its wholly owned subsidiary have a very highly experienced and motivated team of professionals. The Company believes that it will manage to achieve substantial growth with a lean organisation structure. The Company's human resource activities are focussed on building talent to meet future challenges. The structural changes brought into place by the Company provide greater delivery excellence, bring focus and also help in optimisation of man power utilisation. The major thrust continues in the effort to bring about measurable change in training coverage and effectiveness, increasing the learning and development opportunities for every staff member.

Energy Conservation, Technology Absorption

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activity during the year under review.

Research and Development

Your Company has a vision to exploit information and communications technology to help transform healthcare delivery. We constantly monitor healthcare trends globally and try and understand the pressure points that hinder quality and equitable healthcare for all.

- We believe that education and accurate information at the point of care is an essential component of good healthcare practice.
- We believe in healthcare providers being given the right information to plan resources effectively.
- We believe in providing powerful collaborative tools to enable multi-disciplinary care.
- We believe in involving patients in their own care as we know that this improves outcomes.
- We believe that healthcare needs to be delivered at the point of need and not at the point of care.

It's with these beliefs that we plan our Research and Development road map in AxSys.

Technology Absorption, Adaptation and Innovation

Your Company continues to use state-of-the-art technology for improving the productivity and quality of its products and service. To create adequate infrastructure, your Company continues to invest in the latest hardware and software.

Foreign Exchange Earning and Outgo

(₹ in Lakhs)

Particulars	FY 2012-13	FY 2011-12
Foreign Exchange Earning	328.13	996.42
Foreign Exchange Outgo	0.00	85.59

Listing

Your company's Equity Shares continue to be listed on Inter-Connected Stock Exchange of India Limited (ISE), Navi Mumbai and Delhi Stock Exchange Limited (DSE), Delhi. As per the information available, trading is expected to commence in both the stock exchanges during this year.

Acknowledgments

Your Directors wish to place on record their appreciation of the contribution made by the Employees at all level to the continued growth and prosperity of your company. Your Directors also wish to place on record their appreciation of business constituents, Banks, Foreign Institutional Investors (FII), shareholders of the company for their continued support.

Place: Hyderabad
Date: 30.08.2013

By Order of the Board
Dr. G. Pradeep Ramayya
Chairman and Managing Director

1. Our Governance philosophy

Traditional views of governance as a regulatory and compliance requirement have given way to adoption of governance tailored to the specific needs of the Company. Clause 49 has set the benchmark compliance rules for a listed company and the baseline for governance standards. AxSys not only adheres to the prescribed corporate practices as per Clause 49 but is constantly striving to adopt emerging best practices. It is our endeavour to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfilment of stated goals and objectives.

Corporate governance is an integral part of the way we conduct business. This emanates from our strong belief that strong governance is integral to creating value on a sustainable basis.

Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target.

2. Board of Directors

The composition of the Board of Directors, with reference to the number of Executive and Non Executive directors meets with the requirements of Code of Corporate Governance. As on date the Board of your Company comprises of eight directors. The Board represents an optimum mix of healthcare professionals, knowledge and corporate expertise.

Composition and category of Directors as on 31st March 2013

Category	Name of the Director
Promoter Directors	Dr. G. Ramesh Ramayya
	Dr. G. Pradeep Ramayya
	Dr. Anjali Ramayya
Executive Director	Dr. G. Pradeep Ramayya
Non Executive and Non Independent Directors	Dr. G. Ramesh Ramayya
	Dr. Anjali Ramayya
	Mr. P. Sudhir Rao
	Mr. Salim Pyarali Govani
Independent Directors	Mr. Vinod Sethi
	Dr. P. Ravinder Reddy
	Dr. S. Surender Reddy

Number of other companies or committees the director (being a director as on the date of Director's Report) is a Director/Chairman

Name of Director(s)	No. of other Companies in which Director	No. of Committees in which Member (other than AHTL)
Dr. G. Pradeep Ramayya Managing Director	1	Nil
Dr. Anjali Ramayya Director	1	Nil
Dr. G. Ramesh Ramayya Director	1	Nil
Mr. P. Sudhir Rao Director	9	3
Mr. Vinod Sethi Director	10	5
Dr. P. Ravinder Reddy Director	-	Nil
Dr. S. Surender Reddy Director	1	Nil
Mr. Salim Pyarali Govani Director	1	Nil

Attendance of each Director at the Board meetings held during the year 2012-13 and at the last Annual General Meeting

Name of the Director	Meetings Held during the year	Meetings Attended	Last AGM
Dr. G. Ramesh Ramayya	10	7	Yes
Dr. G. Pradeep Ramayya	10	7	Yes
Dr. Anjali Ramayya	10	7	Yes
Mr. P. Sudhir Rao	10	3	Yes
Mr. Vinod Sethi	10	3	No
Dr. P. Ravinder Reddy	10	4	No
Dr. S. Surender Reddy	10	4	No
Mr. Salim Pyarali Govani	10	-	No

No. of Board Meetings held and dates on which they were held during the year 2012-13

Quarter	No. of Meetings	Dates on which held
April 2012 to June 2012	1	15/05/2012,
July 2012 to September 2012	3	09/07/2012, 14/08/2012, 25/09/2012
October 2012 to December 2012	3	08/10/2012, 08/11/2012, 30/11/2012
January 2013 to March 2013	3	31/01/2013, 08/02/2013, 14/03/2013
Total	10	

3. Audit Committee

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges. The Company also complies with provision of Section 292A of the Companies Act, 1956 pertaining to Audit Committee and its functioning.

The Audit Committee consists of only independent and Non-executive Directors and provides assistance to the Board of Directors in fulfilling its oversight responsibilities.

The functions of Audit Committee includes

- Oversight of the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory auditor and the fixation of audit fees.
- Reviewing the adequacy of internal control systems and internal audit reports, and their Compliance thereof.
- Reviewing with Management the quarterly and annual financial statements, before submission to the Board.

The Audit Committee comprises of Dr. S. Surender Reddy as Chairman with Mr. Vinod Sethi, Dr. P. Ravinder Reddy, Mr. P. Sudhir Rao and Dr. G. Ramesh Ramayya as Members. The Representatives from the Finance Department also attend as and when required.

Meetings and the Attendance during the year

4 (Four) Meetings of the Audit Committee were held during the year 2012-13. The attendance of the each member of the Committee is given below:

Sl. No.	Name of the Director	Designation	No. of Meetings attended during the 2011-12
1	Dr. S. Surender Reddy	Chairman	4
2	Dr. P. Ravinder Reddy	Member	4
3	Mr. Vinod Sethi	Member	1
4	Mr. P. Sudhir Rao	Member	2
5	Dr. G. Ramesh Ramayya	Member	4

The Audit Committee met Four times during the year under review on the following dates:
15th May 2012, 14th August 2012, 08th November 2012 and 8th February 2013.
The necessary Quorum was present at the Meetings.

4. Remuneration & Compensation Committee

The Remuneration and Compensation Committee evaluates and finalises other things, Compensation and Benefits of Executive Directors and procedures and modalities for giving effect to the Employees Stock Option Scheme which inter alia includes determination of eligibility criterion, maximum number of Options/Shares offered to each Employee and aggregate number of Options/Shares offered during the Period covered under the Scheme, identification of Classes of Employees entitled to participate in the Scheme, framing a detailed pricing formulae, mode of process of exercise of the options etc.,

Members of the Remuneration & Compensation Committee and the number of Meetings attended by each Member during the financial year 2012-13

Name	Designation	No. of Meetings	
		Held	Attended
Dr. S. Surender Reddy	Chairman	4	4
Dr. P. Ravinder Reddy	Member	4	4
Mr. Vinod Sethi	Member	4	1
Mr. P. Sudhir Rao	Member	4	1
Dr. G. Ramesh Ramayya	Member	4	3

Gross Remuneration paid/payable to the Directors for the Financial Year 2012-13

Name of the Director	Salary, Perquisites, Bonus, Allowances etc.	Contribution to PF & Other Funds	Commission	Sitting Fees	Stock Options
Dr. G. Pradeep Ramayya	Rs.24,00,000	0	0	0	0

5. Shareholders / Investors Grievance Committee

The Shareholders' / Investors' Grievance Committee specifically looks in to redressing of shareholders' and investors' complaints such as transfer of shares, no-receipt of shares, non-receipt of balance sheet, etc to ensure expeditious share transfer. It consisting of only Non-executive Directors, focuses on shareholders' grievances and strengthening of investor relation. The purpose of constituting this Committee is to uphold the basic rights of the shareholders including right to transfer and registration of shares, obtaining relevant information about the meetings, electing members of the board and sharing in the residual profits of the Company. Further the Committee is empowered to act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares into marketable lots etc. The committee also monitors implementation and compliance of Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Members of Shareholders Committee and the Number of Meetings attended by each Member during the Financial Year 2012-13

Name	Designation	No. of Meetings	
		Held	Attended
Dr. S. Surender Reddy	Chairman/Non-Executive	4	2
Dr. P. Ravinder Reddy	Non-Executive Director	4	2
Dr. G. Ramesh Ramayya	Non-Executive Director	4	3
Mr. P. Sudhir Rao	Non-Executive Director	4	1

Investor Grievance Redressal

There were no outstanding complaints as on March 31, 2013

Related Party Transactions

Related Party Transactions are defined as transactions of the company of material nature with Promoters, Directors or the management or their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large.

Details on materially significant related party transactions are shown in Note under significant policies and note to accounts of the Balance Sheet and Profit and Loss Account.

Details of non-compliance by the company, penalties, strictures imposed by Stock Exchanges or SEBI, or any other statutory authority, on any matter related to capital markets during the last three years.

There has been no instance of non-compliance by the company on any matter related to capital markets during the last three years and hence the Stock Exchanges or SEBI or any other statutory authority has imposed no penalties or strictures on the company.

6. General Body Meetings

Details of the location of the past three AGMs and the details of the Resolutions passed or to be passed by postal ballot

- The last three AGMs were held at Hotel Ohri's Cuisine Court 30.09.2010, 30.09.2011 and 28.09.2012 respectively. All the Meetings commenced at 10.30 A.M. The shareholders passed all the resolutions set out in the respective notices unanimously.
- No resolution requiring postal ballot as recommended under Clause 49 of the Listing Agreement has been placed for Shareholders' approval at the Meeting.

6A. Notes on Directors seeking re-appointment / appointment

Mr. Vinod Sethi and Dr. Ramesh Ramayya are retiring by rotation and being eligible, have offered themselves for re-appointment. Your Directors are of the opinion that appointment of both the Directors will be beneficial to the Company.

7. Secretarial Audit

As stipulated by the Securities and Exchange Board of India, M/s. P. M. V. Subba Rao & Associates, Company Secretaries, Hyderabad, have carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors, The audit, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in Physical form.

8. Means of Communication

The quarterly, half-yearly, nine months un-audited and annual audited financial results are generally published in Business Standard (National Daily) and in Andhra Bhoomi (Telugu) daily.

All material information about the Company is promptly sent through facsimile to the Inter-connected Stock Exchange of India Limited (ISE) and Delhi Stock Exchange Limited (DSE) where the Company Shares are listed.

Annual Report: Annual Report containing inter alia , Audited Annual Accounts, Consolidated Financial Statements, Directors Report, Auditor's Report and other important information is circulated to members and others entitled thereto.

General Shareholders Information

The Annual General Meeting of the Company will be held on Monday 30th September, 2013 at 10.30 A.M at OHRI'S CUSINE COURT, KABILA HALL, BASHEER BAGH, HYDERABAD 500 063

Financial Calender	Quarter	Period	Publication of Results
	First	April - June	Second week of August
	Second	July - September	Second week of November
	Third	October - December	Second week of February
	Fourth	January - March	Second week of May

Date of Book Closure	17/09/2013 to 30/09/2013 (both days inclusive)
Dividend Payment dates	Not applicable
Listing on Stock Exchanges	The Delhi Stock Exchange Limited. (DSE), Delhi Inter-connected Stock Exchange of India Limited. (ISE), Navi Mumbai.
ISIN Number for NSDL & CDSL	ISIN INE395C01012

Equity Shares of the Company are listed on Delhi Stock Exchange Limited (DSE) and Inter-connected Stock Exchange of India Limited (ISE). Trading in securities listed in DSE is yet to be resumed after demutualisation and ISE is yet to commence its trading in securities listed therein. Hence no information on High/Low quotations is provided.

Stock Performance in comparison to broad-based indices such as BSE Sensex, BSE 200, Nifty.

Not applicable

Registrar and Share Transfer Agents

Karvy Computershare Private Limited
46, Avenue-4, Street No: 1
Banjara Hills, Hyderabad-500 034

Share Transfer System

Presently the share transfers, which are received in physical form, are processed and the share certificates are returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc., of the company's securities to Dr. G. Ramesh Ramayya, Director of the company. The company obtains from a Company Secretary in Practice half year Certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges.

Distribution of Shareholding and Share holding pattern as on 31 March 2013

Distribution of Shareholding

Category From To	No. of Shareholders	Percentage of Shareholders	Amount Rs.	Percentage of Shareholding (%)
1 - 5000	504	70.19	831,760	0.88
5001 - 10000	49	6.82	431,180	0.45
10001 - 20000	37	5.15	600,000	0.63
20001 - 30000	26	3.62	708,380	0.75
30001 - 40000	17	2.37	642,250	0.68
40001 - 50000	8	1.11	396,000	0.42
50001 - 100000	36	5.01	2,827,000	2.98
100001 and above	41	5.71	88,581,880	93.23
Total	718	100.00	95,018,450	100.00

Shareholding Pattern

Sl. No.	Category	No. of Shares held	Percentage of share holding (%)
1	Promoters	2,707,900	22.18
2	Persons acting in concert	600,100	6.32
3	HUF	12,800	0.13
4	Private Corporate Bodies	2,093,911	22.04
5	Indian Public	2,146,080	22.59
6	Non Resident Indians	1,481,500	15.59
7	Overseas Corporate Bodies	420709	4.43
8	Employees (ESOS)	638845	6.72
	Total	9,501,845	100.00

Dematerialization of Shares and Liquidity

As per SEBI guidelines on investors' protection, the Company's shares are to be traded only in dematerialised mode. Accordingly the Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited. (CDSL) to establish electronic connectivity for script-less trading. As at the end of March 31, 2013, 92.69 % of the outstanding equity shares of the company are in electronic form.

The Company's Shares are listed in the Inter-connected Stock Exchange of India Limited (ISE) and Delhi Stock Exchange Association Limited (DSE) under ISIN – INE395C01012. However, trading is yet take place in both the stock exchanges.

Outstanding GDRs/ADRs Warrants or any convertible instruments conversion date and likely impact on equity.

Location of Facilities	Not Applicable
Address for correspondence	5-9-34/2, Basheer Bagh, Hyderabad-500 063 5-9-34/2, Basheer Bagh, Hyderabad-500 063

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT.

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company.

Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended March 31, 2013.

Place : Hyderabad
Date : 30.08.2013

Dr. G. Pradeep Ramayya
Chairman & Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of AxSys HealthTech Limited,

We have examined all relevant records of AxSys HealthTech Limited (the Company) for the purpose of certifying the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended 31st March, 2013. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Clause 49 of the Listing Agreement.

Place : Hyderabad
Date : 30.08.2013

for P. M. V. SUBBA RAO & ASSOCIATES
Company Secretaries

P. M. V. SUBBA RAO
Partner
FCS-4432, CP-3374



To,
The Members,
AxSys HealthTech Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of AxSys HealthTech Ltd., which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a.) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b.) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c.) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d.) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e.) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f.) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Dated : 30th August, 2013
Place : Hyderabad

Sudhakar & Kumar Associates
Chartered Accountants
Firm number : 004165S

R. Bhaskara Rao
Chartered Accountant
Membership No.22780

Balance sheet as at 31st March 2013

Particulars	Note No.	As at end of 31st March 2013		As at end of 31st March 2012	
		in ₹	in ₹	in ₹	in ₹
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	95,018,450		95,018,450	
(b) Reserves and Surplus	2	(208,341,646)		(94,036,307)	
(c) Money received against share warrants			(113,323,196)		982,143
(2) Share application money pending allotment			-		-
(3) Non - current liabilities					
(a) Long term borrowings	3	24,212,184		210,065	
			24,212,184		210,065
(4) Current Liabilities					
(a) Short term borrowings	4	79,351,250		25,507,863	
(b) Trade payables	5	2,263,303		2,183,515	
(c) Other current liabilities	6	99,590,470		71,638,704	
(d) Short term provisions	7	-		-	
			181,205,023		99,330,082
Total			92,094,012		100,522,290
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	8	13,378,550		16,341,268	
(ii) Intangible assets		-		-	
		13,378,550		16,341,268	
(b) Non - current investments	9	63,964,950		63,964,950	
			77,343,500		80,306,218
(2) Current Assets					
(a) Trade receivables	10	-		-	
(b) Cash and cash equivalents	11	1,184,519		7,005,317	
(c) Short term loans and advances	12	1,197,458		1,237,598	
(d) Other current assets	13	12,368,535		11,973,156	
			14,750,512		20,216,072
Total			92,094,012		100,522,290

The notes attached form an integral part of the Balance Sheet

In Accordance with our Report attached

For and on behalf of the Board

For Sudhakar & Kumar Associates
Chartered Accountants
Firm number : 004165S

R. Bhaskara Rao
Partner
Membership No. 22780

P. Sudhir Rao
Director

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Place : Hyderabad
Date : 30/8/2013

Profit and loss statement for the year ended 31st March 2013

Particulars	Note No.	2012-2013		2011-2012	
		in ₹	in ₹	in ₹	in ₹
Revenue from Operations	15		74,025,718		118,514,712
Other Income	16		54,000		3,343,475
Total revenue (I+II)			74,079,718		121,858,187
Expenses					
Software development expenses	17		1,052,335		4,487,683
Employee benefits expense	18		89,476,866		87,668,784
Finance costs	19		9,730,942		375,552
Depreciation and amortization expense	20		4,087,721		4,201,905
Other expenses	21		23,115,456		17,477,758
Forex gain/(loss) on conversion of foreign liabilities			1,856,490		13,516,605
Total Expenses			129,319,810		127,728,286
Profit before exceptional items & tax			(55,240,092)		(5,870,099)
Exceptional Items	22		59,065,246		-
Profit before tax (V - VI)			(114,305,338)		(5,870,099)
Tax expense:					
(1) Current tax			-		-
(2) Deferred tax			-		-
			-		-
Profit/(Loss) for the period (VII+ VIII)			(114,305,338)		(5,870,099)
Profit/Loss for the Previous Period			(315,646,307)		(309,776,208)
P & L to Balance sheet			(429,951,646)		(315,646,307)

The notes attached form an integral part of the Statement of Profit and Loss

In Accordance with our Report attached

For Sudhakar & Kumar Associates
Chartered Accountants
Firm number : 004165S

R. Bhaskara Rao
Partner
Membership No. 22780

P. Sudhir Rao
Director

For and on behalf of the Board

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Place : Hyderabad
Date : 30/8/2013

Cash Flow statement for the year ended 31st March 2013

Particulars	Current reporting period		Previous reporting period	
	in ₹	in ₹	in ₹	in ₹
Cash flows from operating activities				
Profit before taxation		(55,240,092)		(5,870,099)
Adjustments for:				
Depreciation and amortization expense	4,087,721		4,201,905	
Exceptional item Debited to Profit & Loss account	(59,065,246)			
Interest received	-		-	
Dividends received	-		-	
Interest expenses	9,717,815		375,552	
		(45,259,710)		4,577,457
		(100,499,803)		(1,292,642)
(Increase)/ decrease in trade and other assets	(395,380)		(1,330,768)	
Increase/ decrease in Short Term Loans & Advances	40,142		-	
Increase/ (decrease) in trade liabilities	79,788		90,569	
Increase/ (decrease) in liabilities & Provisions	27,951,766		(15,651,441)	
		27,676,316		(16,891,640)
		(72,823,487)		(18,184,282)
Income taxes paid				
<i>Net cash from operating activities</i>		(72,823,487)		(18,184,282)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,125,003)		(1,596,366)	
Proceeds from sale of property, plant and equipment				
Purchase of investments				
Proceeds from sale of investments				
Interest received	-		-	
Dividend received	-		-	
<i>Net cash from investing activities</i>		(1,125,003)		(1,596,366)
Cash flows from financing activities				
Proceeds from issue of share capital				
Proceeds from long term borrowings	24,002,119		210,065	
Proceeds from short term borrowings	53,843,387		25,507,863	
Interest paid	(9,717,815)		(375,552)	
<i>Net cash from financing activities</i>		68,127,691		25,342,376
Net increase/(decrease) in cash and cash equivalents		(5,820,798)		5,561,728

Cash Flow statement for the year ended 31st March 2013 - continued

Particulars	Current reporting period		Previous reporting period	
	in ₹	in ₹	in ₹	in ₹
Cash and cash equivalents at beginning of reporting period		7,005,317		1,443,589
Cash and cash equivalents at end of reporting period		1,184,519		7,005,317
Cash & Cash equivalents:				
Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:				
Cash on hand and bank balances		1,184,519		7,005,317
Short term investments				-
Cash and cash equivalents as reported		1,184,519		7,005,317
Effect on exchange rate changes		-		
Cash and cash equivalents as restated		1,184,519		7,005,317

In Accordance with our Report attached

For Sudhakar & Kumar Associates
Chartered Accountants
Firm number : 0041655

R. Bhaskara Rao
Partner
Membership No. 22780

Place : Hyderabad
Date : 30 /8/2013

P. Sudhir Rao
Director

For and on behalf of the Board

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Notes to financial statements

1. Share Capital:

Particulars	As at end of current reporting period		As at end of previous reporting period	
	Number	in ₹	Number	in ₹
Authorized:				
Preference Shares of Rs. /- each	-	-	-	-
Equity shares of Rs.10/- each	15,000,000	150,000,000	15,000,000	150,000,000
	15,000,000	150,000,000	15,000,000	150,000,000
Issued, subscribed and fully paid up:				
<i>Equity shares of Rs.10/- each</i>				
At the beginning of the reporting period	9,501,845	95,018,450	9,501,845	95,018,450
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	9,501,845	95,018,450	9,501,845	95,018,450
Issued, subscribed but not fully paid up:				
<i>Equity shares of Rs.10/- each</i>				
At the beginning of the reporting period	-	-	-	-
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	-	-	-	-
Less Calls in arrears				
By Directors and officers	-	-	-	-
By others	-	-	-	-
	9,501,845	95,018,450	9,501,845	95,018,450
Add: Amount originally paid up on forfeited shares		-		-
Total	9,501,845	95,018,450	9,501,845	95,018,450

Other Information:

Particulars of equity share holders holding more than 5% of the total number of equity share capital:

a. Dr. G. PRADEEP RAMAYYA	1,500,100	15,001,000	2,100,100	21,001,000
b. ASHADEEP PROPERTIES PRIVATE LIMITED	1,325,000	13,250,000	-	-
c. RELIANCE CAPITAL LIMITED	-	-	1,325,000	13,250,000
d. Mr. VINOD MOHAN NAIR	881,500	8,815,000	881,500	8,815,000
e. SALIM PYARALI GOVANI	680,196	6,801,960	680,196	6,801,960
f. Dr. G. RAMESH RAMAYYA	607,800	6,078,000	607,800	6,078,000
g. ANJALI RAMAYYA	600,000	6,000,000	-	-

2. Reserves and Surplus:

Particulars	Capital Reserve	Capital redemption reserve	Securities Premium Reserve	Debenture Redemption Reserve	Revaluation Reserve	Share option outstanding account	General Reserve	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period	1,500,000	-	219,610,000	-	-	-	500,000	(315,646,307)	(94,036,307)
Transferred from/to Profit & Loss Account	-	-	-	-	-	-	-	(114,305,338)	(114,305,338)
Allocation towards allotment of bonus shares	-	-	-	-	-	-	-	-	-
Proposed Dividends	-	-	-	-	-	-	-	-	-
Provision towards dividend distribution tax	-	-	-	-	-	-	-	-	-
At the close of the reporting period	1,500,000	-	219,610,000	-	-	-	500,000	(429,951,646)	(208,341,646)
At the close of the previous reporting period	1,500,000	-	219,610,000	-	-	-	500,000	(315,646,307)	(94,036,307)

Debit balance in Profit and Loss Account shall be shown as a negative figure under the head ' Surplus'

3. Long term borrowings

Particulars	As at end of current reporting period	As at end of previous reporting period
1) Secured Loans:		
a. Term Loans		
- from Banks	135,184	210,065
- from Others	-	-
b. Deferred Payment Liabilities	-	-
	135,184	210,065
2) Unsecured Loans:		
a. Term Loan		
- from Banks	-	-
- from Others	24,077,000	-
	24,077,000	-
3) Total long term borrowings (1+2)	24,212,184	210,065

Additional Information:

a. Details of security for secured loans

Car Loan from HDFC are secured by Hypothecation of Maruti Car of the company
The Loan is repayable in 24 months

b. Details of unsecured loans taken

Term Loan Taken from Dr. Ramayyas Health Care Private Limited was 3.2 Crores out of which 2.40 Crores related to Loan Term

4. Short term borrowings

Particulars	As at end of current reporting period	As at end of previous reporting period
1) Secured Loans:		
a. Term Loans		
- from Banks	-	-
- from Others	56,228,250	25,507,863
	56,228,250	25,507,863
2) Unsecured Loans:		
a. Term Loan		
- from Banks	-	-
- from Others	23,123,000	-
	23,123,000	-
3) Total long term borrowings (1+2)	79,351,250	25,507,863

Additional Information:

a. Details of security for secured loans

The Term Loan of Foresight Holdings pvt Ltd, are secured by Hypothecation of Promoter shares.
The Loan is repayable within 1 year.

a. Details of unsecured loans taken

Term Loan Taken from Dr. Ramayyas Health Care Private Limited was 3.2 Crores out of which 0.8 Crores related to Short Term and from Others 1.51 Crores

In ₹

Particulars	As at end of current reporting period	As at end of previous reporting period
5. Trade Payables		
i) To Micro, Small and Medium Enterprises	-	-
ii) Others	2,263,303	2,183,515
	2,263,303	-
		2,183,515

6. Other current liabilities:

a) Current maturities of long term debt		120,269	143,940
b) Advance received from customers		87,091,725	67,382,974
c) Other payables (Specify nature)		12,378,476	4,111,790
Salaries & Wages Payable	5,744,336		2,190,056
TDS payable	2,006,665		248,517
MD's Remuneration payable	1,833,500		960,000
Outstanding liabilities			
Professional Fee payable	139,861		
Interest payable	1,595,790		
Professional Tax payable	22,650		
Provident Fund payable	398,166		
Electricity charges payable	188,806	236,196	
ESI Payable	41	41	
Water charges payable	26,435	9,810	
Audit Fee payable	404,496	449,440	
Share application money not for allotment	17,730	17,730	
	99,590,470		71,638,704

7. Short term provisions:

a) Provision for employee benefits		-	-
b) Others - Provision for Income Tax		-	-
c) Income-Tax payable for Tech. Fee A/c		-	-
		-	-

8. Fixed assets

Fixed assets consists of following

NAME OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 01.4.2012	PURCHASED/ ADDITIONS DURING THE YEAR	DEDUCTIONS/ ADJUSTMENTS DURING THE YEAR	AS ON 31.3.2013	AS ON 01.4.2012	FOR THE YEAR	AS ON 31.3.2013	AS ON 31.3.2012
Tangible Assets :-								
Building	2,448,582	-	-	2,448,582	981,393	81,783	1,063,176	1,467,189
Plant & Machinery	26,424,903	-	-	26,424,903	20,307,793	1,255,183	21,562,976	6,117,110
Computer Plant	23,842,926	916,925	-	24,759,851	20,676,632	1,571,008	22,247,640	3,166,294
Electric Installation	1,915,707	-	-	1,915,707	1,455,169	121,264	1,576,433	460,538
Furniture & Fixtures	13,076,743	177,418	-	13,254,161	8,919,766	841,236	9,761,002	4,156,977
Equipment & Fixtures	7,805,372	30,660	-	7,836,032	7,629,957	78,651	7,708,608	175,415
Vehicles	2,189,504	-	-	2,189,504	1,391,758	138,596	1,530,354	797,746
	-	-	-	-	-	-	-	-
Total A	77,703,737	1,125,003	-	78,828,740	61,362,468	4,087,721	65,450,189	16,341,269
Intangible Assets :-								
R & D Expenditure	137,487,453	-	-	137,487,453	137,487,453	-	137,487,453	-
Total B	137,487,453	-	-	137,487,453	137,487,453	-	137,487,453	-
Total A + B	215,191,190	1,125,003	-	216,316,193	198,849,921	4,087,721	202,937,642	16,341,269
Previous year numbers	213,594,824	1,596,366	-	215,191,190	194,648,017	4,201,905	198,848,017	18,946,807

9. Non Current Investments:

Details of Investments	Name of the Company	As at end of current reporting period	As at end of previous reporting period
a) Investment Property			
b) Investments in Equity Instruments:			
i) Subsidiaries	AxSys Technologies limited (5,500 shares having Face value £ 1 per share)	63,964,950	63,964,950

Particulars	As at end of current reporting period	As at end of previous reporting period
-------------	---------------------------------------	--

10. Trade receivables:

i) Trade receivables exceeding six months	-	-
ii) others	-	-
	-	-
Less: Provision for doubtful debts	-	-

11. Cash and cash equivalents:

i) Balances with banks				
- in current accounts		-		-
Bank of India	106,827		58,327	
BOI-MDD	78,374		93,374	
Development Credit Bank Ltd.	-		-	
HDFC Bank A/c	18,442		533,431	
HDFC Bank (Hyderguda)	20,000		40,000	
HDFC Bank (Plus Account)	23,706	247,349	5,352,713	6,077,845
- in ESOP account		32,892		32,892
ii) Cheques, drafts on hand		-		-
iii) Cash on hand		904,278		894,581
iv) Others (Specify nature)		-		-
		1,184,519		7,005,318

12. Short term loans and advances:

i) Loans and advances to related parties		-		-
ii) Others		1,197,458		1,237,598
Advances to Suppliers	1,071,902		1,062,890	
Staff Advances	-		69,440	
Star Health Insurance (GPA)	3,963		1,411	
Star Health Insurance (GMC)	121,593		103,857	
		1,197,458		1,237,598
Less: Provision for doubtful advances		-		-
		1,197,458		1,237,598

Particulars	As at end of current reporting period	As at end of previous reporting period
-------------	---------------------------------------	--

13. Other Assets (specify nature)

Non-Current Deposits		11,024,230		11,024,230
Electricity Deposit	730,368		730,368	
Water & Gas Deposit	28,000		28,000	
Rental Deposit	364,000		364,000	
Telephone Deposit	93,362		93,362	
Other Deposits	9,808,500		9,808,500	
Other Current Assets		1,344,305		948,926
Pre paid Expenses	867,521		472,142	
Sales Tax - VAT	1,370		1,370	
TDS (2003-04)	72,865		72,865	
TDS A/c : 2006-2007	200,098		200,098	
TDS A/c: 2007-2008	140,127		140,127	
TDS A/c:2008-2009	46,475		46,475	
TDS A/c: 2009-2010	9,609		9,609	
TDS A/c: 2011-2012	6,241		6,241	
		12,368,535		11,973,156

14. Contingent liabilities and Commitments:

(to the extent not provided for)

a) Contingent Liabilities:		
i) Claims against the Company not acknowledged as debts		
ii) Guarantees		
iii) Letters of credit		
iv) Tax demands under disputes	37,755,605	-

The Tax demand is regarding Transfer Pricing Assessment for Asst. Year 2007-2008.

The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.

Particulars	For the current reporting period		For the previous reporting period	
-------------	----------------------------------	--	-----------------------------------	--

15. Revenue from operations:

i) Software - Export Sales	74,025,718		118,454,712	
Software - Domestic Sales	-	74,025,718	60,000	118,514,712
		74,025,718		118,514,712

16. Other Income:

i) Interest income - long term investments				
- current investments		-		-
- on Bank deposits		-		-
ii) Provision no longer required withdrawn		-		3,240,000
vi) Other non operating income (net of expenses directly attributable to such income)		50,000		-
Sale of scrap		4,000		103,475
		54,000		3,343,475

17. Software Development Expenses

Electronic Components & Hardware Items etc		1,052,335		4,487,683
i) Software Packages	942,245		3,786,998	
ii) Hardware, Software, Peripherals, Stores & Spares	110,090		395,087	
iii) Hire & Testing Charges	-		305,598	
		1,052,335		4,487,683

18. Employee Benefit Expenses:

i) Salaries and wages		82,188,907		78,407,245
Staff and workers	82,188,907		78,407,245	
ii) Contribution to provident and other funds		1,997,206		1,572,190
Provident fund	1,297,206		913,353	
ESI	-		8,837	
Group Gratuity Fund	700,000		650,000	
iii) Expenses on the employee stock option scheme	-		-	-
iv) Remuneration to whole time directors		2,400,000		1,800,000
Managing Director	2,400,000		1,800,000	
v) Staff welfare expenses		2,890,753		5,889,349
Staff Welfare	555,252		639,428	
Staff Welfare - Gifts	516		1,707,200	
Medical	870,790		1,120,051	
Staff other expenses	1,464,195		2,422,670	
		89,476,866		87,668,784

19. Finance Costs:

i) Interest expense		33,393		-
HDFC	33,393		-	
ii) Other borrowing costs		9,684,422		349,102
Interest others	9,684,422		349,102	
iii) Bank Charges		13,127		26,450
		9,730,942		375,552

20. Depreciation and amortization:

i) Depreciation		4,087,721		4,201,905
ii) Amortization of intangible assets		-		-
iii) Others		-		-
		4,087,721		4,201,905

21. Other expenses:

i) Power and fuel		3,966,732		2,971,772
Power	2,738,784		2,631,732	
Fuel	1,227,948		340,040	
ii) Rent		6,281,640		5,464,304
iii) Repairs to vehicles		31,651		254,194
iv) Website Development/Maintenance		24,270		21,600
v) Repairs others		655,361		1,625,680
vi) Insurance		293,518		50,826
vii) Rates and taxes		40,727		113,002
viii) Professional expenses		4,606,340		2,909,060
Professional Fee A/c	4,471,508		2,776,700	
Internal Audit Fee	134,832		132,360	
ix) Indirect Expenses		6,765,777		3,617,880
Travelling and Conveyance	626,006		634,905	
Office Maintenance	370,546		350,364	
Printing & Stationery	82,868		255,888	
Postage & Communication Charges	1,380,761		1,336,767	
Advertisement	102,360		76,800	
AGM/EGM Expenses	276,971		12,911	
Annual Maintenance Charges A/c	354,674		203,665	
Books, Periodicals & Journals	21,307		15,259	
Custodial Fee	33,708		33,090	
Listing Fee	16,854		33,090	
Meetings & Conferences	54,069		329,357	
PF Admin. Expenses	118,360		81,702	
Subscriptions & Membership Fee	26,242		-	
Security and House Keeping - Charges	2,339,769		-	

Particulars	For the current reporting period	For the previous reporting period
21. Other expenses: - conts...		
Water Charges	99,559	66,746
Entertainment Exp	1,405	18,577
Recruitments Expenses	106,742	-
Other Expenses	753,576	168,759
viii) Payment to the auditors		449,440
- as auditor	337,080	337,080
- for taxation matters	112,360	112,360

22. During the year one of our project E-Ontario Health contract project was written off which was recognized as a sales during the previous financial years.

23. Corporate information

AxSys HealthTech Limited and its subsidiaries are focussed on exploiting Information and communication technology to delivery of healthcare. The company registered office is in Hyderabad and it has one subsidiary in UK.

24. Significant accounting policies

- a) The Financial statements of the company are prepared under the historical cost conversion on accrual basis in accordance with the Generally Accepted accounting principles (GAAP) notified under section 211(3C) and the other relevant provision of companies Act, 1956.
- b) Revenue from contracts priced on a time and material basis are recognized when services are rendered and related costs are incurred.
- Revenue from sale of software licenses are recognized upon delivery where there is no customization required. In Case of customization the same is recognized over the life of the contract using the Proportionate completion method.
- Revenues from Maintenance contracts are recognized pro-rata over the period of the contract. Interest Income is recognized on time proportionate basis taking into account the amount of outstanding and the rate applicable.
- c) Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gain and loss are recognized in the statement of profit and loss account.
- d) All Fixed assets are started at cost of acquisition or construction less depreciation.
- e) The company provides depreciation on all fixed assets on Straight Line Method (SLM) at the rates specified in Schedule XIV to the companies act 1956, except in respect of computer related equipment and fixtures, depreciation has been provided on Written Down Value(WDV) method at the rates and in the manner specified under schedule XIV to the companies act, 1956.
- f) Raw materials, peripherals, Software packages, stores and spares are valued at cost on FIFO basis work in progress is valued at estimated cost as certified by the management finished goods are valued at lower of cost and net realisable value.
- g) Expenses incurred including the amount of depreciation on fixed assets utilised, on development of software packages, systems and products are shown as "Research & Development Expenditure" as intangible assets under fixed assets in order to conform to the accounting policy.

h) The company has taken a policy for gratuity liability of the employees from the LIC of India, to cover the liability and paid/provided the premium against the said group gratuity scheme.

i) Long term investments are carried at cost, after providing for any diminution in value, if such diminution is of a permanent nature.

j) Cash and cash Equivalents comprise cash and cash on deposits with banks and corporations. The group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents

25. Segment reporting

Segment accounting policies are in line with the accounting policies of the company. However, at present the business of the company consists of only one segment i.e software related activities

26. Related party disclosure

a) List of Related parties over which control exists:

- 1) AxSys Technology Limited U.K
- 2) Dr. G. P. Ramayya HUF
(Kartha Dr. G . Ramesh Ramayya)

Relationship

Wholly Owned subsidiary company
Key Management personal

b) Names of the related parties with whom transactions were carried out during the year and description of relationship:

	Subsidiary	Key Management/Director
Sale of software	74,025,718	
Rental		2,580,000

27. As per the information available with the company there are no small scale undertaking as defined under section 3(j) of the industrial (Development & Regulation) Act, 1951 to whom the company owes any sum

28. Foreign Exchange Inflow (in ₹ Lakhs) 328.13 (previous year 996.42)

29. Foreign Exchange outflow (in ₹ Lakhs) ZERO (previous year 85.59)

30. Previous Years figures have been Regrouped/Reclassified wherever necessary to correspond with the current year's classification/disclosures

31. Earnings per share:

Particulars	For the current reporting period	For the previous reporting period
After extraordinary item:		
Profit for the year after tax expense	(114,305,338)	(5,870,099)
Less:		
Preference dividend payable including dividend tax	(114,305,338)	(5,870,099)
Weighted average number of equity shares	9,501,845	9,501,845
Earning per share	-	-

Earning per share (EPS) computed in accordance with Accounting standard 20

Auditor's report on consolidated financial statements

We have examined the attached Consolidated Balance sheet of AxSys HealthTech Limited and its Wholly Owned Subsidiary M/s AxSys Technology Limited U.K. as at 31st March, 2013 and the Consolidated Profit & Loss Account and the Consolidated Cash flow Statement for the year ended on that date annexed hereto in which are incorporated the returns from the U.K Wholly Owned Subsidiary are examined by other Auditors. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In respect of the financial statements of M/s AxSys Technology Limited, U.K. Wholly owned subsidiary company we did not carry out the audit. These financial statements have been audited / reviewed by other auditors whose report have been furnished to us and our opinion in so far as it related to the amounts included in respect of the subsidiary company is based solely on the reports of the other auditors. The total assets and revenue of subsidiary company at the year ending 31st March 2013 are GBP 3.87 Million and GBP. 2.64 Million respectively.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21-Consolidated Financial statements issued by Institute of Chartered Accountants of India and on the basis of the separate audited / reviewed / certified financial statements of the company and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of AxSys HealthTech Limited and its subsidiary M/s AxSys Technology Ltd. U.K. , We are in the opinion that the said consolidated financial statements 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 consolidated state of affairs of the company and its Subsidiary as at 31st March 2013; and
- b). In the case of the consolidated Profit and Loss Account of the consolidated results of operation of the Company and its subsidiary for the year then ended.
- c). In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiary for the year then ended.

Sudhakar & Kumar Associates
Chartered Accountants
Firm number : 004165S

R. Bhaskara Rao
Chartered Accountant
Membership No.22780

Dated : 30th August, 2013
Place : Hyderabad

Particulars	Note No.	As at end of March 2013		As at end of March 2012	
		in ₹	in ₹	in ₹	in ₹
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	95,018,450		95,018,450	
(b) Reserves and Surplus	2	(265,429,201)		35,125,091	
(c) Money received against share warrants			(170,410,751)		130,143,541
(2) Share application money pending allotment			-		-
(3) Non - current liabilities					
(a) Long term borrowings	3	70,762,924		60,654,833	
			70,762,924		60,654,833
(4) Current Liabilities					
(a) Short term borrowings	4	154,203,175		33,297,157	
(b) Trade payables	5	11,063,243		8,294,402	
(c) Other current liabilities	6	139,395,754		125,693,910	
(d) Short term provisions	7	5,947,191		5,894,742	
			310,609,363		173,180,211
Total			210,961,536		363,978,585
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	8	104,494,665		113,318,438	
(ii) Intangible assets	8	22,230,658		-	
			126,725,323		113,318,438
(b) Non - current investments	9	4,149		4,149	
			126,729,472		113,322,587
(2) Current Assets					
(a) Trade receivables	10	64,683,318		227,786,442	
(b) Cash and cash equivalents	11	2,325,898		9,258,608	
(c) Short term loans and advances	12	1,477,758		1,637,792	
(d) Other current assets	13	15,745,091		11,973,156	
			84,232,065		250,655,998
Total			210,961,536		363,978,585

The notes attached form an integral part of the Balance Sheet

In Accordance with our Report attached

For Sudhakar & Kumar Associates

Chartered Accountants
Firm number : 004165S

R. Bhaskara Rao
Partner
Membership No. 22780

Place : Hyderabad
Date : 30/8/2013

P. Sudhir Rao
Director

For and on behalf of the Board

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Consolidated Profit and loss statement for the year ended 31st March 2013

Particulars	Note No.	2012-2013		2011-2012	
		in ₹	in ₹	in ₹	in ₹
Revenue from Operations	15		216,334,190		411,826,051
Other Income	16		54,000		19,237,712
Total revenue			216,388,190		431,063,763
Expenses					
Software development expenses	17		98,014,432		10,683,656
Employee benefits expense	18		153,867,992		269,100,338
Finance costs	19		15,662,317		5,980,567
Depreciation and amortization expense	20		10,217,352		9,310,535
Other expenses	21		72,637,861		68,228,525
Forex (gain)/loss on conversion of foreign liabilities			(493,243)		10,424,252
Total Expenses			349,906,711		373,727,872
Profit before Exceptional Items and Tax			(133,518,520)		57,335,891
Exceptional Items	22		168,274,148		-
Profit before tax			(301,792,668)		-
Tax expense:					
(1) Current tax			-		-
(2) Deferred tax			-		4,492,289
			-		4,492,289
Profit/(Loss) for the period			(301,792,668)		52,843,602
Profit/Loss for the Previous Period			(250,318,870)		(303,162,472)
P & L to Balance sheet			(552,111,538)		(250,318,870)

The notes attached form an integral part of the Statement of Profit and Loss

In Accordance with our Report attached

For Sudhakar & Kumar Associates

Chartered Accountants
Firm number : 004165S

R. Bhaskara Rao
Partner
Membership No. 22780

Place : Hyderabad
Date : 30/8/2013

P. Sudhir Rao
Director

For and on behalf of the Board

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Consolidated statement of Cash Flow for the year ended 31st March 2013

Particulars	Current reporting period		Previous reporting period	
	in ₹	in ₹	in ₹	in ₹
Cash flows from operating activities				
Profit before taxation		(133,518,520)		57,335,891
Adjustments for:				
Depreciation and amortization expense	10,217,352		9,310,535	
Effect of exchange differences on translation of subsidiaries	1,238,376		10,348,802	
Exception item debit to profit & loss a/c	(168,274,148)			
Interest received	-		(3,449)	
Interest expenses	15,662,317		5,980,567	
		(141,156,102)		25,636,455
		(274,674,623)		82,972,346
(Increase)/ decrease in trade and advances	163,263,158		(146,368,830)	
(Increase)/ decrease in other current assets	(3,771,935)		(271,201)	
Increase/ (decrease) in Other current Liabilities	13,754,293		63,181,627	
Increase/ (decrease) in trade payables	2,768,841		(162,293)	
		176,014,357		(83,620,697)
		(98,660,265)		(648,351)
Income tax expenses during the year		-		-
Provision for deferred tax		-		4,492,289
<i>Net cash from operating activities</i>		(98,660,265)		(5,140,640)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,393,579)		(6,184,161)	
Capitalization of research and development cost	(22,230,658)			
Proceeds from FDR with schedule banks	-		-	
Interest received	-		3,449	
Dividend received	-		-	
<i>Net cash from investing activities</i>		(23,624,237)		(6,180,712)
Cash flows from financing activities				
Proceeds from issue of share capital				-
Proceeds from short term borrowings	120,906,018		21,464,962	
Proceeds from long term borrowings	10,108,091			
Repayment of long term borrowings	-		(6,546,595)	
Repayment of short term borrowings				-
Interest paid	(15,662,317)		(5,980,567)	
<i>Net cash from financing activities</i>		115,351,792		8,937,800

Net increase/(decrease) in cash and cash equivalents		(6,932,710)		(2,383,552)
Cash and cash equivalents at beginning of reporting period		9,258,608		11,642,160
Cash and cash equivalents at end of reporting period		2,325,898		9,258,608
Cash & cash equivalents:				
Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:				
Cash on hand and bank balances		2,325,898		9,258,608
Short term investments		-		
Cash and cash equivalents as reported		2,325,898		9,258,608
Effect on exchange rate changes				
Cash and cash equivalents as restated		2,325,898		9,258,608

In Accordance with our Report attached

For and on behalf of the Board

For Sudhakar & Kumar Associates
Chartered Accountants
Firm number : 0041655

R. Bhaskara Rao
Partner
Membership No. 22780

P. Sudhir Rao
Director

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Place : Hyderabad
Date : 30/8/2013

Notes to consolidated financial statements year ended 31st March 2013 and 2012

1. Share Capital:

Particulars	As at end of current reporting		As at end of previous reporting period	
	Number	in ₹	Number	in ₹
Authorized:				
Preference Shares of Rs. /- each	-	-	-	-
Equity shares of Rs.10/- each	15,000,000	150,000,000	15,000,000	150,000,000
	15,000,000	150,000,000	15,000,000	150,000,000
Issued, subscribed and fully paid up:				
<i>Equity shares of Rs.10/- each</i>				
At the beginning of the reporting period	9,501,845	95,018,450	9,501,845	95,018,450
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	9,501,845	95,018,450	9,501,845	95,018,450
Issued, subscribed but not fully paid up:				
<i>Equity shares of Rs.10/- each</i>				
At the beginning of the reporting period	-	-	-	-
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	-	-	-	-
Less Calls in arrears				
By Directors and officers	-	-	-	-
By others	-	-	-	-
	9,501,845	95,018,450	9,501,845	95,018,450
Add: Amount originally paid up on forfeited shares		-		-
Total	9,501,845	95,018,450	9,501,845	95,018,450

Other Information:

Particulars of equity share holders holding more than 5% of the total number of equity share capital:

a. Dr. G. PRADEEP RAMAYYA	1,500,100	15,001,000	2,100,100	21,001,000
b. ASHADEEP PROPERTIES PRIVATE LIMITED	1,325,000	13,250,000	-	-
c. RELIANCE CAPITAL LIMITED	-	-	1,325,000	13,250,000
d. Mr. VINOD MOHAN NAIR	881,500	8,815,000	881,500	8,815,000
e. SALIM PYARALI GOVANI	680,196	6,801,960	680,196	6,801,960
f. Dr. G. RAMESH RAMAYYA	607,800	6,078,000	607,800	6,078,000
g. ANJALI RAMAYYA	600,000	6,000,000	-	-

2. Reserves and Surplus:

Particulars	At the beginning of the reporting period		Transferred from/to Profit & Loss Account		Allocation towards allotment of bonus shares		Proposed Dividends		Provision towards dividend distribution tax		At the close of the reporting period		At the close of the previous reporting period	
Capital Reserve	1,500,000	-	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000	-
Securities Premium Reserve	268,277,202	-	-	-	-	-	-	-	-	-	268,277,202	-	268,277,202	-
Exchange Premium Reserve	16,405,137	-	-	-	-	-	-	-	-	-	16,405,137	-	15,166,761	-
Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share option outstanding account	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Reserve	500,000	-	-	-	-	-	-	-	-	-	500,000	-	500,000	-
Surplus i.e. balance in Statement of Profit & Loss	(250,318,872)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(552,111,540)	(552,111,540)	(250,318,872)	(250,318,872)
Total	36,363,467	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(301,792,668)	(265,429,201)	(265,429,201)	35,125,091	35,125,091

Debit balance in Profit and Loss Account shall be shown as a negative figure under the head 'Surplus'

3. Long term borrowings

In ₹

Particulars	As at end of current reporting period	As at end of previous reporting period
1) Secured Loans:		
a. Term Loans		
- from Banks	46,685,924	60,654,833
- from Others	-	-
b. Deferred Payment Liabilities	-	-
	46,685,924	60,654,833
2) Unsecured Loans:		
a. Term Loan		
- from Banks	-	-
- from Others	24,077,000	-
	24,077,000	-
3) Total long term borrowings (1+2)	70,762,924	67,654,833

Additional Information:

a. Details of security for secured loans

Car Loan from HDFC are secured by Hypothecation of Maruti Car of the company
The Loan is repayable in 24 Months

4. Short term borrowings

(₹ in Lakhs)

Particulars	As at end of current reporting period	As at end of previous reporting period
1) Secured Loans:		
a. Term Loans		
- from Overdraft	70,324,275	7,789,294
- from Banks		
- from Others	56,228,250	25,507,863
	126,552,525	33,297,157
2) Unsecured Loans:		
a. Term Loan		
- from Banks	-	-
- from Others	27,650,650	-
	27,650,650	-
Total	154,203,175	33,297,157

Additional Information:

a. Details of security for secured loans

The Term Loan of Foresight Holdings pvt Ltd, are secured by Hypothecation of promoter shares

In ₹

Particulars	As at end of current reporting period	As at end of previous reporting period
-------------	---------------------------------------	--

5. Trade Payables

i) To Micro, Small and Medium Enterprises	-	-
ii) Others	11,063,243	8,294,402
	11,063,243	-
		8,294,402

6. Other current liabilities:

a) Current maturities of long term debt	120,269	48,832,270
b) Advance received from customers	75,843,315	44,742,727
c) Other payables (Specify nature)	63,432,169	32,118,913
Salaries & Wages Payable	7,900,803	2,190,056
TDS payable	2,006,665	248,517
MD's Remuneration payable	1,833,500	960,000
Outstanding liabilities		
Electricity charges payable	188,806	236,196
ESI Payable	41	41
Water charges payable	26,435	9,810
Audit Fee payable	404,496	449,440
PAYE & NIC	27,291,025	10,409,306
Other Creditors	13,095,279	13,582,858
Corporation Tax	1,443,662	1,430,930
VAT	9,223,728	2,584,029
Share application money not for allotment	17,730	17,730
	139,395,754	125,693,910

7. Short term provisions:

a) Provision for employee benefits	-	-
b) Others - Deferred Tax Liability	5,947,191	5,894,742
c) Income-Tax payable for Tech. Fee A/c	-	-
	5,947,191	5,894,742

8. Fixed assets

Fixed assets consists of following

NAME OF ASSETS	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	AS ON 01.04.2012	PURCHASED/ ADDITIONS DURING THE YEAR	DEDUCTIONS/ ADJUSTMENTS DURING THE YEAR	AS ON 31.3.2012	FOR THE YEAR	ADDED BACK DUE TO CHANGE IN METHOD	WRITTEN BACK DUE TO CHANGE IN METHOD	WRITTEN BACK ON SALE	AS ON 31.3.2013	AS ON 31.3.2012	
Tangible Assets :-											
Building	2,448,582	-	-	2,448,582	81,783	-	-	-	1,063,177	1,385,405	1,467,188
Plant & Machinery	26,424,903	-	-	26,424,903	1,255,183	-	-	-	21,562,977	4,861,926	6,117,109
Computer Plant	55,168,726	1,194,278	-	56,363,004	5,077,876	-	-	-	52,739,486	3,623,518	7,507,116
Electric Installation	1,915,707	-	-	1,915,707	121,264	-	-	-	1,576,433	339,274	460,538
Furniture & Fixtures	31,352,078	199,301	-	31,551,379	3,542,650	-	-	-	26,024,349	5,527,029	8,870,379
Vehicles	2,189,504	-	-	2,189,504	138,596	-	-	-	1,532,075	657,429	796,025
Vision Centre	88,100,082	-	-	88,100,082	-	-	-	-	-	88,100,082	88,100,082
Total A	207,599,582	1,393,579	-	208,993,161	10,217,352	-	-	-	104,498,496	104,494,665	113,318,438
Intangible Assets :-											
R & D Expenditure	137,487,453	22,230,658	-	159,718,111	-	-	-	-	137,487,453	22,230,658	-
Total B	137,487,453	22,230,658	-	159,718,111	-	-	-	-	137,487,453	22,230,658	-
Total A + B	345,087,035	23,624,237	-	368,711,272	10,217,352	-	-	-	241,985,949	126,725,323	113,318,438
Previous year figures	338,902,874	6,184,161	-	345,087,035	9,310,535	-	-	-	231,768,597	113,318,438	116,444,812

9. Non Current Investments:

Details of Investments		In ₹	
	Name of the Company	As at end of current reporting period	As at end of previous reporting period
a) Investment Property		-	-
b) Investments in Equity Instruments:			
i) Subsidiaries	AxSys Health Corp. Inc. (shares having Face value ₹ 1 per share)	4,149	4,149

Particulars	As at end of current reporting period	As at end of previous reporting period
10. Trade receivables:		
i) Trade receivables exceeding six months	64,316,496	35,046,070
ii) others	366,822	192,740,372
	64,683,318	227,786,442
Less: Provision for doubtful debts	-	-
	64,683,318	227,786,442

11. Cash and cash equivalents:

i) Balances with banks				
- in current accounts				-
Bank of India	106,827		58,327	
BOI-MDD	78,374		93,374	
Development Credit Bank Ltd			-	
HDFC Bank A/c	18,442		533,431	
HDFC Bank (Hyderguda)	20,000		40,000	
HDFC Bank (Plus Account)	23,706	247,349	5,352,713	6,077,845
- in ESOP account		32,892		32,892
Bank of India - Current A/c			2,332	
HBOS Currents A/c			9,251	
RBS		1,141,379	1,656,637	
FairFX Business Expenses Account			81,595	
FairFX Business Expenses Account			500,855	2,250,670
ii) Cheques, drafts on hand				-
iii) Cash on hand		904,278		897,201
iv) Others (Specify nature)				-
		2,325,898		9,258,608

12. Short term loans and advances:

i) Loans and advances to related parties		280,300		400,194
ii) Others		1,197,458		1,237,598
Advances to Suppliers	1,071,902		1,062,890	
Staff Advances			69,440	
N. Satyanarayana - Civil contractor			-	
Star Health Insurance (GPA)	3,963		1,411	
Star Health Insurance (GMC)	212,593		103,857	
		1,477,758		1,637,792
Less: Provision for doubtful advances				
		1,477,758		1,637,792

Particulars

As at end of current reporting period

As at end of previous reporting period

13. Other Current Assets (specify nature)

Particulars	As at end of current reporting period	As at end of previous reporting period
Non-Current Deposits	11,024,230	11,024,230
Electricity Deposit	730,368	730,368
Water & Gas Deposit	28,000	28,000
Rental Deposit	364,000	364,000
Telephone Deposit	93,362	93,362
Other Deposits	9,808,500	9,808,500
Other Current Assets	4,720,861	948,926
Pre paid Expenses	4,244,077	472,142
Sales Tax - VAT	1,370	1,370
TDS (2003-04)	72,865	72,865
TDS A/c : 2006-2007	200,098	200,097
TDS A/c: 2007-2008	140,127	140,127
TDS A/C:2008-2009	46,475	46,475
TDS A/c: 2009-2010	9,609	9,609
TDS A/c: 2011-2012	6,241	6,241
	15,745,091	11,973,156

14. Contingent liabilities and Commitments:

(to the extent not provided for)

Particulars	As at end of current reporting period	As at end of previous reporting period
a) Contingent Liabilities:		
i) Claims against the Company not acknowledged as debts		
ii) Guarantees		
iii) Letters of credit		
iv) Tax demands under disputes	37,755,605.00	0

The Tax demand is regarding Transfer Pricing Assessment for Asst. Year 2007-2008.

The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.

Particulars

For the current reporting period

For the previous reporting period

15. Revenue from operations:

Particulars	For the current reporting period	For the previous reporting period
i) Software - Export Sales	216,334,190	411,766,051
Software - Domestic Sales	-	60,000
	216,334,190	411,826,051

16. Other Income:

i) Interest income - long term investments			
- current investments		-	-
- on Bank deposits			3,449
ii) Other Operating Income	50,000		
Sale of scrap	4,000		103,475
Provision no longer required withdrawn	-		3,240,000
Government Grants	-		15,890,788
	54,000		19,237,712

17. Software Development Expenses

Particulars	As at end of current reporting period	As at end of previous reporting period
Electronic Components & Hardware Items etc &	1,052,335	4,487,683
i) Software Packages	942,245	3,786,998
ii) Hardware, Software, Peripheries, Stores & Spares	110,090	395,087
iii) Hire & Testing Charges	-	305,598
Cost of Goods Sold	96,962,097	6,195,973
Equipment for resale	463,554	719,633
Subcontract work for resale	605,751	3,487,577
Subcontracts	119,739,672	1,988,763
Research and Development Expenditure	(23,846,880)	-
	98,014,432	10,683,656

18. Employee Benefit Expenses:

i) Salaries and wages	109,690,126	230,553,407
Staff and workers	109,690,126	230,553,407
ii) Contribution to provident and other funds	7,608,454	1,572,190
Provident fund	1,297,206	913,353
ESI	-	8,837
Group Gratuity Fund	6,311,248	650,000
iii) Expenses on the employee stock option scheme	-	-
iv) Remuneration & Benefits to directors	29,265,390	27,950,504
Remuneration	26,031,167	24,791,475
Insurance & Benefits	3,234,223	3,159,029
v) Staff welfare expenses	7,304,022	9,024,237
Staff Welfare	846,940	2,215,111
Staff Welfare - gifts	516	1,707,200
Training	1,240,351	
Medical	870,790	1,120,051
Professional Indemnity Insurance	2,252,613	1,559,205
Staff other expenses	2,092,812	2,442,670
	153,867,992	269,100,338

19. Finance Costs:

i) Interest expense	5,338,856	4,954,203
Banks	5,338,856	4,954,203
ii) Other borrowing costs	9,812,522	349,102
Interest others	9,812,522	349,102
iii) Bank Charges	510,939	677,262
	15,662,317	5,980,567

Particulars	For the current reporting period	For the previous reporting period
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20. Depreciation and amortization:

i) Depreciation		10,217,352	9,310,535
ii) Amortization of intangible assets		-	-
iii) Others		-	-
		10,217,352	9,310,535

21. Other expenses:

i) Power and fuel		7,682,785	3,571,849
Power	3,714,657		3,231,809
Fuel	3,968,128		340,040
ii) Rent		6,858,624	5,464,304
iii) Repairs to vehicles		31,651	254,194
iv) Website Development/Maintenance		24,270	21,600
v) Repairs others		4,472,222	6,099,744
vi) Insurance		645,937	50,826
vii) Rates and taxes		40,727	113,002
viii) Professional expenses		25,317,511	20,819,955
Professional Fee A/c	12,971,772		3,533,426
Accounting Fee	4,924,850		4,190,196
Consultancy	7,286,057		12,963,973
Call Centre Expenses	-		-
Internal Audit Fee	134,832		132,360
ix) Indirect Expenses		26,566,641	30,730,347
Travelling and Conveyance	9,102,010		13,733,915
Office Maintenance	501,023		5,651,202
Printing & Stationery	491,510		681,690
Postage & Communication	4,953,552		4,135,596
Advertisement	4,611,028		2,202,439
AGM/EGM Expenses	276,971		12,911
Annual Maintenance Charges A/c	354,674		203,665
Books, Periodicals & Journals	21,307		15,259
Custodial Fee	33,708		33,090
Listing Fee	16,854		33,090
Meetings & Conferences	135,125		329,357
Misc. Expenses			-
PF Admin. Expenses	118,360		81,702
Subscriptions & Membership Fee	1,157,015		1,854,262
Security & House Keeping - Charges	3,262,041		
Water Charges	99,559		66,746
Recruitment charges	143,623		
Entertainment Exp	1,405		18,577
Other Expenses	1,286,876		1,676,846
x) Payment to the auditors		997,492	1,102,704
- as auditor	885,132		990,334
- for taxation matters	112,360		112,360
		72,637,861	68,228,325

22. During the year one of our project E-Ontario Health contract project was written off, which was recognized as a sales during the previous financial years total amount was GBP 2,050,000

23. Principles of Consolidations

The Consolidated Financial Statements related to AxSys HealthTech Limited ("The Company") and its subsidiary, AxSys Technology Ltd. U.K. The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the company and its subsidiary have been combined on a line-by-line basis by adding together the book values of items of assets liabilities, income and expenditure, after fully eliminated intra group balances and intra group transactions resulting in unrealised profits or losses. Investments in subsidiary company have been accounted as per Accounting Standard-13-Accounting of investments issued by The Institute of Chartered Accountants of India.

Minority interest in the net assets of consolidated subsidiary consist of:

- The amount of equity attributable to minorities at the date in which investment in a subsidiary is made
- The minorities shares movements in equity since the date of parent subsidiary relationship came in to existence.

24. Significant Accounting Policies

1. Accounting Method

- The financial statements are prepared under the historical cost conversion and are in consonance with the generally accepted accounting principles as per requirements of the Companies Act, 1956. Financial statements of foreign subsidiary, prepared in accordance with the accounting standard of that country, have been recast for the purpose of consolidation with the Indian parent.
- Revenue is generally recognized on accrual basis.
- Balance with the Banks outside the country in foreign currency has been accounted for on the basis of T.C. Selling rate of Reserve Bank of India as on 31-03-2013
- While consolidating the accounts of parent and subsidiary company, the difference due to conversion in Indian currency is accounted as revenue and is shown as Exchange Difference on consolidation.
- In the case of subsidiary financial statements, provisions for taxation is made, under the liability method, to take account of timing difference between the treatment of certain items for accounts purpose and their treatment for tax purpose. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability arise.

2. Fixed Assets

- All Fixed Assets are stated at cost of acquisition or construction less Depreciation
- The company provides depreciation on all fixed assets on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act 1956, except in respect of Computer related equipments & fixtures, depreciation has been provided on Written Down Value (WDV) method at the rates and in the manner Schedule XIV to the Companies Act, 1956
- The subsidiary company has calculated the depreciation so as to write off the cost on an assets, less its residual value, over the useful economic life of the assets on straight line method.

3. Inventories

Raw materials, peripherals, Software packages, stores and spares are valued at cost on First in First out basis. Work in progress is valued at estimated cost as certified by the management. Finished goods are valued at lower of cost and net realisable value.

4. Accounting of Software Packages/Systems Products Development

Expenses incurred including the amount of depreciation on fixed assets utilised, on development of software packages, systems and products are shown as 'Research & Development Expenditure' as intangible assets under fixed assets.

5. Retirement Benefits

The Company has taken a policy for gratuity liability of the employees from the LIC of India, to cover the liability and paid/provided the premium against the said Group Gratuity Scheme.

6. Investments

Long Term investments are carried at cost, after providing for any diminution in value, if such diminution is of a permanent nature.

- 25. Sundry Creditors balances are subject to confirmation from the suppliers.
- 26. Preliminary expenses and miscellaneous expenses includes the expenses incurred on the public issue are being amortised in accordance with section 35D of the Income Tax Act,1961.
- 27. These financials statements have been prepared in the format prescribed by the revised schedule VI to the companies act 1956. Previous years's figures have been recast/restated.
- 28. As per the information available with the company there are no small scale undertaking as defined under section 3(J) of the Industrial (Development & Regulation) Act, 1951 to whom the company owes any sum.

29. Segment Reporting :

Segment accounting policies are in line with the accounting policies of the company. However, at present the business of the company consists of only one segment i.e Software related activities

30. Taxes on Income in accordance with AS 22 :

In thee absence of taxable profit arising in the foreseeable future, deferred tax as per Accounting Standard -22 prescribed by the Institute of Chartered Accountant of India, arising on the timing difference on account of substantial unabsorbed depreciation and carry forward business losses available to the Company under the provisions of Income Tax Act, 1961, has not been considered.

- 31. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

32. Earnings per share :

Particulars	For the current reporting period	For the previous reporting period
After extraordinary item:		
Profit for the year after tax expense	(301,792,668.2)	52,843,602
Less:		
Preference dividend payable including dividend tax	-	-
	(301,792,668.2)	52,843,602
Weighted average number of equity shares	9,501,845	9,501,845
Earning per share	-	5.6

In ₹

Earning per share (EPS) computed in accordance with Accounting standard 20

As per my separate report of even date

For and on behalf of the Board

For Sudhakar & Kumar Associates
Chartered Accountants
Firm number : 004165S

R. Bhaskara Rao
Partner
Membership No. 22780

P. Sudhir Rao
Director

Dr. G. Pradeep Ramayya
Chairman & Managing Director

Place : Hyderabad
Date : 30 /8/2013





Company Registered Number: Sc179508 (Scotland)

AxSys Technology Limited

Report of the directors and financial statements
For the year ended 31st March 2013

The Kelvin Partnership
Chartered Accountants & Registered Auditors
505 Great Western Road
Glasgow
G12 8HN

Officers and Professional Advisers

Directors:	Dr. G P Ramayya Dr. A Ramayya
Secretary:	Dr. G P Ramayya
Registered Office:	AxSys House, Marchburn Drive, Pavilion 3 Glasgow Airport Business Park, Paisley PA3 2SJ
Registered Number:	SC179508 (Scotland)
Senior Statutory Auditor:	Craig Fotheringham BSc CA
Auditors:	The Kelvin Partnership Ltd. Chartered Accountants & Registered Auditors 505 Great Western Road, Glasgow, G12 8HN
Bankers:	The Royal Bank of Scotland plc



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The Directors' Report

For the year ended 31st March 2013

The directors present their report with the financial statements of the company for the year ended 31st March 2013.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of design, development and customisation of software to assist healthcare professionals and help improve clinical care of patients.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

AxSys Technology Limited continues to be in the business of providing clinical software solutions to the healthcare sector.

This year has been difficult as result of the unforeseen suspension in September 2012 of the large Canadian project which was mentioned in last year's report. This happened shortly before the project was due to go live and was in spite of our software being independently verified as ready to launch. We were acting as subcontractors to a large system integrator on this project and were given no warning of the decision by the ultimate client. AxSys was due to receive over C\$4m on this contract as well as ongoing revenue of at least C\$100,000 per month. The matter is now subject to legal action between our client and the ultimate client and although our client's lawyers are confident of recovering the sums due there is uncertainty as to the timing and extent of this recovery. Accordingly we have reduced amounts recoverable on contracts by £2,050,000 which had been recognised in the year ended 31st March 2012 although the net effect on the profit and loss account is £1,332,500 after reversal of £717,500 of commission which had been credited to the company's parent company in respect of this balance.

In spite of the setback referred to above we continue to win new contracts in the UK, Canada and the USA and our partners are continuing to assist in the selling and deployment of the company's products in these markets.

DIVIDENDS

The directors have not recommended a dividend.

RESEARCH AND DEVELOPMENT

During the year the company continued to develop enhancements and additions to its products.

In particular significant work was undertaken on versions 5 and 6 of Exclicare, a generic sexual health product and 3 other smaller applications. £822,240 was capitalised with regards to research and development expenditure.

FUTURE DEVELOPMENTS

The company has now returned to profitability after the set backs of last year. Three significant contracts were signed in April including one for SunnyBrook Hospital in Canada. These contracts are progressing extremely well and we are confident of winning further contracts from these customers. We have been demonstrating Exclicare version 6 which has been received extremely well in particular in the US and we are expecting some more contracts shortly from existing as well as new customers in this market. We are seeing much more activity in the UK market with several large Sexual Health tenders currently in progress.

We are confident that the company is now back on track for significant growth for the business over the forthcoming years.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1st April 2012 to the date of this report.

The directors shown below were in office at 31st March 2013 but did not hold any interest in the Ordinary shares of £1 each at 1st April 2012 or 31st March 2013.

Dr. G. P. Ramayya

Dr. A. Ramayya

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

This information is not considered material for the assessment of the assets, liabilities, financial position and profit of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, The Kelvin Partnership Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board:

Dr. G. P. Ramayya - Secretary

28th August 2013

Report of the Independent Auditors

Report of the Independent Auditors to the Members of Axsys technology limited

We have audited the financial statements of AxSys Technology Limited for the year ended 31st March 2013 on pages 65 to 77. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

505 Great Western Road
Glasgow, G12 8HN

28th August 2013

Craig Fotheringham BSc CA (Senior Statutory Auditor)
for and on behalf of
The Kelvin Partnership Ltd.
Chartered Accountants & Registered Auditors

Balance sheet for the year ended 31st March 2013

Particulars	Notes	31.3.2013		31.3.2012	
		£	£	£	£
Fixed Assets					
Intangible assets	8		822,240		-
Tangible assets	9		1,142,920		1,214,433
Investments	10		61		61
			1,965,221		1,214,494
Current Assets					
Debtors	11	1,888,122		3,622,403	
Cash at bank and in hand		13,865		27,615	
			1,901,987		3,650,018
Creditors					
Amounts falling due within one year	12	2,557,660		1,658,662	
Net Current (Liabilities)/Assets			(655,673)		1,991,356
Total Assets Less Current Liabilities			1,309,548		3,205,850
Creditors					
Amounts falling due after more than one year	13		(565,479)		(740,791)
Provisions for Liabilities	16		(72,244)		(72,244)
Net Assets			671,825		2,392,815
Capital and Reserves					
Called up share capital	17		5,500		5,500
Share premium	18		1,378,567		1,378,567
Profit and loss account	18		(712,242)		1,008,748
Shareholders' Funds	23		671,825		2,392,815

The financial statements were approved by the Board of Directors on 0th xxxx 2013 and were signed on its behalf by:

Dr. G. P. Ramayya - Director

Cash Flow Statement for the year ended 31st March 2013

Particulars	Notes	31.3.2013		31.3.2012	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	1		836,277		(123,885)
Returns on investments and servicing of finance	2		(66,297)		(64,599)
Taxation			-		(3)
Capital expenditure	2		(825,517)		(59,863)
			(55,537)		(248,350)
Financing	2		(26,466)		203,292
Decrease in cash in the period			(82,003)		(45,058)
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(82,003)		(45,058)	
Cash outflow/(inflow) from decrease/(increase) in debt		81,466		(203,292)	
Change in net debt resulting from cash flows			(537)		(248,350)
Movement in net debt in the period			(537)		(248,350)
Net debt at 1st April			(1,405,347)		(1,156,997)
Net debt at 31st March			(1,405,884)		(1,405,347)

Profit and loss account for the year ended 31st March 2013

Particulars	Notes	31.3.2013		31.3.2012	
		£	£	£	£
Turnover	2		2,639,577		5,372,853
Cost of sales			1,810,638		2,385,660
Gross Profit			828,939		2,987,193
Distribution costs		197,758		193,824	
Operating and administrative expenses		982,044		2,120,437	
			1,179,802		2,314,261
			(350,863)		672,932
Other operating income			28,670		247,698
Operating (Loss)/Profit	4		(322,193)		920,630
Exceptional item	5		1,332,500		-
Interest receivable and similar income			(6)		45
			(1,654,699)		920,675
Interest payable and similar charges	6		66,291		64,644
(Loss)/Profit on Ordinary Activities before Taxation			(1,720,990)		856,031
Tax on (Loss)/profit on ordinary activities	7		-		55,056
(Loss)/Profit for the Financial Year			1,720,990		800,975
Continuing Operations					
None of the company's activities were acquired or discontinued during the current year or previous year.					
Total Recognised Gains and Losses					
The company has no recognised gains or losses other than the profits for the current year or previous year.					

Notes to the Cash Flow Statement for the year ended 31st March 2013

1. Reconciliation of operating (Loss)/Profit to net cash inflow/(outflow) from operating activities

Particulars	31.3.2013	31.3.2012
	£	£
Operating (loss)/profit	(322,193)	920,630
Depreciation charges	74,790	66,659
Government grants	-	207,348
Exceptional item	(1,332,500)	-
Government grants	-	(207,348)
Decrease in stocks	1,865,911	-
Increase in debtors	(131,630)	(1,317,166)
Increase in creditors	681,899	205,992
Net cash (outflow)/inflow from operating activities	836,277	(123,885)

2. Analysis of cash flows for headings netted in the cash flow statement

Particulars	31.3.2013	31.3.2012
	£	£
Returns on investments and servicing of finance		
Interest received	(6)	45
Interest paid	(66,291)	(64,644)
Net cash outflow for returns on investments and servicing of finance	(66,297)	(64,599)
Capital expenditure		
Purchase of tangible fixed assets	(822,240)	-
Sale of tangible fixed assets	(3,277)	(59,863)
Net cash outflow for capital expenditure	(825,517)	(59,863)
Financing		
New loans in year	113,952	400,000
Loan repayments in year	(195,418)	(196,708)
Amount introduced by directors	55,000	-
Net cash inflow/(outflow) from financing	(26,466)	203,292

3. Analysis of changes in net debt

Particulars	At 1.4.2012	Cash Flow	At 31.3.13
	£	£	£
Net cash:			
Cash at bank and in hand	27,615	(13,750)	13,865
Bank overdrafts	(95,463)	(68,253)	(163,716)
	(67,848)	(82,003)	(149,851)
Debt:			
Debts falling due			
within one year	(596,708)	(93,846)	(690,554)
Debts falling due			
after one year	(740,791)	175,312	(565,479)
	(1,337,499)	81,466	(1,256,033)
Total	(1,405,347)	(537)	(1,405,884)

1. Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Turnover

The turnover shown in the profit and loss account represents the sales value of services provided during the year, exclusive of value added tax.

a) Software revenue

Revenue is recognised by reference to the stage of completion of the contract at the year end where the final outcome can be assessed with reasonable certainty. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses in the year in which they are first foreseen.

Where the amount recognised as turnover exceeds the payments on account received and receivable in respect of that contract, the balance is included in debtors as amounts recoverable on contracts. Payments on account receivable are included in trade debtors. Payments on account received in excess of the value of work done are included in creditors.

b) Support and maintenance revenue

Revenue is recognised on a straight line basis over the term of the support and maintenance contract. Revenue not recognised is classified as deferred income in creditors

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Vision centre	-	25% straight line
Office equipment	-	25% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	33% straight line

Freehold buildings are maintained in a state of good repair and it is considered that the lives of these assets are so long and the residual value, based on prices prevailing at the time of acquisition, are so high that the depreciation is not significant; consequently these buildings are not depreciated.

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more tax, or a right to pay less tax, at a future date at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Research and development

Expenditure on research and development is written off in the year in which it is incurred except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period during which the company is expected to benefit.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

Pension costs

The company operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the company. Contributions to the company pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Government grants

Government grants relating to revenue costs are credited to the profit and loss account in line with the relevant costs.

2. Turnover

The turnover and loss (2012-profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

Particulars	31.3.2013	31.3.2012
	£	£
United Kingdom	1,380,802	1,266,573
Europe	76,850	128,000
USA & Canada	1,181,925	3,978,280
	2,639,577	5,372,853

3. Staff Costs

Wages and salaries	2,035,227	2,155,092
Social security costs	37,915	39,663
Other pension costs	68,465	76,023
	2,141,607	2,270,778

The average monthly number of employees during the year was as follows:

Production staff	36	39
Distribution staff	3	2
Administrative staff	3	2
Management staff	2	2
	44	45

4. Operating (Loss)/Profit

The operating loss (2012 - operating profit) is stated after charging/(crediting):

Particulars	31.3.2013	31.3.2012
	£	£
Depreciation - owned assets	74,790	66,659
Auditors' remuneration	6,687	8,074
All other services	-	450
Foreign exchange differences	(28,670)	(40,350)
Government grants	-	(207,348)
Directors' remuneration	289,880	301,557
Information regarding the highest paid director is as follows:		
Emoluments etc	145,058	150,934

5. Exceptional Items

The exceptional item relates to the write off of the E Ontario Health contract that was included within amounts recoverable on contracts as at 31st March 2012.

6. Interest Payable and Similar Charges

Bank overdraft interest	4,042	1,822
Bank mortgage and loan interest	59,544	47,956
Interest on other loans	1,563	-
Bank loan charges	-	12,839
Interest on overdue tax, etc	1,142	473
Penalties and charges	-	1,554
	66,291	64,644

7. Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

Current tax:		
UK corporation tax	-	17,500
Deferred tax	-	37,556
Tax on (loss)/profit on ordinary activities	-	55,056

Due to losses incurred during the year there is no corporation tax liability as at 31st March 2013. The company has estimated losses of approximately £3,300,000 to carry forward.

8. Intangible Fixed Assets

Particulars	Research & Development
	£
Cost	
At 1st April 2012	477,044
Additions	822,240
At 31st March 2013	1,299,284
Amortisation	
At 1st April 2012 and 31st March 2013	477,044
Net Book Value	
At 31st March 2013	822,240
At 31st March 2012	-

Capitalised research and development expenditure represented the costs incurred during the year ended 31st March, 2002 in the development of "Excelicare" the company's core software product.

During the year ended 31st March, 2004, as a result of significant changes in the market in the UK it was considered unlikely that this expenditure would be recovered in the foreseeable future. In view of this all the costs were charged to the profit and loss account by 31st March, 2004.

9. Tangible Fixed Assets

Particulars	Freehold property	Vision centre	Office equipment
	£	£	£
Cost			
At 1st April 2012	1,086,270	36,919	46,549
At 31st March 2013	1,086,270	36,919	46,549
Depreciation			
At 1st April 2012	-	36,919	41,416
Charge for year	-	-	1,895
At 31st March 2013	-	36,919	43,311
Net Book Value			
At 31st March 2013	1,086,270	-	3,238
At 31st March 2012	1,086,270	-	5,133
Cost			
At 1st April 2012	227,408	270,830	1,667,976
Additions	267	3,010	3,277
At 31st March 2013	227,675	273,840	1,671,253
Depreciation			
At 1st April 2012	180,769	194,439	453,543
Charge for year	32,961	39,934	74,790
At 31st March 2013	213,730	234,373	528,333

9. Tangible Fixed Assets - Continued

Particulars	Fixtures and Fittings	Computer equipment	Totals
	£	£	£
Net Book Value			
At 31st March 2013	13,945	39,467	1,142,920
At 31st March 2012	46,639	76,391	1,214,433

10. Fixed Asset Investments

Particulars	Shares in group undertakings
	£
Cost	
At 1st April 2012 and 31st March 2013	61
Net Book Value	
At 31st March 2013	61
At 31st March 2012	61

The company's investments at the balance sheet date in the share capital of companies include the following:

AxSys Health Corp.
Country of incorporation: USA
Nature of business: Sales and marketing

Class of shares:	% holding
Shares of common stock	100.00

Particulars	31.3.2013	31.3.2012
	£	£
Aggregate capital and reserves	61	61

The subsidiary has not yet commenced trading and group financial statements have not been prepared as the subsidiary's figures are not material.

11. Debtors: amounts falling due within one year

Trade debtors	323,700	429,513
Amounts recoverable on contracts	457,590	2,323,501
Other debtors	4,456	4,456
Amount owed by group undertakings	1,061,359	830,728
Prepayments and accrued income	41,017	34,205
	1,888,122	3,622,403

12. Creditors: amounts falling due within one year

Particulars	31.3.2013	31.3.2012
	£	£
Bank loans and overdrafts (see note 14)	854,270	692,171
Payments on account	157,158	165,040
Trade creditors	106,898	74,893
Corporation tax	17,537	17,537
PAYE & NIC	331,520	127,573

12. Creditors: amounts falling due within one year - Continued

Particulars	31.3.2013	31.3.2012
	£	£
VAT	112,046	31,669
Other creditors	1,918	1,427
Directors' current accounts	55,000	-
Accruals and deferred income	921,313	548,352
	2,557,660	1,658,662

13. Creditors: amounts falling due after more than one year

Bank loans	565,479	740,791
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14. Loans

An analysis of the maturity of loans is given below:

Amounts falling due within one year or on demand:		
Bank overdrafts	167,716	95,463
Bank loans	690,554	596,708
	854,270	692,171
Amounts falling due between one and two years:		
Bank loans - 1-2 years	105,137	196,708
Amounts falling due between two and five years:		
Bank loans - 2-5 years	460,342	223,457
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more than 5 years payable by instalments	-	320,626
	-	320,626

15. Secured debts

The following secured debts are included within creditors:

Bank overdrafts	163,716	95,463
Bank loans	1,256,033	1,337,499
	1,419,749	1,432,962

The bank loans bear interest at 3.45% above the bank base rate and 2.65% above LIBOR and are repayable in monthly instalments over 5 and 14 years respectively. The loans are secured by a fixed charge over the freehold property in favour of The Royal Bank of Scotland plc.

The company has a second EFG loan which bears interest at 3.5% above the bank base rate. This loan is repayable in full by 31st December 2013 but is expected to be rescheduled to repayment by monthly instalments over 8 years from that date.

16. Provisions for liabilities

Particulars	31.3.2013	31.3.2012
	£	£
Deferred tax		
Deferred tax: FA allowances	72,244	72,244
	Deferred tax	
	£	
Balance at 1st April 2012	72,244	
Movement in year		
Balance at 31st March 2012	72,244	

17. Called up share capital

Allotted and issued:

Number:	Class	Nominal Value	31.3.13	31.3.12
			£	£
5,500	Ordinary	£1	5,500	5,500

18. Reserves

Particulars	Profit and loss account	Share premium	Totals
	£	£	£
At 1st April 2012	1,008,748	1,378,567	2,387,315
Deficit for the year	(1,720,990)		(1,720,990)
At 31st March 2013	(712,242)	1,378,567	666,325

19. Pension commitments

The company operates a number of defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £68,465 (2012:£76,023). Contributions totalling £3,445 (2012: £9,266) were payable to the funds at the end of the year and are included in creditors.

20. Ultimate parent company

The ultimate holding company is AxSys HealthTech Limited based in Hyderabad, India.

Copies of group accounts can be obtained from:

AxSys HealthTech Limited,
5-9-34/2, Basheer Bagh, Adj. New M.L.A.Qtrs,
Hyderabad, India - 500 063

21. Related party disclosures

- 1) During the year, the company paid Peak Performance Contracts Limited £nil (2012:£nil) for the consultancy services of Dr G. P. Ramayya and Dr A. Ramayya, who are directors of the company. Dr G. P. Ramayya and Dr A. Ramayya are not and have never been directors, officers or shareholders of Peak Performance Contracts Ltd.
 - 2) Dr G. P. Ramayya and Dr A. Ramayya, who are directors of the company, have jointly given a guarantee to the Royal Bank of Scotland for £100,000 (2012: £100,000) in respect of the second EFG loan taken out by the company during the year
 - 3) As at 31st March, 2013 the company owed Dr G. P. Ramayya £55,000 (2012: £nil). The loan is interest free and there are no fixed repayment terms.
 - 4) The company has taken advantage of the FRS 8 exemption to disclose inter-group transactions and balances.
- There are no other transactions with related parties.

22. Ultimate controlling party

There is no ultimate controlling party.

23. Reconciliation of movements in shareholders' funds

Particulars	31.3.2013	31.3.2012
	£	£
(Loss)/profit for the financial year	(1,720,990)	800,975
Net (reduction)/addition to shareholders' funds	(1,720,990)	800,975
Opening shareholders' funds	2,392,815	1,591,840
Closing shareholders' funds	671,825	2,392,815

Notice

Notice is hereby given that the 18th Annual General Meeting of the Members of AxSys Healthtech Limited will be held on Monday, 30th day of September 2013 at 10.30 a.m Ohris, Basheerbagh, Hyderabad-500063, Andhra Pradesh, to transact the following business :

Ordinary Business

1. To receive consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account of the company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Vinod Sethi who retires by rotation and being eligible, offers himself re-appointment.
3. To appoint Director in place of Dr. G. Ramesh Ramayya who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint Auditors to hold office from the conclusion of the Annual General Meeting until the conclusion of next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following Resolution, as an Ordinary Resolution.

RESOLVED THAT M/s. Sudhakar & Kumar Associates, Chartered Accountants, bearing Registration No.004165S with the Institute of Chartered Accountants of India be and they are hereby appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the company.

For and on Behalf of the Board

Hyderabad
30th August 2013

Sd/-
Dr. G. Ramesh Ramayya
Director

Registered Office

5-9-34/2, Adj, New MLA Quarters, Basheer Bagh, Hyderabad- 500 063
Tel No. (040) 66105000/23299258

Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited with the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
3. Completion and return of the form of proxy will not prevent a member attending the Meeting and voting in person if he or she so wishes. A form of proxy is given at the end of this Annual Report.
4. The Members are requested to notify change in their address to the Company's share transfer agent Karvy1. Computershare Private Limited, (Unit : AxSys HealthTech Limited) "Karvy House", Avenue 4, Street No.1, Banjara Hills, Hyderabad -500 034 immediately.
5. No explanatory Statement pursuant to provisions of Section 173(2) of Companies Act,1956, is annexed as there is no Special Business in the Notice of the Meeting.
6. Members who hold shares in dematerialized form are requested to write attending the meeting.
7. The Register of Members and share transfer Books of the Company will remain closed from Tuesday, 17th September to Monday, 30th September, 2013 (both days inclusive)
8. Members seeking any information with regard to Accounts are requested to write to the Company immediately so as to enable the management to keep the information ready

1. Details of Directors retiring by rotation and seeking re-appointment

The 18th Annual General Meeting pursuant to Clause 49 of the Listing Agreement of stock exchanges

Particulars	Mr. Vinod Sethi	Dr. G. Ramesh Ramayya
Date of Birth	22 nd May 1962	27 th May 1955
Date of Appointment	28.09.2001	Since Incorporation of the Company
Qualifications	M.B.A from Boston University of Brussels	FRCS(Eng), FRCS(Edin), M.Ch. (Liverpool)
Expertise in specific functional areas	Banker and Management Advisor	Practicing Consulting Urologist in India
Directorships held in other Public Companies	10	Nil
Memberships/Chairmanships of Committees of other public companies (includes only Audit and Shareholders/Investors Grievance Committee)	5	Nil
Number of shares held in the company	-	6,07,800



AxSys HealthTech Limited

Registered Office : 5-9-34/2, Basheerbagh, Hyderabad - 500 063

Please fill the Attendance Slip and hand it over at the entrance of the meeting venue

DP ID*		Regd. Folio No.	
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Client ID*	
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NAME AND ADDRESS OF THE SHARE HOLDER

NO. OF SHARE (S) HELD

I/We hereby record my/our presence at the **18th Annual General Meeting** of AxSys HealthTech Limited to be held on Monday, September 30, 2013 at 10.30 a.m. at Ohri's Cuisine Court, Kabila Hall, Basheer Bagh, Hyderabad-500 063

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

TEAR HERE



AxSys HealthTech Limited

Registered Office: 5-9-34/2, Basheerbagh, Hyderabad - 500 063

DP ID*		Regd. Folio No.	
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Client ID*		No. of Share (s) held	
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I/ We _____ of _____ being a member / members of AxSys HealthTech Ltd. hereby appoint _____ of _____ or failing him _____ of _____

as my / our proxy to vote for me / us our behalf at the **18th Annual General Meeting** of AxSys HealthTech Ltd. to be held on Monday, September 30, 2013 at 10.30 a.m. at Ohri's Cuisine Court, Kabila Hall, Basheer Bagh, Hyderabad - 500 063.

Signed this _____ day of _____ 2013

*Applicable for investors holding shares in electronic form

Affix
Re.1
Revenue
Stamp

NOTE: The proxy, in order to be effective, should be duly stamped, Completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the time of the Meeting. The Proxy need not be a member of the Company.