



QUANTUM BUILD-TECH LIMITED



11th Annual Report

2008-09

BOARD OF DIRECTORS

MR. GUDURU SATYANARAYANA - MANAGING DIRECTOR
MR. M. RAMBABU - DIRECTOR-TECHNICAL
MRS. KODALI VIJAYA RANI - PROMOTER DIRECTOR
MR. K. PRABHAKAR REDDY - NON-EXECUTIVE INDEPENDENT DIRECTOR
MR. V. RAMBHUPAL CHOUDARY - NON-EXECUTIVE INDEPENDENT DIRECTOR
MR. N. SRIDHAR - NON-EXECUTIVE INDEPENDENT DIRECTOR

AUDITORS

M/S. RAMBABU & CO.,
CHARTERED ACCOUNTANTS
31, PANCOM CHAMBERS, RAJBHAVAN ROAD,
HYDERABAD - 500 082. PHONE : 23318152

BANKERS TO THE COMPANY

AXIS BANK LIMITED
JUBILEE HILLS BRANCH
FILM NAGAR, HYDERABAD - 500 033
PUNJAB NATIONAL BANK
SAIFABAD BRANCH, HYDERABAD - 500 004

REGD. OFFICE

8-1-405/A/66, DREAM VALLEY,
SHAIKPET, HYDERABAD - 500 008.
PHONES: 23568766 FAX : 23568990
E-MAIL : info@quantumbuild.com

SHARE TRANSFER AGENTS

M/S. VENTURE CAPITAL & CORPORATE INVESTMENTS LTD.
12-10-167, BHARAT NAGAR COLONY,
HYDERABAD - 500 018.
PHONE : 23818475 FAX : 23868024



QUANTUM BUILD-TECH LIMITED

NOTICE TO MEMBERS

Notice is hereby given that the Eleventh Annual General Meeting of Quantum Build-Tech Limited will be held on Tuesday the 29th September, 2009 at 11:30 A.M. at Film Nagar Cultural Centre, Dr.D.Ramanaidu Building, Road No.6, Film Nagar, Hyderabad-500 033 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss account for the financial year ended 31st March, 2009 and the Balance Sheet as at that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. V. Rambhupal Choudary who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. N. Sridhar who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting of the Company and to fix their remuneration. The retiring Auditors M/s Rambabu & Co., Chartered Accountants, Hyderabad are eligible for re-appointment.

SPECIAL BUSINESS

5. To considered and, if thought fit to pass with or without the modifications, the following resolution as an **Ordinary resolution**.

"RESOLVED THAT Mr. Guduru Satyanarayana who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31st August, 2009 and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To Consider and, if thought fit, to pass with or without the modifications, the following resolution as an **Ordinary Resolution**.

"**RESOLVED** that pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment and terms of remuneration of Mr. Guduru Satyanarayana, as Managing Director for a period of Three years with effect from 31st August, 2009 upon the terms and conditions the details of which are given below, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Mr. Guduru Satyanarayana, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

I. Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) Rs.77,500/- per month.
- ii. Perquisites and allowances whose aggregate value shall not exceed Rs.9,00,000/- per annum.

"Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; House maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc. and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. Guduru Satyanarayana".

"RESOLVED FURTHER that the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

By order of the Board

Sd/-

Guduru Satyanarayana
Managing Director

Place: Hyderabad
Date: 31-08-2009.

NOTES:

1. ANY 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. The instrument appointing a proxy, to be effective, should be deposited at the Registered office of the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2009 to 29th September, 2009 (both days inclusive)
3. All Correspondence and share transfer documents must be addressed to the Share Transfer Agents or to the Investors' Relation Cell.
4. Members are requested to notify changes, if any, in their addresses to the Share Transfer Agents.



Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.5 & 6

The Board of Directors of the Company appointed Mr.Guduru Satyanarayana as Additional Director of the Company with effect from 31st August, 2009 and the term of his office expires on the date of ensuing Annual General Meeting and a notice from member of the Company was received proposing his appointment as a Director of the Company under Section 257 of the Companies Act, 1956.

The Board at its meeting held on 31-08-2009, has also appointed Mr. Guduru Satyanarayana as Managing Director and has accepted the recommendation of the Remuneration Committee and approved the remuneration of Mr.Guduru Satyanarayana with effect from 31-08-2009 as per the particulars stated in the resolution.

A brief profile of Mr. Guduru Satyanarayana is given elsewhere in the Notice.

None of the Directors other than Mr.Guduru Satyanarana is interested in the resolution.

The Board of Directors commends the resolution for your approval.

Brief Profile of Directors who are being appointed at the ensuing Annual General Meeting:

1. **Mr. V. Rambhupal Choudary** He is Graduate Engineer from Bangalore University having more than 40 years of experience in Construction, Hotels and petroleum products trading in Andhra Pradesh.
2. **Mr. N. Sridhar** He is a Graduate in Commerce & Law and he is also having qualification of ACS. Presently he is Practicing Company Secretary at Hyderabad having more than 8 years of experience in Corporate Sector in Hyderabad.
3. **Mr. Guduru Satyanarayana** is a Bachelor of Engineering from Osmania University and has more than 3 decades of experience. Executed many civil works like excavation of canals, construction of residential as well as commercial houses, construction of bridges & roads for public sector undertakings like NTPC (National Thermal Power Corporation), Singareni Collieries, MES (Military Engineering Services), Public Works Departments for the states of Gujarat, Madhya Pradesh and Andhra Pradesh. He has developed Commercial Complexes like Pancom Chambers at Rajbhavan Road and Pancom Business Centre at Ameerpet. Developed Dream Valley, a prestigious Residential Township, located in the vicinity of Jubilee Hills, Guchibowli etc., Hyderabad, Andhra Pradesh, India.

DIRECTORS' REPORT

To,

The Members

Your Directors present the Eleventh Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account, Cash Flow Statement and information on the working of the Company for the year ended 31st March, 2009.

REVIEW OF OPERATIONS:

During the year under review, the Company has achieved contracts turnover of Rs.316.19 lakhs as against Rs.303.99 lakhs in previous year. The work in progress of Rs. 341.98 lakhs as at 31st March, 2009 is for the various projects in hand. The Company has earned a Net Profit of Rs.26.78 lakhs as against a Net Profit of Rs. 26.99 lakhs in previous year.

2. FUTURE OUTLOOK:

Your Company's projects at **Manikonda** and **Gajularamaram village** near Usha Mullipudi Cardiac Centre are progressing but at a slow pace due to non-availability of working capital resources and for a long time, no sales of the flats. Due to recession and bad market conditions, the buyers are scanty and those who booked also are delaying the payments resulting in the increase in the debtors over a period of time. This is putting enormous pressure on the working capital. The Company foresees an improvement in market conditions from December this year. The Company is considering all options open for the completion of new projects. It is perceived that the pick in sales at sub Rs. 50 lakhs flats can bring back the lost luster in the market and the Company will also be able to get bookings for flats in new ventures. This will boost the Company's business prospects and profitability.

3. DIVIDEND:

In view of the insufficient profits during the year under review and in order to conserve resources for future, your Directors do not recommend any Dividend for the year ended 31.03.09.

4. SHARE CAPITAL

- a) Members are aware that the Company had issued 67,50,000 Convertible Equity Share Warrants to the promoters, business associates & strategic investors on preferential basis on 16th October, 2006 at a price of Rs. 10/- per warrant for the business development, each warrant is convertible to one equity share of Rs. 10/-. Out of these warrants, 50,00,000 Equity Share Warrants were converted into Equity Shares on 15-4-2009 and balance 17,50,000 Equity Share Warrants were forfeited due to non-receipt of balance payment.
- b) Members are aware that the Company had issued 4,46,280 - 13% Cumulative Redeemable Preference Shares of Rs. 100/- on 23-6-2006 for a redemption period of 30 months. These shares are due for redemption on 22-12-2008 and the Company was not able to redeem these preference shares on due date due to severe cash crunch.

5. DIRECTORS

In accordance with the provisions of the Companies Act, 1956; and the Articles of Association of the Company Mr. N. Sridhar and Mr. V. Rambhupal Choudary, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. P. Kondanda Rambabu, Managing Director has resigned from the Board w.e.f 31.08.2009 due to personal reasons. Shri Guduru Satyanarayana has been appointed as an Additional Director w.e.f 31.08.2009 and his term expires at the ensuing Annual General Meeting. The Board recommends his appointment as Director liable to retire by rotation. He shall assume the position of Managing Director w.e.f 31.8.2009.

6. AUDITORS:

M/s.Rambabu & Co., Chartered Accountants, Statutory Auditors of the Company retire at the Annual General Meeting and the Company has received Certificate from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Members are requested to re-appoint them and to authorize the Board to fix their remuneration.

7. FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits from the Public or its shareholders during the year under review.



8. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (ii) That your Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for that period.
- (iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (iv) That your Directors have prepared the Annual Accounts for the Financial Year ended on 31st March, 2009 on a going concern concept.

9. PARTICULARS OF EMPLOYEES:

During the year under review, there were no employees drawing salaries more than or equal to the limits laid under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 as amended.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

- a. Conservation of Energy: During the year there is no activity in the Company's software business. Due to this there is very low consumption of power for operations. In case of other operations, there is not much requirement for power. Therefore, there are NIL measures for conservation of energy.
- b. Technology absorption: ***AS PER ANNEXURE -C The Company's work involved in Software Development has been scaled down and at present there is no activity. The construction business does not require any new technology to be absorbed. Hence the measures for Technology absorption are NIL.***
- c. Foreign Exchange Earnings & outgo: (Value in Rs. lacs)

Value of Imports (CIF basis)	NIL
Expenditure in Foreign currency :	NIL
Earnings in Foreign Exchange :	NIL

11. SUBSIDIARY:

There are no subsidiaries to the Company as on date of the report.

12. LISTING:

The shares of your company are listed on Bangalore Stock Exchange. The recognition of Hyderabad Stock Exchange has been cancelled by SEBI.

13. EMPLOYEES:

There are no employees whose particulars are to be disclosed pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

14. CODE OF CONDUCT

The Company has adopted a uniform Code of Conduct for Directors, Senior Management and above Officers level to ensure ethical standards and also to ensure compliance to the laid down standards. The object of the code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency, honesty. The code sets out a broad policy for one's conduct in dealing with the Company, fellow directors and with the environment in which the Company operates.

15. INSURANCE

The properties and assets of your Company are adequately insured.

16. REPLY TO THE AUDITORS' REPORT

With reference to Sl.No. vi & vii of Auditors' Report and 9 & 11 of Annexure to the Auditors' Report, Directors have decided to approach the Company Law Board under section 80A of the Companies Act, 1956, to compound the violation of rules in redemption of Cumulative redeemable Preference Shares on due date to get the consent for extension of time period and other modalities for redemption of shares.

Due to severe recession in the real estate sector in the country, the company could not able to market the flats in Jaihind Valley and Quantum Heights residential complexes in Hyderabad. Because of this all the resources of the Company were blocked in the form of work-in-progress (unsold flats) and in turn the Company could not able to make interest payments, redemption of shares and other tax payments on due dates. The reserves as required under the Companies Act, 1956 were not created due to inadequacy of profits.

However, the Directors are making all steps to regularise all these defaults mentioned in Auditors' Report during the current year (2009-10).

17. CORPORATE GOVERNANCE CODE:

The Code of Corporate Governance promulgated by Securities & Exchange Board of India continues to be implemented by your Company. The Report on Corporate Governance and other related information is annexed hereto. The Compliance Certificate on Corporate Governance received from the Statutory Auditors is given as Annexure to this report.

18. ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their grateful appreciation for the cooperation and assistance by Government Authorities, Bankers and other business associates as well as shareholders and employees.

By order of the Board

Place: Hyderabad

Date: 31-08-2009

Sd/-
Guduru Satyanarayana
Managing Director

Sd/-
Kodali Vijaya Rani
Director

ANNEXURE-C

FORM-B

Form for disclosure of Particulars with respect to Technology Absorption, Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company : **NIL**
2. Benefits derived as a result of the above R & D : **NIL**
3. Future Plan of action : **Company is taking appropriate steps as and when required.**
4. Technology Absorption, Adoption and Innovation:
 1. Efforts in brief made towards technology absorption, adaption and innovation **Nil**
 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution. **Nil**
 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:
 - a) Technology imported : **NIL**
 - b) Year of import : **NOT APPLICABLE**
 - c) Has technology been fully absorbed : **NOT APPLICABLE**
 - d) If not fully absorbed areas where this has not been taken place reasons thereof and future plans of action : **NOT APPLICABLE**

By order of the Board

Place: Hyderabad
Date: 31-08-2009

Sd/-
Guduru Satyanarayana
Managing Director

Sd/-
Kodali Vijaya Rani
Director

**ANNEXURE-A****MANAGEMENT DISCUSSION & ANALYSIS****Industry structure and developments**

The Indian economy has been robust before the recessionary pressures started hitting all sectors. The slowdown which started in United States did not have immediate impact on the Indian economy because of its robust nature and the Reserve Bank and the Government of India took immediate measures that did not allow the economy as a whole to sink. However, of late the pressure began to show and the economy reported GDP growth of 6.2% annually as against targeted 9.1%. Realty sector had the greatest impact among these resulting that even the enquiries for the flats beyond Rs. 50 Lakhs had stopped. It was only when various banks had reduced their lending rates to below 10%, enquiries for certain commercial as well as residential flats started emerging. However, even such enquiries were not ending in the form of confirmed bookings. After further reduction in the interest rates to 8%, and the Banks agreeing to give comparatively larger housing loans, the market has started to look up and few of the booking have been confirmed and the old bookings have also started yielding the amounts due from them.

The Realty industry as a whole, including big players like DLF, Unitech etc had to embark upon major fund raising initiatives since the sustainability was at stake. They have deferred or shelved various projects, sold land banks to tide over the tough times. However, all times cannot be alike and soon the sector will start looking up with slaes picking up for sub Rs. 30 lakhs flats.

Opportunities and Threats

The Company is primarily a construction company. Since, the economy is now able to creep out of its recessionary environment, the Company is looking forward to attract new investors and customers to overcome its present situation and balance the losses suffered by it in the current year. The Company is however required to complete its ongoing projects at a substantially faster pace as the Company has taken considerably huge term loans from various banks. The Company is also trying to explore tie ups with some small & medium corporates for joint development of some prime projects. However, the large number of housing projects in pipeline poses a threat to maintain the pricing levels and puts pressure on the profitability. Besides, advent of big players like DLF, Unitech, Mantri Developers, Bharat and also the local players going big with substantial Foreign Direct Investments, have made the going tougher for the Company. With large marketing capabilities and unified Purchase systems, their input costs are lower than the Company and therefore stand to offer more competitive pricing for similar products thus putting the Company's efforts for revival to become a remote possibility.

Outlook

The outlook for the construction sector remains positive despite concerns of execution risk and high commodity prices. The industry will continue to grow at a CAGR of 30-35% over the next few years on the back of USD 350- USD 400bn worth of investments planned in infrastructure during the XIth Five Year Plan (2007-12). The spending on infrastructure and investments in the industrial capacity expansion plans such as steel, cement, oil and gas, petrochemicals and power provides opportunities for construction companies.

The growing housing demand because of the changing demographics and the rising income levels also provides opportunities for these companies. For FY08, Most of the construction companies in are expected to report a margin expansion in margins of 40 - 230 bps. Going forward, we expect the companies to maintain their margins, given the high revenue visibility for the coming next three years and continuing order inflows.

The Company foresees an improvement in market conditions from December this year. The Company is considering all options open for the completion of new projects. Your Company is expected to make strides into middle level housing segment since these are Residential Apartments in Rs. 35 lakhs price range. It is perceived that the pick in sales at sub Rs. 50 lakhs flats can bring back the lost luster in the market and the Company will also be able to get bookings for flats in new ventures. This will boost the Company's business prospects and profitability.

Risks and concerns

With all these happenings on the opportunities front, the Company is focusing more and more on achieving the operational excellence - which may prove to be the only differentiating factor for successful enterprises. During the period, Company has also started to focus on the effective deployment of capital and available resources as it is necessary to ensure the effective usage and proper maintenance of the company's assets. By virtue of this, we are in the direction of optimizing the asset utilisation and proper maintenance.

The main strength of the Company is being able to offer end to end solutions which is mainly backed up by in house designing team coupled with the strength of execution arm ie construction. The Project Monitoring Division which directly reports to the CEO has been able to contribute effectively in keeping costs under check. The Company is also laying stress on the monitoring of the implementation of internal processes and systems.

However the bigger challenges that your Company has to start working at include -

- Strengthening of supply chain management
- Increasing the availability of skilled workers like foremen, carpenters, bar benders and masons and retention of existing teams.
- Retaining the engineering and supervisory teams.
- Tackling the non availability good contractors.

We are working on the above areas constantly and few of the solutions we have adopted are -

- Benchmarking the compensation with the best in the industry.
- Creation of a transparent work culture.
- Development of people skills by continuous training and guidance.
- Maintaining good vendor relations and entering into long term supply contracts wherever possible.

With the above steps in place, we should be able to mitigate the risks out of the above mentioned challenges.



Internal control systems and their adequacy

The internal control systems are aimed at promoting operational efficiencies. The Company is conducting internal audit at regular intervals to ensure that:

- a) Transactions are executed in accordance with the Company's policies and authorizations.
- b) Deployment of funds are in accordance with the Company's policies and Project Budgets.

The internal audit is conducted as per the requirement of the Company and the report is submitted to the Audit committee and to the Management. It reviews the policies and procedures followed.

The Audit committee with three independent and non-executive directors meets regularly to investigate any matter relating to the internal control system and reviews the Internal Audit. The committee reviews the quarterly and half yearly financials before they are submitted to the Board of Directors.

Financial Condition

Share Capital

During the year under review, the warrants issued on Preferential basis in earlier years have been converted into Equity shares for 5000000 which were fully paid. The balance 1750000 warrants were forfeited due to non-payment of full consideration thereof. 13% Cumulative Redeemable Preference Shares to the extent of Rs.6,07,13,643/- were due for redemption on 22-12-2008, which were not redeemed during the year.

Secured Loans

An amount of Rs. 447.28 Lakhs Secured Loans are outstanding as at 31st March, 2009.

Fixed Assets

Fixed Assets(Net Block) have appreciated from Rs.39.45 lakhs to 45.17 lakhs during the financial year.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

The Listing Agreement entered into by the Company with the Stock Exchanges contemplates compliance with the Code of Corporate Governance. It has been the constant endeavor of the Company to adhere to these Standards and thereby enhance the value of all the shareholders with following as main pillars:

- Transparency
- Accountability
- Fair & Equal treatment to all shareholders
- Compliance with regulations
- Ethical Practices
- Maximisation of shareholders value

As a part of the compliance of revised Clause 49 of Listing Agreement, the Company presents hereunder the required disclosures in the form of a Report for information of all the shareholders.

2. Board of Directors
Composition and Category of Directors

Private Name	Designation	Category	No. of other Directorships	Attendance at Board Meetings	Attendance at previous AGM
Mr. N. Sridhar	Director	Non-Executive Independent	Nil	8	Yes
Mr.V. Rambhoopal Choudary	Director	Non-Executive Independent	1	10	No
Mr. K.Prabhakar Reddy	Director	Non-Executive	1	10	Yes
Mr. P. Kodanda Rambabu**	Managing Director	Executive	Nil	10	Yes
Mrs. Kodali Vijaya Rani	Director	Non-Executive	Nil	10	No
Mr. M. Rambabu	Director-Technical	Executive	Nil	6	No
*Mr. Guduru Satyanarayana	Director & CEO	Executive	1	Nil	No

* Appointed w.e.f. 31-8-2009

** Resigned w.e.f. 31-8-2009

Meetings of the Board of Directors

The Board of Directors met 10 times during the financial year on 15-4-2008, 25-4-2008, 30-4-2008, 23-6-2008, 31-7-2008, 30-8-2008, 31-10-2008, 19-1-2009, 31-1-2009 & 31-3-2009

Information supplied to the Board

Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committees. In addition to the regular business items, the following are regularly placed before the Board to the extent applicable.

Quarterly and Half yearly results of the Company.

Minutes of the Audit Committee and other Committee meetings .

Details of Agreements

3. AUDIT COMMITTEE
Terms of Reference:

The terms of reference of the Audit committee include the following:

1. To review the quarterly, half yearly and annual financial results of the Company before submission to the Board.



2. To oversee the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. To hold periodic discussions with statutory auditors and internal auditors of the Company concerning the accounts of the company, internal control systems, scope of audit and observations of auditors.
4. To make recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.
5. To recommend the appointment and removal of external auditors, fixation of audit fees and also approval of fee for any other services by the auditors.
6. To investigate into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary.
7. To make recommendations to the Board on any matter relating to the financial management of the Company.

Composition

The Audit Committee of the Company as constituted with Three directors viz, Mr.K. Prabhakar Reddy, Chairman, Mr. V. Rambhupal Choudary and Mr. N. Sridhar as members is functional.

Meetings of the Committee and Attendance of the Members during 2008-09	Meetings held	Meetings Attended
Mr. K. Prabhakar Reddy	4	3
Mr. N. Sridhar	4	4
Mr. V. Rambhupal Choudary	4	3

4. Remuneration Committee**Terms of Reference:**

The Remuneration Committee constituted by the Company is responsible for looking into the remuneration payable to the Whole-time Directors and other Employees of the Company. The Non-Executive Directors of the Company are not entitled for any remuneration other than fee payable for attending Board & Committee Meetings. The Committee frames the policy on specific remuneration packages for Whole-time Directors including pension rights and compensation payments. The Committee also approves the Remuneration Policy for employees other than Whole-time Directors as may be recommended to it. The Company has a regular Appraisal Policy for all employees.

Composition

The Remuneration Committee of the Company has been re-constituted w.e.f 30.08.2005 with Three directors, viz.

Mr.K. Prabhakar Reddy
Mr. V. Rambhupal Choudary
Mr. N. Sridhar

Meetings of the Committee and Attendance

Since the line of business activity was changed and not many new persons were employed during the year 2008-2009, there were 2 meetings of the committee held during the year under review.

Remuneration Policy:

The remuneration of Whole-time Directors is fixed by the Remuneration Committee as constituted above. The Non-Executive Directors are not paid any remuneration. The remuneration of Employees other than Whole-time Directors is approved by the Remuneration Committee as may be recommended to it.

Details of remuneration paid to Directors
a) Executive Directors:

Particulars	Mr. P.Kodanda Rambabu Managing Director		Mr. M. Rambabu Technical Director	
	2008-09	2007-08	2008-09	2007-08
Salary	8,76,000	8,76,000	6,97,500	6,97,500
Commission	--	--		
TOTAL	8,76,000	8,76,000	6,97,500	6,97,500

b) Non-Executive Directors: Non-Executive Directors are entitled to sitting fees for attending Board and Committee Meetings.

5. Investors' Grievance Committee
Composition

The Investor's Grievance Committee of the Company has been constituted with Three Directors viz.

Mr. K. Prabhakar Reddy- Chairman
Mr. V. Rambhupal Choudary
Mr. N. Sridhar

The Company has appointed Mr. Guduru Satyanarayana, Managing Director, as the Compliance Officer of the Company upon the resignation of Mr. P. Kodanda Rambabu. All the investor complaints received by the Company during the financial year were attended to the satisfaction of the investors. The Company does not have any pending share transfers and investor complaints as on the date of Directors' Report.

**6. Annual General Meetings****Details of previous Annual General Meetings**

Day	Date	Time	Venue
Monday	26 th September, 2005	10.30 AM	The Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad – 500 034
Friday	29 th September, 2006	02.00 PM	The Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad – 500 034
Saturday	29 th September, 2007	11-30 AM	The Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad – 500 034
Monday	29 th September, 2008	12-00 Noon	The Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad – 500 034

No resolution placed for passing by Postal ballot in the last year

7. Disclosures

1. No. transaction of material nature has been entered into by the company with directors or management and their relatives etc that may have a potential conflict with the interests of the company. The Register of contracts containing transactions in which directors are interested is placed before the Board regularly.
2. There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or Stock Exchanges does not arise.
3. The Company is in compliance with all the mandatory requirements and has fulfilled the non- mandatory requirements as prescribed in Annexure 1D of the revised Clause 49 of the Listing Agreement with Stock Exchanges.
4. The Company has adopted with the Code of Conduct applicable to all Directors, senior management and employees. The Declaration as required under Clause 49 is as below:

“ All the Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2009.”

Place : Hyderabad

Guduru Satyanarayana

Date : 31-08-2009

Managing Director

5. CEO Certification : The Director and Chairman has given a certificate as contemplated in Clause 49 of the Listing Agreement.
6. The requirement of the Audit and other Committees as contemplated in Clause 49 have been complied with as per the report set above in respect of the same.

The Management Discussion and Analysis is provided elsewhere in this report.

8. Means of Communication

The Company had published financial results, for Three quarters of previous financial year within the time specified by the Listing agreement, in Financial Express/ Business Standard (English Newspapers) and Andhra Bhoomi/Andhra Prabha (Regional Language – Telugu Newspapers). No targeted presentations were made during the year under review. The Management Discussion & Analysis Report forms part of the Annual Report of the Company as required under the Listing Agreement.

9. General Shareholder Information

i. 11th Annual General Meeting Schedule: Tuesday the 29th September, 2009 at 11-30 a.m. at Film Nagar Cultural Centre, Dr. D. Ramanaidu Building, Road # 6, Film Nagar, Hyderabad - 33.

ii. Financial Calendar :

Financial Year	1st April, 2009 to 31st March, 2010
Un-audited Financial Results for quarter ended 30.06.2009	Last week of July, 2009
Un-audited Financial Results for quarter ended 30.09.2009	Last week of October, 2009
Un-audited Financial Results for quarter ended 31.12.2009	Last week of January, 2010
Un-audited Financial Results for quarter ended 31.03.2010	Last week of April, 2010
12th Annual General Meeting	September, 2010

iii. Dates of Book Closure (Period) : 26th September, 2009 to 29th September, 2009

iv. Dividend Payment Date : Not Applicable

v. Listing at Stock Exchanges : Hyderabad Stock Exchange Ltd., (HSE) (De-recognised)
Bangalore Stock Exchange Ltd., (BgSE)

vi. The Listing Fees for the year 2009-2010 has been paid to the Stock Exchange at Bangalore. HSE is de-recognized by SEBI w.e.f. 29-08-2007.

vii. Stock Code : QSO on HSE
QUANTUMSOF on BgSE
ISIN No. INE 222B01028

viii. Market Price Data : The shares of the Company have not been traded at Bangalore Stock Exchange during the financial year. (from 1st April, 2008 to 31st March, 2009.)

The Monthly high and low quotations of shares traded on the Hyderabad Stock Exchange Limited during each month in last financial year are as follows: NIL since no trading of shares.



QUANTUM BUILD-TECH LIMITED

- ix. Comparative Performance : Not Available
- x. Registrar & Share Transfer Agents : Venture Capital and Corporate Investments Ltd.
12-10-167, Bharat Nagar Colony, Hyderabad- 500 018
Tel. No. 23818475, Fax No. 23868024
- xi. Share Transfer process: The Company's shares are traded in Demat form at the Stock Exchanges. Only Off- market trades can be delivered in physical form. All shares received for transfer etc. are processed and returned to the shareholders within 21 days of receipt of lodgement.
- xii. Distribution of shareholding : As at 31-03-2009

Category/ No. of shares	Number of holders	% of total holders	Number of shares	% of total shares
Upto 500	3,019	92.07	3,40,129	4.10
501-1000	83	2.53	64,069	0.77
1001-2000	93	2.85	1,30,200	1.57
2001-3000	20	0.61	48,065	0.58
3001-4000	7	0.21	25,120	0.30
4001-5000	8	0.24	38,603	0.46
5001-10000	9	0.27	71,527	0.86
Above 10001	40	1.22	75,86,937	91.36
TOTAL	3,279	100.00	83,04,650	100.00

xiii. Categorywise Shareholding as at 31st March, 2009

Category	Number of Equity Shares held	% of Shareholding
Promoters	35,30,464	42.51
Corporate Bodies	19,88,613	23.94
Overseas Corporate Bodies	2,150	0.03
Public	27,83,423	33.52
TOTAL	83,04,650	100.00

- xiv. Dematerialization of shares : The Company has entered into separate Tripartite Agreements with the Depositories viz. NSDL and CDSL along with M/s Venture Capital & Corporate Investments Limited as Registrar and Share Transfer Agents. As on 31st March, 2009, a total of 30,22,675 shares i.e. about 36.39% of the total listed shares have been dematerialized.
- xv. Outstanding Bonds / Convertible Instruments : NIL
- xvi. Address for Communication and Registered Office : 8-1-405/A/66, Dream Valley,
Shaikpet, Hyderabad – 500 008
Tel No. 040- 23568766
Fax No. 040-23568990
e-mail: info@quantumbuild.com

**Auditors' Certificate on Compliance with the Provisions of Corporate Governance
pursuant to Clause 49 of the Listing Agreement**

To
The Members
Quantum Build-Tech Limited
Hyderabad.

We have examined the Compliance of conditions of Corporate Governance by Quantum Build-Tech Limited, Hyderabad, for the period ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management, we certify that the Company has complied in all material respects with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

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

Place : Hyderabad
Date : 31-08-2009

For RAMBABU & CO.
Chartered Accountants

Sd/-
G V L Prasad
Partner
M.No. 026548



QUANTUM BUILD-TECH LIMITED

AUDITORS' REPORT

TO
THE MEMBERS,
QUANTUM BUILD-TECH LIMITED.

We have audited the attached Balance Sheet of QUANTUM BUILD-TECH LIMITED, HYDERABAD, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement read with significant accounting policies and notes thereon, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) In our opinion and based on written representation received from directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.
 - vi) *Attention is invited to Note No. 3 to Notes on Accounts of Schedule P, regarding non-provision of the dividend on 13% cumulative redeemable preference shares amounting to Rs.58,01,640/- for the year and Cumulative dividend amounting to Rs.1,60,85,643/-*
 - vii) *Attention is invited to Note No. 3 (b) to Notes on Accounts of Shchedule P, regarding the redemption of 13% Cumulative Redeemable Preference Shares, the Company has defaulted in redeeming the said preference shares to the extent of Rs.6,07,13,643/- due on 22nd December, 2008.*
 - viii) Subject to our comments as stated in paragraph vi & vii above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2009
 - b) In so far as it relates to Profit and Loss Account, of the Profit of the Company for the year ended on that date.

And

- c) In so far as it relates to Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

Place: Hyderabad
Date : 31-08-2009

For **RAMBABU & CO.**
Chartered Accountants
Sd/-
G V L Prasad
Partner
M.No. 026548

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in our Report of even date)

1. In respect of its Fixed assets:
 - (a) The company has maintained proper records showing full particulars including details and situation of fixed assets.
 - (b) As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification in phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) As per the information and explanations given to us, during the year the Company has not disposed off substantial part of the Fixed Assets that would effect the going concern status of the company.
2. In respect of its Inventories:
 - (a) As explained to us, inventories have been physically verified during the year by the management at regular intervals. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the other points in respect of this clause are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of audit, based on audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Companies act, 1956:
 - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs with one party covered above during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under apply.
7. In our opinion, the Company has an independent internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956.



QUANTUM BUILD-TECH LIMITED

9. In respect of its statutory dues:
- (a) According to the records of the Company and as per the information and explanations given to us, the company is not regular in depositing with appropriate authorities undisputed Statutory dues including Provident fund, Investor education & protection fund, Employee's state insurance, Income tax, Sales tax, Wealth tax, Custom duty, Excise duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2009 for a period exceeding six months from the date they became payable except the Tax Deducted at Source Rs.3,13,361/- and Service Tax Rs.14,67,080/-
 - (b) According to the information and explanation given to us, there are no disputed dues which have not been deposited with the respective authorities in respect of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess.
10. In our opinion, the company does not have accumulated loss at the end of the year exceeding fifty percent of its net worth, and has not incurred cash losses during the financial year covered by this report and in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion the Company has defaulted in repayment of dues to financial institutions to the extent of interest amount Rs.18,81,673/- to PNB Housing Finance Ltd., and Rs.12,05,427/- to AXIS Bank Ltd.
12. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, according to the information and explanations given to us, the Company has not given guarantees for loans taken by the others from banks or financial institutions.
16. In our opinion, according to the information and explanations given to us, during the year the Company has raised fresh term loans from PNB Housing Finance Ltd., for Rs. 200 lakhs and the said loan was utilised for the purpose that it was taken.
17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the Company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
18. In our opinion, according to the information and explanations given to us, the Company has not issued debentures during the period covered by our report and hence the Company is not required to create / register / modify any security (charge).
19. In our opinion, the Company has not raised money by way of public issue for any specific purpose during the year.
20. The Company has made preferential allotment of 17,00,000 Equity Shares of Rs.10/- each (Conversion of 17,00,000 Equity Share Warrants of Rs.10/- each) to the promoters and their associates covered under section 301 of the Companies Act, 1956 during the year.
21. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

Place: Hyderabad
Date : 31-08-2009

For **RAMBABU & CO.**
Chartered Accountants

Sd/-
G V L Prasad
Partner
M.No. 026548

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULES	AS AT 31-03-2009 RS.	AS AT 31-03-2008 RS.
SOURCES OF FUNDS:			
Share Holders Funds:			
Share Capital	A	12,76,74,500	7,76,74,500
Equity Share Warrants application Money		0	5,35,00,000
Reserves & Surplus	B	35,00,000	0
Secured Loans	C	4,47,27,708	1,96,50,098
TOTAL		17,59,02,208	15,08,24,598
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	D	57,89,399	47,21,553
Less : Depreciation		12,72,467	7,76,351
Net Block		45,16,932	39,45,202
Current Assets, Loans & Advances :			
Inventories	E	13,81,29,706	9,92,34,386
Sundry Debtors	F	1,53,23,071	1,20,38,527
Cash & Bank Balances	G	4,52,311	9,07,515
Loans & Advances	H	4,76,83,317	4,78,26,915
		20,15,88,405	16,00,07,343
Less: Current Liabilities & Provisions	I	4,47,11,191	3,03,14,271
Net Current Assets		15,68,77,214	12,96,93,072
Miscellaneous Expenditure (to the extent not written off / adjusted)	J		
Profit & Loss Account		1,45,08,062	1,71,86,324
Notes on Accounts	P		
TOTAL		17,59,02,208	15,08,24,598

AS PER OUR REPORT OF EVEN DATE

 For **RAMBABU & CO.**

Chartered Accountants

Sd/-

G V L Prasad

Partner

Membership No. 026548

Place : Hyderabad

Date : 31-8-2009

For and on behalf of the Board

Sd/-

Guduru Satyanarayana

Managing Director

Sd/-

Kodali Vijaya Rani

Director



QUANTUM BUILD-TECH LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULES	YEAR ENDED 31-03-2009 RS.	YEAR ENDED 31-03-2008 RS.
INCOME:			
Contract Receipts		3,16,18,743	3,03,99,000
Increase in Contracts Work-in progress	K	3,41,98,200	4,74,80,000
Other Income		24,507	0
TOTAL		6,58,41,450	7,78,79,000
EXPENDITURE:			
Cost of contracts & Work-in-Progress	L	4,75,80,334	5,97,68,538
Personnel Expenses	M	19,68,463	15,85,441
Operating & Administrative Expenses	N	60,39,585	1,03,13,794
Finance charges	O	68,47,584	29,59,699
Depreciation		5,89,223	4,45,836
TOTAL		6,30,25,189	7,50,73,308
Net Profit		28,16,261	28,05,692
Provision for FBT		1,37,999	1,06,230
PROFIT AFTER TAX		26,78,262	26,99,462
Loss brought forward from previous year		1,71,86,324	1,98,85,786
Balance Loss carried forward to Balance Sheet		1,45,08,062	1,71,86,324
Earnings Per Share : Basic & Diluted		0.32	0.82
Notes on Accounts	P		

AS PER OUR REPORT OF EVEN DATE

For **RAMBABU & CO.**

Chartered Accountants

Sd/-

G V L Prasad

Partner

Membership No. 026548

For and on behalf of the Board

Sd/-

Guduru Satyanarayana

Managing Director

Sd/-

Kodali Vijaya Rani

Director

Place : Hyderabad

Date : 31-8-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009

	Year Ended 31-03-2009 Rs. In Lakhs	Year Ended 31-03-2008 Rs. In Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit (Loss) after Tax and prior period items	26.78	26.99
Depreciation	5.89	4.46
	<u>32.67</u>	<u>31.45</u>
Adjustment For		
Trade Payables & Others	143.97	26.77
Trade Receivables	(32.85)	34.99
Inventories	(388.96)	(778.44)
Loans & Advance	1.44	222.41
	<u>(276.40)</u>	<u>(494.27)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(11.61)	(13.14)
	<u>(11.61)</u>	<u>(13.14)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Long Term Loan during the year	250.78	(20.55)
Proceeds from Share Warrants	0.00	400.00
	<u>250.78</u>	<u>379.45</u>
Net Cash Flow during the year (A+B+C)	4.56	(96.51)
Opening Balance of Cash and Cash equivalent	9.08	105.59
Closing Balance of Cash and Cash equivalent	4.52	9.08

AS PER OUR REPORT OF EVEN DATE

For **RAMBABU & CO.**

Chartered Accountants

Sd/-

G V L Prasad

Partner

Membership No. 026548

For and on behalf of the Board

Sd/-

Guduru Satyanarayana

Managing Director

Sd/-

Kodali Vijaya Rani

Director

Place : Hyderabad

Date : 31-8-2009



QUANTUM BUILD-TECH LIMITED

SCHEDULES TO ACCOUNTS:

	AS AT 31-03-2009 RS.	AS AT 31-03-2008 RS.
SCHEDULE-A:		
SHARE CAPITAL:		
Authorised Share Capital		
13000000 Equity Shares of Rs.10/- each	13,00,00,000	13,00,00,000
(Previous Year : 9000000 Equity Shares of Rs.10/- each)		
15,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each	15,00,00,000	15,00,00,000
(Previous Year - 500000 Preference Shares of Rs.100/- each)		
	<u>28,00,00,000</u>	<u>28,00,00,000</u>
Issued, Subscribed And Paid up Capital:		
83,04,650 Shares of Rs.10/- each (Pr. Yr. 33,04,650 shares of Rs.10/- each)	8,30,46,500	3,30,46,500
Share Warrants money received	0	5,35,00,000
4,46,280 -13% Cumulative Redeemable Preference Shares of Rs.100/- each	4,46,28,000	4,46,28,000
TOTAL	<u>12,76,74,500</u>	<u>13,11,74,500</u>
SCHEDULE-B:		
RESERVES & SURPLUS		
Capital Reserve:		
Share warrants forfeiture amount (17,50,000 share warrants of Rs.2/- paid forfeited on non payment of balance amount)	35,00,000	0
TOTAL	<u>35,00,000</u>	<u>0</u>
SCHEDULE-C:		
SECURED LOANS:		
<i>Term Loans from:</i>		
PNB Housing Finance Ltd., - Term Loan	2,18,81,673	0
AXIS Bank Ltd. - Term Loan	48,37,214	0
	<u>2,67,18,887</u>	<u>0</u>
<i>Working Capital Loans from:</i>		
AXIS Bank Ltd.	1,62,05,427	1,88,06,485
	<u>1,62,05,427</u>	<u>1,88,06,485</u>
Hire Purchase Loans	18,03,394	8,43,613
TOTAL	<u>4,47,27,708</u>	<u>1,96,50,098</u>
CURRENT ASSETS, LOANS & ADVANCES:		
CURRENT ASSETS:		
SCHEDULE- E		
INVENTORIES (as valued and certified by Management)		
a) Contracts : Work-in-progress	10,30,68,200	6,88,70,000
b) Project Land	3,50,61,506	3,03,64,386
	<u>13,81,29,706</u>	<u>9,92,34,386</u>

STATEMENT OF FIXED ASSETS

SCHEDULE D : FIXED ASSETS

Amount in Rupees

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1-4-2008	Additions during the year	Deletions during the Year	Balance 31-3-2009	Balance as on 1-4-2008	Deletions during the Year	For the year	Total upto 31-3-2009	As at 31-3-2008	As at 31-3-2009
Computers	4,93,040	8,112	0	5,01,152	2,18,963	0	80,826	2,99,789	2,74,077	2,01,363
Construction Equipment	1,48,371	1,092	0	1,49,463	10,281	0	7,099	17,380	1,38,090	1,32,083
Furniture & Fixtures	2,23,007	0	0	2,23,007	31,237	0	14,116	45,353	1,91,770	1,77,654
Office Equipment	1,12,166	0	0	1,12,166	13,471	0	7,100	20,571	98,695	91,595
Vehicles	31,29,149	17,33,642	6,75,000	41,87,791	4,60,602	93,107	4,10,432	7,77,927	26,68,547	34,09,864
Centring Materials	6,15,820	0	0	6,15,820	41,797	0	69,649	1,11,446	5,74,023	5,04,374
Total	47,21,553	17,42,846	6,75,000	57,89,399	7,76,351	93,107	5,89,223	12,72,467	39,45,202	45,16,932
Previous year	34,07,331	13,47,629	33,407	47,21,553	3,30,515	227	4,46,063	7,76,351	30,76,816	39,45,202



QUANTUM BUILD-TECH LIMITED

SCHEDULES TO ACCOUNTS:

	AS AT 31-03-2009 RS.	AS AT 31-03-2008 RS.
SCHEDULE - F		
SUDRY DEBTORS: (Unsecured, considered good)		
more than 6 months	95,01,102	50,41,013
Others	58,21,969	69,97,514
	<u>1,53,23,071</u>	<u>1,20,38,527</u>
SCHEDULE - G		
CASH & BANK BALANCES:		
Cash on Hand	4,07,543	8,69,440
Balance with Schedule banks in Current Accounts	44,767	38,075
	<u>4,52,311</u>	<u>9,07,515</u>
SCHEDULE - H		
LOANS & ADVANCES: (Unsecured considered good)		
(Advances recoverable in cash or in kind for which value to be received)		
Site Development Deposits & Advances for Land	4,31,90,965	4,32,90,410
Advances paid for Materials & Works	13,18,634	9,85,128
Other advances	13,11,680	17,62,908
Tax deducted at source	27,138	1,75,619
Deposits recoverable	13,36,861	13,15,209
Unaccrued HP charges	3,38,929	65,373
Advance Tax Fringe Benefit	0	59,818
Staff Advances	1,59,110	1,72,450
	<u>4,76,83,317</u>	<u>4,78,26,915</u>
SCHEDULE - I		
CURRENT LIABILITIES AND PROVISIONS:		
CURRENT LIABILITIES:		
Sundry Creditors for Materials & Works	2,62,60,134	1,15,73,915
Advances received from customers	95,33,707	1,24,18,926
Other liabilities	77,46,664	50,32,734
Statutory Liabilities	10,32,687	11,82,466
	<u>4,45,73,192</u>	<u>3,02,08,041</u>
PROVISIONS:		
Fringe Benefit Tax	1,37,999	1,06,230
TOTAL	<u>4,47,11,191</u>	<u>3,03,14,271</u>
SCHEDULE - J		
MISCELLANEOUS EXPENDITURE:		
(to the extent not written off / adjusted)		
Loss brought forward from Profit & Loss Account	1,45,08,062	1,71,86,323
Balance	<u>1,45,08,062</u>	<u>1,71,86,323</u>

SCHEDULES TO ACCOUNTS:

	AS AT 31-03-2009 RS.	AS AT 31-03-2008 RS.
SCHEDULE - K		
Increase/Decrease in Work-in Progress		
Opening Contracts Work-in-Progress	6,88,70,000	2,13,90,000
Less: Closing Contracts Work-in-Progress	10,30,68,200	6,88,70,000
Increase in Work-in-Progress	3,41,98,200	4,74,80,000
SCHEDULE - L		
COST OF CONTRACTS & WORK-IN-PROGRESS		
Material	2,04,54,193	3,99,32,366
Labour Charges	1,29,71,141	1,98,36,172
Sub Contracts	1,41,55,000	0
	4,75,80,334	5,97,68,538
SCHEDULE - M		
PERSONNEL EXPENSES:		
Salaries & Wages	18,03,373	14,21,333
Staff Welfare Expenses	1,65,091	1,64,108
	19,68,464	15,85,441
SCHEDULE - N		
OPERATING & ADMINISTRATIVE EXPENSES:		
Directors Remuneration	15,73,500	8,76,000
Rent	10,41,000	8,28,000
Rates & Taxes	47,720	52,12,231
Conveyance & Travelling	12,55,536	6,73,778
Professional Charges	4,90,418	7,83,298
Printing & Stationery	92,960	3,11,579
Electricity charges	5,29,045	4,60,331
Office Maintenance	40,874	60,965
Postage & courier charges	22,549	27,226
Advertisement	1,32,631	3,14,531
Communication Expenses	3,48,648	3,60,186
insurance	59,595	1,29,756
General charges	1,26,454	1,12,515
Profession Tax	7,500	0
Auditors' Remuneration	1,00,000	1,00,000
Business Promotion Expenses	9,262	63,398
Loss on sale of vehicles	1,61,893	0
	60,39,585	1,03,13,794
SCHEDULE - O		
FINANCE CHARGES		
Interest on Hire Purchase loans	1,88,324	1,02,361
Interest on Working Capital Loans	29,07,815	26,80,463
Interest on Term Loans	29,70,311	0
Other Interest	1,85,539	0
Bank Charges	5,95,595	1,76,875
	68,47,584	29,59,699

**NOTES ON ACCOUNTS:****Schedule – P****A) SIGNIFICANT ACCOUNTING POLICIES :****1. Basis of Accounting:**

The Financial Statements have been prepared on the basis of going concern, under historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation. Cost inclusive of freight, duties, taxes and all incidental expenses including financial cost relating to acquisition and cost of improvements thereon are capitalised until the asset is ready for use. Capital Work in Progress comprises advances paid to acquire the assets and the cost of assets not ready for their intended use as on the reporting date.

3. Depreciation:

Depreciation on fixed asset is provided on Straight Line method as per rates prescribed in Schedule XIV of the Companies Act, 1956.

4. Investments:

Long term Investments are valued at cost. Provision for diminution in the value of long term investments, if any, in the opinion of the Board, is made to recognise a decline, other than that of a temporary nature.

5. Preoperative / Miscellaneous Expenditure:

Preoperative expenditure and / or Miscellaneous expenditure is written off over a period of Five years from the year in which they are incurred.

6. Revenue Recognition:**a. Software:**

Revenue for software development is recognised on the basis of chargeable time or achievements of prescribed mile stones as relevant to each contract.

b. Contract Revenue & Expenses

- i. Revenue from projects under long term contracts is recognised by reference to the completion of the contract activity at the reporting date, where the contract activity extend beyond the reporting date, on the basis of percentage of completion method.
- ii. The stage of completion of contracts is measured by reference to the actual cost incurred for the work performed up to the reporting date bear to the estimated total contract cost for each contract.
- iii. An expected loss on the contract work is recognised as expense, when it is known certainly that the total cost will exceed the total revenue of the contract.

- iv. Price escalation and / or other claims and / or variation in contract work are recognised as contract revenue only when that it is probable that the customer will accept the claim and the claim amount can be measured reliably.
- v. Determination of revenues / expenses relating to contracts under the percentage of completion method necessarily involves making estimates by the Company, some of which are technical in nature and the auditors have relied upon such estimates.

7. Inventories:

Inventories are valued at lower of cost and realisable value. Construction Work in progress is measured by reference to the actual cost incurred for the work performed up to the reporting date bear to the estimated total contract cost for each contract.

8. Foreign currency transactions:

- a. Foreign currency transactions are recognised in the books at the exchange rates prevailing on the date of transaction.
- b. In case of fixed assets / current assets and liabilities, the difference between the actual payment and the amount recognised in the books is accounted as Exchange Gain / Loss. Where the transaction is not settled within the year, profit / loss arising on the restatement value as at the reporting period rates is recognised in the profit and loss account

9. Borrowing costs:

Borrowing costs that are directly attributable to long term project activities are accounted as part of project cost. Other Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are capitalised as part of the project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress.

10. Retirement benefits:

Liability is provided for retirement benefits of superannuation, gratuity and leave encashment in respect of eligible employees on the basis of actual liability as at reporting date.

11. Provision for Tax:

Current tax is determined as the amount of income tax payable in respect of taxable income for the year computed as per the provisions of Income Tax Act and the rules framed thereunder.

12. Provisions and Contingent Liabilities:

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within in the control of the Company.

13. Use of estimates:

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialise.

B) NOTES ON ACCOUNTS:**1. Contingent Liabilities not provided for:**

- a) Contingent Liability on account of Works contracts is Rs.994836.(Previous year : Rs.994836).
- b) Capital commitments on account of unexecuted contracts (Land development Agreements) are estimated at Rs.784 Lakhs. (Previous Year Rs. 994.84 lakhs)
- c) Disputed seigniorage Fees liability of Rs. 28.43 lakhs (Fees Rs.4.77 lakhs and penalty of Rs.23.66 lakhs) for which revision petition has been filed by the company.

2. Share Warrants:

The Company has allotted 67,50,000 equity share warrants of Rs.10/- each during earlier years and out of the above equity share warrants during the year company has allotted 50,00,000 equity shares of Rs.10/- each towards conversion of 50,00,000 equity share warrants of Rs.10/- each on receipts of full payment. 17,50,000 equity share warrants of Rs. 10/- each has been forfeited on non-receipt of balance payment on due date.

3. 13% Cumulative Redeemable Preference Shares:

- a) During the year the Company has not made provision for dividend on 13% Cumulative Redeemable Preference shares amounting to Rs.58,01,640/-, Cumulative Dividend Rs.1,60,85,643/- upto 31st March 2009 due to insufficient profits.
- b) The 13% Cumulative Redeemable Preference shares of Rs.446.28 lakhs is due for redemption on 22-12-2008. But these preference shares were not redeemed due to insufficient profits.

4. Secured Loans:

- a) Cash Credit Limit from Axis Bank is secured by mortgage of Company's Land, Land & building of a Director and Personal Guarantees of two Directors.
- b) Term Loan from PNB Housing Finance Ltd., is secured by mortgage of Land belonging to Smt. T. Vijaya Lakshmi, who entered into development agreement with the Company for the development of Quantum Heights residential complex at Gajularamaram and Personal Guarantees of two Directors & CEO.
- c) For Hire Purchase of vehicles, hire purchase loans from ICICI Bank, Axis Bank and Karur Vysya Bank Ltd., are secured by pledge of vehicles.

5. Inventories:

Project land under inventories includes the land purchase for construction and expenditure relating to registration, approvals and site development.

6. Deferred Tax

In the absence of convincing evidence regarding availability of sufficient taxable income against which the deferred tax asset / liability can be adjusted, the Company has not recognised the deferred tax asset / liability arising due to tax effect of timing deference at present.

7. Sundry Debtors:

Sundry debtors includes an amount of Rs.449653/- (Previous year Rs.449653/-) due from various parties, relating to software business of the Company, which is long pending. However the management is taking all reasonable steps and in confident to recover the same.

8. Managerial remuneration:	31-03-2009	31-03-2008
	(Rs.)	(Rs.)
Managing Director's Remuneration	8,76,000	8,76,000
Technical Director's Remuneration	6,97,500	Nil
9. Auditors remuneration:		
Audit Fees-Statutory Audit	75,000	75,000
Tax Audit	25,000	25,000
10. Foreign Currency Earnings and Outgo:		
a. Earnings:		
Software sales & Service	Nil	Nil
b. Outgo: Travelling Expenses	Nil	Nil
11. Earnings per share: (EPS)		
Basic and Diluted earnings per share	0.32	Rs. 0.82
12. Related Party transactions under Accounting Standard 18:		
a) Key Management Personnel:		
Guduru Satyanarayana - C.E.O.	P. Kodanda Rambabu - Managing Director	
M. Rambabu - Technical Director		
b) Associate Companies:		
Vijaya Madhavi Investments Private Ltd. - Common Director.		

Related Party Transactions:

Rs. In Lakhs

Key management Persons & their relatives		
	2008-09	2007-08
Remuneration	21.73	14.76
Rent	12.54	1.14
Contract Receipts	35.00	125.10
Advance for purchase & sale of land	Nil	9.40
Car Hire charges	2.70	Nil
Year end Balances	14.11	55.74

- 13.** There are no outstanding overdues to the concerns registered under MSMED Act.
- 14.** The quantitative details as required under paragraph 3 and 4c of Part II of schedule VI to the Companies Act, 1956, are not furnished, as the Company is engaged in the business of soft ware and construction activities.
- 15.** Previous year's figures have been regrouped / rearranged wherever necessary and figures have been rounded of to the nearest Rupee.

For Rambabu & Co.,
Chartered Accountants

For and on behalf of the Board

Sd/-
G V L Prasad
Partner
No. 026548
Place : Hyderabad
Date : 31-8-2009

Sd/-
Guduru Satyanarayana
Managing Director

Sd/-
Kodali Vijaya Rani
Director



I. Registration Details :

State Code

Balance Sheet Date

Registration	3	0	0	7	1
--------------	---	---	---	---	---

0	1
---	---

3	1	0	3	0	9
---	---	---	---	---	---

(Refer Code List)

Date Month Year

II. Capital raised during the year : (Amount in Rs. Thousands)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue							N I L
--------------	--	--	--	--	--	--	-------

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement						5	0	0	0	0
-------------------	--	--	--	--	--	---	---	---	---	---

III. Position of Mobilisation and Deployment of Funds : (Amount in Rs. Thousands)

Total Liabilities					1	7	5	9	0	2
-------------------	--	--	--	--	---	---	---	---	---	---

Total Assets					1	7	5	9	0	2
--------------	--	--	--	--	---	---	---	---	---	---

Sources of Funds

Paid-up Capital					1	2	7	6	7	4
-----------------	--	--	--	--	---	---	---	---	---	---

Reserves & Surplus							3	5	0	0
-----------------------	--	--	--	--	--	--	---	---	---	---

Secured Loans						4	4	7	2	8
------------------	--	--	--	--	--	---	---	---	---	---

13% CRPS [] [] [] [] [] [] [] [] [] [] [] [] [] []
Appl. Money [] [] [] [] [] [] [] [] [] [] [] [] [] []

Application of Funds

Net Fixed Assets

						4	5	1	7
--	--	--	--	--	--	---	---	---	---

Investments

						NIL
--	--	--	--	--	--	-----

Net Current Assets

Miscellaneous Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Losses

					1	4	5	0	8
--	--	--	--	--	---	---	---	---	---

IV. Performance of the Company : (Amount in Rs. Thousands)

Turnover						6	5	8	4	1
----------	--	--	--	--	--	---	---	---	---	---

Total Expenditure						6	3	0	2	5
-------------------	--	--	--	--	--	---	---	---	---	---

Profit / Loss before Tax							
						+	2 8 1 6

[illegible]

(Please tick appropriate box + for Profit - for Loss)

Earning per Share in Rs.

						0	.	3	2
--	--	--	--	--	--	---	---	---	---

Dividend rate %

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

**SOFTWARE DEVELOPMENT
&
CONSTRUCTION OF HOUSING**

QUANTUM BUILD-TECH LIMITED

Regd. Office: 8-1-405/A/66, Dream Valley, Near OU Colony, Shaikpet, Hyderabad - 500 008.

ATTENDANCE SLIP

(To be handed over at the Entrance of the Meeting Hall)

11TH ANNUAL GENERAL MEETING

I hereby record my presence at the 11th Annual General Meeting of the Company held at Film Nagar Cultural Centre, Dr. D. Ramanaidu Building, Road # 6, Film Nagar, Hyderabad - 500 033 on Tuesday, the 29th September, 2009 at 11.30 a.m.

Full Name of the Member (in Block Letters) _____

Reg. Folio No. _____

Full Name of the Proxy (in Block Letters) _____

Member's / Proxy's Signature _____

QUANTUM BUILD-TECH LIMITED

Regd. Office: 8-1-405/A/66, Dream Valley, Near OU Colony, Shaikpet, Hyderabad - 500 008.

PROXY FORM

11TH ANNUAL GENERAL MEETING

Reg. Folio No. _____ No. of Shares held _____

I / We _____ being Member/Members of **QUANTUM BUILD-TECH LIMITED**

hereby appoint _____ of _____

as failing him _____ of _____ as

my/our proxy to vote for me/us on my/our behalf at the 11th Annual General Meeting of the Company held at Film Nagar Cultural Centre, Dr. D. Ramanaidu Building, Road # 6, Film Nagar, Hyderabad - 500 033 on Tuesday, the 29th September, 2009 at 11.30 a.m.

Signed this _____ day of _____ 2009

Affix
Rs. 1/-
Revenue
Stamp

Signature _____

Note: This form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the meeting

BOOK - POST
PRINTED MATTER

If undelivered, please return to:

M/s. QUANTUM BUILD-TECH LTD.

8-1-405/A/66, Dream Valley, Near OU Colony
Shaikpet, Hyderanad - 500 008.