

quintegra

Quintegra Solutions Limited

17TH
ANNUAL REPORT
2010 - 11



www.quintegrasolutions.com

LOCATIONS

India

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Chennai - 600 018.
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Malaysia

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Wisma Lim Foo Young
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55200, Kuala Lumpur, Malaysia

Ireland

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Tel : +353 (0)1 418 0600
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UK

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Germany

Stromberger Strasse 2
55545 Bad Kreuznach Germany
Tel : (+49)671 920 275-1
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USA

8433 N Black Canyon Highway,
Suite 100 Phoenix
Arizona - 85021-4859
Tel : 620-595-3800, 408-260-7342
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CORPORATE INFORMATION 2010-11

BOARD OF DIRECTORS

Mr Shankarraman Vaidyanathan	- <i>Chairman & MD</i>
Mr V Sriraman	- <i>Wholetime Director</i>
Mr Meleveetil Padmanabhan	- <i>Director</i>
Mr R Kalyanaraman	- <i>Director</i>
Mr G Venkatarajulu	- <i>Director</i>

COMPANY SECRETARY

Mr V Sankar

REGISTERED OFFICE

Quintegra Towers,
168, Eldams Road, Teynampet
Chennai 600 018
Ph: + 91 44 4391 7100,
Fax: + 91 44 2432 8399
Email: investors@quintegrasolutions.com
URL: <http://www.quintegrasolutions.com>

DEVELOPMENT CENTRES

Eldams Road, Chennai, India.
Phoenix USA

SUBSIDIARIES

Quintegra Solutions Limited, UK
Quintegra Solutions (M) Sdn. Bhd, Malaysia
Quintegra Solutions GmbH, Germany
Quintegra Solutions Ireland Limited, Ireland

AUDITORS

M/s Gopikumar Associates
Chartered Accountants, Chennai

BANKERS

State Bank of India
Bank of America

REGISTRARS & SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited
Kences Towers, 2nd Floor, North Usman Road,
T.Nagar, Chennai - 600 017
Tel: +91 44 2814 0801, Fax: +91 44 2814 2479.
E-mail: sureshbabu@ieindia.com

GRIEVANCE CELL/COMPLIANCE OFFICER

e-mail ID: investors@quintegrasolutions.com

PROFILE – BOARD OF DIRECTORS

Shankarraman Vaidyanathan <i>Chairman and Managing Director</i>	<ul style="list-style-type: none"> • Post Graduate in Commerce. • About 21 years extensive experience in finance, project management, marketing and IT. • Wide exposure in development of various businesses, a pioneer in IT sector. • A leading business man and represents the Board of several Companies.
Mr V Sriraman <i>Wholetime Director</i>	<ul style="list-style-type: none"> • Graduate in Commerce and a Post Graduate in Business Administration. • More than 23 years experience in sales & marketing and business development / administration.
Mr Meleveetil Padmanabhan <i>Director- Non Executive</i>	<ul style="list-style-type: none"> • Graduate in Commerce and a Member of the Institute of Chartered Accountants of India. • 38 years experience in Accounts, Auditing and Corporate Consultancy. • Represents the board of few other companies.
Mr R Kalyanaraman <i>Director- Non Executive</i>	<ul style="list-style-type: none"> • Graduate in Electrical and Electronics Engineering. • Worked in BHEL from 1975 to 1993 in various fields including research and development, project management and ancillary development. • Presented several technical papers in various national conferences. • Managing a company developing projects and providing technical and financial consultancy. • Represents the board of few other companies.
Mr G Venkatarajulu <i>Director- Non Executive</i>	<ul style="list-style-type: none"> • Diploma in Civil Engineering. • Has experience in various fields like civil engineering, printing and computer technology. • About 20 years experience in training and imparting computer skills to students and professionals.

QUINTEGRA SOLUTIONS LIMITED

Regd. Office : 168, Eldams Road, Teynampet, Chennai 600 018

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Friday, the 30th September 2011 at 10.00 AM at Russian Cultural Centre, 74, Kasthuri Ranga Road, Chennai 600 018 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Directors' Report, the audited Profit and Loss Account for the financial year ended 31 March 2011 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To elect a Director in place of Mr Meleveetil Padmanabhan who retires by rotation and being eligible offers himself for reelection.
3. To appoint Statutory Auditors and fix their remuneration and in this regard to consider and if deemed fit to pass with or without modification the following as an **Ordinary Resolution**.

RESOLVED THAT M/s Gopikumar Associates, Chartered Accountants, Chennai, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors.

Special Business

4. To consider and if deemed fit to pass with or without modification the following as a **Special Resolution**:

RESOLVED THAT subject to the provisions of Sections 269, 198, 309, 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956, Mr V Sriraman be and is hereby re-appointed as a Wholtime Director of the Company for a period of 3 years with effect from 18th May 2011.

Description	Rs. per Month
Salary	40,000/-
Allowances and perquisites	60,000/-
Total	1,00,000/-

- i. Allowances/Perquisites
Allowances payable to Mr V Sriraman shall include Special Allowance and/or any other allowances and perquisites shall include furnished/unfurnished accommodation or house rent allowance in lieu thereof, Leave Travel Assistance (for self and family including dependents), personal accident insurance, reimbursement of medical expenses incurred (for self and family), club fees, provision of car, telephone at residence and any other perquisites, benefits, amenities as may be applicable, as per the rules of the Company upto the amounts specified above.
- ii. Retirement Benefits
Company's contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961, Gratuity payable and encashment of leave as per the rules of the Company shall not be included in the computation of limits for remuneration or perquisites aforesaid.
- iii. General
 - a) Provision of telephone at residence and expenses on account of car for official use shall not be reckoned as perquisites.
 - b) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the

employee. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes) the perquisites shall be valued as per Income Tax Act, 1961 and the rules made thereunder.

- c) Mr V Sriraman will not be entitled to any sitting fees for attending meetings of the Board or of any Committee thereof.
- d) Mr V Sriraman will be subject to all other service conditions as applicable to any other employee of the Company.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr V Sriraman shall not exceed with the approval of the Central Government exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.

By order of the Board

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. **A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time scheduled for the meeting. A proxy form is enclosed.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 23rd September 2011 to Friday, the 30th September 2011 (both days inclusive)
4. Members are requested to bring their Attendance Slip along with the copy of the Annual Report to the meeting.
5. Members/Proxies are requested to fill in the Attendance Slip and hand it over at the meeting hall before attending the meeting. In case of demat holding, Client ID and DP ID numbers and in case of physical holding respective folio numbers along with the number of shares held have to be clearly mentioned.
6. Corporate Members intending to send their authorised representatives are requested to send a certified copy of the Board resolution authorising their representatives to attend and vote at the meeting on behalf of the Company.
7. All the documents referred to in the Notice are available at the Registered Office of the Company for inspection on all working days, during office hours upto the date of Annual General Meeting.
8. Members holding shares in physical form, in multiple folios under the same name/s are requested to send the Share Certificates to the Company's Registrars and Share Transfer Agents, Integrated Enterprises (India) Ltd. Kences Towers, 2nd Floor, North Usman Road, T.Nagar, Chennai 600 017 for consolidation into a single folio.
9. In case of joint holders, where more than one person attend the meeting, only the first holder will be entitled to vote.
10. Information pursuant to Clause 49 IV (G) of the Listing Agreement about the directors proposed to be appointed/ reappointed is annexed.

ANNEXURE TO THE NOTICE

A. INFORMATION PURSUANT TO CLAUSE 49 IV (G) OF THE LISTING AGREEMENT ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/REAPPOINTED

Item No 2:

Mr Meleveetil Padmanabhan (Non-Executive Director) - Brief Resume

Academic Background	A Graduate in Commerce and a Member of the Institute of Chartered Accountants of India.
Nature of expertise	About 38 years experience in Accounts, Auditing and Corporate Consultancy.
Directorship in other Companies	1. Gandhimathi Appliances Ltd. 2. Gangadharam Appliances Ltd.
Committee Membership	In the Company: 1. Audit Committee(Chairman) 2. Remuneration Committee(Member) 3. Shareholders/ Investors Grievance Committee (Chairman)
	In other Companies: a. Gandhimathi Appliances Ltd.: Audit Committee - Member Remuneration Committee - Member b. Gangadharam Appliances Ltd.: Audit Committee - Member Remuneration Committee - Member
Shareholding of the Director in the Company	Nil

Item No 4:

Mr V Sriraman (Wholetime Director) - Brief Resume

Academic Background	A Graduate in Commerce and a Post Graduate in Business Administration.
Nature of expertise	more than 23 years experience in marketing and overall business development and has experience in reputed companies.
Directorship in other Companies	1. Trusted Aerospace Engineering Ltd. 2. Quintegra Solutions Ltd. UK. 3. Quintegra Solutions (M) Sdn. Bhd, Malaysia 4. Quintegra Solutions Ltd. Ireland
Committee Membership	In the Company: 1. Audit Committee (Member) 2. Shareholders/ Investors Grievance Committee (Member) In other Companies: Nil
Shareholding of the Director in the Company	52000 equity shares of Rs 10/- each.

B. EXPLANATORY STATEMENT

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

Item No 4:

Mr V Sriraman's term as a Wholetime Director expired on 17th May 2011 and the Board based on the recommendation of the Remuneration Committee, renewed his appointment for a further term of 3 years with effect from 18th May 2011 on the same terms and conditions briefly set out below:

Description	Rs. per Month
Salary	40,000/-
Allowances and perquisites	60,000/-
Total	1,00,000/-

The re appointment of Mr V Sriraman as a Wholetime Director and the revision in the terms of remuneration payable to him require the approval of the members. Accordingly, a Special Resolution as set out under Item No.4 of the notice is submitted for the approval of the members.

This explanatory statement together with the accompanying notice may be treated as an abstract of the terms and conditions of appointment of Mr V Sriraman and memorandum of concern or interest under Section 302 of the Companies Act, 1956 and the requirements of the said act deemed to have been sufficiently complied with.

Interest of Directors

Mr V Sriraman is interested in the resolution relating to his appointment and the remuneration payable to him as a Wholetime Director. Mr Shankarraman Vaidyanathan, Chairman & Managing Director being a relative of Mr V Sriraman is deemed to be concerned or interested in the resolution. No other Director is concerned or interested in the resolution.

Interest of Directors

None of the Directors is concerned or interested in the resolution.

By order of the Board

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

Quintegra Solutions Limited

DIRECTORS REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Financial Statements for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Total income	1,708.93	3,739.04
Expenditure	3,472.77	3,495.93
Interest	1,241.15	1,188.92
Depreciation & Exceptional Items	7,882.73	632.06
Profit/(Loss) before tax	(10,887.71)	(1,577.87)
Provision for tax	-	0.52
Profit after tax	(10,887.71)	(1,578.39)
Balance brought forward from previous year	(1,412.73)	165.66
Amount available for appropriation	-	-
Balance carried over	(12,300.44)	(1,412.73)

REVIEW OF OPERATIONS AND OUTLOOK

OPERATIONS

The Company continues to bear the burden of few takeovers made in the previous years. Subsidiaries had not shown the expected results. These have an adverse impact on the workings of the company.

OUTLOOK

The Company continues make all possible efforts to come out of the set back. The efforts include reduction of overheads, postponement/shelving of expansion programmes etc., Your Company is hoping to get over the crisis in the years to come.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard AS-21 your Directors provide the audited Consolidated Financial Statements in the Annual Report.

FIXED DEPOSITS

The Company had not accepted any fixed deposits during the year.

DIVIDEND

In view of the loss incurred the Board does not recommend any dividend for the financial year ended 31st March 2011.

DIRECTORS

Mr Meleveetil Padmanabhan, Director will retire by rotation at the ensuing Annual General Meeting and being eligible he offers himself for re-election.

Mr V Sriraman was reappointed by the Board as Wholtime Director for a further term of three years with effect from 18.5.2011.

Brief resume of Directors, nature of expertise and names of Companies in which they hold directorship and membership/chairmanship in Board/Committees as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are provided in the Annexure to the Notice convening the Annual General Meeting.

AUDITORS

The Board recommends the reappointment of M/s. Gopikumar Associates, Chartered Accountants, Chennai, the retiring Auditors of the Company who being eligible offer themselves for re-appointment.

SUBSIDIARIES

Quintegra Solutions Limited, UK

This subsidiary has incurred a loss of GBP 17,121 for the year ended 31 March 2011 as against the loss of GBP 20,857 for the previous year.

Quintegra Solutions (M) Sdn. Bhd, Malaysia

The subsidiary had posted a net profit of RM 1,794 during the financial year as against the loss of RM 376,206 for the previous financial year.

Quintegra Solutions GmbH, Germany

The subsidiary had posted a net loss of Euro 5,594 as against the net loss of Euro 7,028 for the previous financial year.

Quintegra Solutions Ireland Limited

During the year, the subsidiary had incurred a loss of Euro 1,750 as against the loss of Euro 8,167 for the previous year.

HUMAN RESOURCES

The HR had planned and systematically addressed the needs of the Organization with reference to the current industrial scenario. The Company is trying to maintain the productivity without compromising on employee morale or work quality. Training initiatives are aptly designed and executed.

EMPLOYEES STOCK OPTION SCHEME

Neither the Company had granted nor the employees had exercised any options during the current financial year. Disclosure as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is annexed and forms part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement forms part of the Annual Report.

CORPORATE GOVERNANCE REPORTS

The Report on Corporate Governance along with a compliance certificate from the Auditors and a declaration affirming the compliance of Code of Conduct are annexed as required by the Listing Agreement with Stock Exchanges.

CEO/CFO CERTIFICATION

The Managing Director and Finance In-charge have submitted a certificate to the Board regarding financial statements and other matters as required under clause 49(V) of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 217(1)(e) are annexed to and form part of this report.

PARTICULARS OF EMPLOYEES

There are no employees posted in India who are covered under Section 217(2A) read with Companies (Particulars of Employees) Rules 1975. However, the particulars of employees of the Company posted and working outside India are not reported pursuant to the Notification G.S.R. 212(E) dated 24 March 2004 issued by the Department of Company Affairs, Ministry of Finance, Government of India.

ACKNOWLEDGEMENT

The Board records its appreciation for the continued support and co-operation received from all its associates - the shareholders, customers, suppliers, banks and Government Departments. Our special thanks to State Bank of India, our bankers for their continued support and encouragement. The Directors also place their special appreciation to all the employees.

By order of the Board

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

ANNEXURE TO DIRECTORS REPORT

Annexure 1

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) in the Report of Board of Directors) Rules, 1988

1. Conservation of Energy

Eventhough the operations of your Company require a low level of energy consumption, measures like installation of energy saving systems, switching off the power when not in use are being followed regularly in order to save energy. However, the financial impact of these measures is not material.

2. Research and Development (R&D)

Research and Development is being carried out on need basis to upgrade existing quality, reduce lead time, enhance customer

satisfaction and capture new clients. However, no expenditure was incurred on R&D during the year.

Annexure 2

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

There are no employees posted in India who are covered under Section 217(2A) read with Companies (Particulars of Employees) Rules 1975.

For and on behalf of the Board

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

Annexure 3

ESOP Disclosures to be made under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

1.	Number of Options granted	968,020
2.	Pricing Formula	Latest available closing price on the date of grant on a stock exchange where there is highest trading volume
3.	Number of Options vested and Exercisable	54,770
4.	Number of Options exercised	13,730
5.	Total number of shares arising out of exercise of Options	13,730
6.	Number of Options lapsed	913,250
7.	Variation in the terms of the Options	Not Applicable
8.	Money realized by exercise of Options	Rs.1,098,400
9.	Total number of Options in force	41040
10.	Employee wise details of options granted	The Company has not graded any options during the current financial year.
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS - 20) Earnings Per Share	(40.21)
12. a.	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed.	The Company has used the intrinsic value method of accounting. had it used the Fair Value Method following would be the impact. Rs. Net Income as reported (1,088,771,492) Add Intrinsic value compensation cost - Less Fair value compensation cost - Adjusted proforma Net Income (1,088,771,492)
12. b.	The impact of this difference on profits and on EPS of the company shall also be disclosed.	Nil
13. a.	Weighted average exercise prices for options whose exercise price - i. equals market price ii. exceeds market price iii. is less than market price	The Company has not granted any options during the current Financial year

Quintegra Solutions Limited

13. b.	Weighted fair values for options whose exercise price - i. equals market price ii. exceeds market price iii. is less than market price	The Company has not granted any options during the current Financial year
14.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i. risk free rate ii. expected life iii. expected volatility iv. expected dividends and v. the price of the underlying share in the market at the time of option grant.	The Company has not granted any options during the current Financial year

By order of the Board

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Pursuant to Clause 49 of the Listing Agreement)

1. OVERVIEW

Quintegra Solutions Limited (Quintegra) is an IT services and consulting company delivering services through innovative and customized solutions. With over 17 years of experience, Quintegra provides a wide range of IT services to industries like financial services, manufacturing, education, healthcare and hi-technology. It delivers a range of service offerings covering the software services spectrum of application development and maintenance, product services, testing and professional services. Quintegra has earned a track record of best value services provider. With headquarters in Chennai - India, Quintegra operates across the globe. The Company is ISO 9001:2008 certified.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

NASSCOM, the premier trade body and 'voice' of the Indian IT-BPO industry, has released the findings of 'NASSCOM Software Product Study: Outlook for Indian Software Product Businesses'. Some of highlights of the report are :

- Indian software product businesses are now approaching an inflection point in their evolution. The next decade will be a period of disruptive growth for this segment, with the annual revenue aggregate of Indian software product businesses forecast to grow from USD 1.4 billion in FY2008 to USD 9.5 to 12 billion by FY2015.
- Market: over the past two decades, India has emerged as a global hub for product research and development (R&D) activity, especially in the technology industry. Today, there are over 600 multinational companies (MNCs) undertaking product R&D in their subsidiaries in India
- Accelerating growth: over the past 3 years, the annual revenue aggregate of Indian software product businesses has grown at around 44 per cent. Leading Indian software product firms have strengthened their product portfolio through steady investments in organic growth as well as through overseas acquisitions, and have reached credible business scale
- Broadening industry base: Of the existing 371 software product start-ups since 2001, over two-thirds have been formed in the past three years - of which ~100 companies have started their operations in 2007 alone. As a result, while the top 10 companies still dominate, accounting for 84 per cent of the segment revenues, there are over 200 mid-sized companies and start-ups that have started generating revenues and are contributing to its growth

- Growing market - India is forecast to be the world's fastest growing IT market over the next few years, with its share of the global software market growing threefold by 2015. Increasing IT penetration across small and medium businesses (SMBs) and the government/public sector are likely to be the key drivers of this growth. Estimated SMB share of domestic IT spending is forecast to grow from 38 per cent, currently, to over 50 per cent by 2015

Quintegra, being a part of this industry, is trying to adopt new strategies to provide improved and simplified solutions with increased process capabilities and additional value to its clients. Quintegra is also focusing on customer satisfaction by closely interacting with the customers and narrowing the gaps between them.

3. OPPORTUNITIES AND THREATS

The competitive advantages of the Indian software industry are i) availability of a large number of professionals who speak English, hopefully reasonably understandable ii) the second largest manpower or talent pool available after the United States, iii) average wage structure for Indian software professionals which is only 20-25% of the corresponding wages in US. Indian software companies have also been very proactive in accepting, embracing, and practising state of the art methodologies and processes; in investing heavily in tools, technology, and infrastructure; in reducing time to market as well as cost; and in improving quality, productivity, and response time. These qualities certainly have been recognised by several countries today including the US, the UK, and Germany. Other countries have also started recognising Indian talents.

While each organisation is unique, any organisation, in its day-to-day operations, is likely to encounter a limited subset of threat agents responsible for nearly all successful and attempted intrusions against the organisation's infrastructures. These threat agents include insiders, industrial espionage and organised crime and structured and unstructured hackers. Threats are not limited to financial fraud alone and there could be cases of intellectual property theft too.

Quintegra is no exception to the threats faced by IT sectors in general. The investments in acquisitions had not yielded expected results. However, the Company takes steps to re-evaluate and re-align the Company's policies and work patterns and thereby make a sincere and productive attempt to make use of the opportunities available, mitigate the threats and revive the Company.

4. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

In 2010-11, the break-up of revenues among Quintegra's domains were as follows:

(Rs. lacs)

	2010-11	
	Consolidated	Standalone
BFSI	516.15	516.15
QASS	471.67	409.93
Other emerging verticals	780.60	780.60
Total	1768.42	1706.68

5. OUTLOOK

Over the years, the Indian IT-BPO industry has matured from offering non-core activities. However, there is a huge global market that is yet untapped. In the future, the industry is expected to generate an increasing share of revenues from the emerging segments such as Small Medium Business (SMB), engineering and infrastructure management by offering cost-effective delivery options such as pay-per-use and outcome based pricing models, said Dun & Bradstreet. Following is the Indian IT-BPO industry outlook for 2011 from Dun & Bradstreet:

Consolidation activity is likely to pick up: The Indian IT-BPO industry is expected to adopt the inorganic growth route in order to widen their service offerings and enter new geographical markets

Cloud computing will be the next big wave for Indian IT-BPO industry: Cloud computing is expected to reshape the Indian IT market by generating new opportunities for the IT vendors and driving changes in traditional IT offerings.

Remote Infrastructure Management Services (RIMS) is set to emerge as a promising opportunity: RIMS is touted to be a big market for Indian IT companies in the near future. The IMS segment is progressively moving towards a remote delivery model where services are delivered by vendors and captives from low-cost locations

Small and Medium Business's (SMB) are expected to emerge as a significant market: Indian SMB's have realised the long-term benefits of IT implementation in terms of increased productivity and are increasingly adopting IT solutions

Increased government IT spending will spur growth in the domestic market: Service providers are also expected to sharpen their focus on the domestic market to tap the imminent growth opportunities offered by the booming Indian economy. The rapid growth in the domestic market is likely to be driven by major government initiatives such as increased spending on e-Governance and increased thrust on technology adoption/up-gradation across various government departments to bridge the gap of digital divide.

Shift in focus from BFSI vertical to other emerging verticals: The BFSI vertical has been the mainstay of the Indian IT-BPO industry. However, it was one of the worst hit segments due to the impact of global financial crisis.

Diversifying from core geographic markets: Indian IT-BPO companies are expected to diversify their business from core markets such as the US and UK as these markets were adversely affected by the global financial crisis leading to a decline in their overall IT spends.

Ceasing of tax benefits for STPI (Software Technology Parks of India) impacts small players: STPI have played a vital role in fostering growth of the Indian IT-BPO industry. The uncertainty ruling over continuation of tax holiday after Mar 2011 could slow down future expansion proposals. Large companies would be able to alleviate the tax burden arising from the expiry of tax holiday by moving into SEZs. However, small companies, which form the bulk of the companies registered with STPI, will find it hard to survive, as they are still struggling post-global recession and do not have the financial resources to face this challenge.

Quintegra is set to develop domain expertise, improve efficiency and productivity and customise the product to enhance client satisfaction. To achieve this the company attempts to follow cost reduction and cost effective methods and evolve India-centric pricing models and demonstrate greater flexibility in retaining existing business ventures.

6. RISKS AND CONCERNS

Presently Cloud computing is a new dimension added to other risks like, security threats from insiders, employees attrition, competitors, data security etc. Cloud computing is a model for enabling omnipresent, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. Because of cost savings through Capex, cloud adoption rate is increasing slowly, but companies should be preparing their IT risk management programs to support the technology when it is implemented. Data security should be receiving the most attention. Currently, cloud adoption revolves mainly around Software-as-a-Service. The need for improved data loss prevention will be most important once more organizations utilize hosted infrastructures and platforms. Companies that take the necessary steps now will be better prepared for when that day comes. It is also stated that data security should be the top consideration when migrating company data to a cloud-based solution. Security professionals must take data encryption, data segregation and access control, among other measures, into account.

The Company believes in risk management processes and adopt positive steps to mitigate risks related to various segments. Various measures - such as risk identification, assessment of its impact, use of appropriate measures- are employed.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Quintegra has an effective internal control mechanism and processes comprising of budgetary control, policies and procedures in place for the smooth conduct of its businesses. The auditors have access to all records and information about the Company. This ensures adequacy of internal control systems and their adherence to management policies & statutory requirements. The Company has an Audit Committee which follows up corrective actions and interacts with statutory auditors. The Board oversees the effective governance through competent management, implementation of standard policies and processes, maintenance of an appropriate audit program & internal control environment, effective risk monitoring; and management information systems.

8. FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the requirements of Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) followed in India. The management of Quintegra accepts the responsibility for the integrity and objectivity of these financial statements and the basis for various estimates and the judgment used in preparing the financial statements.

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Company strongly believes that human resources are the key to its success. Quintegra's HR strategy is designed and updated from time to time to adapt the changes in the environment. Company's philosophy is to hire best talents and impart necessary training not only to cater the needs of the clients but also to handle new trends in technology. Our priority is to ensure uncompromising quality, service levels and productivity of our employees. Continuous performance reviews result in retaining the right person for the right job. Recognition of Performers through rewards / promotion is a continuous process. This adds immense value by enhancing the overall adaptive capacity of the organisation.

Quintegra Solutions Limited

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Quintegra Solutions Limited (Quintegra) has been committed to the highest standards of quality and business integrity. The Company strongly believes in adhering to sound principles of corporate governance through corporate fairness, transparency, accountability and professionalism. Quintegra follows best corporate governance practices with regard to composition of the board, constitution of committees, code of ethics, disclosures, accounting & auditing, information review, risk management, internal controls, compensation packages and statutory compliance. Quintegra is also committed to promote the interests of all stakeholders - customers, shareholders, employees, lenders, vendors and the Government. The Board empowers responsible professionals to act freely within its broad policies and guidelines and has set up adequate review processes.

2. BOARD OF DIRECTORS

a) Composition

The present Board comprises of optimum combination of Executive and Non Executive Directors as follows:

Promoter and Executive Director (incl. Chairman)	- 2
Non executive independent director	- 3

S. No.	Name of the Director	Category	*Other directorship	Other Committee membership	No of Shares held in the Company
1.	Mr Shankarraman Vaidyanathan (Chairman & MD)	Promoter/ Executive Director	6	-	2707322
2.	Mr V Sriraman (Wholetime Director)	Promoter/ Executive Director	1	-	52000
3.	Mr Meleveetil Padmanabhan	Non Executive/ Independent Director	2	2	-
4.	Mr R Kalyanaraman	Non Executive/ Independent Director	1	-	-
5.	Mr G Venkatarajulu	Non Executive/ Independent Director	2	-	-

**does not include companies incorporated outside India. Mr Shankarraman Vaidyanathan and Mr V Sriraman are brothers. No other inter-se relationship among directors.*

Brief resume, nature of expertise, other directorship and committee membership of the Director who is being reappointed at the ensuing Annual General Meeting are given in the Annexure to AGM Notice.

b) Board Procedure

The Board Meetings are pre-planned. Minimum one board meeting per quarter is held. Additional meetings are convened depending on the requirements. Board Notice with agenda together with necessary papers are circulated to the Directors in advance for study and active participation. In case of business exigencies or urgency of matters resolutions are passed by circulation.

c) Board Meetings

The Board met 5 times during the financial year on 28.4.2010, 30.7.2010, 2.9.2010, 29.10.2010 and 31.1.2011. The attendance of the Directors at the Board Meeting and the last AGM are given below:

S. No	Name of the Director	Attendance		
		Board Meetings		Last
		Held	Attended	AGM Attended
1.	Mr Shankarraman Vaidyanathan	5	5	Yes
2.	Mr V Sriraman	5	5	Yes
3.	Mr Meleveetil Padmanabhan	5	5	Yes
4.	Mr R Kalyanaraman	5	5	Yes
5.	Mr G Venkatarajulu	5	5	No

3. BOARD COMMITTEES

The Board has set up following Committees as per the requirement of the Corporate Governance.

i) Audit Committee

a) Composition

The Company has a qualified and Independent Audit Committee. The present Committee consists of 3 members, out of which two being non-executive/ independent Directors.

S. No	Name of the Member	Category	Present Position
1.	Mr Meleveetil Padmanabhan	Non Executive/ Independent	Chairman
2.	Mr R Kalyanaraman	Non Executive/ Independent	Member
3.	Mr V Sriraman	Executive/Non Independent	Member

All the members have financial and accounting knowledge and two of them have specialized in finance.

b) Role

The role of the Audit Committee, in brief, includes a review of financial reporting process and quarterly financial statements, internal controls and internal audit system, accounting policies and practices, management

discussion and analysis of financial position and results of operations, directors responsibility statement, statement of significant related party transactions, whistle blower mechanism. The Committee also recommends to the Board, the appointment/remuneration of statutory auditors. The Committee holds periodical discussions with the statutory auditors on various financial matters. The 'Charter' of the Audit Committee is in line with the guidelines of Clause 49 of the Listing Agreement.

c) Meetings

The Committee met 5 times during the financial year on 28.4.2010, 30.7.2010, 2.9.2010, 29.10.2010 and 31.1.2011. The attendance of the members are given below:

S. No	Name of the Member	Attendance	
		Meetings held	Attended
1.	Mr Meleveettil Padmanabhan	5	5
2.	Mr R Kalyanaraman	5	5
3.	Mr V Sriraman	5	5

II) Remuneration Committee

a) Composition

The Board constituted a Remuneration Committee which is presently comprising of 3 Non executive Independent Directors viz.

S. No	Name of the Member	Category	Present Position
1.	Mr R Kalyanaraman	Non Executive/Independent	Chairman
2.	Mr Meleveettil Padmanabhan	Non Executive/Independent	Member
3.	Mr G Venkatarajulu*	Non Executive	Member

*inducted wef 28.4.2010.

b) Role:

The Committee has been empowered to review/recommend the appointment of executive and non executive Directors. The Committee also reviews/recommends the remuneration of Managing/wholetime Directors.

c) Meetings

The Committee did not meet during the year as there was no requirement.

III) Shareholders/Investors Grievance Committee

a) Composition

The Shareholders/Investors Grievance Committee presently consists of 3 members two of them being Non executive/Independent Directors as detailed below:

S. No	Name of the Member	Category	Present Position
1.	Mr Meleveettil Padmanabhan	Non Executive/Independent	Chairman
2.	Mr R Kalyanaraman	Non Executive/Independent	Member
3.	Mr V Sriraman	Executive/Non Independent	Member

b) Role

The Committee is constituted to look into the redressal of shareholders' complaints on transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc. This Committee inter alia approves share transfers, transmissions, transpositions, splitting/consolidation and issue of duplicate share certificates.

c) Meetings

The Committee met once during the financial year on 29.10.2010. The attendance of the members are given below:

S. No	Name of the Member	Attendance	
		Meetings held	Attended
1.	Mr Meleveettil Padmanabhan	1	1
2.	Mr R Kalyanaraman	1	1
3.	Mr V Sriraman	1	1

One investor complaint had been received from the shareholders during the year and that had been resolved to the satisfaction of shareholders. There were no transfers pending as on 31.03.2011. The Board has also delegated the power of approving the transfer, transmission etc. of securities to the Chairman.

IV) Compensation Committee (ESOS-2006)

The Compensation Committee (ESOS- 2006) constituted with Mr Shankaraman Vaidyanathan as Chairman and Mr Meleveettil Padmanabhan and Mr R Kalyanaraman as Members. No meeting was held during the year.

V) Compliance Officer

Company Secretary and Chairman & Managing Director take care of the compliances.

VI) Procedure for Committee Meetings

Committee meetings follow the same guidelines as that of the Board meetings so far as may be practicable. Minutes of the Committees are placed before the Board for its noting and recording.

4. DIRECTORS' REMUNERATION

a) Policy

The compensation policy of the Company is directed towards rewarding performance based on targets and achievements. The industry standards are also considered while determining the compensation. The Executive Directors are not paid sitting fees. The non executive Directors are paid sitting fees for attending the Board meetings and no other compensation is paid to them at present.

Quintegra Solutions Limited

b) Remuneration for 2010-11

(i) Executive Directors

Name	Fixed Components			Variable Components	Service Terms	Stock Options
	Salary & Allowances	Retirement benefits	Other benefits			
Mr Shankarraman Vaidyanathan	2,100,000	151,000	–	–	3 years wef 18.1.2009	Nil
Mr V Sriraman	600,000	50,400	–	–	3 years wef 18.5.2011 *	Nil
Total	2,700,000	201,400				

* Mr V Sriraman was reappointed by the Board as WTD for a period of 3 years wef 18.5.2011.

(ii) Non-Executive Directors

Sl No	Name	Sitting Fees (Rs)
1.	Mr Meleveetil Padmanabhan	5,000
2.	Mr R Kalyanaraman	5,000
3.	Mr G Venkatarjulu	5,000
	Total	15,000

5. GENERAL MEETINGS

a) Last 3 Annual General Meetings

Year	Date	Time	Venue
2007-08	29.9.2008	10.00 AM	Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018
2008-09	30.9.2009	10.00 AM	Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018
2009-10	30.9.2010	10.00 AM	Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018

b) Special Resolutions passed in previous three AGM/EGMs held

S. No	Business	Passed on
1.	Issue of further shares/securities/FCD/PSD/CDR/ADR etc pursuant to Section 81(1A) of the Companies Act, 1956.	30.9.2010
2.	Reappointment of Mr Shankarraman Vaidyanathan as Managing Director pursuant to Sections 269, 198, 309 and Schedule XIII of the Companies Act, 1956	30.9.2009
3.	Issue of further shares/securities/FCD/PSD/CDR/ADR etc pursuant to Section 81(1A) of the Companies Act, 1956.	30.9.2009
4.	Re-appointment of Mr V Sriraman as Wholetime Director pursuant to Sections 269, 198, 309 and Schedule XIII of the Companies Act, 1956	29.09.2008
5.	Keeping Register of Members and Share transfer books with RTA pursuant to Section 163 of the companies Act., 1956	29.09.2008
6.	Issue of further shares/securities/FCD/PSD/CDR/ADR etc pursuant to Section 81(1A) of the Companies Act, 1956.	29.09.2008

c) Postal Ballot

There were no resolutions passed through Postal Ballot during 2010-11

6. CODE OF CONDUCT AND INSIDER TRADING CODE

A Code of Conduct based on Company's values and beliefs has been framed for the Board of Directors and all employees of the Company and the same has been posted on the Company's Website viz. www.quintegrasolutions.com. A declaration signed by Chairman & Managing Director affirming the Code of Conduct is annexed.

An Insider Trading Code has been framed in accordance with the model code of conduct as stipulated under SEBI (Prohibition of Insider Trading) Regulations, 1992, to ensure the conduct of dealings in the securities of the Company by the Directors/officers/designated employees only in a valid trading window.

7. DISCLOSURES

a) Materially significant related party transactions

Materially significant related party transactions during the year have been disclosed in the accounts as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. None of the transactions with any of the related parties were in conflict with the interest of the Company.

b) Details of non-compliance

No penalty or stricture have been imposed on the Company by the Stock Exchanges or SEBI.

c) Whistle Blower Policy

The Company has framed a Whistle Blower Policy for the employees to report to the management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. This policy has been posted on the website of the Company www.quintegrasolutions.com

d) Details of Compliance

The Company has complied with all the mandatory requirements of Corporate Governance pursuant to Clause

49 of the Listing agreement. As regards non-mandatory requirements, the Company had constituted a Remuneration Committee and also framed the Whistle Blower Policy.

8. MEANS OF COMMUNICATION

The quarterly/half yearly/annual financial results are used to be published in at least one English news paper and in one vernacular news paper in accordance with listing agreement with Stock Exchanges.

Annual Report containing inter alia Audited Accounts, Consolidated financial statements, Directors Report, Auditors Report, Subsidiaries accounts and other important information is circulated to members and others entitled thereto.

Other Corporate information of significant importance are promptly intimated to Stock Exchanges and also to the public by way of press releases in leading newspapers.

Company's website www.quintegrasolutions.com also contains information about the Company.

9. DESIGNATION OF AN E-MAIL ID

As per the new sub clause (f) of Clause 47 of the Listing Agreement an exclusive e-mail ID viz. investors@quintegrasolutions.com had been designated to the Grievance Cell/Compliance Officer for the purpose of registering complaints by investors.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report (MD&A) forms part of the Annual Report

11. GENERAL SHAREHOLDER INFORMATION

Annexed to the Report

For and on behalf of the Board

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

GENERAL SHAREHOLDER INFORMATION

1. Name of the Company : Quintegra Solutions Limited
2. Registered Office of the Company : 168, Eldams Road, Teynampet, Chennai 600 018
3. Forthcoming Annual General Meeting : Friday, 30th September 2011 at 10.00 AM
at Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018.
4. Financial Calendar (Tentative, subject to change): Financial year : April to March

Results for the quarter ending	Tentative Schedule
30th September 2011	Last week of October 2011
31st December 2011	Last week of January 2012
31st March 2012	Last week of April 2012
30th June 2012	Last week of July 2012
Annual General Meeting	September 2012

5. Book Closure Period : Friday, the 23rd September 2011 to Friday, the 30th September 2011 (both days inclusive)
6. Share Capital : The paid up Capital Rs 26,81,38,300 comprising of 2,68,13,830 equity shares of Rs 10/- each.
7. Dividend Payment Date : Not Applicable

Quintegra Solutions Limited

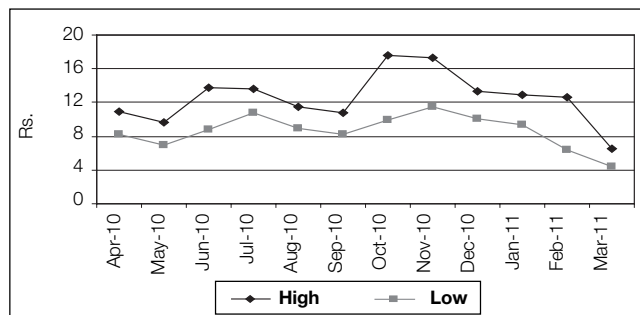
8. Listing on Stock Exchanges

Stock Exchange	Stock Code
National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai 400 051	QUINTEGRA
Bombay Stock Exchange Ltd., Floor 25, P J Towers, Dalal Street, Mumbai 400 001	532866 (ID-QUINTEGRA)
Madras Stock Exchange Ltd. Exchange Building Post Box No 183, 11 Second Line Beach, Chennai 600 001	QUINTEGRA SOLUTIONS

9. i) Market Price Data - NSE Nifty (Nominal Value of Share Rs 10/-)

Month	High	Low	Month	High	Low
Apr-10	10.9	8.25	Oct-10	17.55	10.00
May-10	9.60	7.00	Nov-10	17.25	11.50
Jun-10	13.70	8.75	Dec-10	13.30	10.05
Jul-10	13.55	10.85	Jan-11	12.90	9.30
Aug-10	11.50	9.00	Feb-11	12.60	6.35
Sep-10	10.75	8.20	Mar-11	6.50	4.45

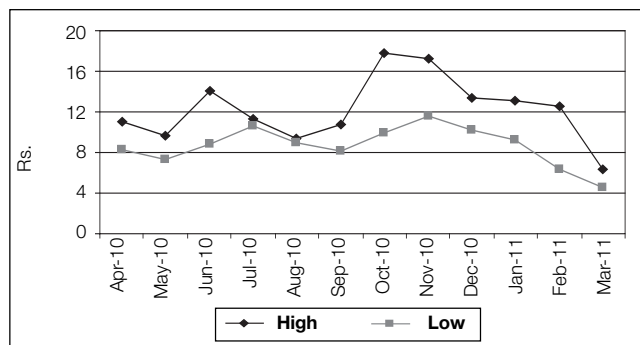
ii) Share Price Performance Graph - NSE Nifty (Rs.)



10. i) Market Price Data - BSE Sensex (Nominal Value of Share Rs 10/-)

Month	High	Low	Month	High	Low
Apr-10	11.00	8.30	Oct-10	17.75	10.00
May-10	9.59	7.25	Nov-10	17.30	11.65
Jun-10	14.04	8.79	Dec-10	13.35	10.24
Jul-10	11.35	10.65	Jan-11	13.10	9.26
Aug-10	9.39	8.90	Feb-11	12.59	6.28
Sep-10	10.80	8.10	Mar-11	6.38	4.57

ii) Share Price Performance Graph - BSE Sensex (Rs.)



11. Registrars & Share Transfer Agents

Integrated Enterprises (India) Limited, Kences Towers, 2nd Floor, North Usman Road, T. Nagar, Chennai - 600 017.
Tel: +91 44 2814 0801, Fax No.: +91 44 2814 2479.
e-mail: sureshbabu@iepindia.com Website: www.iepindia.com

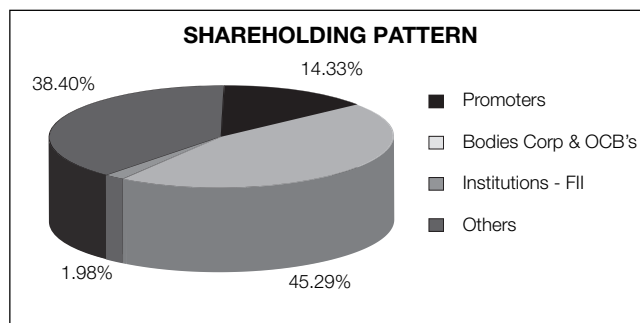
12. Share Transfer System

The physical transfers and other requests from the shareholders are processed by Integrated Enterprises (India) Limited. The Board has delegated the authority for approving transfer, transmission etc., to the Share Transfer Committee and the Chairman and Company Secretary. The transfers are approved within 15 days from the date of receipt.

13. Pattern and Distribution of Shareholding

a) Shareholding Pattern (as on 31.3.2011)

Shareholders category shares	Shareholding	
	No. of Capital	% to total
Promoters	3842053	14.33
Bodies Corp & OCB's	12144745	45.29
Institutions- FI	530473	1.98
Others	10296559	38.40
Grand Total	26813830	100.00



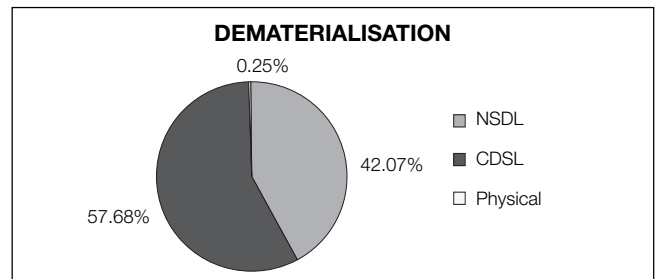
b) Distribution of Shareholding (as on 31.3.2011)

No. Shares		No of Holders	%	No. of Shares	%
upto	500	4854	68.42	868242	3.24
501	1000	928	13.08	813476	3.03
1001	2000	505	7.12	793941	2.96
2001	3000	228	3.21	595205	2.22
3001	4000	122	1.72	448620	1.67
4001	5000	101	1.42	487454	1.82
5001	10000	168	2.37	1264059	4.71
above	10000	188	2.65	21542833	80.34
TOTAL		7094	100.00	26813830	100.00

14. Dematerialisation of Shares

The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services (India) Ltd. (CDSL) to provide facilities for holding the equity shares of the Company in dematerialised form. Trading in equity shares of the Company is permitted only in dematerialised form as per notification issued by SEBI. 26744535 equity shares, constituting 99.74% of the total paid up capital, are already in dematerialized form.

Category	shares	%
NSDL	11280639	42.07
CDSL	15465536	57.68
Physical	67655	0.25
Total	26813830	100.00



Company's Demat ISIN : INE033B01011

15. Outstanding GDRs/ADRs etc.

The Company has not issued any GDR, ADR or any convertible instruments pending conversion or any other instrument likely to have impact on the equity share capital of the Company.

16. Address for Correspondence

Quintegra Solutions Limited,
168, Eldams Road, Teynampet, Chennai - 600 018.
Tel No: +91 44 43917100 / 24328395 Fax No.: +91 44 2432 8399
e-mail ID viz. investors@QuintegraSolutions.com

17. Unpaid/Unclaimed Dividend

During the year no amount was required to be transferred to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

18. Office Locations

Given elsewhere in the Annual Report.

For and on behalf of the Board

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

CONFIRMATION ON CODE OF CONDUCT

(Pursuant to Clause 49 of the Listing Agreement)

To the Members of Quintegra Solutions Limited

Pursuant to Clause 49(I)(D)(ii) of the Listing Agreements with the Stock Exchanges, I hereby confirm that for the financial year ended March 31, 2011, the Board members and the employees have affirmed compliance with the Code of Conduct framed by the Company.

Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman & Managing Director

Quintegra Solutions Limited

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

To the Members of Quintegra Solutions Limited

We have examined the compliance of conditions of Corporate Governance by Quintegra Solutions Limited, for the financial year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended March 31, 2011, no investor grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

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

For **Gopikumar Associates**

Chartered Accountants

FRN : 000981S

S Gopinath

Partner

Membership No: 23854

Place : Chennai

Date : 02.09.2011

AUDITOR'S REPORT

To the Members of M/s. Quintegra Solutions Limited

We have audited the attached Balance Sheet of M/s. QUINTEGRA SOLUTIONS LIMITED ("the Company") as at 31st March 2011, the Profit & Loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We have conducted our audit in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amendment Order 2004 ("the order") issued by the Central Government of India in terms of sub-section (4A) of the Section 227 of the Companies Act, 1956 (the Act), we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

We draw your attention to the following points:

- 1 Despite of heavy accumulated losses of Rs.125.10 Crores eroding the total net worth of the company and the company's inability to service its secured term loans even after rescheduling its repayment terms in December 2008 which is outstanding as on 31st March 2011 is Rs.119.13 Crores (including interest charged by the bank till the date of NPA Classification) and interest provided but unpaid amounting to Rs.21.03 Crores, the accounts of the company have been prepared on a 'going concern basis'.
- 2 The Company has not amortized the good will on various acquisitions over the years in accordance with the requirements of accounting standard 14 titled 'Accounting for Amalgamations'. As a result opening accumulated losses have been understated to the extent of Rs. 71.63 Crores and good will have been overstated to the extent.

Further to our comments in the annexure referred to above, 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 purposes 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 the those books.
- c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
- e. On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956; and
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes 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 31st March, 2011.
 - b. In the case of Profit & Loss account, of the Loss of the Company 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.

For **GOPIKUMAR ASSOCIATES**

Chartered Accountants

FRN : 000981S

S Gopinath

Partner

M. No. 023854

Place : Chennai

Date : 02.09.2011

Annexure to the Auditors' report referred to in paragraph 3 of our report of even date.

The Annexure referred to in our report to the members of M/s QUINTEGRA SOLUTIONS LIMITED ('the Company') for the year ended 31st March 2011. We report that:

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. No physical verification of assets has been made by the company during the year as per the scheduled program.
- c. Fixed Assets disposed off during the year were not substantial and therefore does not affect the going concern assumption.
2. The company is a service company, primarily rendering Information Technology services. Accordingly it does not hold any physical inventories. Thus paragraph 4(ii) of the order is not applicable.
3. a. The Company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under Section 301 of the act.
- b. The Company has not taken any loans, secured or unsecured from companies, firms, or other parties covered in the register maintained under Section 301 of the act except an unsecured loan from Trusted Aerospace Engineering Limited. The said loan is interest free and the balance outstanding as on 31st March 2011 is Rs.10.11 Crores (PY 10.64 Crores) and the maximum amount outstanding during the year was Rs.10.64 Crores
- c. Recurring transactions during the course of business are classified under advances. No interest is applicable to such types of inter company advances. Repayment of principal and interest are not applicable as they are not in the nature of loan.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchases of fixed assets and for the sale of solutions and services. During the course of our audit no major weakness has been noticed in the above controls and therefore reporting of the same does not arise.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v)(a) above and exceeding the value of Rs.5 Lakh with any party during the year have been made at a prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public under the provisions of Section 58A and Section 58AA of the Act and rules framed there under.
7. In our opinion, the Company has no internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company. Accordingly, paragraph 4 (viii) of the order is not applicable.
9. a. According to the information and explanations given to us and on the basis of our examination of the records of the company, amount deducted /accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities wherever applicable except the following, Statement of Arrears of Statutory Dues Outstanding for more than 6 Months as on 31st March 2011.

1. TDS on Salaries amounting to Rs.155,07,872 pertaining to the FY 2008-09 under Income tax Act, 1961.
2. Tax on Dividend Rs.13,67,103 pertaining to the FY 2007-08 under Income tax Act, 1961.
3. Professional Tax of Rs.3,61,032 (Rs.180,055 for the year 2008 -09 & Rs.1,15,193 for the year 2009-10 & Rs.65,784 for the year 2010-11) The above taxes are not paid till date of our report.

There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government of India.

- b. The following Income Tax dues have not been deposited on account of dispute as detailed under.

Statute	*Assessed/Reassessed Demand	Assessment Year	Rs. In Lacs
			Forum where dispute is pending
Income Tax Act, 1961	16.24	2002-03	ITAT
	6.53	2004-05	-
	12.31	2006-07	ITAT
U/s 269UC and 269UL(2) Income Tax Act, 1961	5.00 [#]	2002-03	City Civil Court

* The above figures are net of taxes paid on self assessment. As against the above assessed / reassessed demands, Rs.1.07 Crores has been recovered from the company towards various assessment years, by the Income Tax Department.

[#] Of the above demand Rs.2 Lacs have been paid.

10. The Company has accumulated losses at the end of the financial year as on March 31 2011 and has incurred cash losses during the financial year ended on that date and also in the immediately preceding financial year.
11. The Company has defaulted in repayment of dues including interest and principal to State Bank of India, Overseas Branch, Chennai on its various fund facilities availed, outstanding at the year end amounting to Rs.119.12 Crores. The unpaid interest provided for in the books of accounts on the said loan amounts to Rs.12.39 Crores.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other investments.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Accordingly, paragraph 4(xiii) of the order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other financial instruments.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. No term loans were obtained during the year.
17. No funds raised on short-term basis during the year.
18. The Company has not made any preferential allotment of shares to parties and companies covered in register maintained under Section 301 of The Companies Act, 1956.
19. There is no debentures against which securities have to be created.
20. Disclosure on the end use of money raised by public issue is not applicable.
21. No fraud on or by the Company has been noticed or reported during the year.

For **GOPIKUMAR ASSOCIATES**
Chartered Accountants
FRN : 000981S

S Gopinath
Partner
M. No. 023854

Place : Chennai
Date : 02.09.2011

Quintegra Solutions Limited

BALANCE SHEET AS AT

(in Rs.)

	Schedule No.	31.03.2011	31.03.2010
I. Source of Funds			
1 Shareholders' Funds :			
a. Share Capital	1	268,138,300	268,138,300
b. Securities Premium	2	431,433,100	431,433,100
		699,571,400	699,571,400
2 Loan Funds :	3		
a. Secured Loans		1,191,308,075	1,191,296,375
b. Unsecured Loans		105,477,015	122,657,878
		1,296,785,090	1,313,954,253
3 Deferred Tax Liability	4	39,371,205	39,371,205
		2,035,727,695	2,052,896,858
II. Application of Funds			
Fixed Assets :	5		
Gross Block		1,166,921,780	1,166,004,780
Less : Depreciation		345,649,240	326,186,383
Net Block		821,272,539	839,818,396
Investments	6	10,371,171	765,964,971
Current Assets, Loans and Advances			
a. Receivables	7	209,816,677	524,886,387
b. Cash & Bank Balances	8	149,088	5,751,051
c. Loans and Advances	9	65,524,231	(23,414,510)
		275,489,996	507,222,929
Less : Current Liabilities and Provisions			
a. Current Liabilities	10	265,305,639	164,658,665
b. Provisions	11	8,233,911	9,248,836
		273,539,550	173,907,500
Net Current Assets		1,950,446	333,315,428
Miscellaneous Expenses to the extent not written off	12		
Profit & Loss Account Dr. Balance (Net of Uncommitted Reserves)		1,202,133,539	113,798,062
		2,035,727,695	2,052,896,858
Significant Accounting Policies and Notes to Accounts	20		

The schedules referred to above are an integral part of these Financial Statements

This is the Balance Sheet referred to in our report of even date

For **Gopikumar Associates**
Chartered Accountants
FRN : 000981S

For and on behalf of the Board of Directors

S Gopinath
Partner
M. No. 023854

Shankarraman Vaidyanathan
Chairman and Managing Director

V Sriraman
Wholetime Director

Place : Chennai
Date : 02.09.2011

V Sankar
Company Secretary

PROFIT AND LOSS ACCOUNT

(in Rs.)

	Schedule No.	For the Year ended 31.03.2011	For the Year ended 31.03.2010
I. Income			
a. Software Services	13	170,668,483	373,847,298
b. Other Income	14	225,476	57,538
		170,893,959	373,904,836
II. Expenditure			
a. Compensation & Benefits	15	145,312,865	274,477,716
b. Administration Expenses	16	193,536,714	65,184,843
c. Selling & Distribution Expenses	17	8,427,046	9,930,847
d. Interest & Finance Charges	18	124,115,330	118,892,001
e. Depreciation, Amortisation & Exceptional Item	19	788,273,496	63,206,615
		1,259,665,451	531,692,021
III. Profit /(Loss) Before Tax		(1,088,771,492)	(157,787,185)
IV. Tax Expenses			
a. Current Tax		—	—
b. Fringe Benefit Tax - Previous Year		—	52,119
c. Deferred Tax		—	—
		—	52,119
V. Profit / (Loss) After Tax		(1,088,771,492)	(157,839,304)
VI. Provision for Dividend & Dividend Tax			
a. Dividend		—	—
b. Dividend Tax		—	—
VII. Balance Brought forward from last year		(141,273,262)	16,566,042
VIII. Amount transferred to general Reserve / other reserves		—	—
Profit / (Loss) Carried forward to Balance Sheet		(1,230,044,754)	(141,273,262)
Earnings Per Share - Basic		(40.60)	(5.89)
- Diluted		(40.21)	(5.83)

**Significant Accounting Policies and
Notes to Accounts**

20

The schedules referred to above are an integral part of these Financial Statements

This is the Profit and Loss Account referred to in our report of even date

For **Gopikumar Associates**
Chartered Accountants
FRN : 000981S

For and on behalf of the Board of Directors

S Gopinath
Partner
M. No. 023854

Shankarraman Vaidyanathan
Chairman and Managing Director

V Sriraman
Wholtime Director

Place : Chennai
Date : 02.09.2011

V Sankar
Company Secretary

Quintegra Solutions Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

(in Rs.)

31.03.2010

31.03.2009

Schedule 1

Share Capital

a. Authorised Share Capital 45,000,000 (Prev. year 45,000,000) Equity Shares of Rs. 10/- each	450,000,000	450,000,000
b. Issued, Subscribed & Paid Up Capital 26,813,830 (Prev. year 26,813,830) Equity Shares of Rs. 10/- each	268,138,300	268,138,300
	268,138,300	268,138,300

Schedule 2

Securities Premium

Opening Balance	431,433,100	431,433,100
Add: Received during the year	-	-
	431,433,100	431,433,100
	431,433,100	431,433,100

Schedule 3

Loan Funds

(a) Secured Loans*

Bank Overdraft / Term Loan / Working Capital		
Team Loan	980,965,844	980,965,844
Working Capital	210,342,231	210,330,531
	1,191,308,075	1,191,296,375

(b) Unsecured Loans

From Banks	4,358,853	5,661,416
From Others	101,118,162	116,996,462
	1,296,785,090	1,313,954,253

* Secured against all the movable and immovable assets of the company.

Schedule 4

Deferred Tax Liability

Deferred Tax Liability	39,371,205	39,371,205
	39,371,205	39,371,205

Schedule 5

Fixed Assets

Asset Group	Cost			Depreciation			Net Cost			
	As at 31.03.10	Additions	Deletions	As on 31.03.11	As on 31.03.10	During the year	Deletions	As on 31.03.11	As on 31.03.10	As on 31.03.11
Furniture & Fixtures	33,363,828	-	-	33,363,828	19,010,189	1,952,898	-	20,963,087	14,353,639	12,400,740
Land & Buildings	57,733,679	-	-	57,733,679	6,830,455	583,273	-	7,413,728	50,903,224	50,319,951
Plant & Machinery										
Air Conditioners	5,909,376	-	-	5,909,376	2,596,447	258,275	-	2,854,722	3,312,929	3,054,654
Computers & Accessories	133,168,271	917,000	-	134,085,271	121,193,141	4,678,298	-	125,871,438	11,975,130	8,213,833
Office Equipments	14,813,375	-	-	14,813,375	7,538,924	790,038	-	8,328,962	7,274,451	6,484,413
Softwares	177,536,842	-	-	177,536,842	158,146,966	5,764,944	-	163,911,910	19,389,876	13,624,932
Goodwill	716,303,754	-	-	716,303,754	-	-	-	-	716,303,754	716,303,754
Copyrights	27,175,655	-	-	27,175,655	10,870,262	5,435,131	-	16,305,393	16,305,393	10,870,262
Total	1,166,004,780	917,000	-	1,166,921,780	326,186,383	19,462,857.00	-	345,649,240	839,818,396	821,272,539
Prev. year 31.03.2010	1,168,096,590	2,133,748	4,225,558	1,166,004,780	308,502,365	21,526,671	3,842,652	326,186,384	859,594,225	839,818,396

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

(in Rs.)

31.03.2011

31.03.2010

Schedule 6
Investments
Unquoted Long Term Investments - at cost
A. Investment in Wholly Owned Subsidiaries
1. Quintegra Solutions Limited, UK

1 (1) Equity Share of £ 1/- each	70	70
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2. Quintegra Solutions (M) Sdn Bhd, Malaysia

621,725 Equity shares of MYR 1/- each	7,613,696	7,613,696
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3. Quintegra Solutions GmbH, Germany

50,000 Equity shares of Euro 1/- each	2,757,350	2,757,350
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4. PAC Inc, USA

198 Equity shares of US\$ 1/- each	-	755,593,800
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5. Quintegra Solutions Ireland Limited

1 Equity share of Euro 1/- each	55	55
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<u>10,371,171</u>	<u>765,964,971</u>
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Schedule 7
Receivables
a. Debts considered Good, but Unsecured

i. Debts outstanding for a period exceeding 2 years	188,615,853	360,799,490
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ii. Debts outstanding for a period exceeding 6 Months	145,280	120,101,623
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iii. Other Debts	<u>21,055,544</u>	<u>43,985,274</u>
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<u>209,816,677</u>	<u>524,886,387</u>
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<u>209,816,677</u>	<u>524,886,387</u>
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Schedule 8
Cash & Bank Balances

a. Cash on Hand	8,440	25,801
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b. Bank Balance with Scheduled Banks

i. in EEFC Accounts	37,599	37,599
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ii. in Other Accounts*	(1,978,421)	3,604,842
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iii. in Margin Money & Gratuity Account	796,200	796,200
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iv. in Dividend Account	1,285,270	1,286,610
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<u>140,648</u>	<u>5,725,251</u>
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<u>149,088</u>	<u>5,751,051</u>
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* Overdrawn balance in Other accounts represents the cheques issued but not presented in excess over the balance as at 31.03.2011.

Schedule 9
Loans & Advances

a. Loan to employees	10,000	6,154,907
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b. Advances others	31,649,613	56,243,671
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c. Advances due (to) / from subsidiaries	1,348,119	(117,659,245)
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d. Deposits	4,621,123	4,595,353
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e. Due from Revenue authorities	27,895,376	24,550,805
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f. Unbilled Revenue	-	2,700,000
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<u>65,524,231</u>	<u>(23,414,510)</u>
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Quintegra Solutions Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

	31.03.2011	31.03.2010
(in Rs.)		
Schedule 10		
Current Liabilities		
a. Sundry Creditors		
- For Expenses*	238,675,287	128,357,301
b. Other Liabilities	10,396,160	20,162,436
c. Dividend Payable		
- 6% - FY 2006-07	181,216	181,306
- 3% - FY 2007-08	1,104,095	1,105,345
d. Duties & Taxes Payable	14,948,881	14,852,277
	265,305,639	164,658,665
* Includes provision for interest on secured loans amounting to Rs.21.03 crores.		
Schedule 11		
Provisions		
a. Provision for Expenses	3,068,498	4,083,422
b. Provision for Dividend & Dividend Tax	1,367,103	1,367,103
c. Provision for Taxes	3,798,310	3,798,311
	8,233,911	9,248,836
Schedule 12		
Miscellaneous Expenses to the extent not written off		
a. General Reserve		
Opening Balance	(49,462,799)	(49,462,799)
Add: Transfer during the year	-	-
	(49,462,799)	(49,462,799)
b. Profit & Loss Account		
Opening Balance	141,273,262	(16,566,042)
Add: Received during the year	1,088,771,492	157,839,304
	1,230,044,754	141,273,262
c. Exchange Re-instatement Reserve	21,551,583	21,987,599
	1,202,133,539	113,798,062

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31.03.2011	For the year ended 31.03.2010
(in Rs.)		
Schedule 13		
Software Services		
a. Overseas Revenue	139,307,265	337,571,422
b. Domestic Revenue	31,361,218	36,275,876
	170,668,483	373,847,298
Schedule 14		
Other Income		
Miscellaneous Income*	225,476	57,538
	225,476	57,538

* out of above income Rs. 173,200 includes rental income (PY Nil).

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (contd.)

	For the year ended 31.03.2011	For the year ended 31.03.2010
(in Rs.)		
Schedule 15		
Compensation & Benefits		
a. Salaries & Allowances	140,839,948	258,633,010
b. PF, ESI, PT & LWF Contributions	1,430,662	12,687,476
c. Directors' Remuneration	2,700,000	2,700,000
d. Bonus & Ex-gratia	21,430	31,200
e. Staff Welfare Expenses	320,825	426,030
	145,312,865	274,477,716

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (contd.)

	(in Rs.)	(in Rs.)
	For the year ended 31.03.2011	For the year ended 31.03.2010
Schedule 16		
Administrative Expenses		
(a) Communication Expenses, Postage & Courier	5,477,268	5,452,017
(b) Rent & Amenities	3,676,279	5,721,928
(c) Repairs & Maintenance	1,971,934	2,903,037
(d) Legal & Professional Fees	4,087,076	8,936,464
(e) Rates & Taxes	578,942	1,303,295
(f) Power & Fuel	1,424,425	2,259,426
(g) Insurance Charges	12,033,522	17,069,284
(h) Printing & Stationery	566,625	549,740
(i) Local Conveyance, Transportation & Freight	1,283,456	788,864
(j) Audit Fees	526,075	876,070
(k) Bank Charges	46,755	718,409
(l) Secretarial Expenses	105,185	38,820
(m) Training, Retainer Fees & Recruitment Exp	-	5,395
(n) Other Expenses	186,711	144,202
(o) Loss / (Gain) on Exchange Realisation	(33,101)	2,636,924
(p) Bad Debts Written Off	161,605,562	15,780,970
	<u>193,536,714</u>	<u>65,184,843</u>
Schedule 17		
Selling & Distribution Expenses		
a. Travel Foreign, Inland	6,817,839	8,036,990
b. Business Development Expenses	1,609,207	1,893,857
	<u>8,427,046</u>	<u>9,930,847</u>
Schedule 18		
Interest & Finance Charges		
a. Interest on Unsecured Loan	-	(8,115,618)
b. Interest - Others	124,115,330	127,007,619
	<u>124,115,330</u>	<u>118,892,001</u>
Schedule 19		
Depreciation, Amortisation & Exceptional items		
(a) Depreciation on Assets & amortization expense	19,462,857	21,526,672
(b) Write off of account balances of subsidiary - PAC	13,216,839	41,679,943
(c) Diminution in Value of Investments - PAC	755,593,800	-
	<u>788,273,496</u>	<u>63,206,615</u>

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT
Schedule 20
Significant Accounting Policies and Notes to accounts for the Standalone Financials
I. Significant Accounting Policies
1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the accounting principles generally accepted in India and comply with mandatory accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt within the period in which results are known/materialize.

3. Fixed Assets and depreciation / amortization

3.1 Fixed assets are stated at historical cost. Cost includes related taxes, duties, freight, insurance etc., attributable to acquisition, installation and up gradation of assets and borrowing cost incurred up to date in which assets are ready for its installed use, but excludes duties and taxes that are recoverable subsequently from taxing authorities.

3.2 Intangible Assets are stated at development / acquisition cost less accumulated amortization and impairment. Development expenses of the following copyrights namely - EduCampus, HMIS, HBfX and IPLg have been capitalized in the financials as Intangible Assets. The intangible assets are amortized over a period of 5 years.

3.3 Depreciation on Buildings, Plant & Machinery, Vehicles, Computers, Furniture and Office Equipments is calculated on straight line method - single shift basis based on rates prescribed in Schedule XIV to the Companies Act, 1956

3.4 Depreciation / amortization on additions during the year are provided on a pro rata basis from the date, the assets are put to use. In respect of assets sold or disposed off during the year, depreciation / amortization is provided till the date of sale or disposal of the assets.

3.5 Fixed assets of the foreign branches have been reinstated at the exchange rate prevailing on the date of transaction.

Quintegra Solutions Limited

Significant Accounting Policies and Notes on Accounts (contd.)

4 Impairment of assets

The management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher than the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

5 Goodwill

The excess cost of acquisition over the carrying value of the net assets on the date of merger is recognized in the financial statements as goodwill. The Company evaluates carrying value of its goodwill whenever events or change in circumstance indicate that its carrying value may be impaired for diminution other than temporary. The value of the Goodwill in the books as at 31 March 2011 is Rs 71.63 crores. (PY - Rs. 71.63 crores)

However, the Company presently reassessed that there are no circumstances or change in circumstances to indicate any diminution in the carrying value of goodwill.

6 Investments

Investments are either classified as either current or long-term based on management intention at the time of purchase. Current investments are carried at the lower of cost or market value. Long-term investments are stated at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Cost of overseas investments comprises the Indian rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

7 Revenue Recognition

7.1 Revenue from software development services comprises revenue from time and material and fixed-price contracts.

7.2 Revenue from time and material contracts are recognized as related services are performed

7.3 Revenue from fixed-price contracts are recognized in accordance with the percentage of completion method / as per the terms of the contract.

7.4 Maintenance revenue is considered on acceptance of the contract and is accrued over the period of the contract. Other income is recognized on accrual basis.

7.5 Revenue from customer training, support and other services is recognized as the related services are performed.

7.6 Cost and related earnings in excess of billings are classified as 'Unbilled revenues' under loans and advances while the billing in excess of cost and related earnings is classified as 'Unearned revenue' under current liabilities.

7.7 Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

8 Foreign Currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of accounts at the average rate for the month.

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the profit and loss account.

Translation:

Monetary foreign currency assets and liabilities at period end are restated at the closing rate. The difference arising from the restatement is recognized in the profit and loss account.

The Company did not elect to exercise an irrevocable option to amortize exchange rate fluctuation on long term foreign currency monetary asset/ liability over the life of the asset/ liability or by March 31, 2011, whichever is earlier, subsequent to the amendment to AS-11 by the Ministry of Corporate affairs.

Non integral Operations

The Standalone Financial Statements are prepared in Indian Rupees, which is the functional currency for the Company. The translation of the functional currencies into the reporting currency is considered under the category "Non integral Operation" as per Accounting Standard 11 - The Effects of changes in Foreign exchange rates. While the revenues and expenses of the foreign branches have been converted at average conversion rate for the year, Assets and liabilities have been converted at closing exchange rate. The difference arising from the restatement is recognized in the Exchange reinstatement reserve under reserves and surplus.

9 Employee Benefits

a. Short term employee benefit obligations are estimated and provided for.

b. Post employment benefits and other long term employee benefits

(i) Defined Contribution plans

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to revenue.

(ii) Defined benefit plans and compensated absences

Company's liability towards gratuity, other retirement benefits and compensated absences are not actuarially determined. In accordance with the Payment of Gratuity Act, 1972 the company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and year of employment with the company. The gratuity fund is managed by SBI Gratuity Fund. The gratuity obligation is provided for based on estimates from SBI gratuity fund.

The company records an obligation for compensated absences in the period in which the employee renders services that increase this entitlement. The company measures the expected cost of compensated absence as the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

10 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or

Significant Accounting Policies and Notes on Accounts (contd.)

a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed in the financial statements.

11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

12 Earnings per share

Basic

The number of equity shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period excluding equity shares held by controlled trust.

Diluted

The number of equity shares used in computing diluted earnings per share comprises the weighted average equity shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued if any.

13 Accounting for Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements of each entity in the Company.

Deferred taxes are recognized in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period. For this purpose, reversal of timing difference is determined using first in first out method.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantive enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

14 Research and development cost

Research costs are expenses as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the cost can be measured reliably.

15 Financial Instruments

The company does not have any risk management policy with respect to risk of foreign exchange fluctuations and is not a party to the contractual provisions of the instrument.

II Notes on Accounts

A Contingent Liability & Commitments

The following Income Tax dues have not been deposited on account of dispute as detailed under.

Rs. In Lacs

Statute	*Assessed/ Reassessed Demand	Assessment Year	Forum where dispute is pending
Income Tax Act, 1961	16.24	2002-03	ITAT
	6.53	2004-05	-
	12.31	2006-07	ITAT
U/s 269UC and 269 UL(2) Income Tax Act, 1961	5.00 [#]	2002-03	City Civil Court

* The above figures are net of taxes paid on self assessment. As against the above assessed / Reassessed demands, Rs.1.07 Crore has been recovered from the company towards various assessment years, by the Income Tax Department.

[#] Of the above demand Rs.2 Lacs have been paid.

- The company has given a Bank guarantee to the tune of Rs.7.75 Lacs favoring "The Commissioner of Customs, Chennai" towards purchase of duty exempted Capital goods.
- The company has been convicted by the trial court, Chennai to pay fine of Rs.2.5 Lacs for each (against which Rs.2 Lacs paid) of the offences u/s 269UC and 269UL(2) read with 276 AB of Income Tax, 1961. The company went on appeal against the same with Principal Sessions Judge, City Civil Court, Chennai.

B Secured Loans / Borrowings

The various fund based facilities availed from State Bank of India is secured primarily by the first charge on the current assets of the company and collaterally secured by immovable properties situated at Chennai and Kodaikanal belonging to the company, hypothecation of movable assets belonging to the company. The facilities are further collaterally secured by pledge of 20 Lac Shares of the company in the name of Chairman and personal guarantee of the Chairman.

The Non-Fund based facility is secured primarily by the counter guarantee from the company and extension of the charge on the current assets of the company apart from the collateral security and personal guarantee mentioned above.

The company defaulted in payment of its interest and principal portion of its various credit facilities availed from the State Bank of India during the year and the unpaid interest provided for in the books amounts to Rs.21.03 Crores.

C Investments

The wholly owned subsidiary 'Pingho Associates Corporation (the Company) incorporated in USA ceased its business operation during last year and filed a voluntary chapter 11 bankruptcy protection petition to reorganize its business with US bankruptcy court, Eastern District of Virginia, USA. Hence the whole investment along with inter company receivables have been written off during the year amounting to Rs.76.88 Crores.

Quintegra Solutions Limited

Significant Accounting Policies and Notes on Accounts (Contd.)

D Segment reporting

The Segment reporting of the company has been prepared in accordance with the AS 17 "Segment Reporting" issued pursuant to the Companies (Accounting Standard) Rules, 2006 and by The Institute of Chartered Accountants of India.

The Company's operation was focused on BFSI, QASS, Other emerging verticals. Accordingly, these three business divisions comprise a significant portion of the primary basis for the segmental information set out in these financial statements.

Secondary Segmental reporting is reported on the basis of the Geographical location of the customers. Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Business Segment (Primary)	(Rs. in Lacs)
Segmental Revenues	
BFSI	516.15
QASS	409.93
Other Emerging Verticals	780.60
	<u>1,706.68</u>
Segmental Profit/(Loss) before Interest, Depreciation & Tax	
BFSI	(565.15)
QASS	(423.86)
Other Emerging Verticals	(777.08)
	<u>(1,766.09)</u>

Less: Finance Charges	1,241.14
Depreciation	194.63
Profit / (Loss) from Operations	(3,201.86)
Add: Other Income	2.25
Less : Exceptional Items	7,688.10
Profit before Tax	(10,887.71)
Less: Income Tax including Deferred tax	-
Profit after Taxation	(10,887.71)
Geographical Segment (Secondary)	
Segmental Revenues	
India	350.62
USA	1,356.06
	<u>1,706.68</u>

E Related party transactions

Disclosure is being made below separately for all the transactions with related parties as specified under AS 18 - Related Party Disclosure issued pursuant to the Companies (Accounting Standard) Rules, 2006 and by The Institute of Chartered Accountants of India.

(i) The Company has transactions with the following related parties:

Subsidiary companies: Quintegra Solutions Limited U.K, Quintegra Solutions (M) Sdn Bhd, Quintegra Solutions GmbH, Quintegra Solutions Ireland Limited and PAC Inc.,

Directors & Key Management Personnel or Companies in which they are interested:

Mr V Shankarraman and Mr V Sriraman
Trusted Aerospace Engineering Limited

(ii) Transactions with related parties

Particulars	2010-11	2009-10
(in Rs)		
Subsidiary Companies		
Investment in Subsidiary Companies	10,371,171	765,964,971
Advances (from) / to Subsidiary Companies / Branch	1,348,119	(117,659,245)
Advances or loan received from other than Subsidiary Companies / Branch	101,118,162	106,496,462
Directors & Key Management Personnel and Remuneration paid to them		
Salary to Mr Shankarraman Vaidyanathan	2,100,000	2,100,000
Salary to Mr Sriraman Vaidyanathan	600,000	600,000

F. Earnings Per Share

Earnings Per Share is calculated as per AS 20 - Earnings Per Share issued pursuant to the Companies (Accounting Standard) Rules, 2006 and by The Institute of Chartered Accountants of India.

Particulars	2010-11	2009-10
(in Rs)		
Net Profit Available for Equity Shareholders	(1,088,771,492)	(157,839,304)
Weighted Average No. of Equity Shares for Basic EPS	26,813,830	26,813,830
Weighted Average No. of Equity Shares for Diluted EPS	27,076,075	27,076,075
No. of Options Granted	968,020	
No. of Options Forfeited / Surrendered	692,045	
No. of Options Exercised	13,730	
No. of Options in Force	262,245	262,245
A. Basic EPS	(40.60)	(5.89)
B. Diluted EPS	(40.21)	(5.83)

Significant Accounting Policies and Notes on Accounts (Contd.)
G. Break-up of audit fees: (excl. Service tax)

(in Rs)

Particulars	2010-11	2009-10
For Statutory & Tax Audit	150,000	150,000
For Branch Audit Fees	296,075	644,440
For Certification & Consultation in Tax & Other Matters	80,000	80,000
	526,075	874,440

H. Expenditure in foreign currency

(in Rs)

Particulars	2010-11	2009-10
Travel Foreign	378,030	1,331,044
Expenses met by Branch Offices	135,317,104	243,874,783
	135,695,134	245,205,827

I. Earnings in foreign currency

(in Rs)

Particulars	2010-11	2009-10
Revenue from Software Exports	139,307,265	337,571,422

J Due to Small Scale Industries

There are no dues to Small Scale Industries, which are outstanding for more than 30 days at the Balance Sheet date. Such information regarding Small Scale Undertaking has been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the Auditors.

K Taxes on income

The company accumulates huge losses as on 31st March 2011. Even though there is virtual certainty in making profit in the future years in the view of management, as a matter of prudence the deferred tax assets are not recognized in the books of account and liability provided for in the earlier years have not been reversed.

Provisions for interest on taxes due is not provided for since the excess provisions created in earlier years are sufficient to cover the same.

L Quantitative details

The company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in generic unit. Hence it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

M Going Concern

The financial statements of the company have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The company has reported a net loss of Rs. 108.87 Crores for the year ended 31st March 2011. The management has addressed the criticality of the issue in the company and has initiated various steps, including but not limited to negotiating the terms of the existing debt with the bankers of the company and opting for one time settlement and other significant business proposals. The management is confident of successfully completing these initiatives and thereby commences profitable business operations into the foreseeable future.

Quintegra Solutions Limited

CASH FLOW STATEMENT

(in Rs.)

	For the year ended 31.03.2011	For the year ended 31.03.2010
A Cash Flow from Operating Activities		
Net profit before tax, as per profit and loss account	(1,088,771,492)	(157,787,185)
<i>P & L adjustments:</i>		
Depreciation & Amortisation	19,462,857	21,526,672
Other Non Cash Expenses*	756,029,815	867,085
Interest & Finance charges	124,115,330	118,892,001
Other income	(225,476)	(57,538)
	<u>899,382,526</u>	<u>141,228,219</u>
Operating profit before changes in working capital	(189,388,966)	(16,558,965)
<i>Changes in current assets & current liabilities</i>		
Trade and other Advances	226,130,969	134,918,947
Trade payables & other liabilities#	99,632,050	11,860,148
	<u>325,763,019</u>	<u>146,779,094</u>
Less: Taxes Paid	-	52,119
Cash generated from operations	<u>136,374,054</u>	<u>130,168,010</u>
<i>* This includes exchange reinstatement & value of dimunition in investments.</i>		
<i># This includes interest provided but unpaid on secured loan from SBI.</i>		
B Cash Flow from Investing Activities		
Purchase of fixed assets	(917,000)	(2,133,748)
Sale of fixed assets	-	382,905
Other income	225,476	57,538
Net cash from investing activities	<u>(691,524)</u>	<u>(1,693,304)</u>
C Cash Flow from Financing Activities		
Increase in equity	-	-
Borrowings	(17,169,163)	(6,677,576)
Interest paid	(124,115,330)	(118,892,001)
Net cash from financing activities	<u>(141,284,493)</u>	<u>(125,569,577)</u>
D Net Increase in Cash and Cash Equivalents	(5,601,964)	2,905,129
Cash and cash equivalents at the beginning of the year	5,751,051	2,845,922
Cash and cash equivalents at the end of the year	149,088	5,751,051

This is the Cash Flow Statement referred to in our report of even date

For **Gopikumar Associates**

Chartered Accountants

FRN : 000981S

S Gopinath

Partner

M. No. 023854

Place : Chennai

Date : 02.09.2011

Shankarraman Vaidyanathan

Chairman and Managing Director

V Sriraman

Wholetime Director

V Sankar

Company Secretary

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

Registration Number	L 5 2 5 9 9 T N 1 9 9 4 P L C 2 6 8 6 7	State Code	1 8
Balance Sheet Date	3 1 - 0 3 - 2 0 1 1	Rights Issue	N I L

CAPITAL RAISED DURING THE YEAR (Rs. in Thousands)

Public Issue	N I L	Right Issue	N I L
Bonus issue	N I L		

POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Rs. in Thousands)

Total Liabilities	2 3 0 9 2 6 7	Total Assets	2 3 0 9 2 6 7
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Source of Funds

Paid Up Capital	2 6 8 1 3 8	Reserves & Surplus	4 3 1 4 3 3
Secured Loan	1 1 9 1 3 0 8	Unsecured Loan	1 0 5 4 7 7
Deferred Tax Liability	3 9 3 7 1		

Application of Funds

Net Fixed Assets	8 2 1 2 7 2	Investments	1 0 3 7 1
Net Current Assets	1 9 5 0	Misc. Exp.	1 2 0 2 1 3 4

Performance of the Company (Rs. in Thousands)

Turnover	1 7 0 8 9 4	Dividend	N I L
Total Expenditure	1 2 5 9 6 6 5	Profit/(Loss) After Tax	(1 0 8 8 7 7)
Earnings per Share	(4 0 . 6 0)	Dividend per Share	N I L

GENERIC NAMES OF THE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (PER MONETARY TERMS)

Item Code	NOT APPLICABLE
Product Description	S O F T W A R E S O L U T I O N S

 For **Gopikumar Associates**

Chartered Accountants

FRN : 000981S

S Gopinath
Partner

M. No. 023854

Place : Chennai

Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman and Managing Director

For and on behalf of the Board of Directors

V Sriraman
Wholetime Director
V Sankar
Company Secretary

Quintegra Solutions Limited

STATEMENT OF INTEREST IN SUBSIDIARY COMPANIES

Statement pursuant to Section 212 (e) and (f) of the Companies Act, 1956.

Sl. No.	Name of the Company	Quintegra Solutions Ltd., U.K. 31.03.2011	Quintegra Solutions (M) SDN. BHD. Malaysia 31.03.2011	Quintegra Solutions GmbH Germany 31.12.2010	Quintegra Solutions Ireland Ltd. 31.03.2011
1	Financial year of the subsidiary				
2	i) No. of Ordinary Shares held by Holding company in the Subsidiary Company on the above date	1	621725	50000	1
	ii) Face Value and Paid value per share	£1.00	RM 1.00	Euro1.00	Euro 1.00
	iii) Interest of the holding Company	100%	100%	100%	100%
3	The Net aggregate profit/(loss) of subsidiary company so far as it concerns members of the holding company				
	i. Not dealt with in the accounts of holding Company	-	-	-	-
	a. For the Financial Period ended	(£17,121)	RM 1,794	(Euro 5,594)	(Euro 1,750)
	b. For the previous financial years of subsidiary since it became a subsidiary of holding Company	(£117,613)	(RM 22,828)	(Euro 27,925)	(Euro15,366)
	ii. Dealt with in the accounts of holding Company				
	a. For the Financial Period ended	-	-	-	-
	b. For the previous financial years of subsidiary since it became a subsidiary of holding Company	-	-	-	-
4	Change in the holding Company's interest in the subsidiary between the end of the financial year of the holding and the subsidiary company	-	-	-	-
5	Material changes which have occurred between the end of the financial year the holding company of the subsidiary.	-	-	-	-

For and on behalf of the Board

Shankarraman Vaidyanathan
Chairman and Managing Director

V Sriraman
Wholetime Director

Place : Chennai
Date : 02.09.2011

V Sankar
Company Secretary

AUDITOR'S REPORT

On Consolidated Financial Statements of Quintegra Solutions Limited and its subsidiaries

1. We have audited the attached Consolidated Balance Sheet of Quintegra Solutions Limited and its subsidiaries as on 31st March, 2011 and the related Consolidated Profit and Loss Account for the 12 Months period ended 31st March, 2011 and also the Consolidated Cash Flow Statement for the period annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have considered the audited financial statements of the following subsidiaries:

Subsidiary	Auditors	Year ended
Quintegra Solutions Limited, U.K.	Ashley King Ltd, Middlesex	31-Mar-11
Quintegra Solutions (M) Sdn Bhd,	HAL & Associates Malaysia	31-Mar-11
Quintegra Solutions GmbH	Gotz Staudt & Nuenke, Germany	31-Dec-10
Quintegra Solutions Ireland Limited	BDO Simpson Xavier	31-Mar-11

4. However unaudited financial statements as on March 31, 2011 have been considered for the following subsidiaries:
 - Quintegra Solutions GmbH
5. We draw your attention to the following points:
 - a. The company incurred heavy accumulated losses of Rs.125.10 Crores eroding its total net worth. Also the company unable to

serve its secured term loans even after rescheduling its repayment terms in December 2008 which is outstanding as on 31st March 2011 is Rs.119.13 Crores and interest provided but unpaid amounting to Rs.21.03 Crores. In spite of the above conditions, the accounts of the company have been prepared on a 'going concern basis'.

- b. The Company has not amortized the good will on various acquisitions over the years in accordance with the requirements of accounting standard 14 titled 'Accounting for Amalgamations'. As a result opening accumulated losses have been understated to the extent of Rs. 71.63 Crores and good will have been overstated to the extent.
6. We report that the consolidated financial statements have been prepared by Quintegra Solutions Limited taking into considerations the requirements of Accounting Standards 21 - Consolidated Financial Statements, notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.
7. Based on our audit and consideration of the reports/certificates of the other auditors on separate financial statements and on the other information of the Companies, in our opinion and to the best of our information and according to the explanations given to us, the said Consolidated Financial Statements together with the notes thereon and attached thereto given in the prescribed manner the information required by the Act, give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. In the case of Consolidated Balance Sheet, of the Consolidated State of affairs as at 31st March, 2011
 - b. In the case of Consolidated Profit & Loss Account, of the Loss for the twelve months period ended on that date, and
 - c. In the case of Consolidated Cash Flow Statement, of the Cash Flows for the period ended on that date.

For **Gopikumar Associates**
Chartered Accountants
FRN : 000981S

S Gopinath
Partner

Place : Chennai
Date : 02.09.2011

Membership No: 023854

Quintegra Solutions Limited

CONSOLIDATED BALANCE SHEET AS AT

(in Rs.)

	Schedule No.	31.03.2011		31.03.2010
I. Source of Funds				
1 Shareholders' Funds :				
a. Share Capital	1	268,138,300	268,138,300	
b. Securities Premium	2	<u>431,433,100</u>	<u>431,433,100</u>	
		699,571,400		699,571,400
2 Loan Funds :	3			
a. Secured Loans		1,191,308,075	1,191,296,375	
b. Unsecured Loans		<u>105,477,015</u>	<u>122,657,878</u>	
		1,296,785,090		1,313,954,253
3 Deferred Tax Liability	4	<u>39,371,205</u>		<u>39,371,205</u>
		<u>2,035,727,695</u>		<u>2,052,896,858</u>
II. Application of Funds				
Fixed Assets :	5			
Gross Block		1,168,791,084	2,014,392,057	
Less : Depreciation		<u>347,518,543</u>	<u>479,324,122</u>	
Net Block		821,272,540		1,535,067,935
Current Assets, Loans & Advances				
a. Sundry Debtors	6	211,794,876	585,952,502	
b. Cash & Bank Balances	7	200,116	7,063,259	
c. Loans & Advances	8	<u>64,471,091</u>	<u>111,322,202</u>	
		276,466,084	704,337,963	
Less : Current Liabilities and Provisions				
a. Current Liabilities	9	266,233,340	344,414,378	
b. Provisions	10	<u>8,483,318</u>	<u>9,697,180</u>	
		274,716,658	354,111,559	
Net Current Assets		1,749,426		350,226,404
Miscellaneous Expenses to the extent not written off	11			
Profit & Loss Account Dr. Balance				
(Net of Uncommitted Reserves)		<u>1,212,705,729</u>		<u>167,602,518</u>
		<u>2,035,727,695</u>		<u>2,052,896,858</u>
Significant Accounting Policies and				
Notes to Accounts	19			

The schedules referred to above are an integral part of these Financial Statements

This is the Balance Sheet referred to in our report of even date

For **Gopikumar Associates**

Chartered Accountants
FRN : 000981S

S Gopinath
Partner
M. No. 023854
Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman and Managing Director

For and on behalf of the Board of Directors

V Sriraman
Wholetime Director

V Sankar
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in Rs.)

	Schedule No.	For the Year ended 31.03.2011	For the Year ended 31.03.2010
I. Income			
a. Software Services	12	176,842,803	378,927,062
b. Other Income	13	374,480	57,538
		177,217,283	378,984,600
II. Expenditure			
(a) Compensation & Benefits	14	148,842,856	288,044,071
(b) Administration Expenses	15	197,453,910	79,579,884
(c) Selling & Distribution Expenses	16	8,977,741	10,102,625
(d) Interest & Finance Charges	17	124,115,329	119,307,402
(e) Depreciation, Amortisation & Exceptional Item	18	788,293,632	80,378,194
		1,267,683,468	577,412,175
III. Profit / (Loss) Before Tax		(1,090,466,185)	(198,427,575)
IV. Tax Expenses			
a. Current Tax		-	-
b. Fringe Benefit Tax		-	52,119
c. Deferred Tax		-	-
		-	52,119
V. Profit / (Loss) After Tax		(1,090,466,185)	(198,479,694)
VI. Provision for Dividend & Dividend Tax			
a. Dividend		-	-
b. Dividend Tax		-	-
VII. Balance Brought forward from last year		32,043,763	230,523,457
VIII. Amount transferred to general Reserve / other reserves		-	-
Profit / (Loss) Carried forward to Balance Sheet		(1,058,422,422)	32,043,763
Earnings Per Share - Basic		(40.67)	(9.93)
- Diluted		(40.27)	(9.83)

Significant Accounting Policies and Notes to Accounts 19

The schedules referred to above are an integral part of these Financial Statements
This is the Profit and Loss Account referred to in our report of even date

For **Gopikumar Associates**
Chartered Accountants
FRN : 000981S

For and on behalf of the Board of Directors

S Gopinath
Partner
M. No. 023854
Place : Chennai
Date : 02.09.2011

Shankarraman Vaidyanathan
Chairman and Managing Director

V Sriraman
Wholetime Director

V Sankar
Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT

(in Rs.)

Schedule 1	31.03.2011	31.03.2010
Share Capital		
a. Authorised Share Capital 45,000,000 (Previous year 45,000,000) Equity Shares of Rs. 10/- each	450,000,000	450,000,000
b. Issued, Subscribed & Paid Up Capital 26,813,830 (Previous year 26,813,830) Equity Shares of Rs. 10/- each	268,138,300	268,138,300
	268,138,300	268,138,300

Quintegra Solutions Limited

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT (Contd.)

(in Rs.)
31.03.2010

Schedule 2

31.03.2011

Securities Premium

Opening Balance	431,433,100	431,433,100	
Add: Received during the year	—	—	
	431,433,100	431,433,100	431,433,100
	431,433,100	431,433,100	431,433,100

Schedule 3

Loan Funds

a. *Secured Loans			
(a) Bank Overdraft / Term Loan for Working Capital			
Term Loan	980,965,844	980,965,844	
Working Capital	210,342,231	210,330,531	
	1,191,308,075	1,191,296,375	
b. Unsecured Loans - From Banks	4,358,853	5,661,416	
- From Others	101,118,162	116,996,462	
	105,477,015	122,657,878	
	1,296,785,090	1,313,954,253	

* secured against all the movable and immovable assets of the company.

Schedule 4

Deferred Tax Liability

Deferred Tax Liability	39,371,205	39,371,205
	39,371,205	39,371,205

Schedule 5

Fixed Assets

Asset Group	Cost				Depreciation				Net Cost	
	As at 31.03.10	Additions	Deletions	As on 31.03.11	As on 31.03.10	During the year	Deletions	As on 31.03.11	As on 31.03.10	As on 31.03.11
Furniture & Fixtures	33,363,828	—	—	33,363,828	19,010,189	1,952,898	—	20,963,087	14,353,639	12,400,740
Land & Buildings	57,733,679	—	—	57,733,679	6,830,455	583,273	—	7,413,728	50,903,224	50,319,951
Plant & Machinery										
Air Conditioners	5,909,376	—	—	5,909,376	2,596,447	258,275	—	2,854,722	3,312,929	3,054,654
Computers & Accessories	135,037,575	917,000	—	135,954,575	123,042,308	4,698,434	—	127,740,743	11,995,267	8,213,833
Office Equipments	14,813,375	—	—	14,813,375	7,538,924	790,038	—	8,328,962	7,274,451	6,484,413
Softwares	177,536,842	—	—	177,536,842	158,146,966	5,764,944	—	163,911,910	19,389,876	13,624,932
Goodwill	716,303,754	—	—	716,303,754	—	—	—	—	716,303,754	716,303,754
Copyrights	27,175,655	—	—	27,175,655	10,870,262	5,435,131	—	16,305,393	16,305,393	10,870,262
Goodwill on Consolidation*	692,832,154	—	692,832,154	—	—	—	—	—	692,832,154	—
Total	1,860,706,238	917,000	692,832,154	1,168,791,084	328,035,551	19,482,993	—	347,518,543	1,532,670,687	821,272,539
Previous Year – 31.03.2010	2,019,355,667	2,133,748	7,097,358	2,014,392,057	446,462,809	38,698,252	5,836,938	479,324,122	1,572,892,857	1,535,067,934

* The values in Fixed Assets Schedule includes Reinstatement of Assets in Foreign Currency.

Schedule 6

Sundry Debtors

a. Debts considered Good, but Unsecured			
i. Debts outstanding for a period exceeding 2 years	188,615,853	381,504,152	
ii. Debts outstanding more than 6 Months but less than 2 years	145,280	160,463,075	
ii. Other Debts	23,033,744	43,985,275	
	211,794,877	585,952,502	
	211,794,877	585,952,502	

Schedule 7

Cash & Bank Balances

a. Cash on Hand		13,659	36,029
b. Bank Balance with Scheduled Banks			
i. in EEFC Accounts	37,599	37,599	
ii. in Other Accounts	(1,932,612)	4,906,821	
iii. in Margin Money & Gratuity Account	796,200	796,200	
iv. in Dividend Account	1,285,270	1,286,610	
	186,457	7,027,230	
	200,116	7,063,259	

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT (Contd.)

	31.03.2011	31.03.2010
(in Rs.)		
Schedule 8		
Loans & Advances		
a. Loan to employees	10,000	6,632,395
b. Advances others	31,649,613	71,489,555
c. Deposits	4,757,467	5,885,350
d. Due from Revenue authorities	28,054,011	24,550,805
e. Unbilled revenue	-	2,700,000
f. Other Assets	-	64,097
	<u>64,471,091</u>	<u>111,322,202</u>
Schedule 9		
Current Liabilities		
a. Sundry Creditors - For Expenses	239,529,958	271,176,608
b. Other Liabilities	10,396,160	53,963,221
c. Dividend Payable - 6% - FY 2006-07	1,104,095	1,105,345
- 3% - FY 2007-08	181,216	181,306
d. Duties & Taxes Payable	15,021,912	17,987,899
	<u>266,233,341</u>	<u>344,414,378</u>
Schedule 10		
Provisions		
a. Provision for Expenses	3,317,905	4,531,767
b. Provision for Dividend & Dividend Tax	1,367,103	1,367,103
c. Provision for Taxes	3,798,310	3,798,310
	<u>8,483,318</u>	<u>9,697,180</u>
Schedule 11		
Miscellaneous Expenses to the extent not written off		
a. General Reserve		
Opening Balance	(49,462,799)	(49,462,799)
Add: Transfer during the year	-	-
	(49,462,799)	(49,462,799)
b. Profit & Loss Account		
Opening Balance	175,010,789	(230,523,457)
Add: Received during the year (Profit) / Loss	1,090,466,185	198,479,694
	1,265,476,973	(32,043,763)
c. Exchange Re-instatement Reserve	(3,308,446)	249,109,080
	<u>1,212,705,729</u>	<u>167,602,518</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	For the year ended 31.03.2011	(in Rs.) For the year ended 31.03.2010		For the year ended 31.03.2011	(in Rs.) For the year ended 31.03.2010
Schedule 12			Schedule 15		
Software Services			Administrative Expenses		
a. Overseas Revenue	145,481,585	342,651,186	(a) Communication Expenses, Postage & Courier	5,718,976	6,171,475
b. Domestic Revenue	31,361,218	36,275,876	(b) Rent & Amenities	4,785,964	9,163,684
	<u>176,842,803</u>	<u>378,927,062</u>	(c) Repairs & Maintenance	2,138,121	3,380,341
Schedule 13			(d) Legal & Professional Fees	4,283,986	15,266,261
Other Income			(e) Rates & Taxes	602,498	2,108,351
a. Interest Income	-	-	(f) Power & Fuel	1,498,972	2,403,429
b. Other Income	374,480	57,538	(g) Insurance Charges	12,033,522	16,595,410
	<u>374,480</u>	<u>57,538</u>	(h) Printing & Stationery	572,539	583,017
Schedule 14			(i) Local Conveyance, Transportation & Freight	1,324,798	819,345
Compensation & Benefits			(j) Audit Fees	1,022,896	1,335,599
a. Salaries & Allowances	144,282,942	270,724,152	(k) Bank Charges	98,210	899,041
b. PF, ESI, PT & LWF Contributions	1,514,209	14,121,328	(l) Secretarial Expenses	190,966	88,608
c. Directors' Remuneration	2,700,000	2,700,000	(m) Training, Retainer Fees & Recruitment Exp	-	5,395
d. Bonus & Ex-gratia	21,430	31,200	(n) Other Expenses	1,356,306	2,342,034
e. Staff Welfare Expenses	324,275	467,390	(o) Loss / (Gain) on Exchange Realisation	(33,101)	2,636,924
	<u>148,842,856</u>	<u>288,044,071</u>	(p) Bad Debts Written Off	161,859,257	15,780,970
				<u>197,453,910</u>	<u>79,579,884</u>

Quintegra Solutions Limited

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT (Contd.)

	For the year ended 31.03.2011	(in Rs.) For the year ended 31.03.2010		For the year ended 31.03.2011	(in Rs.) For the year ended 31.03.2010
Schedule 16			Schedule 18		
Selling & Distribution Expenses			Depreciation, Amortisation & Exceptional Items		
a. Travel Foreign & Inland	7,368,534	8,163,281	(a) Depreciation on Assets & amortization expense	19,482,993	38,698,251
b. Business Development Expenses	1,609,207	1,939,344	(b) Write off of account balances of subsidiary - PAC	13,216,839	41,679,943
	8,977,741	10,102,625	(c) Diminution in Value of Investments - PAC	755,593,800	-
Schedule 17				788,293,632	80,378,194
Interest & Finance Charges					
a. Interest on Unsecured Loan	-	(8,115,618)			
b. Interest - Others	124,115,329	127,423,020			
	124,115,329	119,307,402			
* Refers to the reversal of interest provided last year on the interest free unsecured loan.					

Schedule 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE CONSOLIDATED FINANCIALS

I. SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the accounting principles generally accepted in India and comply with mandatory accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

2 Principles of consolidation and use of estimates

2.1 The consolidated financial statements include the financial statements of Quintegra and all its wholly owned subsidiaries. The financial statements of the parent company and its majority owned / controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances / transactions and resulting unrealized gain / loss.

2.2 The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2.3 The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt within the period in which results are known/materialize.

3. Fixed Assets and depreciation / amortization

3.1 Fixed assets are stated at historical cost. Cost includes related taxes, duties, freight, insurance etc., attributable to acquisition, installation and up gradation of assets and borrowing cost incurred up to date in which assets are ready for its installed use, but excludes duties and taxes that are recoverable subsequently from taxing authorities.

3.2 Intangible Assets are stated at development / acquisition cost less accumulated amortization and impairment. Development expenses of the following copyrights namely - EduCampus, HMIS, HBfX and IPLg have been capitalized in the financials as Intangible Assets. The intangible assets are amortized over a period of 5 years.

3.3 Depreciation on Buildings, Plant & Machinery, Vehicles, Computers, Furniture and Office Equipments is calculated on straight line method - single shift basis based on rates prescribed in Schedule XIV to the Companies Act, 1956.

3.4 Depreciation / amortization on additions during the year are provided on a pro rata basis from the date, the assets are put to use. In respect of assets sold or disposed off during the year, depreciation / amortization is provided till the date of sale or disposal of the assets.

3.5 Fixed assets of the foreign branches have been reinstated at the exchange rate prevailing on the date of transaction.

4 Impairment of assets

The management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher than the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

5 Goodwill

The excess cost of acquisition over the carrying value of the net assets on the date of merger is recognized in the financial statements as goodwill. The Company evaluates carrying value of its goodwill whenever events or change in circumstance indicate that its carrying value may be impaired for diminution other than temporary. The value of the Goodwill in the books as at 31 March 2011 is Rs 71.63 crores. (PY - Rs. 71.63 crores)

However, the Company presently reassessed that there are no circumstances or change in circumstances to indicate any diminution in the carrying value of goodwill.

6 Investments

Investments are either classified as either current or long-term based on management intention at the time of purchase. Current investments are carried at the lower of cost or market value. Long-term investments are stated at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Cost of overseas investments comprises the Indian rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. The wholly owned subsidiary 'Pingho Associates Corporation' (the Company) incorporated in USA ceased its business operation during the year and filed a voluntary chapter 11 bankruptcy protection petition to reorganize its business with US bankruptcy court, Eastern District of Virginia, USA.

Significant Accounting Policies and Notes on Accounts (Contd.)

7 Revenue Recognition

- 7.1** Revenue from software development services comprises revenue from time and material and fixed-price contracts.
- 7.2** Revenue from time and material contracts are recognized as related services are performed.
- 7.3** Revenue from fixed-price contracts are recognized in accordance with the percentage of completion method / as per the terms of the contract.
- 7.4** Maintenance revenue is considered on acceptance of the contract and is accrued over the period of the contract. Other income is recognized on accrual basis.
- 7.5** Revenue from customer training, support and other services is recognized as the related services are performed.
- 7.6** Cost and related earnings in excess of billings are classified as 'Unbilled revenues' under loans and advances while the billing in excess of cost and related earnings is classified as 'Unearned revenue' under current liabilities.
- 7.7** Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

8 Foreign Currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of accounts at the average rate for the month.

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the profit and loss account.

Translation:

Monetary foreign currency assets and liabilities at period end are restated at the closing rate. The difference arising from the restatement is recognized in the profit and loss account.

The Company did not elect to exercise an irrevocable option to amortize exchange rate fluctuation on long term foreign currency monetary asset/ liability over the life of the asset/ liability or by March 31, 2011, whichever is earlier, subsequent to the amendment to AS-11 by the Ministry of Corporate affairs.

Non integral Operations

The Consolidated Financial Statements are prepared in Indian Rupees, which is the functional currency for us. The translation of the functional currencies into the reporting currency is performed for assets and liabilities of the foreign subsidiaries currency using the current exchange rates in effect at the balance sheet date, for revenues, costs and expenses using average exchange rates prevailing during the reporting periods and for share capital, using exchange rate at the date of transaction. The resultant translation exchange gain/loss has been disclosed as "Profit/ (Loss) on Foreign Exchange Re-instatement Reserve" under Reserves and Surplus. All Income and expenditure transactions of the foreign branch during the year are included in these accounts at the average rate of exchange. Monetary assets and liabilities are stated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction.

9 Employee Benefits

- a.** Short term employee benefit obligations are estimated and provided for.
- b.** Post employment benefits and other long term employee benefits.

(i) Defined Contribution plans

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to revenue.

(ii) Defined benefit plans and compensated absences

Company's liability towards gratuity, other retirement benefits and compensated absences are not actuarially determined. In accordance with the Payment of Gratuity Act, 1972 the company provides for a lump sum payment

to eligible employees, at retirement or termination of employment based on the last drawn salary and year of employment with the company. The gratuity fund is managed by SBI Gratuity Fund. The gratuity obligation is provided for based on estimates from SBI gratuity fund. The company records an obligation for compensated absences in the period in which the employee renders services that increase this entitlement. The company measures the expected cost of compensated absence as the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

10 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

12 Earnings per share

Basic

The number of equity shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period excluding equity shares held by controlled trust.

Diluted:

The number of equity shares used in computing diluted earnings per share comprises the weighted average equity shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued if any.

13 Accounting for Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements of each entity in the Company.

Deferred taxes are recognized in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period. For this purpose, reversal of timing difference is determined using first in first out method.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantive enactment date.

Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

Quintegra Solutions Limited

Significant Accounting Policies and Notes on Accounts (Contd.)

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

14 Research and development cost

Research costs are expenses as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the cost can be measured reliably.

15 Financial Instruments

The company does not have any risk management policy with respect to risk of foreign exchange fluctuations and is not a party to the contractual provisions of the instrument.

II Notes on Accounts

A Contingent Liability & Commitments

The following Income Tax dues have not been deposited on account of dispute as detailed under.

Rs. In Lacs

Statute	*Assessed/ Reassessed Demand	Assessment Year	Forum where dispute is pending
Income Tax Act, 1961	16.24	2002-03	ITAT
	6.53	2004-05	-
	12.31	2006-07	ITAT
U/s 269UC and 269 UL(2) Income Tax Act, 1961	5.00 [#]	2002-03	City Civil Court

* The above figures are net of taxes paid on self assessment. As against the above assessed / Reassessed demands, Rs.1.07 Crores has been recovered from the company towards various assessment years, by the Income Tax Department.

[#] Of the above demand Rs.2 Lacs have been paid.

- The company has given a Bank guarantee to the tune of Rs.7.75 Lacs favoring "The Commissioner of Customs, Chennai" towards purchase of duty exempted Capital goods.
- The company has been convicted by the trial court, Chennai to pay fine of Rs.2.5 Lacs for each (against which Rs.2 Lacs paid) of the offences u/s 269UC and 269UL(2) read with 276 AB of Income Tax Act, 1961. The company went on appeal against the same with Principal Sessions Judge, City Civil Court, Chennai.

B Secured Loans / Borrowings

The various fund based facilities availed from State Bank of India is secured primarily by the first charge on the current assets of the company and collaterally secured by immovable properties situated at Chennai and Kodaikanal belonging to the company, hypothecation of movable assets belonging to the company. The facilities are further collaterally secured by pledge of 20 Lac Shares of the company in the name of Chairman and personal guarantee of the Chairman.

The Non-Fund based facility is secured primarily by the counter guarantee from the company and extension of the charge on the current assets of the company apart from the collateral security and personal guarantee mentioned above.

The company defaulted in payment of its interest and principal portion of its various credit facilities availed from the State Bank of India during the year and the unpaid interest provided for in the books amounts to Rs.21.03 Crores.

C Investment in Subsidiary

The wholly owned subsidiary 'Pingho Associates Corporation' (the Company) incorporated in USA ceased its business operation during last year and filed a voluntary chapter 11 bankruptcy protection petition to reorganize its business with US bankruptcy court, Eastern District of Virginia, USA. Hence the whole investment along with inter

company receivables have been written off during the year amounting to Rs.76.88 Crores. Hence the same have not been considered in consolidated financials.

D Segment reporting

The Segment reporting of the company has been prepared in accordance with the AS 17 "Segment Reporting" issued pursuant to the Companies (Accounting Standard) Rules, 2006 and by The Institute of Chartered Accountants of India.

The Company's operation was focused on BFSI, QASS, Other emerging verticals. Accordingly, these three business divisions comprise a significant portion of the primary basis for the segmental information set out in these financial statements.

Secondary Segmental reporting is reported on the basis of the Geographical location of the customers. Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

Business Segment (Primary) (Rs. in Lacs)

Segmental Revenues	
BFSI	516.15
QASS	471.67
Other Emerging Verticals	780.60
	1,768.42

Segmental Profit before Interest, Depreciation & Tax

BFSI	(565.15)
QASS	(442.08)
Other Emerging Verticals	(777.08)
	(1,784.31)

Less: Finance Charges	1,241.15
Depreciation	194.83

Profit from Operations (3,220.29)

Add: Other Income	3.74
Less: Exceptional Items	7,688.11

Profit before Tax **(10,904.66)**

Less: Income Tax including Deferred tax	-
---	---

Profit after Taxation **(10,904.66)**

Geographical Segment (Secondary)

Segmental Revenues	
India	350.62
USA	1,356.06
Malaysia	61.74
	1,768.42

E Related party transactions

Disclosure is being made below separately for all the transactions with related parties as specified under AS 18 - Related Party Disclosure issued pursuant to the Companies (Accounting Standard) Rules, 2006 and by The Institute of Chartered Accountants of India.

(i) The Company has transactions with the following related parties:

Subsidiary companies: Quintegra Solutions Limited U.K, Quintegra Solutions (M) Sdn Bhd, Quintegra Solutions GmbH, Quintegra Solutions Ireland Limited and PAC Inc., All these financials of these subsidiaries have been consolidated.

Directors & Key Management Personnel or Companies in which they are interested:

Mr V Shankarraman and Mr V Sriraman
Trusted Aerospace Engineering Limited

Significant Accounting Policies and Notes on Accounts (Contd.)
(ii) Transactions with related parties

(in Rs)

Particulars	2010-11	2009-10
Subsidiary Companies		
Investment in Subsidiary Companies	10,371,171	765,964,971
Advances (from) / to Subsidiary Companies / Branch	1,348,119	(117,659,245)
Advances or loan received from other than Subsidiary Companies / Branch	101,118,162	10,64,96,462
Directors & Key Management Personnel and Remuneration paid to them		
Salary to Mr. Shankarraman Vaidyanathan	21,00,000	21,00,000
Salary to Mr. V Sriraman	6,00,000	6,00,000

F Earnings Per Share

Earnings Per Share is calculated as per AS 20 - Earnings Per Share issued pursuant to the Companies (Accounting Standard) Rules, 2006 and by The Institute of Chartered Accountants of India.

(in Rs)

Particulars	2010-11	2009-10
Net Profit Available for Equity Shareholders	(1,090,466,185)	(198,479,694)
Weighted Average No. of Equity Shares for Basic EPS	26,813,830	26,813,830
Weighted Average No. of Equity Shares for Diluted EPS	27,076,075	27,076,075
No. of Options Granted	968,020	
No. of Options Forfeited / Surrendered	692,045	
No. of Options Exercised	13,730	
No. of Options in Force	262,245	262,245
A. Basic EPS	(40.67)	(9.93)
B. Diluted EPS	(40.27)	(9.83)

G Break-up of audit fees: (excl. Service Tax)

(in Rs)

Particulars	2010-11	2009-10
For Statutory & Tax Audit	150,000	609,479
For Branch / Subsidiary Audit Fees	792,896	644,490
For Certification & Consultation in Tax & Other Matters	80,000	60,000
	10,22,896	13,13,969

H Expenditure in foreign currency

(in Rs)

Particulars	2010-11	2009-10
Travel Foreign	378,030	1,331,044
Expenses met by Overseas Offices	143,335,120	289,594,936
	143,713,150	290,925,980

I Earnings in foreign currency

(in Rs)

Particulars	2010-11	2009-10
Revenue from Software Exports	176,842,803	378,927,062

J Due to Small Scale Industries

There are no dues to Small Scale Industries, which are outstanding for more than 30 days at the Balance Sheet date. Such information regarding Small Scale Undertaking has been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the Auditors.

K Taxes on income

The company accumulates huge losses as on 31st March 2011. Even though there is virtual certainty in making profit in the future years in the view of management, as a matter of prudence the deferred tax assets are not recognized in the books of account and liability provided for in the earlier years have not been reversed.

Provisions for interest on taxes due is not provided for since the excess provisions created in earlier years are sufficient to cover the same.

L Quantitative details

The company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in generic unit. Hence it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

M Going Concern and Liquidity

The financial statements of the company have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The company has reported a net loss of Rs. 109.04 Crores for the year ended 31st March 2011. The management has addressed the criticality of the issue in the company and has initiated various steps, including but not limited to negotiating the terms of the existing debt with the bankers of the company and opting for one time settlement and other significant business proposals. The management is confident of successfully completing these initiatives and thereby commences profitable business operations into the foreseeable future.

Quintegra Solutions Limited

CONSOLIDATED CASH FLOW STATEMENT

(in Rs.)

	For the year ended 31.03.2011	For the year ended 31.03.2010
A Cash Flow from Operating Activities		
Net profit/(Loss) before tax, as per profit and loss account	(1,090,466,185)	(198,427,575)
<i>P & L adjustments:</i>		
Depreciation & Amortisation	19,482,993	38,698,251
Other Non Cash Expenses (Net)*	47,760,222	11,808,242
Interest & Finance charges	124,115,329	119,307,402
Other income	(374,480)	(57,538)
	<u>190,984,065</u>	<u>169,756,356</u>
<i>Operating profit before changes in working capital</i>	(899,482,120)	(28,671,219)
<i>Changes in current assets & current liabilities</i>		
Changes in inventory	-	-
Trade and other Advances	421,008,736	206,661,192
Trade payables & other liabilities#	(79,394,900)	(50,877,079)
	<u>341,613,835</u>	<u>155,784,113</u>
Less : Taxes paid	-	52,119
Cash generated from operations	<u>(557,868,285)</u>	<u>127,060,775</u>
* This includes effects of elimination of PAC balances, exchange reinstatement & value of diminution in investments.		
# This includes interest provided but unpaid on secured loan from SBI.		
B Cash Flow from Investing Activities		
Purchase of fixed assets	(917,000)	(2,133,748)
Sale of fixed assets	692,832,154	1,260,420
Other income	374,480	57,538
Capital Work in Progress	-	-
Miscellaneous expenditure / Investments	-	-
Net cash from investing activities	<u>692,289,634</u>	<u>(815,790)</u>
C Cash Flow from Financing Activities		
Increase in equity	-	-
Borrowings	(17,169,163)	(3,377,575)
Interest paid	(124,115,329)	(119,307,402)
Net cash from financing activities	<u>(141,284,492)</u>	<u>(122,684,977)</u>
D Net Increase in Cash and Cash Equivalents	(6,863,143)	3,560,008
Cash and cash equivalents at the beginning of the year	7,063,259	3,503,251
Cash and cash equivalents at the end of the year	200,116	7,063,259

This is the Cash Flow Statement referred to in our report of even date

For **Gopikumar Associates**

Chartered Accountants

FRN : 000981S

S Gopinath

Partner

M. No. 023854

Place : Chennai

Date : 02.09.2011

For and on behalf of the Board of Directors

Shankarraman Vaidyanathan

Chairman and Managing Director

V Sriraman

Wholtime Director

V Sankar

Company Secretary

QUINTEGRA SOLUTIONS LIMITED, UK

CORPORATE INFORMATION

Directors	Shankarraman Vaidyanathan Rengharajan Ramachandran Sriraman Vaidyanathan
Secretary	Sriraman Vaidyanathan
Company Number	4351063
Registered Office and Business Address	68 St Margarets Road, Edgware Middlesex HA8 9UU
Auditors	Ashley King Ltd 68 St Margarets Road, Edgware Middlesex HA8 9UU
Bankers	HSBC Bank Plc 39 Tottenham Court Road London W1T 2AR

DIRECTORS' REPORT

(For the year ended 31 March 2011)

The directors present their report and financial statements for the year ended 31 March 2011.

Principal Activities

The company commenced to trade on 1st September 2003 and its principal activity during the period under review was that of the provision of computer software development and support services, computer software products and other information technology related services.

Directors

The following directors have held office since 1 April, 2010:

Shankarraman Vaidyanathan
Rengharajan Ramachandran
Sriraman Vaidyanathan

Auditors

In accordance with the company's articles, a resolution proposing that Ashley King Ltd be reappointed as auditors of the company will be put at a General Meeting.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report 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 of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board

Place : Middlesex
Date : 14.06.2011

Shankarraman Vaidyanathan
Director

INDEPENDENT AUDITORS' REPORT

To the Members of Quintegra Solutions Limited

We have audited the financial statements of Quintegra Solutions Limited for the year ended 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

an auditors' report 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 Directors' Responsibilities Statement, 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 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 Ethical Standards

Quintegra Solutions Limited, UK

INDEPENDENT AUDITORS' REPORT (Contd.)

for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 9 to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 31 March 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' Report 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

Rajendrakumar Patel
(Senior Statutory Auditor)
for and on behalf of Ashley King Ltd
Chartered Accountants
Statutory Auditor

68 St Margarets Road
Edgware
Middlesex
HA8 9UU

20.06.2011

BALANCE SHEET AS AT

	Notes	31.03.2011 £	31.03.2010 £
Fixed assets			
Intangible assets	4	-	15,885
Current assets			
Cash at bank and in hand		397	1,380
Creditors: amounts falling due within one year	5	(1,200)	(1,140)
Net current (liabilities) / assets		(803)	240
Total assets less current liabilities		(803)	16,125
Creditors: amounts falling due after more than one year	6	(133,929)	(133,736)
		(134,732)	(117,611)
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	(134,733)	(117,612)
Shareholders' funds		(134,732)	(117,611)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 14.06.2011

Shankarraman Vaidyanathan
Director
Sriraman Vaidyanathan
Director
Company Registration No. 4351063

Date : 14.06.2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED

	Notes	31.03.2011 £	31.03.2010 £
Administrative expenses		(17,121)	(20,857)
Loss on ordinary activities before taxation	2	(17,121)	(20,857)
Tax on loss on ordinary activities	3	-	-
Loss for the year	8	(17,121)	(20,857)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

These financial statements have been prepared on a going concern basis, on the assumption that it will continue to receive the support of its parent company. If the parent company withdraws its support, then the going concern basis will not be appropriate and consequential adjustments may become necessary to these financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011 (Contd.)

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

	For the year ended 31.03.2011 £	For the year ended 31.03.2010 £
2. Operating Loss		
Operating loss is stated after charging:		
Amortisation of intangible assets	15,885	17,327
Auditors' remuneration	<u>1,200</u>	<u>1,150</u>
3. Taxation		
No provision for corporation tax has been made as no liability is expected to arise on the results for the period.		
4. Intangible Fixed Assets		Goodwill £
Cost		
At 1 April 2010 & at 31 March 2011		127,265
Amortisation		
At 1 April 2010		111,380
Charge for the year		<u>15,885</u>
At 31 March 2011		127,265
Net book value		
At 31 March 2011		-
At 31 March 2010		<u>15,885</u>

	For the year ended 31.03.2011 £	For the year ended 31.03.2010 £
5. Creditors: amounts falling due within one year		
Other creditors	<u>1,200</u>	<u>1,140</u>
6. Creditors: amounts falling due after more than one year		
Other creditors	<u>133,929</u>	<u>133,736</u>
Analysis of loans		
Wholly repayable within five years	<u>133,929</u>	<u>133,736</u>
Other loans include long term loans of £ 133,929 (2010 - £ 133,736) from the company's parent, Quintegra Solutions Limited, of Chennai, India.		
7. Share capital		
Allotted, called up and fully paid		
1 Ordinary of £ 1 each	<u>1</u>	<u>1</u>
8. Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 April 2010		(117,612)
Loss for the year		<u>(17,121)</u>
Balance at 31 March 2011		<u>(134,733)</u>
9. Auditors' Ethical Standards		
In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.		

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

	For the year ended 31.03.2011 £	For the year ended 31.03.2010 £
Administrative expenses	(17,121)	(20,857)
Operating loss	<u>(17,121)</u>	<u>(20,857)</u>
Loss before taxation	<u>(17,121)</u>	<u>(20,857)</u>

SCHEDULE OF ADMINISTRATIVE EXPENSES

	For the year ended 31.03.2011 £	For the year ended 31.03.2010 £
Administrative expenses		
Rates	-	1,777
Audit fees	1,200	1,150
Bank charges	36	37
Sundry expenses - allowable	-	566
Depreciation on intangible assets	<u>15,885</u>	<u>17,327</u>
	<u>17,121</u>	<u>20,857</u>

QUINTEGRA SOLUTIONS (M) SDN. BHD.

CORPORATE INFORMATION

Company Number	711835 - K
Directors	Audrena Binti Sany Albert Moverie Rajakumari A/P K. Karupiah Sriraman Vaidyanathan Shankarraman Vaidyanathan
Secretary	Loh Lik Khan
Registered Office	Suite 1007, 10th Floor, Wisma Lim Foo Yong 86, Jalan Raja Chulan 50200 Kuala Lumpur
Auditors	HALS & Associates

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31st March 2011.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of Software Development. There has been no significant change in this activity in the year.

RESULTS FOR THE YEAR

Profit for the year after taxation	RM 1,794
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RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES

The Company did not issue any new shares during the financial year.

OTHER STATUTORY INFORMATION

Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- not otherwise dealt within this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- any contingent liability in respect of the Company which has arisen since the end of the financial year.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

- the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS

The directors who have held office since the date of the last report are:

Audrena Binti Sany Albert (f)
Moverie Rajakumari A/P K. Karupiah
Sriraman Vaidyanathan
Shankarraman Vaidyanathan

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the directors or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

By virtue of the directors' interests in the shares of the holding company, all the directors are deemed to have interests in the shares of the Company to the extent that the holding company has interests.

Other than as stated above, none of the directors in office held any interest in shares in the Company at the end of the financial year.

HOLDING COMPANY

The Company is a wholly owned subsidiary of Quintegra Solutions Limited a company incorporated in The Republic of India.

AUDITORS

The Auditors, Messers HALS & Associates have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors

Place : Kuala Lumpur
Date : 27.07.2011

**Shankarraman
Vaidyanathan**
Director

**Sriraman
Vaidyanathan**
Director

STATEMENT BY DIRECTORS

We, **Shankarraman Vaidyanathan** and **Sriraman Vaidyanathan**, being two of the directors of **QUINTEGRA SOLUTIONS (M) SDN. BHD.**, do hereby state that in our opinion, the financial statements are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the results of its operations and of the cash flows of the Company for the year ended on that date.

For and behalf of the Board

Place : Kuala Lumpur
Date : 27.07.2011

**Shankarraman
Vaidyanathan**
Director

**Sriraman
Vaidyanathan**
Director

STATUTORY DECLARATION

I, **Shankarraman Vaidyanathan**, being the director primarily responsible for the accounting records and financial management of **QUINTEGRA SOLUTIONS (M) SDN. BHD.**, do solemnly and sincerely declare that the financial statements of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960

Subscribed and solemnly declared by the above named at Kuala Lumpur

Date : 27.07.2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUINTEGRA SOLUTIONS (M) SDN. BHD.

Report on the Financial Statements

We have audited the accompanying financial statements of **QUINTEGRA SOLUTIONS (M) SDN. BHD.**, which comprise the balance sheet as at 31st March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out therein.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. 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 of 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors 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 opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st March 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HALS & ASSOCIATES (AF. 0755)
Chartered Accountants

Place : Kuala Lumpur
Date : 27.07.2011

Subramaniam Sankar
BIL 925/02/12(J/PH)
Partner

Quintegra Solutions (M) Sdn. Bhd.

BALANCE SHEET AS AT

	Note	31.03.2011 RM	31.03.2010 RM
ASSETS			
FIXED ASSETS	6	1	1,456
CURRENT ASSETS			
Trade receivables		132,321	16,913
Other receivables, deposits and prepayments		9,120	61,411
Amount due from holding company	7	1,572,905	1,564,773
Cash and bank balances		1,242	770
		1,715,588	1,643,867
CURRENT LIABILITIES			
Other payables and accruals		17,646	11,023
Amount due to a Related Company	8	1,097,253	1,030,190
Bank Overdraft			5,214
		1,114,899	1,046,427
NET CURRENT ASSETS		600,689	597,440
		600,690	598,896
<i>Financed by:</i>			
SHARE CAPITAL	9	621,725	621,725
ACCUMULATED LOSSES		(21,035)	(22,829)
SHAREHOLDER'S FUNDS		600,690	598,896

INCOME STATEMENT FOR THE YEAR ENDED

	Note	31.03.2011 RM	31.03.2010 RM
REVENUE		411,621	253,146
Add: Other Income		9,000	-
		420,621	253,146
Less: Administrative Expenses		(418,827)	(629,352)
PROFIT/(LOSS) Before Taxation	10	1,794	(376,206)
TAXATION	11	-	-
PROFIT/(LOSS) After Taxation		1,794	(376,206)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2011

	Share Capital	Retained profit/ (Accumulated Losses)	(RM) Total
Balance at 1st April 2009	621,725	353,377	975,102
Loss for the year	-	(376,206)	(376,206)
Balance at 31st March 2010	621,725	(22,829)	598,896
Profit for the year	-	1,794	1,794
Balance at 31 March 2011	621,725	(21,035)	600,690

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31.03.2011 RM	31.03.2010 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,794	(376,206)
Adjustment for:		
Bad debts written off	16,913	-
Depreciation	-	45,050
Operating profit/(Loss) before working capital changes	18,707	(331,156)
Increase in receivables	71,249	198,752
Increase in payables	68,472	449,881
Net cash generated from Operating Activities	158,428	317,477
CASH FLOWS FROM INVESTING ACTIVITY		
Less on disposal of fixed assets	-	(63,450)
Net cash generated from Investing activity	158,428	254,027
Net increase/(decrease) in cash and cash equivalents	5,686	(16,577)
Cash and cash equivalents at beginning of the year	(4,444)	12,133
CASH AND CASH EQUIVALENT AT END OF YEAR	1,242	(4,444)

NOTES TO THE FINANCIAL STATEMENTS 31ST MARCH 2011

1. GENERAL

The financial statements of the Company are expressed in Malaysian Ringgit (RM).

The Company was incorporated in Malaysia as a private company limited by shares. It is resident in Malaysia with its registered office at Suite 1007, 10th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur and principal place of business at 2B-7-3, Plaza Sentral, Jalan Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of software development. There has been no significant change in this activity during the financial year.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Accounting Standards Board's ("MASB") Private Entity Reporting Standards and the provisions of the Companies Act, 1965.

4. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company have been approved by the Board of Directors for issuance on 27.07.2011.

5. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

The carrying amounts of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of fixed assets exceeds its recoverable amount. The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write down or write off not occurred.

Depreciation is calculated to write off the cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates used are:

	%
Computer & Accessories	33.33

(c) Receivables

Known bad debts are written off and specific allowance is made for debts which are considered doubtful.

(d) Taxation and Deferred Taxation

Provision for taxation is made based on the amount of tax estimated to be payable on profits adjusted for tax purposes and is measured using the tax rates that have been enacted at the balance sheet date. Deferred tax is provided by the balance sheet liability method based on all taxable temporary differences by comparing carrying amounts of assets and liabilities and their corresponding tax bases.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(e) Cash and Cash Equivalents

Cash consists of cash at bank and in hand including bank overdrafts and deposits.

Cash equivalents consists of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

(f) Payables

Payables are stated at cost which is the consideration to be paid in the future for product and services rendered.

6. FIXED ASSETS

The details of fixed assets are as follows:-

2011 Cost:	At 1st April 2010	Addition	RM	
			At 31st March 2011	
Computer and accessories	135,163	-	135,163	

Accumulated Depreciation:	At 1st April 2010	Charge for the year	RM	
			At 31st March 2011	Net Book Value 31st March 2011
Computer and accessories	133,707	1,455	135,162	1

2010 Cost:	At 1st April 2010	Addition	Disposal	At 31st March 2011	
Computer and accessories	135,163	-	-	135,163	
Furniture & Fittings	80,230	-	(80,230)	-	
Office Equipment	47,440	-	(47,440)	-	
Renovation	79,980	-	(79,980)	-	
Total	342,813	-	(207,650)	135,163	

Accumulated Depreciation:	At 1st April 2009	Charge for the year	Disposal	At 31st March 2010	
				Net Book Value 31st March 2010	
Computer and accessories	88,657	45,050	-	133,707	1,456
Furniture & Fittings	55,715	-	(55,715)	-	-
Office Equipment	32,943	-	(32,943)	-	-
Renovation	55,542	-	(55,542)	-	-
Total	232,857	45,050	(144,200)	133,707	1,456

7. AMOUNT DUE FROM HOLDING COMPANY

The Company is a wholly owned subsidiary of Quintegra Solutions Limited, a company incorporated in The Republic of India.

The amount due represents advances made and is unsecured, interest free with no fixed term of repayment.

8. AMOUNT DUE TO RELATED COMPANY

The amount due represents advances made, which is unsecured, interest free with no fixed term of repayment.

9. SHARE CAPITAL

	RM	
	2011	2010
(a) Authorised: 1,000,000 Ordinary shares of RM1/- each	1,000,000	1,000,000
(b) Issued and fully paid: 621,725 Ordinary shares of RM 1/- each	621,725	621,725

Quintegra Solutions (M) Sdn. Bhd.

10. PROFIT/(LOSS) BEFORE TAXATION

	2011	RM 2010
Profit/(Loss) before taxation is stated after charging/ (crediting):		
Audit fee	3,000	3,000
Depreciation	1,455	45,050
Director fees	1,845	3,600
Loss on disposal of fixed assets	-	63,450
Rental expenses	73,979	169,060
Bad debts written off	16,913	-
	<u>16,913</u>	<u>-</u>

11. TAXATION

There is no charge to taxation as the Company has been granted pioneer status under The Promotion of Investments Act, 1986, for a period of 5 years from 24 July, 2006 whereby the income of the Company will be exempted from taxation during the period.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2011	RM 2010
Profit/(Loss) before taxation	1,794	(376,206)
Taxation at Malaysian Statutory tax rate of 20% (2009: 20%)	359	(75,241)
Expenses not deductible for tax purposes	1,214	23,214
Utilisation of previously unrecognised loss	(1,573)	52,027
Tax expense for the year	<u>-</u>	<u>-</u>

The Company has approximately RM463,000 (2010: RM463,000) in tax exempt account to frank distributable reserve. The above are subject to the approval of tax authorities.

12. CASH AND CASH EQUIVALENTS AT END OF THE YEAR

	2011	RM 2010
Cash and bank balances	1,242	770
Bank overdraft	-	(5,214)
	<u>1,242</u>	<u>(4,444)</u>

DETAILED INCOME STATEMENT FOR THE YEAR ENDED

	31.03.2011	RM 31.03.2010
REVENUE	411,621	253,146
OTHER INCOME	9,000	-
	<u>420,621</u>	<u>253,146</u>
Less: ADMINISTRATIVE EXPENSES		
Audit fee	3,000	3,000
- current year provision	16,913	-
Bad debts written off	439	1,393
Bank charges	1,455	45,050
Depreciation	4,752	11,343
EPF	198	7,867
HRD Contribution	2,756	-
Local conveyance	-	1,943
Insurance	-	63,450
Loss on disposal of fixed assets	1,845	3,600
Nominee Directors' Fee	1,183	426
Postages & Courier	774	477
Printing and stationery	742	37,271
Professional Fees	8,841	-
Payroll service charges	73,979	169,060
Rental Expenses	11,079	8,205
Repair and Maintenance	229,533	228,026
Salaries	3,874	2,940
Secretarial and filing fee	620	1,137
SOCSO	230	960
Staff Welfare	-	4,632
Tax Agent's Fee	14,931	16,936
Telephone and Communication Expenses	29,108	11,224
Travelling Expenses	4,970	10,412
Water and Electricity Charges	7,605	-
Visa and Immigration expenses	<u>418,827</u>	<u>629,352</u>
NET PROFIT/(LOSS) FOR THE YEAR	1,794	(376,206)

QUINTEGRA SOLUTIONS GmbH

CORPORATE INFORMATION

General Manager	Shankarraman Vaidyanathan
Domicile	Stromberger Strasse 2 55545, Bad Kreuznach, Germany
Auditors	Götz, Staudt & Nünke Wirtschaftsprüfer Steuerberater Bad Kreuznach

A. ASSIGNMENT AND SCOPE OF THE ASSIGNMENT

The management of

QUINTEGRA SOLUTIONS GmbH

(referred to below as "the Company")

has requested us to prepare the financial statements as of December 31, 2010 (Exhibit 1), the income statement for the period January 01, 2010 to December 31, 2010 (Exhibit 2) and the notes to financial statements as of December 31, 2010 (Exhibit 3) according to legal provisions.

In accordance with the assignment we have prepared the financial statements as of December 31, 2010, based on the bookkeeping prepared by us and records kept by the Company considering the regulations of the German Commercial Code (HGB) and the German Limited Liability Company Law (GmbHG). Our work was limited to receiving explanatory information from the Company and reviewing selected documents. We have not performed any plausibility or review procedures. An examination of the financial statements according to generally accepted auditing principles has not been performed by us. For the execution of the assignment we have observed the "Grundsätze für die Erstellung von Jahresabschlussprüfungen durch Wirtschaftsprüfer (HFA 4/1996)", recommendations for the preparation of financial statements issued by the Institut der Wirtschaftsprüfer (IDW).

Our work did not comprise a review for compliance with non-accounting and of reporting related legal provisions and potential irregularities. We also did not review the adequacy of the insurance coverage of the Company.

We have conducted our work on August 2011 in our office.

Execution of the assignment and the extent of our liability, also in relation to third parties is governed by the "General Terms of Engagement for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften" dated January 1, 2002 (Exhibit 7).

B. LEGAL BACKGROUND OF THE COMPANY

I. Trade register and Company's Statutes

The Company was established on March 07, 2006.

The Company had its domicile in Bad Kreuznach and is registered there in the trade register, division B, No. 20149.

II. Management / Right to represent the Company

The general manager of the Company during the fiscal year was:

- Mr. Shankarraman Vaidyanathan, Ashok Nagar, Chennai 600 083, India.

The general manager has the sole right to represent the Company.

III. Share Capital

The share capital amounts to £ 50,000 and is fully paid in.

At the balance sheet date all shares were held by Quintegra Solutions Limited, 168 Eldams Road, Teynampet, Chennai 600 018, India.

IV. Shareholder's Meeting

In the fiscal year the following important shareholder's meeting was held with the following major resolutions:

Meetings as of January 22, 2010

- acceptance and approval of the Company's financial statements as of December 31, 2009.
- carry-forward of the accumulated deficit in the amount of EUR 27,924.51
- exoneration of the management for the fiscal year 2009.

V. Affiliation

All shares of the Company are held by Quintegra Solutions Limited, 168 Eldams Road, Teynampet, Chennai 600 018, India.

Thus, the Company is affiliated Company to Quintegra Solutions Limited, 168 Eldams Road, Teynampet, Chennai 600 018, India and its direct and indirect subsidiaries; we refer to the information disclosed in the Notes to the Financial Statements according to Sect. 285 No. 14 of the Commercial Code

C. THE COMPANY'S BUSINESS AND ECONOMIC BACKGROUND

I. Objectives of the Company

The Company is engaged in the providing of Computer, Hardware, Software and Business Solutions.

II. Tax Situation

The Company has not yet been subject to a tax field audit.

D. SIGNIFICANT ACCOUNTING POLICIES

The Company is a small company in the sense of Sect. 267 para. 1 of the Commercial Code.

The accounting and valuation policies are in compliance with the provisions of the Commercial Code.

The Company applies the facilitation provisions for the preparation of the Notes to the Financial Statements set forth in Sect. 288 of the Commercial Code.

Accounting and valuation policies applied are described in more detail in the Notes to Financial Statements.

The Company uses the facilitation granted in Sect. 264 para. 1 of the Commercial Code to prepare no Management Report.

E. RESULTS OF THE ASSIGNMENT

I. The Books of Account

The books were prepared with respect to legal regulations.

II. The Financial Statements

An examination of the financial statements according to generally accepted auditing standards has not been performed by us. Within the scope of our work, however, there are no material indications that the legal requirements relating thereto were not complied with.

Quintegra Solutions GmbH

III. Management Representation

The management has provided us with all requested information and evidential matters.

According to the general representation letter by the management, the balance sheet reflects all assets and liabilities of the Company. Also, according to this representation letter there are no guarantees and other contingencies other than those disclosed on the face of the balance sheet or in the Notes to Financial Statements.

F. STATEMENT

Based on the result of our work we render the following statement on the financial statements of Quintegra Solutions GmbH (Exhibits 1 through 3) as of December 31, 2010:

"The attached financial statements have been prepared by us based on the bookkeeping prepared by us and documents provided by the Company and the information given to us. A judgement on the regularity of these documents and the information of the Company was within the scope of the assignment."

GÖTZ, STAUDT & NÜNKE
Wirtschaftsprüfer - Steuerberater

Bad Kreuznach
August 02, 2011

Nils Nünke
- Wirtschaftsprüfer -
- Steuerberater -

Our prior approval is required for all publications or distributions of the financial statements in a version different from the one certified by us, if reference is made in such publication or distribution to our statement.

BALANCE SHEET AS AT

	31.12.2010	Exhibit - 1 31.12.2009
	Euro	Euro
ASSETS		
CURRENT ASSETS		
Other receivables	27,617,18	25,427,39
Cash and cash equivalents	55,92	1,611,89
Total current assets	27,673,10	27,039,28
Total assets	27,673,10	27,039,28
EQUITY AND LIABILITIES		
Equity		
Share capital	50,000,00	50,000,00
Other reserves		
Profit reserves	-33,518,21	-27,924,51
Total equity	16,481,79	22,075,49
Liabilities		
Current liabilities		
Other provisions	40,00	3,800,00
Other payables	11,151,31	1,163,79
Total current liabilities	11,191,31	4,963,79
Total equity and liabilities	27,673,10	27,039,28

ACCOUNTS MAKING UP BALANCE SHEET AS AT

ASSETS

Other current receivables

Due from shareholders - up to 1 year	25132,29	25,132,29
VAT receivables	0,00	128,24
Input VAT deductible in following year	710,60	60,46
Input VAT current year	1,774,29	106,40
	27,617,18	25,427,39

Cash and cash equivalents

Deutsche Bank 96511100	55,92	1,611,89
Total	27,673,10	27,039,28

ACCOUNTS MAKING UP BALANCE SHEET AS AT (Contd.)

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2010 Euro	31.12.2009 Euro
Share capital		
Subscribed capital	50,000,00	50,000,00
Profit reserves		
Net loss for the year	-5,593,70	-7,028,51
Account deficit after appropriation	-27,924,51	-20,896,00
	-33,518,21	-27,924,51
Other provisions		
Other accrued expenses	0,00	600,00
Accrual for year end & audit fees	40,00	3,200,00
	40,00	3,800,00
Other payables		
Other liabilities	10,307,71	1,163,79
Liabs for taxes on ops & sim r charges	843,60	0,00
Total	27,673,10	27,039,28

INCOME STATEMENT

	Exhibit - 2 For the year ended 31.12.2010 Euro	For the year ended 31.12.2009 Euro
Other operating income	219,60	0,00
Other operating expenditure	5,803,80	7,028,51
Operating results	-5,584,20	-7,028,51
Financial costs	9,50	0,00
Pre-tax loss	5,593,70	7,028,51
After-tax loss from ordinary activities	5,593,70	7,028,51
Net loss for the year	5,593,70	7,028,51
Statement of comprehensive income	-5,593,70	-7,028,51

ACCOUNTS MAKING UP STATEMENT OF COMPREHENISVE INCOME

	From 01.01.2010 to 31.12.2010	
Other operating income		
Prior period income (if not extraordinary)	52,60	0,00
Income from rev of accrued expenses	167,00	0,00
	219,60	0,00
Other operating expenditure		
Prior period expense (if not extraordinary)	0,00	-217,33
Contributions	-280,00	-280,00
Other charges	-5,00	0,00
Legal & consulting costs	-833,70	-1,882,71
Accounting expenses	-770,00	-600,00
Closing & audit fees	-3,180,00	-3,240,00
Bank charges	-735,10	-808,47
	-5,803,80	-7,028,51
Financial costs	-5,803,80	-7,028,51
Tax / other tax-related charges	-9,50	-0,00
Net loss for the year	-5,593,70	-7,028,51
Statement of comprehensive Income	-5,593,70	-7,028,51
Statement of comprehensive income	-5,593,70	-7,028,51

**Notes to the Financial Statements for the Fiscal Year as of
December 31, 2010** **Exhibit - 3**

I. Significant Accounting and Valuation Policies

At the Balance Sheet date, the Company is a small company in the sense of Sect. 267 of the Commercial Code (HGB).

The applied accounting and valuation policies are consistent with the regulations of the German Commercial Code.

For the presentation of the statement of income the cost summary method is applied.

In particular following principles were applied:

Receivables and other assets are stated at face value less necessary specific bad debt reserves.

Other accrued liabilities are set up for any uncertain liabilities in the amount necessary according to reasonable business judgement.

Accounts payable are stated at their repayment value.

Receivables in foreign currencies are translated at the lower of the historical rate or the exchange rate at the balance sheet date. Liabilities in foreign currencies are translated at the higher of the historical rate or the exchange rate at the balance sheet date, whereas secured amounts have been considered.

II. Notes to the Balance sheet and Income and Loss Statement

The development of the accumulated deficit is as follows:

	2010 EURO	2009 EURO
Accumulated deficit at the beginning of the year	-27,924,51	-20,896,00
Net Loss for the Year	-5,593,70	-7,028,51
Accumulated deficit at the end of the year	-33,518,21	-27,924,51

Other accrued liabilities contain mainly expenses for the preparation of financial statements.

III. Other Notes

1. Number of Employees

The average number of employees in the year reported on is as follows:

General Manager	1
Sales	0

2. Members of the Company's management

The following person was General Manager in the fiscal year:

Mr. Shankarraman Vaidyanathan, Ashok Nagar,
Chennai 600 083, India.

Applying section 286 para, 4 of the Commercial Code the statement with respect to the remuneration to the members of the management in the reporting period is waived.

3. Parent Company

Quintegra Solutions GmbH is a 100% Subsidiary of Quintegra Solutions Limited, 168 Eldams Road, Teynampet, Chennai 600 018, India.

The Parent company which prepares consolidated financial statements for the largest group of affiliated companies is Quintegra Solutions Limited, 168 Eldams Road, Teynampet, Chennai 600 018, India. These consolidated financial statements are available at the premises of parent company.

IV. Management Suggestion for appropriation of the Result

The management suggests to the shareholders meeting to carry forward the accumulated deficit as of December 31, 2010, in the amount of EURO 33,518,21 to the next fiscal year.

QUINTEGRA SOLUTIONS IRELAND LIMITED

CORPORATE INFORMATION

Directors	Timothy Sheehy Sriraman Vaidyanathan Kamalkar Balaji Sharma
Secretary	Sriraman Vaidyanathan 3 Sambasivam Street, T. Nagar Chennai - 600 17, Tamil Nadu India
Company Number	442854
Registered Office	Riverside Two Sir John Rogerson's Quay Dublin 2 Co. Dublin
Auditors	BDO Registered Auditors Beaux Lane House Mercer Street Lower Dublin 2 Co. Dublin.
Solicitors	Beauchamps Solicitors Riverside Two Sir John Rogerson's Quay Dublin 2 Co. Dublin.

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2011

The directors submit their report together with the audited financial statements from the date of incorporation to 31 March 2011.

Principal activities and review of the business

The company was incorporated on 7 July 2007. The company offers information technology, consultancy and advisory services to the public and commercial users. The company has not traded since incorporation.

Dividends

The directors do not recommend payment of a dividend in respect of the year ended 31 March 2011.

Results

The profit and loss account and balance sheet for the year ended 31 March 2011 are attached. The loss before taxation for the year was Euro 1,750 (2010: Euro 8,167). After tax losses carried forward to reserves was Euro 1,750 (2010: Euro 8,167).

Important events since the year end

There have been no events affecting the company since the year end.

Directors, secretary and their interests

The names of the persons who were directors at any time during the year ended 31 March 2011 are set out in Corporate Information sheet above. Except where indicated they served as directors for the entire year. In accordance with the Articles of Association, the directors are not required to retire by rotation.

The beneficial interest of the directors, their families and nominees in the share capital of the parent company, Quintegra Solutions Limited, as they appear in the register of shareholders at 31 March 2011 and 31 March 2010 is as follows:

	31 March 2011		31 March 2010	
	No.	%	No.	%
Sriraman Vaidyanathan	52,000	0.19	52,000	0.19

Statement of Directors' responsibilities

The directors are responsible for preparing the Financial Statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. 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.

Books and Records

The measures taken by the directors to ensure compliance with the requirements of Section 202, Companies Act, 1990, regarding proper books of account are the implementation of necessary policies and procedure for recording transactions, the employment of competent personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account are maintained at Riverside Two, Sir John Rogerson's Quay, Dublin 2, Co., Dublin.

Auditors

The auditors, BDO, Chartered Accountants & Registered Auditors, have expressed their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Section 40(1) of Companies Act, 1983

The Balance Sheet discloses that the net assets of the company are less than half of the issued share capital. Accordingly the directors have

decided to convene an Extraordinary General Meeting of the company immediately after the close of the Annual General Meeting to review its financial situation.

On behalf of the Board

Place : Dublin
Date : 07 July, 2011

Sriraman
Vaidyanathan
Director

Kamalkar
Balaji Sharma
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QUINTEGRA SOLUTIONS IRELAND LIMITED

We have audited the financial statements which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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 an auditors' report 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'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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and the Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practise in Ireland), are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's balance sheet and its profit and loss account are in agreement with the books of account.

We report to the members if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial

statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at the 31 March 2011, and of the results of the Company for the year ended and have been properly prepared in accordance with the Companies Acts 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the director's report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet, are less than half of the amount of its called up share capital and, in our opinion, there did exist at 31 March 2011, a financial situation which, under Section 40(1) of the Companies (Amendment) Act 1983 would require the convening of an extraordinary meeting of the company.

Emphasis of Matter - Going concern

In forming our opinion we have considered the disclosures made in note 2 of the financial statements concerning the going concern basis of preparation of the financial statements. The validity of the going concern basis on which the financial statements are prepared is primarily dependent upon the continued financial support from its parent company. In view this we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

07 July, 2011

BDO
AI223876
Registered Auditors
Dublin

Quintegra Solutions Ireland Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

	Notes	31.03.2011 Euro	31.03.2010 Euro
Gross Profit		–	–
Administrative expenses		(1,750)	(8,167)
Operating loss on ordinary activities before taxation	3	(1,750)	(8,167)
Taxation	4	–	–
Loss for the year		(8,167)	(1,750)

There are no recognised gains or losses than loss for the above period.

The notes given below form part of these financial statements.

On behalf of the Board

	Sriraman	Kamalkar
	Vaidyanathan	Balaji Sharma
	<i>Director</i>	<i>Director</i>

Date : 07 July, 2011

BALANCE SHEET AS AT

	Notes	31.03.2011 Euro	31.03.2010 Euro
Current assets			
Cash		1	1
Creditors: amounts falling due within one year	5	(17,116)	(15,366)
Net liabilities		(17,115)	(15,365)
Financed by:			
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account		(15,366)	(7,199)
Shareholders' deficit		(15,365)	(7,198)

The notes given below form part of these financial statements.

The financial statements were authorised and approved for issue by the directors on 07 July, 2011.

On behalf of the Board

	Sriraman	Kamalkar
	Vaidyanathan	Balaji Sharma
	<i>Director</i>	<i>Director</i>

Date : 07 July, 2011

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. Accounting Policies and estimation techniques

The company has acknowledged the guidance set out in FRS 18 ("Accounting Policies") for its accounting policies.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and comply with the requirements of Irish Statute comprising the Companies Acts, 1963 to 2009, and with accounting standards generally accepted in Ireland.

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cash flow statement because it is a small company.

1.2 Provisions and contingencies

No General provisions or contingencies are included in the financial statements in accordance with FRS 12 "Provisions, Contingent Liabilities and Contingent Assets".

2. Going concern

The financial statements have been prepared on a going concern basis. This assumes that the company will continue in operational existence for a foreseeable future having adequate resources

(including financial resources) to meet its obligations when they fall due. The validity of the going concern basis of the company is primarily dependent upon the continued support (financial and otherwise) from its parent company.

The directors of parent company have provided, since the year end, a letter of comfort confirming their continued support and that sufficient cash will be made available to ensure all third party creditors are paid as they fall due. In light of this the directors of the company believe that it is appropriate for the financial statements to be prepared on a going concern basis.

3. Operating loss

	31.03.2011 Euro	Year ended 31.03.2010 Euro
Operating loss is stated after charging:		
Auditors remuneration	1,750	1,000

4. Taxation

Corporation tax for the year

4.1 Tax reconciliation

Loss on ordinary activities before tax	(1,750)	(8,167)
Loss on ordinary activities at corporation tax rate in Ireland of 12.5% (2010 : 12.5%)	(219)	(1,021)
Effects of:		
Expenses not allowable for tax purposes	219	1,021
Losses carried forward	–	–
	–	–

5. Creditors: amounts falling due within one year

Amounts due to parent company (note 8)	15,366	13,616
Accruals	1,750	1,750
	17,116	15,366

6. Called up share capital

Authorised		
100,000 Authorised shares of Euro 1	100,000	100,000
Allotted, called up and fully paid		
1 Ordinary Shares of Euro 1 each	1	1

7. Reconciliation of movement in shareholders funds

Opening shareholders funds	(15,365)	(7,198)
(Loss) for the year	(1,750)	(8,167)
	(17,115)	(15,365)

8. Parent Company

Quintegra Solutions Ireland Limited is a wholly owned subsidiary of Quintegra Solutions Limited, a Company registered in India.

9. Approval of the financial statements

The financial statements were approved for issue by the Directors on 07 July, 2011.



Quintegra Solutions Limited

Regd. Office No. 168, Eldams Road, Teynampet, Chennai - 600 018.

ADMISSION SLIP

(Please hand over this admission slip at the entrance of meeting hall)

Name and Address of the Shareholder

Client ID / Folio No.

--

No. of Shares

--

I/We hereby record our presence at the 17th Annual General Meeting of the Company held at Russian Cultural Centre, 74, Kasthuri Ranga Road, Chennai 600 018 on Friday, the 30th September 2011 at 10.00 A.M.

.....
Name of the Proxy (In Block Letters)

.....
Signature of the Member / Proxy



Quintegra Solutions Limited

Regd. Office No. 168, Eldams Road, Teynampet, Chennai - 600 018.

PROXY FORM

No. of Shares

--

Client ID / Folio No.

--

I/We being a Member/Members of **QUINTEGRA SOLUTIONS LIMITED** hereby appoint of or failing him of my / our Proxy to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company held on Friday, the 30th September 2011 at 10.00 A.M. and at any adjournment thereof.

Dated this day of 2011.

Affix Re. 1
Revenue
Stamp

Signed by the said

Note : The Proxy form filled must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.



BOOK POST

If undelivered please return to:

Quintegra Solutions Limited
Quintegra Towers
168, Eldams Road, Teynampet
Chennai - 600 018.