

quintegra

Quintegra Solutions Limited

19TH
ANNUAL REPORT

2012 - 13



www.quintegrasolutions.com

LOCATIONS

India

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Tamilnadu, India.

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CORPORATE INFORMATION 2012-13

BOARD OF DIRECTORS

Mr Shankarraman Vaidyanathan	– <i>Chairman</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>

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

AUDITORS

M/s Gopikumar Associates
 Chartered Accountants, Chennai

BANKERS

State Bank of India
 Bank of America
 Deutsche Bank
 Axis Bank Ltd.

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 28142479. E-mail: corpserv@integratedindia.in

GRIEVANCE CELL / COMPLIANCE OFFICER

E-mail ID: investors@quintegrasolutions.com

PROFILE – BOARD OF DIRECTORS

<p>Shankarraman Vaidyanathan <i>Chairman</i></p>	<p>A Post Graduate in Commerce with 23 years extensive experience in financial & project management, strategic marketing, e-business and IT. He has wide exposure in development of various businesses with successful track record. He is a pioneer in IT Sector and leading business man representing the Board of few other Companies.</p>
<p>Mr V Sriraman <i>Wholetime Director</i></p>	<p>A Graduate in Commerce and a Post Graduate in Business Administration with more than 25 years wide experience in sales & marketing and business development /administration. He represents the Board of few other companies.</p>
<p>Mr Meleveetil Padmanabhan <i>Director- Non Executive</i></p>	<p>A Graduate in Commerce and a Member of the Institute of Chartered Accountants of India with over 40 years experience in Accounts, Auditing and Corporate Consultancy. He also represents the Board of few other companies.</p>
<p>Mr R Kalyanaraman <i>Director- Non Executive</i></p>	<p>A Graduate in Electrical and Electronics Engineering and worked in BHEL from 1975 to 1993 in various fields including research and development, project management and ancillary development. He has presented several technical papers in various national conferences. He manages a company developing projects and providing technical and financial consultancy. He also represents the board of few other companies</p>
<p>Mr G Venkatarajulu <i>Director- Non Executive</i></p>	<p>A Diploma holder in Civil Engineering with experience in various field like civil engineering, printing and computer technology . He has about 22 years experience in training and imparting computer skills to students and professionals. He represents the board of few other companies</p>

QUINTEGRA SOLUTIONS LIMITED

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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Monday the 30th September 2013 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 31st March 2013 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To elect a Director in place of Mr R Kalyanaraman 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.

By order of the Board

Place : Chennai
Date : 27.08.2013

Shankarraman Vaidyanathan
Chairman

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 Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 23rd September 2013 to Monday, the 30th September 2013 (both days inclusive)
3. Members are requested to bring their Attendance Slip along with the copy of the Annual Report to the meeting.
4. 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.
5. 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.
6. 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.
7. 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.
8. In case of joint holders, where more than one person attend the meeting, only the first holder will be entitled to vote.
9. 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 R Kalyanaraman (Non-Executive Director) - Brief Resume

Academic Background	Graduate in Electrical and Electronics Engineering from Madras University.
Nature of expertise	Worked in BHEL from 1975 to 1993 in various fields including research and development, project management and ancillary development. He has presented several technical papers in various national conferences. Presently he is managing a company incubating projects and providing technical and financial consultancy.
Directorship in other Companies	Directorship in other 1) Forsee Financial & Consultancy Services Pvt Ltd. 2) Wellwin Industry Ltd. 3) Pentamedia Graphics Ltd.
Committee Membership	1) Audit Committee (Member) 2) Remuneration Committee (Chairman) 3) Shareholders and Investors Grievance Committee (Member)
Shareholding of the Director in the Company	Nil

By order of the Board

Place : Chennai
Date : 27.08.2013

Shankarraman Vaidyanathan
Chairman

DIRECTORS REPORT

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Financial Statements for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Total income	1235.60	1295.37
Expenditure	1118.75	3405.78
Interest	1486.01	1423.24
Depreciation & Exceptional Items	166.66	315.36
Profit / (Loss) before tax	(1535.82)	(3849.01)
Tax Expenses (for earlier years)	2.57	84.80
Profit / Loss after tax	(1538.39)	(3933.81)
Balance brought forward from previous year	(16234.26)	(12300.45)
Balance carried over	(17772.65)	(16234.26)

REVIEW OF OPERATIONS AND OUTLOOK

OPERATIONS

The Company is yet show signs of progress. The financial constraints still continue. The Subsidiaries are closed. Constraints on working capital hampers operations.

OUTLOOK

The Company still makes all possible efforts to come out of the crisis. Cost reductions and shelving of expansions continue. The Company hopes to improve the situation in the near future.

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 2013.

DIRECTORS

Mr R Kalyanaraman, Director will retire by rotation at the ensuing Annual General Meeting and being eligible he offers himself for re-election. Brief resume of Director, nature of expertise and names of Companies in which he holds 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 (M) Sdn. Bhd, Malaysia

The subsidiary made an application for striking off its name with the appropriate authorities of Malaysia.

HUMAN RESOURCES

Keeping in mind the on-going projects and the current financial position of the Company, HR issues are carefully addressed without compromising on quality, delivery and employee morale.

EMPLOYEES STOCK OPTION SCHEME

Since all the unexercised options granted under Employees Stock Option Scheme - 2006 have since been lapsed, the disclosure as required under Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is not applicable.

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 Wholtime 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.

Quintegra Solutions Limited

EXPLANATION TO THE QUALIFIED OPINION IN THE AUDITORS REPORT

The goodwill arisen on various amalgamations are not amortised for the year because the subsidiaries acquired were only in the process of liquidation and the liquidation was not legally completed.

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. The Directors also place their special appreciation to all the employees.

By order of the Board

Place : Chennai
Date : 27.08.2013

Shankarraman Vaidyanathan
Chairman

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

Company requires a low level of energy consumption. However energy saving measures are regularly followed to save energy. The financial impact of these measures is not material.

2. Research and Development (R&D)

a) Research and Development is being carried out on need basis to upgrade quality, reduce lead time, enhance customer satisfaction. However, no expenditure was incurred on R&D during the year.

3. Technology Absorption, adaptation and innovation

The Company has not imported any technology 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 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 : 27.08.2013

Shankarraman Vaidyanathan
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Pursuant to Clause 49 of the Listing Agreement)

1. OVERVIEW

Quintegra Solutions Limited is a multi-skilled software service provider with a highly competent workforce and strong global presence. With years of honed expertise in cross-platform skills and quality-integrated methodologies, Quintegra adopts a competent global delivery model in providing value-based solutions as well as professional services to clients worldwide. Quintegra brings clients the best of both worlds: the savings and superior quality of offshore operations, and the immediacy and trust of a local company. Nearly for two decades, Quintegra has built an offshore outsourcing powerhouse capable of delivering 24x7 project management on the largest software projects, backed by world class processes and capabilities that helps clients manage through rapid changes in technology. Quintegra is an ISO 9001:2008, SEI CMM Level 4 assessed Company with operations in India and USA.

Quintegra's IT services portfolio includes Application Management, Product Engineering, Testing & validation, Technology Consulting and Proprietary Products in e governance, health care and education sectors.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

As per Nasscom, the year 2012 was a year of uncertainty with the global economic slowdown, lower GDP growth in India, slower technology spending and a volatile currency. But the

Indian industry maintained its momentum by registering a revenue growth of USD 108 billion during the year. During 2012-13, the industry grew by 10.2 percent in dollar terms, 10.9 percent at constant currency and 21-22 percent in rupee terms.

However, there are signs of 2013-14 proving better than 2012-13 - the global economic crisis appears to be bottoming out - creating a sense of cautious optimism.

Global IT-BPM spend is expected to grow by 6 per cent in 2013 to touch USD 2 trillion. Technology is also reshaping creating opportunities that never existed before. IT is shifting from traditional process to strategic, collaborative and customer facing technologies making the future beyond just services - a complete blend of services, solutions, products and platforms. Indian industry is positioned to address current and emerging opportunities to come out as a strategic business partner to global customers.

Technology is reshaping everything around us - businesses, consumers, countries - creating opportunities that never existed before. IT is shifting from traditional process automation to strategic BI, collaboration, customer facing technologies and future of technology is beyond just services - a complete blend of services, solutions, products and platforms.

3. OPPORTUNITIES AND THREATS

As per Nasscom, huge transformation across the world is in the offing with technology at the centre and SMAC (Social, Mobility, Analytics and Cloud) would drive the growth this year. While the US and the UK will continue to grow for us, Asean countries, big markets of Africa and Latin America will also grow, The large base of Indian IT industry has grown to around \$100 billion from \$50 billion mark in 2008. It is also expected to add 130,000 to 150,000 jobs this year. The attrition rate has also come down to 13-15 percent.

However, the challenges faced by the Indian IT industry are:

- i) the next range of business may not necessarily be in English and it is necessary to find ways and means to deliver services in those languages.
- ii) as the uncertainties remain, the deal sizes are likely to be small and need to have more customer engagement to get things happening.
- iii) necessity to develop specialist resources and expand to tier II and tier III cities
- iv) need to reduce business friction and make things easier for the industry by seeking the help of the Government.

Quintegra being a part of the industry faces all these threats. The Company takes steps to re-align its policies to fall in line with present trend and mitigate the threats.

4. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

In 2012-13, the break-up of revenues among Quintegra's domains were as follows:

(Rs. lacs)

BFSI	294.51
QASS	245.40
Other emerging verticals	687.22
Total	1227.13

5. OUTLOOK

Despite economic uncertainties, Nasscom has forecast a 12-14 percent growth in the Indian IT industry during 2013-14 against 10.2 percent in dollar terms the previous year. Nasscom expects the domestic industry to grow at 15-16 percent and exports to grow at 12-14 percent in dollar terms. IT exports were estimated at \$76 billion while domestic sales were \$32 billion. The rate of introduction of disruptive technologies would continue to be faster; SMAC (Social, Mobility, Analytics, Cloud) technologies is expected to increase to over USD 1 trillion by 2020.

According to the report on 'Risk and Procurement Analytics' by the National Association of Software and Services Companies (Nasscom) in association with CRISIL released at 'Big Data and Analytics Summit 2013', by 2020 the IT services segment is likely to be the major contributor, accounting for more than 75 percent of revenues, with analytics accounting for the remaining 25 percent.

As per Nasscom, Exploring new markets in Africa, Asia including China and Japan has been a strategic thrust. At the same time, we are building thought leadership on how technology can be a key enabler for India - creating an additional 2 per cent GDP impact by 2020

Quintegra is attempting to develop domain expertise, improve efficiency, customise products to suit customer needs through cost effective methods and demonstrate greater flexibility in retaining existing business ventures.

6. RISKS AND CONCERNS

Risks constantly increase with the development of technology in any industry and so also with IT industry. The specific risks vary with the technology involved for various segments viz. Networking, Mobile, IT Governance, Data Management, Cloud Computing etc. However, following are few General threats faced by IT industry:

- Pressures on offshoring / outsourcing
- unauthorized access to confidential data,
- regulatory concerns
- loss/theft of critical information
- corruption of data in conversion process
- delays due to project backlogs,
- storage, recovery and security of electronic data/records management

The Company is aware of the risks faced by the industry. The management constantly realign its policies and employ appropriate measures such as risk identification, assessment of its impact and redressing process etc. to mitigate risks involved in various segments.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Quintegra has an internal control system and processes consisting of budgetary control, policies and procedures in place for the smooth conduct of its businesses. The auditors have access to all records and information of the Company to ensure adequacy of internal control systems and their adherence to management policies and statutory compliances. The Audit Committee guides internal audit system, interacts with statutory auditors and follows up corrective actions. The Board ensures good governance through competent management, suitable policies and processes, appropriate audit systems, risk mitigation process 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

Quintegra is fully aware that right human resources are key for the success of the company. HR strategy is constantly realigned in line with the global changes. Company believes in employing best talents and augmenting the same with suitable training process so that company does not lag technically in the competitive environment. Company is also constantly making efforts to retain the right person through various recognition and reward processes.

Quintegra Solutions Limited

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Quintegra Solutions Limited (Quintegra) prefers to be customers preferred business advisor and solutions partner by providing superior quality, innovative and value maximizing solutions and services from first time, on time and every time through continuous measurement and improvement of its quality management system. The Company strongly believes in adhering to sound principles of corporate governance through corporate fairness, transparency, accountability and professionalism. Quintegra is also committed to promote the interests of all stakeholders - customers, shareholders, employees, lenders, vendors and the Government.

2. BOARD OF DIRECTORS

a) Composition

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

Promoter and Non Executive Director(Chairman)	- 1
Promoter and Executive Director	- 1
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)	Promoter/ Non Executive Director	6	-	557055
2.	Mr V Sriraman (Wholetime Director)	Promoter/ Executive Director	1	-	52000
3.	Mr Meleveetil Padmanabhan	Non Executive/ Independent Director	1	1	-
4.	Mr R Kalyanaraman	Non Executive/ Independent Director	3	-	-
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 27.04.2012, 09.08.2012, 31.08.2012, 15.10.2012 and 21.01.2013. 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 AGM Attended
		Held	Attended	
1.	Mr Shankarraman Vaidyanathan	5	5	Yes
2.	Mr V Sriraman	5	3	Yes
3.	Mr Meleveetil Padmanabhan	5	5	No
4.	Mr R Kalyanaraman	5	5	Yes
5.	Mr G Venkatarajulu	5	5	Yes

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 27.04.2012, 09.08.2012, 31.08.2012, 15.10.2012 and 21.01.2013. The attendance of the members is given below:

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

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 Meleveetil Padmanabhan	Non Executive/Independent	Member
3.	Mr G Venkatarajulu	Non Executive	Member

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 financial year.

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 Meleveetil 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 twice during the financial year on 10.12.2012 and 21.12.2012. The attendance of the members is given below:

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

No Investor complaint had been received from the shareholders during the year. There were no transfers pending as on 31.03.2013. The Board has also delegated the power of approving the transfer, transmission etc. of securities to the Chairman.

IV) Compliance Officer

Chairman takes care of the compliances.

V) 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 2012-13

(i) Executive Directors

Name	Fixed Components			Variable Components	Service Terms	Stock Options
	Salary & Allowances	Retirement benefits	Other benefits			
Mr V Sriraman	600,000	36,000	–	–	3 years wef 18.5.2011	Nil
Total	600,000	36,000				

(ii) Non-Executive Directors

Sl No	Name	Sitting Fees (Rs)
1.	Mr Shankarraman Vaidyanathan	5,000
2.	Mr Meleveetil Padmanabhan	5,000
3.	Mr R Kalyanaraman	5,000
4.	Mr G Venkatarajulu	5,000
	Total	20,000

* Mr Shankarraman Vaidyanathan continues as a Non-Executive Director w.e.f. 18.01.2012

5. GENERAL MEETINGS

a) Last 3 Annual General Meetings

Year	Date	Time	Venue
2009-10	30.09.2010	10.00 AM	Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018
2010-11	30.09.2011	10.00 AM	Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018
2011-12	28.09.2012	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.	Re-appointment of Mr V Sriraman as Wholetime Director pursuant to Sections 269,198, 309 and Schedule XIII of the Companies Act, 1956	30.09.2011
2.	Issue of further shares/securities/FCD/PSD/CDR/ADR etc pursuant to Section 81(1A) of the Companies Act, 1956.	30.09.2010

c) Postal Ballot

There were no resolutions passed through Postal Ballot during 2012-13.

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 has 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 atleast one English news paper and in one

vernacular news paper in accordance with listing agreement with Stock Exchanges.

Annual Report containing inter alia Audited financial statements, Directors Report, Auditors Report and other related 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 : 27.08.2013

Shankarraman Vaidyanathan
Chairman

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** : Monday, 30th September 2013 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	Tentative Schedule
Quarter ending 30.9.2013	Within 45 days from the end of the quarter
Quarter ending 31.12.2013	Within 45 days from the end of the quarter
Quarter and Year ending 31.3.2014	Within 60 days from the end of the Financial Year
Quarter ending 30.6.2014	Within 45 days from the end of the quarter
Annual General Meeting	September 2014

5. **Book Closure Period** : Monday, the 23rd September 2013 to Monday, the 30th September 2013 (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

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

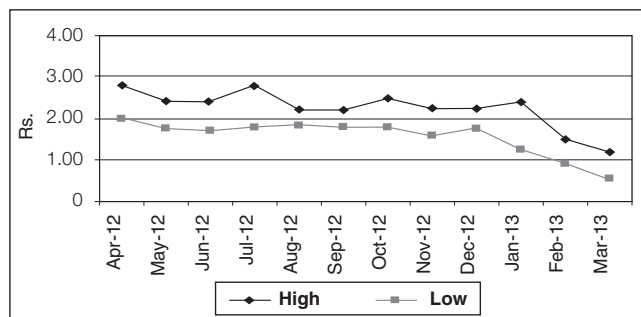
Quintegra Solutions Limited

9. i) Market Price Data - NSE Nifty

(Nominal Value of Share Rs 10/-)

Month	High	Low	Month	High	Low
Apr-12	2.80	2.00	Oct-12	2.50	1.80
May-12	2.40	1.75	Nov-12	2.25	1.60
Jun-12	2.40	1.70	Dec-12	2.25	1.75
Jul-12	2.80	1.80	Jan-13	2.40	1.25
Aug-12	2.20	1.85	Feb-13	1.50	0.90
Sep-12	2.20	1.80	Mar-13	1.20	0.55

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

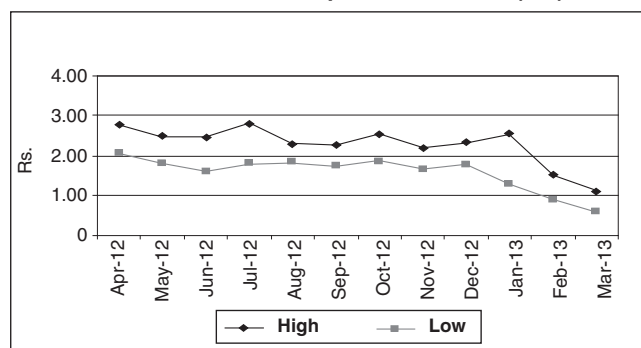


10. i) Market Price Data - BSE Sensex

(Nominal Value of Share Rs 10/-)

Month	High	Low	Month	High	Low
Apr-12	2.75	2.03	Oct-12	2.54	1.85
May-12	2.47	1.80	Nov-12	2.19	1.65
Jun-12	2.48	1.61	Dec-12	2.33	1.76
Jul-12	2.79	1.79	Jan-13	2.55	1.28
Aug-12	2.28	1.81	Feb-13	1.48	0.89
Sep-12	2.25	1.75	Mar-13	1.11	0.59

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

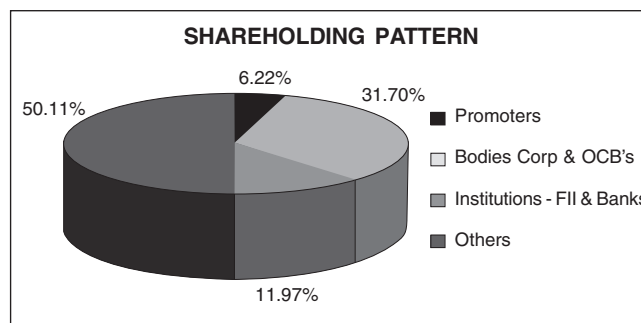
12. Share Transfer System

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 31.03.2013)

Shareholders category	Shareholding	
	No. of shares	% to total Capital
Promoters	1668916	6.22
Bodies Corp & OCB's	8498672	31.70
Institutions- FII & Banks	3210000	11.97
Others	13436242	50.11
Grand Total	26813830	100.00



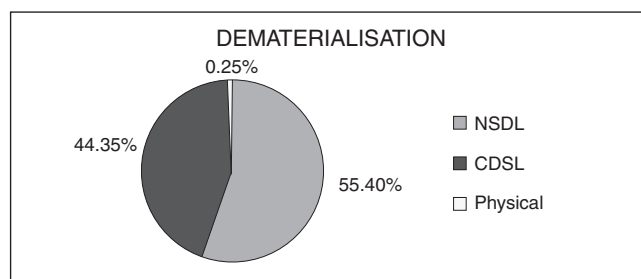
b) Distribution of Shareholding (as on 31.03.2013)

Range of Shares		No of Holders	%	No. of Shares	%
<i>upto</i>	<i>500</i>	4639	64.04	831551	3.10
<i>501</i>	<i>1000</i>	986	13.61	873871	3.26
<i>1001</i>	<i>2000</i>	586	8.09	934442	3.48
<i>2001</i>	<i>3000</i>	272	3.76	716836	2.67
<i>3001</i>	<i>4000</i>	138	1.91	500195	1.87
<i>4001</i>	<i>5000</i>	138	1.91	663174	2.47
<i>5001</i>	<i>10000</i>	232	3.20	1741740	6.50
<i>above</i>	<i>10000</i>	252	3.48	20552021	76.65
TOTAL		7243	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. 2,67,46,269 equity shares, constituting 99.75% of the total paid up capital, are already in dematerialized form.

Category	shares	%
NSDL	14853828	55.40
CDSL	11892441	44.35
Physical	67561	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 / 2432 8395 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 : 27.08.2013

Shankarraman Vaidyanathan
Chairman

Quintegra Solutions Limited

CONFIRMATION ON CODE OF CONDUCT

(Pursuant to Clause 49 of the Listing Agreement)

To the Members of Quintegra Solutions Limited

Pursuant to Clause 49(l)(D)(ii) of the Listing Agreements with the Stock Exchanges, I hereby confirm that for the financial year ended March 31, 2013, the Board members and the employees have affirmed compliance with the Code of Conduct framed by the Company.

Place : Chennai
Date : 27.08.2013

Shankarraman Vaidyanathan
Chairman

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, 2013 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, 2013, 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

Place : Chennai
Date : 27.08.2013

S Gopinath
Partner
Membership No: 23854

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Quintegra Solutions Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. QUINTEGRA SOLUTIONS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The Company's goodwill arisen on various amalgamations are carried in the Balance Sheet at Rs.71.63 Crores. Management has not amortised the goodwill even though all the subsidiaries acquired on the amalgamations have been liquidated or under liquidation, which constitutes a departure from the para 19 of Accounting Standard 14 - Accounting for Amalgamations referred to in sub-section (3C) of Section 211 of the Act. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Emphasis of Matter

We draw attention to Note 33 to the financial statements which describes the position of the company in the fundamental accounting assumption "Going concern" in spite of company's heavy accumulated losses of Rs.179.67 Crores (PY Rs.164.44 Crores) (excluding general reserve and securities premium) eroding its total net worth and its inability to repay the secured term loans and interest even after rescheduling its repayment terms in December 2008. The secured term loan outstanding as on 31st March 2013 is Rs.119.13 Crores (PY 119.13 Crores) and interest provided but unpaid amounting to Rs.49.44 Crores (PY 34.60 Crores).

Other Matter

We did not audit the financial statements of Quintegra Solutions Limited USA, (Integral foreign operation), whose financial statements reflect total assets of Rs. 1,38,62,778 as at March 31, 2013, total revenues of Rs. 8,55,91,705 and net cash outflows amounting to Rs. 12,35,875 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

S Gopinath
Partner

Place : Chennai
Date : 30th May 2013

M. No. 023854

Quintegra Solutions Limited

Annexure to the Auditor's report

The Annexure referred to in our report to the members of M/s QUINTGRA SOLUTIONS LIMITED ('the Company') for the year ended 31 March 2013. 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 2013 is Rs. 9.81 Crores and the maximum amount outstanding during the year was Rs. 9.81 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 2013

1. TDS on Salaries amounting to Rs.18,98,427 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.4,02,847 (Rs.1,80,055 for the year 2008 -09 & Rs.1,15,193 for the year 2009-10 & Rs.65,784 for the year 2010-11 Rs.41,815 for the year 2011-12 Rs.25,180 for the first half of 2012-13).
4. Property Tax of Rs.6,32,692 (Rs.4,51,744 for the year 2011-12 and Rs.1,80,948 for the first half of 2012-13).
5. Water Tax of Rs.81,532 for the first half of 2012-13.

The above taxes are not paid till date of our report.

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

Statute	*Assessed/Reassessed Demand	Assessment Year	Forum where dispute is pending
U/s 269UC and 269UL(2) Income Tax Act, 1961	5.00 [#]	2002-03	City Civil Court
Income Tax Act, 1961	14.11	2010-11	CIT - Appeals (V)

Of the above demand Rs.2 lakhs have been paid.

10. The Company has accumulated losses at the end of the financial year as on March 31 2013 and has not incurred cash losses during the financial year ended on that date but incurred cash losses 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.119.13 Crores. The unpaid interest provided for in the books of accounts on the said loan amounts to Rs.14.83 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 : 30th May 2013

BALANCE SHEET AS AT

(in Rs.)

	Notes	31 st March 2013	31 st March 2012
I. Source of Funds			
(1) Shareholders' Funds			
(a) Share Capital	3	268,138,300	268,138,300
(b) Reserves & Surplus	4	(1,317,811,538)	(1,163,564,811)
		<u>(1,049,673,238)</u>	<u>(8,95,426,511)</u>
(2) Non Current Liabilities			
Deferred tax liabilities (Net)	5	43,107,864	43,107,864
		<u>43,107,864</u>	<u>43,107,864</u>
(3) Current Liabilities			
(a) Short-term borrowings	6	1,292,426,237	1,297,338,108
(b) Trade payables	7	25,965,153	25,017,371
(c) Other current liabilities	8	514,724,046	381,862,803
(d) Short-term provisions	9	4,202,528	3,275,103
		<u>1,837,317,964</u>	<u>1,707,493,385</u>
Total		<u><u>830,752,591</u></u>	<u><u>855,174,739</u></u>
II. Application of Funds			
(4) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		66,513,874	72,792,789
(ii) Intangible assets		719,114,885	729,725,240
(b) Non-current investments	11	–	7,613,696
(c) Deferred tax assets (net)	5	3,050,057	3,050,057
(d) Long term loans and advances	12	3,671,018	(4,413,335)
(5) Current assets			
(a) Trade receivables	13	17,164,894	19,857,420
(b) Cash and cash equivalents	14	2,440,469	6,034,691
(c) Short-term loans and advances	15	–	3,000
(d) Other current assets	16	18,797,395	20,511,180
Total		<u><u>830,752,591</u></u>	<u><u>855,174,739</u></u>
Summary of Significant Accounting Policies	2.1		

The accompanying notes 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 : 30.05.2013

Shankarraman Vaidyanathan

Chairman

For and on behalf of the Board of Directors

V Sriraman

Wholetime Director

Quintegra Solutions Limited

STATEMENT OF PROFIT AND LOSS

(in Rs.)

	Notes	For the Year ended 31 st March 2013	For the Year ended 31 st March 2012
I. Income			
(a) Revenue from operations	17	122,713,115	128,515,317
(b) Other Income	18	846,773	1,021,605
		<u>123,559,888</u>	<u>129,536,922</u>
II. Expenditure			
(a) Compensation & Benefits	19	81,845,618	89,751,717
(b) Administration Expenses	20	21,711,034	242,442,654
(c) Selling & Distribution Expenses	21	8,317,883	8,383,870
		<u>111,874,535</u>	<u>340,578,242</u>
III. Earnings before exceptional, extraordinary items, interest, Depreciation/ Amortisation and tax			
		11,685,353	(211,041,320)
(d) Exceptional Items (Profit after adjusting loss on sale of fixed asset)	22	(452,991)	13,688,865
(e) Extraordinary Items (prior period expenses)	23	–	(865,398)
IV. Earnings before interest, tax, depreciation and amortisation (EBITDA)			
		12,138,344	(223,864,787)
(f) Interest & Finance Charges	24	148,601,175	142,323,646
(g) Depreciation and Amortisation	10	17,119,271	18,712,838
V. Profit / (Loss) before Tax			
		(153,582,102)	(384,901,271)
VI. Tax Expenses			
(a) Income tax - Current year		–	–
(b) Income tax - Earlier Years		257,140	7,793,106
(c) Deferred Tax		–	686,603
VII. Profit(Loss) from continuing operations			
		(153,839,242)	(393,380,980)
VIII. Profit(Loss) from discontinuing operations			
		–	–
Profit/(Loss) for the year		(153,839,242)	(393,380,980)
Earnings Per Share			
Basic		(5.74)	(14.67)
Diluted		(5.74)	(14.67)
Significant Accounting Policies and Notes to Accounts	2.1		

The accompanying notes 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

S Gopinath

Partner

M. No. 023854

Place : Chennai

Date : 30.05.2013

Shankarraman Vaidyanathan

Chairman

For and on behalf of the Board of Directors

V Sriraman

Wholetime Director

CASH FLOW STATEMENT

(in Rs.)

	For the year ended 31 st March 2013	For the year ended 31 st March 2012
A Cash Flow from Operating Activities		
Net profit before tax, as per profit and loss account	(153,582,102)	(384,901,271)
<i>P & L adjustments:</i>		
Depreciation & Amortisation	17,119,271	18,712,838
Other Non Cash Expenses*	7,206,210	3,274,083
Interest & Finance charges	148,601,175	142,323,646
Other income	(846,773)	(1,021,605)
	<u>172,079,883</u>	<u>163,288,962</u>
Operating profit before changes in working capital	18,497,781	(221,612,309)
<i>Changes in current assets & current liabilities</i>		
Trade and other Advances	(3,675,041)	239,382,643
Trade payables & other liabilities [#]	134,736,451	136,615,727
	<u>131,061,409</u>	<u>375,998,371</u>
Less: Taxes Paid	257,140	7,793,106
Cash generated from operations	<u>149,302,051</u>	<u>146,592,956</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	(230,000)	(20,000)
Sale of fixed assets	-	61,671
Other income	846,773	1,021,605
Net cash from investing activities	<u>616,773</u>	<u>1,063,276</u>
C Cash Flow from Financing Activities		
Increase in equity	-	-
Borrowings	(4,911,871)	553,017
Interest paid	(148,601,175)	(142,323,646)
Net cash from financing activities	<u>(153,513,046)</u>	<u>(141,770,629)</u>
D Net Increase in Cash and Cash Equivalents	(3,594,222)	5,885,603
Cash and cash equivalents at the beginning of the year	6,034,691	149,088
Cash and cash equivalents at the end of the year	2,440,469	6,034,691

This is the Cash Flow Statement 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

V Sriraman
Wholetime Director

Place : Chennai
Date : 30.05.2013

Quintegra Solutions Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Note No. 1

CORPORATE INFORMATION

QUINTEGRA SOLUTIONS LIMITED (the company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on three stock exchanges in India. The Company is primarily engaged in the business of providing IT services and consulting company delivering services through innovative and customized solutions. With headquarters in Chennai - India, Quintegra operates across the globe. The Company is ISO 9001:2008 certified.

Note No. 2

BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

A. Change in accounting policy

Presentation and disclosure of financial statements

There is no change in accounting policy during the year and company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

B. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

C. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to

the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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, 2012, whichever is earlier, subsequent to the amendment to AS-11 by the Ministry of Corporate affairs.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

D. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight line value - single shift basis using the rates those prescribed under the Schedule XIV to the Companies Act, 1956. The company has used the following rates to provide depreciation on its fixed assets.

Building (Factory)	- 3.34 %
Building (Other than Factory)	- 1.63 %
Plant and Machinery	- 4.75 % or based on usage of the assets
Office Equipments	- 4.75 %
Furniture and Fittings	- 6.33 %
Computers	- 16.21 % or based on usage of the assets
Vehicles	- 9.5 %

E. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a Written Down Value basis over the estimated useful economic life. The company

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 - (continued)

uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and Development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale
- 2) Its intention to complete the asset
- 3) Its ability to use or sell the asset
- 4) How the asset will generate future economic benefits
- 5) The availability of adequate resources to complete the development and to use or sell the asset
- 6) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a Written Down Value basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortization policies applied to the company's intangible assets is as below:

Goodwill	- 60%
Brands/trademarks	- 20%
Patents and intellectual property rights (IPR)	- 20%

Technical know-how	- 20%
Computer software	- 40% or based on use of the asset

The residual Value if any after amortising at the above rate ie. based on the estimated useful life of the asset is amortised in the final year of the estimated life of the asset.

F. Leases

Where the company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a Written Down Value basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a Written Down Value basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the company is the lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over

Quintegra Solutions Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 - (continued)

the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Presently the company lease out its surplus place in its operating premises which is renewed on a 11 months basis.

G. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

H. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

I. Grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

Grants received on agreed terms to perform research activities are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant will be received. Research costs are expensed as incurred.

J. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 - (continued)

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Investment property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on a written down value basis using the rate prescribed under the Schedule XIV to the Companies Act, 1956 as mentioned in point (d) above.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

K. Inventories & Quantitative Details

The Company is a service company primarily rendering information technology services. Accordingly it does not hold any physical inventories.

The Company is primarily engaged in 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.

L. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Operational Revenue

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

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

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

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.

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

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. 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.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

M. Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

From accounting periods commencing on or after 7 December 2006, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- 1) Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

Quintegra Solutions Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 - (continued)

- 2) 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, 2012, whichever is earlier, subsequent to the amendment to AS-11 by the Ministry of Corporate affairs.
- 3) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- 4) All other exchange differences are recognized as income or as expenses in the period in which they arise.

Forward exchange contracts are entered into to hedge foreign currency risk of an existing asset/liability.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph 2 and 3.

During the year company have not entered into any forward exchange contracts.

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date and their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

N. Retirement and other employee benefits

- (i) Short term employee benefit obligations are estimated and provided for.
- (ii) Post employment benefits and other long term employee benefits.

a) Defined Contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

b) Defined benefit plans and compensated absences

The company operates defined benefit plans for its employees, viz., gratuity. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss immediately.

Presently 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.

O. Accounting for Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 - (continued)

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax.

The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

P. Employee stock compensation cost

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Q. 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.

Quintegra Solutions Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 - (continued)

R Earnings Per Share (EPS)

Basic EPS

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS

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.

S. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

T. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

The company does not recognize a contingent liability but discloses its existence in the financial statements.

U. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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.

V. Financial instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

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.

Presently the company do not hold any derivative instruments.

W. Amalgamation accounting

The Company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

- i. All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.
- ii. Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.
- iii. The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional shares.
- iv. The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.
- v. The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 - (continued)

All other amalgamations are in the nature of purchase.

The Company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the company to recognize any non-cash element of the consideration at fair value. The company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the general reserve. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

An amalgamation in the nature of purchase is accounted for using the purchase method. The cost of an acquisition/ amalgamation is measured as the aggregate of the consideration transferred, measured at fair value. Other aspects of accounting are as below:

The assets and liabilities of the transferor company are recognized at their fair values at the date of amalgamation.

The reserves, whether capital or revenue, of the transferor company, except statutory reserves, are not recognized. Any excess consideration over the value of the net assets of the transferor company acquired is recognized as goodwill. If the amount of the consideration is lower than the value of the net assets acquired, the difference is treated as capital reserve. The goodwill arising on amalgamation is amortized to the statement of profit and loss on a systematic basis over its useful life not exceeding five years.

Presently no amalgamation have been entered into by the company.

X. Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

Particulars	(In Rs.)	
	As at 31 st March 2013	As at 31 st March 2012
Note No. 3		
SHARE CAPITAL		
Authorised Share Capital		
a 4,50,00,000 (Previous year 4,50,00,000) Equity shares of Rs.10/- each	450,000,000	450,000,000
Issued, Subscribed & Paidup Capital		
b 2,68,13,830 (Previous year 2,68,13,830) Equity shares of Rs.10/- each	268,138,300	268,138,300
c Reconciliation of Shares Outstanding		
Number of equity shares at the beginning of the year	26,813,830	26,813,830
Add: Rights issue	—	—
Allotment	—	—
Bonus issue	—	—
Less: Buy back	—	—
Number of equity shares at the end of the year	26,813,830	26,813,830
d Terms / Rights attached to equity shares		
The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
During the year ended 31 March 2013, the amount of dividend per share recognized as distributions to equity shareholders was Nil (31 March 2012: Nil).		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		

Quintegra Solutions Limited

(In Rs.)

Particulars	As at 31 st March 2013	As at 31 st March 2012
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e Details of shareholders holding more than 5% shares in the Company

S.No.	Name of Share Holders	Holding	
1	ROSEBURG INC	11.03%	11.03%
2	I PRO FUNDS LTD	4.48%	9.96%
3	STATE BANK OF INDIA	7.46%	7.46%
4	GLOBE CAPITAL MARKET LIMITED	5.79%	13.47%
5	CNI RESEARCH LIMITED	7.72%	-

f Shares reserved for issue under options

S.No.	Nature	No of shares	Terms
(i)	Shares reserved for issue under ESOP Plan	-	-
(ii)	Shares reserved for issue on conversion of CCPS	-	-
(iii)	Shares reserved for issue on conversion of bonds/debentures	-	-

Since all the unexercised options granted under Employees Stock Option Scheme – 2006 have since been lapsed during the year, the disclosure as required under Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is not applicable.

Note No. 4

RESERVES AND SURPLUS

a General reserve

Opening balance	49,462,799	49,462,799
Add: Addition	-	-
Less: Deduction	-	-
Closing balance	<u>49,462,799</u>	<u>49,462,799</u>

b Security premium reserve

Opening balance	431,433,100	431,433,100
Add: Addition	-	-
Less: Deduction	-	-
Closing balance	<u>431,433,100</u>	<u>431,433,100</u>

c Surplus from Profit & Loss account

Opening balance	(1,623,425,734)	(1,230,044,754)
Add: Current year surplus/ Shortage	(153,839,242)	(393,380,980)
Less: Transfer to general reserve	-	-
Less: Proposed dividend	-	-
Less: Dividend tax provision	-	-
Closing balance	<u>(1,777,264,976)</u>	<u>(1,623,425,734)</u>

d Foreign Currency Translation Reserve

Opening balance	(21,034,976)	(21,551,584)
Add: Addition	(407,486)	516,608
Less: Deduction	-	-
Closing balance	<u>(21,442,462)</u>	<u>(21,034,976)</u>
Total reserves and surplus	<u>(1,317,811,538)</u>	<u>(1,163,564,811)</u>

Particulars	(In Rs.)	
	As at 31 st March 2013	As at 31 st March 2012

Note No. 5

DEFERRED TAX LIABILITY (Net)

a Deferred Tax Liability

Fixed assets : Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	43,107,864	43,107,864
Others	—	—
Net Deferred tax liability	<u>43,107,864</u>	<u>43,107,864</u>

b Deferred Tax Asset

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for a tax purposes on payment basis	—	—
Provision for diminution in the value of investments	—	—
Provision for doubtful debts and advances	—	—
Branch Profit tax	3,050,057	3,050,057
Net deferred tax assets	<u>3,050,057</u>	<u>3,050,057</u>
Net deferred tax liability (a-b)	<u>40,057,807</u>	<u>40,057,807</u>

*The Company accumulates huge losses as on 31st March 2013. 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. Provision for diminution in the value of investments is not considered for calculating deferred tax since it is disallowed under Income tax act, 1961.

Note No. 6

SHORT TERM BORROWINGS

a Loans repayable on demand		
from banks	1,191,308,075	1,196,219,946
from others	3,000,000	3,000,000
b Loans and advances from related parties	98,118,162	98,118,162
	<u>1,292,426,237</u>	<u>1,297,338,108</u>

Details of Security

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 personal guarantee of Mr.Shankarraman V and pledge of 20 Lac Shares of the company in the name of Mr.Shankarraman V which was invoked by SBI during the year 2011-12.

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.49.44 Crores (PY Rs.34.6 Crores).

Loans and advances from related parties refers to the loan acquired from Trusted Aerospace Engineering Limited which is identified as related party as per Accounting Standard - 18.

Quintegra Solutions Limited

(In Rs.)

Particulars	As at 31 st March 2013	As at 31 st March 2012
Note No. 7		
TRADE PAYABLES		
a Trade Payables - Other than Micro & Small enterprises	25,956,153	25,017,371
b Due to Micro & Small Enterprises (Principal & Interest)	—	—
	<u>25,965,153</u>	<u>25,017,371</u>
Note No. 8		
OTHER CURRENT LIABILITIES		
a Interest accrued and due on borrowings	494,424,930	346,059,430
b Unpaid dividends	1,285,096	1,285,096
c Other payables (i) Expenses Payable	12,495,710	16,805,039
(ii) Statutory Payable*	6,518,310	17,713,238
	<u>514,724,046</u>	<u>381,862,803</u>

* Statutory Payable includes Professional Tax, TDS and interest on the same.

Note No. 9

SHORT TERM PROVISIONS

a Provisions for employee benefits	2,063,625	1,908,000
b Others (Specify)		
Provision for income tax	—	—
Provision for dividend	—	—
Provision for dividend tax	1,367,103	1,367,103
Others - expenses	771,800	—
	<u>4,202,528</u>	<u>3,275,103</u>

Note No. 10

TANGIBLE AND INTANGIBLE ASSETS

Asset Group	Cost				Depreciation				Net Cost	
	As at 31.03.12	Additions	Deletions	As at 31.03.13	As at 31.03.12	Additions	Deletions	As at 31.03.13	As at 31.03.12	As at 31.03.13
I. Tangible Assets										
a. Furniture & Fixtures	33,363,828	—	—	33,363,828	22,691,299	1,665,856	—	24,357,155	10,672,529	9,006,673
b. Land & Buildings	57,733,679	—	—	57,733,679	7,997,001	583,273	—	8,580,274	49,736,678	49,153,405
c. Plant & Equipment										
Air Conditioners	5,831,476	—	—	5,831,476	3,072,125	254,891	—	3,327,016	2,759,351	2,504,460
Computers & Accessories	134,085,271	—	—	134,085,271	130,159,880	3,025,627	—	133,185,507	3,925,391	899,764
Office Equipments	14,813,375	—	—	14,813,375	9,114,534	749,269	—	9,863,802	5,698,842	4,949,573
Total	245,827,629	—	—	245,827,629	173,034,839	6,278,915	—	179,313,754	72,792,789	66,513,874
PY 31.03.2012	245,905,529	20,000	97,900	245,827,629	165,431,937	7,639,130	36,229	173,034,839	80,473,591	72,792,789
II. Intangible Assets										
a. Softwares	177,536,842	230,000	—	177,766,842	169,550,486	5,405,225	—	174,955,711	7,986,355	2,811,130
b. Goodwill	716,303,754	—	—	716,303,754	—	—	—	—	716,303,754	716,303,754
c. Copyrights	27,175,655	—	—	27,175,655	21,740,524	5,435,131	—	27,175,655	5,435,131	—
Total	921,016,251	230,000	—	921,246,251	191,291,010	10,840,356	—	202,131,366	729,725,240	719,114,885
PY 31.03.2011	921,016,251	—	—	921,016,251	180,217,303	11,073,708	—	191,291,010	740,798,948	729,725,240

II (b) 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 2012 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.

II (c) 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.

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

Particulars	(In Rs.)	
	As at 31 st March 2013	As at 31 st March 2012
Note No. 11		
NON-CURRENT INVESTMENTS		
(i) Trade Investments	-	-
(ii) Other Investments		
a Investment in property	-	-
b Investment in equity instruments	-	7,613,696
	<u>-</u>	<u>7,613,696</u>
Unquoted Long Term Investments - at cost		
Investment in Wholly Owned Subsidiaries		
1 Quintegra Solutons (M) Sdn Bhd, Malaysia (Under Liquidation) ¹ 621,725 Equity share of MYR 1 each	7,613,696	7,613,696
2 Quintegra Solutons GmbH, Germany (Under Liquidation) 50,000 Equity share of € 1 each	2,757,350	2,757,350
3 PAC Inc, USA (Under Liquidation) ² 198 Equity share of US\$ 1.00 each	755,593,800	755,593,800
	<u>765,964,846</u>	<u>765,964,846</u>
Less : Provision for diminution in value of investments	765,964,846	758,351,150
	<u>-</u>	<u>7,613,696</u>
Capital commitments & Investment in Subsidiary		
1 During the year the subsidiary of the Company namely Quintegra Solutons (M) Sdn Bhd, Malaysia filed an application with the respective authorities for liquidation and hence the investment made in it amounting to Rs.76.13 Lakh provided for in the books.		
2 The wholly owned subsidiary 'Pingho Associates Corporation (the Company) incorporated in USA ceased its business operation during 2009-10 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 provided for during the year 2010-11 amounting to Rs.76.88 Crores.		
Note No. 12		
LONG TERM LOANS AND ADVANCES		
a Security deposits	3,671,018	3,996,993
b Capital Advance	-	-
c Loans and advances to related parties Advances to subsidiaries	-	(8,410,328)
d Other loans and advances *	-	-
	<u>3,671,018</u>	<u>(4,413,335)</u>
* Dues towards relinquishment of rights written off during the year as recoverability is uncertain.		
Note No. 13		
TRADE RECEIVABLES		
a Trade receivables outstanding for		
more than 2 years	90,000	613,920
more than 6 months	45,593	-
others	17,029,301	19,243,500
	<u>17,164,894</u>	<u>19,857,420</u>

Quintegra Solutions Limited

(In Rs.)

Particulars	As at 31 st March 2013	As at 31 st March 2012
b Trade receivables		
1 Secured, considered good		
2 Unsecured, considered good	17,074,894	19,243,500
3 Doubtful	90,000	613,920
Allowance for bad & doubtful under each head	-	-
c Debts due by		
1 Director or other officers of the Company	-	-
2 Any of the above jointly / severally along with any other person	-	-
3 Firms / private company in which director is a partner / director / member	-	-

Note No. 14

CASH AND BANK BALANCES

a Cash and cash equivalents		
(i) Balance with banks		
In current account	357,432	3,953,691
In Dividend Account	1,286,216	1,286,216
(ii) Cash in hand	2,921	885
b Other Bank Balances:		
in Fixed deposit & Margin money	793,900	793,900
	<u>2,440,469</u>	<u>6,034,691</u>
Bank Balance with Scheduled Banks		
(i) in EEFC Accounts	-	-
(ii) in Other Accounts	357,432	3,953,691
(iii) in Margin Money & Gratuity Account	793,900	793,900
(iv) in Dividend Account	1,286,216	1,286,216

Note No. 15

SHORT-TERM LOANS AND ADVANCES

a Loans and advance to related parties	-	-
b Others		
(i) Salary Advances	-	3,000
(ii) Other Office advances (includes Foreign Tour Advance)	-	-
(iii) Other Advances	-	-
	<u>-</u>	<u>3,000</u>

Note No. 16

OTHER CURRENT ASSETS

(a) TDS on Receipts	3,553,273	3,264,460
(b) Income tax refund receivable	15,244,122	16,836,008
(c) Prepaid expenses	-	410,712
	<u>18,797,395</u>	<u>20,511,180</u>
	2012-13	2011-12

Note No. 17

REVENUE FROM OPERATIONS

Software Services

(a) Overseas Revenue	85,723,705	95,621,807
(b) Domestic Revenue	36,989,410	32,893,510
	<u>122,713,115</u>	<u>128,515,317</u>

	(In Rs.)	
Particulars	2012-13	2011-12
Note No. 18		
OTHER INCOME		
(a) Interest Income		
On Bank Deposits	4,463	4,463
On Income Tax Refunds	445,499	743,402
(b) Rental Income	342,000	255,600
(c) Miscellaneous Income*	54,811	18,140
	<u>846,773</u>	<u>1,021,605</u>
* Miscellaneous income includes sale of old newspapers & Scraps.		
Note No. 19		
COMPENSATION & BENEFITS		
(a) Salaries & Allowances	80,177,729	86,492,040
(b) PF,ESI,PT & LWF Contributions	760,750	683,698
(c) Directors' Remuneration	600,000	2,270,968
(d) Bonus & Ex-gratia	14,000	19,000
(e) Staff Welfare Expenses	293,140	286,011
	<u>81,845,618</u>	<u>89,751,717</u>
Note No. 20		
ADMINISTRATIVE EXPENSES		
(a) Communication Expenses, Postage & Courier	3,015,676	3,401,997
(b) Rent & Amenities	1,627,512	2,614,825
(c) Repairs & Maintenance	1,119,396	985,628
(d) Legal & Professional Fees	3,941,890	3,267,515
(e) Rates & Taxes	1,676,135	859,501
(f) Power & Fuel	1,091,040	2,184,386
(g) Insurance Charges	7,510,008	9,899,340
(h) Printing & Stationery	231,118	220,296
(i) Local Conveyance, Transportation & Freight	82,147	64,017
(j) Audit Fees		
i) Statutory Auditor	125,000	125,000
ii) Tax Auditor	25,000	25,000
iii) Branch Audit fee	251,550	288,000
iv) Certification & Consultation	80,000	80,000
(k) Bank Charges	56,928	16,434
(l) Secretarial Expenses	39,575	107,638
(n) Other Expenses	120,654	314,126
(o) Loss / (Gain) on Exchange Realisation	4,685	7,898
(p) Bad Debts Written Off	712,720	217,981,053
	<u>21,711,034</u>	<u>242,442,654</u>
Note No. 21		
SELLING & DISTRIBUTION EXPENSES		
(a) Travel Foreign, Inland	7,408,423	7,400,383
(b) Business Development Expenses	909,460	983,487
	<u>8,317,883</u>	<u>8,383,870</u>
Note No. 22		
EXCEPTIONAL ITEMS (PROFIT AFTER ADJUSTING LOSS ON SALE OF FIXED ASSET)		
(a) (Loss) / Gain on sale of asset	-	54,671
(b) Write off of account balances of subsidiary	(8,313,638)	10,876,719
(c) Diminution in Value of Investments	7,613,696	2,757,475
(d) Towards Liquidation & Restructure of PAC	246,951	-
	<u>(452,991)</u>	<u>13,688,865</u>

During the year the company provided for diminution in the value of its subsidiary namely Quintegra Solutons (M) Sdn Bhd, Malaysia considering their inability to perform / generate revenue. The above subsidiary initiated the steps for its liquidation with respective authorities. The item (d) above refer to the capital commitment charges paid by the company for its subsidiary Pingo Associate Corporation and reversal of Debt commitment pertain to the subsidiary.

Quintegra Solutions Limited

(In Rs.)

Particulars	2012-13	2011-12
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Note No. 23

EXTRAORDINARY ITEMS (PRIOR PERIOD EXPENSES)

(a) Reversal of excess provision on gratuity	-	(865,398)
Presently 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.		

Note No. 24

INTEREST & FINANCE CHARGES

(a) Interest on Unsecured Loan	-	-
(b) Interest - Others*	148,601,175	142,323,646
	<u>148,601,175</u>	<u>142,323,646</u>

This includes the interest towards loan defaulted, provided for in the books and it remains unpaid. The accumulated interest due on defaulted loan as on 31st March 2013 amounts to Rs.44.94 Crores (PY Rs.34.6 Crores).

Note No. 25

CONTINGENT LIABILITY & COMMITMENTS

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

S.No.	Statute	Forum where dispute is pending	*Assessed/ Reassessed Demand (Rs.Lakhs)	Assessment Year
1	U/s 269UC and 269UL(2) Income Tax Act, 1961	City Civil Court	5.00#	2002-03
2	Income Tax Act, 1961	CIT Appeals (V)	14.11	2010-11

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.

Note No. 26

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	2012-13	2011-12
Subsidiary Companies		
Investment in Subsidiary Companies	-	7,613,696
Advances (from) / to Subsidiary Companies	-	1,348,119
Advances or loan received from other than Subsidiary Companies	98,118,162	98,118,162
Directors & Key Management Personnel and Remuneration paid to them		
Salary to Mr. Shankarraman Vaidyanathan	-	1,756,904
Salary to Mr. Sriraman Vaidyanathan (includes PF of Rs.36000 for Mr.Sriraman)	636,000	636,000

Note No. 27

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	2012-13	2011-12
Net Profit / (Loss) Available for Equity Shareholders	(153,839,242)	(393,380,980)
Weighted Average No. of Equity Shares for Basic EPS	26,813,830	26,813,830
Weighted Average No. of Equity Shares for Diluted EPS	26,813,830	26,813,830
No. of Options Granted	0	
No. of Options Forfeited / Surrendered	0	
No. of Options Exercised	0	
No. of Options in Force	0	0
A. Basic EPS	(5.74)	(14.67)
B. Diluted EPS	(5.74)	(14.67)

Note No. 28**EXPENDITURE IN FOREIGN CURRENCY:**

Particulars	2012-13	2011-12
Travel Foreign	301,420	65,350
Expenses met by Branch Offices	86,211,474	96,644,122
	86,512,894	96,709,472

Note No. 29**EARNINGS IN FOREIGN CURRENCY:**

Particulars	2012-13	2011-12
Revenue from Software Exports	85,723,705	95,621,807

Note No. 30**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.

I Business Segment (Primary)	2012-13	2011-12
Segmental Revenues		
BFSI	294.51	359.84
QASS	245.40	269.88
Other Emerging Verticals	687.22	655.43
	1227.13	1285.15
Segmental Profit/ (Loss) before Interest, Depreciation & Tax		
BFSI	(17.69)	(69.23)
QASS	(13.80)	(57.69)
Other Emerging Verticals	(31.32)	(2,180.83)
	(62.81)	(2,307.75)
Less: Finance Charges	1486.01	1423.23
Profit / (Loss) from Operations	(1,548.82)	(3,730.98)
Add: Other Income	8.47	10.21
Less: Exceptional Items	(4.53)	136.89
Less: Extraordinary Items (Prior Period Expenses)		(8.65)
Profit before Tax	(1,535.82)	(3,849.01)
Less: Income Tax including Deferred tax	2.57	84.80
Profit after Taxation	(1,538.39)	(3933.81)
II Geographical Segment (Secondary)		
Segmental Revenues		
India	371.21	331.41
USA	855.92	953.74
	1227.13	1285.15

Note No. 31**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.

Note No. 32**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.

Quintegra Solutions Limited

Note No. 33

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.15.38 Crores (PY Rs.39.33 Crores) for the year ended 31st March 2013. 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

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

THINK GREEN, GO GREEN

E-COMMUNICATION REGISTRATION - REQUEST

This is to remind the Shareholders, who had not already registered their email ID, to kindly register their email ID in order to receive all communications from the Company in Electronic Form pursuant to the "Green Initiative in Corporate Governance" issued by the Ministry of Corporate Affairs vide circular no. 17/2011 dated 21.04.2011. Those who desire to join the aforesaid Green initiative may furnish their email ID as follows:

- i) If the Shares are held in Demat Form - to respective Depository Participant (DP).
- ii) If the Shares are held in Physical Form - to Company's Registrar viz. . Integrated Enterprises (India) Limited
Kences Towers, 2nd Floor, North Usman Road,
T.Nagar, Chennai - 600 017

E-COMMUNICATION REGISTRATION FORM

(In terms of circular no. 17/2011 dated 21.04.2011 issued by Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder(s) :

Registered Address :

Email ID (to be registered) :

I / we share holder(s) of **M/s. Quintegra Solutions Limited**, agree to receive communication from the company in electronic mode.

Please register my above e-mail in your records for sending communication thru e-mail.

Signature:
(First Holder)

Date:



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 19th Annual General Meeting of the Company held at Russian Cultural Centre, 74, Kasturi Ranga Road, Teynampet, Chennai 600 018 on Monday, the 30th September 2013 at 10.00 AM

.....
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 19th Annual General Meeting of the Company to be held on Monday, the 30th September 2013 at 10.00 AM and at any adjournment thereof.

Dated this day of 2013.

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.



FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	QUINTEGRA SOLUTIONS LIMITED
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Qualified Opinion
4.	Frequency of observation	Appeared since 2 years
5.	<p><u>Signed by:</u></p> <p>Wholetime Director</p> <p><i>[Signature]</i> Finance In charge</p> <p>Auditor of the company</p> <p><i>[Signature]</i> Audit Committee Chairman</p> <p>For QUINTEGRA SOLUTIONS LIMITED</p> <p><i>[Signature]</i> Wholetime Director</p> <p>For GOPINATH ASSOCIATES CHARTERED ACCOUNTANTS</p> <p><i>[Signature]</i> S. GOPINATH PARTNER</p>	