Quintegra Solutions Limited

18TH

ANNUAL REPORT

2011 - 12

quintegra

www.quintegrasolutions.com

LOCATIONS

India
Chennai
Global Headquarters
168, Eldams Road, Chennai - 600 018.
Tamilnadu, India.
Tel : (+91 44) 4391 7100
Fax : (+91 44) 2432 8399

Malaysia

SUITE 1007,
10th Floor
Wisma Lim Foo Young
86 Jalan Raja Chulan,
55200, Kuala Lumpur, Malaysia

USA

8433 N Black Canyon Highway,
Suite 100 Phoenix
Arizona - 85021-4859
Tel : 620-595-3800, 408-260-7342
Fax: 408-260-1608, 801-640-9296

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CORPORATE INFORMATION 2011-12

BOARD OF DIRECTORS

Mr Shankarraman Vaidyanathan – *Chairman*
Mr V Sriraman – *Wholetime Director*
Mr Meleveettil Padmanabhan – *Director*
Mr R Kalyanaraman – *Director*
Mr G Venkatarajulu – *Director*

COMPANY SECRETARY

Mr Sankar Varadharajan

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.
Sanjose, USA, Phoenix USA

SUBSIDIARY

Quintegra Solutions (M) SDN BHD, Malaysia

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

Shankarraman Vaidyanathan *Chairman*	• Post Graduate in Commerce. • About 22 years extensive experience in finance, project management, marketing and IT. • Wide exposure in development of various businesses, a pioneer in IT sector. • A leading business man and represents the Board of several Companies.
Mr V Sriraman *Wholetime Director*	• Graduate in Commerce and a Post Graduate in Business Administration. • More than 24 years experience in sales & marketing and business development / administration
Mr Meleveettil Padmanabhan *Director- Non Executive*	• Graduate in Commerce and a Member of the Institute of Chartered Accountants of India • 39 years experience in Accounts, Auditing and Corporate Consultancy. • Represents the board of few other companies
Mr R Kalyanaraman *Director- Non Executive*	• Graduate in Electrical and Electronics Engineering. • Worked in BHEL from 1975 to 1993 in various fields including research and development, project management and ancillary development. • Presented several technical papers in various national conferences. • Managing a company developing projects and providing technical and financial consultancy. • Represents the board of few other companies
Mr G Venkatarajulu *Director- Non Executive*	• Diploma in Civil Engineering • Has experience in various field like civil engineering, printing and computer technology • About 21 years experience in training and imparting computer skills to students and professionals.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Friday, the 28th September 2012 at 10.00 AM at Russian Cultural Centre, 74, Kasthuri Ranga Road, Chennai 600 018 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Directors' Report, the audited Profit and Loss Account for the financial year ended 31 March 2012 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To elect a Director in place of Mr Shankarraman Vaidyanathan 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 : 31.08.2012

Sankar Varadharajan
Company Secretary

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 Friday, the 21st September 2012 to Friday, the 28th September 2012 (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 Registrar and Share Transfer Agent, 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.
10. **Please furnish your e-mail ID to Integrated Enterprises (India) Ltd., Registrar and Share Transfer Agent for sending future Annual Reports / Correspondence in Electronic Form.**

ANNEXURE TO THE NOTICE

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

Item No 2:

Mr Shankarraman Vaidyanathan (Non-Executive Director) - Brief Resume

Academic Background	A Post Graduate in Commerce.
Nature of expertise	About 22 years extensive experience in finance, project management, marketing and IT fields.
Committee Membership	Nil
Shareholding of the Director in the Company	557055 equity shares of Rs 10/- each.

By order of the Board

Place : Chennai
Date : 31.08.2012

Sankar Varadharajan
Company Secretary

DIRECTORS REPORT

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Financial Statements for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

Particulars	**For the year ended 31.03.2012**	For the year ended 31.03.2011
Total income	**1295.37**	1708.93
Expenditure	**3405.78**	3472.77
Interest	**1423.24**	1241.15
Depreciation & Exceptional Items	**315.36**	7882.73
Profit / (Loss) before tax	**(3849.01)**	(10887.71)
Tax Expense (for earlier years)	**84.80**	–
Profit /(Loss) after tax	**(3933.81)**	(10887.71)
Balance brought forward from previous year	**(12300.45)**	(1412.73)
Balance carried over	**(16234.26)**	(12300.44)

REVIEW OF OPERATIONS AND OUTLOOK

OPERATIONS

The Company still has not recovered from the financial burden caused over previous years. The Subsidiaries are not showing progress. Adverse impact on the working of the Company continues due to shortage of working capital.

OUTLOOK

The Company continues to make all possible efforts to come out of the set back. Drastic reductions in overheads and postponement/ shelving of expansion programmes continue. The Company is still optimistic to cross over the tides.

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 2012.

DIRECTORS

The tenure of Mr Shankarraman Vaidyanathan as Managing Director expired on 17.01.2012. Considering the difficult financial situation, the Board have not considered extending his tenure as Managing Director. However he will continue on the Board as the Chairman.

Mr Shankarraman Vaidyanathan, now being a non executive 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 had posted a loss of RM 25,082 net profit of during the financial year as against the profit of RM 1,794 for the previous financial year.

Quintegra Solutions GmbH, Germany

The subsidiary is under liquidation as per German Laws.

During the year, other subsidiaries viz Quintegra Solutions Limited, UK, Quintegra Solutions Ireland Limited had been wound up.

PA Corporation, USA

Bankruptcy petition had been filed for this company. The United States Bankruptcy Court, Eastern District of Virginia had issued an order confirming the Plan of Reorganisation filed by the Official Committee of Unsecured Creditors.

HUMAN RESOURCES

HR is systematically addressing the needs of the Organization keeping in mind, the crrent industrial position, productivity, employee morale and quality assurance.

EMPLOYEES STOCK OPTION SCHEME

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORTS

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

CEO/CFO CERTIFICATION

The Wholetime 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:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b) 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;
c) 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;

d) 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.

EXPLANATION TO THE REMARKS IN THE ANNEXURE TO AUDITORS REPORT

Item No. 1(b) and 7; The Company is conducting the physical verification of the assets periodically. Further as mentioned by the Auditors in their Note No. 4, the Company has an effective internal control procedure commensurate with its size and nature of business. Hence the Management is of the view that this is adeqate for the current size of business and operation.

ACKNOWLEDGEMENT

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

By order of the Board

Place : Chennai
Date : 31.08.2012

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**

   Operations of your Company require a low level of energy consumption. However measures like installation of energy saving systems, switching off the power when not in use are being followed regularly in order 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 and capture new clients. 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 : 31.08.2012

Shankarraman Vaidyanathan
Chairman

Annexure 3

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

1	Number of Options granted	968,020
2	Pricing Formula	Latest available closing price on the date of grant on a stock exchange where there is highest trading volume
3	Number of Options vested	27,800
4	Number of Options exercised	13,730
5	Total number of shares arising out of exercise of Options	13,730
6	Number of Options lapsed	940,220
7	Variation in the terms of the Options	Not Applicable
8	Money realized by exercise of Options	1,098,400
9	Total number of Options in force	27,800
10	Employee wise details of options granted to -	The Company has not granted any options during the current financial year.
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 - Earnings Per Share	(14.66)
12 a	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed.	The Company has used the intrinsic value method of accounting. Had it used the air Value Method, the following would be the impact. Rs. Net income as reported (393,380,980) Add intrinsic value compensation cost – Less fair value compensation cost – Adjusted proforma Net Income (393,380,980)
12 b	The impact of this difference on profits and on EPS of the company shall also be disclosed.	Nil
13 a	Weighted average exercise prices for options whose exercise price - i. equals market price ii. exceeds market price iii. is less than market price	The Company has not granted any options during the current financial year.

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

By order of the Board

Place : Chennai
Date : 31.08.2012

Shankarraman Vaidyanathan
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Pursuant to Clause 49 of the Listing Agreement)

1. OVERVIEW

Quintegra Solutions Limited (Quintegra) is an IT services and consulting company delivering services through innovative and customized solutions and is in the business for over 18 years. Quintegra provides a wide range of IT services to industries like financial services, manufacturing, education, healthcare and hi-technology. It delivers software services in the spectrum of application development and maintenance, product services, testing and professional services. With headquarters in Chennai - India, Quintegra operates from US and Malaysia also. The Company is ISO 9001:2008 certified.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

As per Government notification, the growth rate of the IT domestic market is 16.7 per cent in the financial year 2011-12 and the domestic market has increased from Rs.786 billion to Rs.918 billion.

The aggregate revenue for the IT sector is estimated to cross USD 100 billion in 2011-12 from USD 88 billion during previous financial year and has been growing at a compound annual growth rate of 17 percent during the last five years.

The contribution of the IT sector to India's Gross Domestic Product (GDP) has increased from 6.4 percent in 2008 to 7.5 percent in 2012. The sector has provided employment to 2.8 million people and indirect employment to 8.9 million people.

It is obvious that IT sector poised to become a US$ 225 billion industry by 2020. One of the most significant growth catalysts for the Indian economy is the IT-BPO sector. The Indian Information Technology (IT) industry has played a key role in putting India on the global map. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to various socio-economic parameters such as employment, standard of living and diversity. IT has emerged as a key sector of the Indian economy in terms of its contribution to export earnings, employment opportunities, investments and overall socioeconomic development. India's IT potential has attracted multinationals to grab a share and cash in on the IT boom.

3. OPPORTUNITIES AND THREATS

One area that provides considerable opportunities to the IT/ITeS sector is the Small and Medium Enterprises (SME) segment in India. With an approximate 60% of this segment still using paper-based accounting, getting them on-board would provide considerable opportunities to this sector. Another area that has generated considerable interest is Cloud Computing, (dubbed as the next big thing) which is still in its emerging stage in India. However, it is expected that almost 30% of the applications can be provided via this hosting model thereby increasing opportunities

Numerous countries within a continental location have started following the footsteps of the North American province and are looking at adapting economic and ecological polices that without doubt will hand Indian IT sector severe blows. These counties are seeking to take on strict polices that will mean far less outsourcing and a much more narrow view with the idea of safeguarding work and contracting within there own domains. In order to generate employment opportunities, the US and Britain are choosing structured programs that will mean a greater percentage of work remaining in their own location.

In recent years there have been many events that have affected the outsourcing of work to India, First and foremost being the threat of terrorism in this part of the world has led to many western countries seeking to outsource in other countries. Then there was the economic crisis and global credit crunch. With so many businesses failing in their prospective countries, governments have looked at ways to enforce companies to contract work in their own vicinity.

The American government has taken steps that they believe is in the view of protecting the American people and their right to job protection. This means that certain companies will receive incentives that are really against most human rights policies. It has also been noted that companies that are outsourcing work overseas will no longer receive the tax benefits they once might have had.

The Union Budget for 2012-13 has received little cheer from either the IT firms or IT managers working in various companies. There is no consideration of tax exemption on software exports, nor is there any change in the Corporate Income tax. Increased excise duty and service tax would inflate the infrastructure and operational costs. Instead of bringing in a stimulus, it would make Indian IT companies less competitive globally. In fact, Nasscom had proposed extension of the tax holiday - an incentive to boost the IT sector that expired on March 31 last year. It was felt, to continue boosting the cost-competitiveness of the technology sector, an extension of the income-tax holiday for a further period of five to ten years would have been a welcome step.

Quintegra being a part of the industry faces all these threats. However, the Company continues to take steps to re-align the Company's policies and work patterns to suit the present industry trend and mitigate the threats to the maximum.

4. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

In 2011-12, the break-up of revenues among Quintegra's domains were as follows:

(Rs. lacs)

	2011-12	
	Consolidated	Standalone
BFSI	359.84	359.84
QASS	269.88	269.88
Other emerging verticals	657.06	655.43
Total	1286.78	1285.15

5. OUTLOOK

NASSCOM predicts lesser growth rate of around 14% for India IT-BPO Industry in FY 2012-2013. NASSCOM expects a 4.5% growth in the Global Technology spending in 2012 and further predicts that industry can meet the "Vision 2020" target of touching $225 billion by 2020. Contribution of IT-BPO Industry to India's gross domestic product has gone up to 7.5% from 6.4% in 2008. NASSCOM also projected that the IT-BPO industry will add 200,000 jobs in 2012-13.

Challenges for the India IT-BPO industry in FY2012-13 include elections in the US leadership, changes in euro zone, the ongoing sovereign debt crisis, India's own policy paralysis (like no road map on direct taxes code, goods and services tax, SEZ issues and increased tax activism). NASSCOM will relook at its forecast in October 2012 as the global macro economic scenario is still uncertain. Indian IT companies too have sounded cautious in their outlooks and hope that the market condition will improve from the latter part of this year.

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

6. RISKS AND CONCERNS

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

Among various other things, the India IT industry expressed concerns on policy paralysis in the government holding up reforms and growth. It was observed that the government decision to apply tax laws retrospectively had sent a wrong signal to overseas firms on investing or doing business in India. The government would have to take steps to do something very positive to welcome foreign investors and take pro-active measures to boost exports and give incentives to promote entrepreneurship in innovative product firm. Lack of initiative in providing basic and social infrastructure, especially in tier-two and tier-three towns and lack of government support to small and medium enterprises (SMEs) after tax holidays withdrawn to the industry since 2011 were also causes of concern.

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

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

8. FINANCIAL PERFORMANCE

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

9. HUMAN RESOURCES

Quintegra is fully aware that the success of the company depends on right human resources. HR strategy is designed and updated from time to time to adapt the changes in the environment. Company's philosophy is to hire best talents and impart necessary training to cater the needs of the clients and handle new trends in technology. Company continuously strives to retain the right person. Recognition of Performers through rewards / promotion is a continuous process.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

a) Composition

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

Promoter and 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 Meleveettil Padmanabhan	Non Executive/ Independent Director	1	1	–
4.	Mr R Kalyanaraman	Non Executive/ Independent Director	2	–	–
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 7 times during the financial year on 29.04.2011, 16.05.2011, 29.07.2011, 02.09.2011, 21.10.2011, 16.01.2012 and 31.01.2012. The attendance of the Directors at the Board Meeting and the last AGM are given below:

S. No	Name of the Director	Attendance		
		Board Meetings		Last
		Held	Attended	AGM Attended
1.	Mr Shankarraman Vaidyanathan	7	6	Yes
2.	Mr V Sriraman	7	7	Yes
3.	Mr Meleveettil Padmanabhan	7	6	Yes
4.	Mr R Kalyanaraman	7	7	Yes
5.	Mr G Venkatarajulu	7	7	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 Meleveettil 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 control 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 29.04.2011, 29.07.2011, 02.09.2011, 21.10.2011 and 31.01.2012. The attendance of the members is given below:

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

II) Remuneration Committee

a) Composition

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

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

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 met 2 times during the financial year on 16.05.2011 and 16.01.2012. The attendance of the members is given below:

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

III) Shareholders/Investors Grievance Committee

a) Composition

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

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

b) Role

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

c) Meetings

The Committee met thrice during the financial year on 26.08.2011, 30.09.2011 and 30.11.2011. The attendance of the members is given below:

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

6 Investor complaint had been received from the shareholders during the year and they have been resolved to the satisfaction of shareholders. There were no transfers pending as on 31.03.2012. The Board has also delegated the power of approving the transfer, transmission etc. of securities to the Chairman.

IV) Compensation Committee (ESOS-2006)

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

V) Compliance Officer

Company Secretary & Chairman take care of the compliances.

VI) Procedure for Committee Meetings

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

4. DIRECTORS' REMUNERATION

a) Policy

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

b) Remuneration for 2011-12

(i) Executive Directors

Name	Fixed Components			Variable Components	Service Terms	Stock Options
	Salary & Allowances	Retirement benefits	Other benefits			
Mr Shankarraman Vaidyanathan*	1,670,968	85,936	–	–	3 years wef 18.1.2009	Nil
Mr V Sriraman	600,000	36,000	–	–	3 years wef 18.5.2011 *	Nil
Total	2,270,968	121,936				

** Mr Shankarraman Vaidyanathan was relieved from the office of Managing Director on 17.01.2012 and as such no remuneration was paid to him w.e.f. 18.01.2012.*

(ii) Non-Executive Directors

Sl No	Name	Sitting Fees (Rs)
1.	Mr Shankarraman Vaidyanathan*	1,000
2.	Mr Meleveettil Padmanabhan	6,000
3.	Mr R Kalyanaraman	7,000
4.	Mr G Venkatarjulu	7,000
	Total	21,000

** 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
2008-09	30.9.2009	10.00 AM	Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018
2009-10	30.9.2010	10.00 AM	Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018
2010-11	30.9.2011	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.	30.9.2010
3.	Reappointment of Mr Shankarraman Vaidyanathan as Managing Director pursuant to Sections 269,198, 309 and Schedule XIII of the Companies Act, 1956	30.9.2009
4.	Issue of further shares/securities/FCD/PSD/CDR/ADR etc pursuant to Section 81(1A) of the Companies Act, 1956.	30.9.2009

c) Postal Ballot

There were no resolutions passed through Postal Ballot during 2011-12

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

Other Corporate information of significant importance are promptly intimated to Stock Exchanges and also to the public by way of press releases in 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 : 31.08.2012

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** : Friday, 28th September 2012 at 10.00 AM at Russian Cultural Centre, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018.
4. **Financial Calendar (Tentative, subject to change):** **Financial year : April to March**

Results for the quarter ending	Tentative Schedule
30th September 2012	Last week of October 2012
31st December 2012	Last week of January 2013
31st March 2013	Last week of April 2013
30th June 2012	Last week of July 2013
Annual General Meeting	September 2013

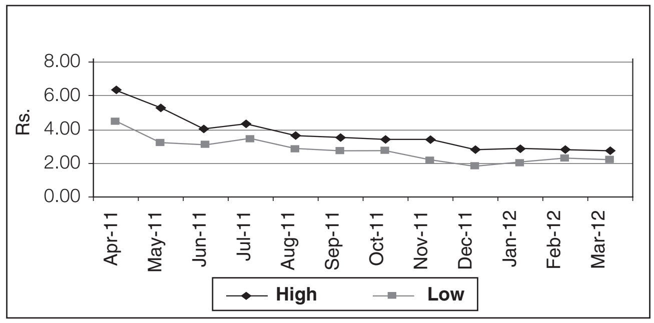
5. **Book Closure Period** : Friday, the 21st September 2012 to Friday, the 28th September 2012 (both days inclusive)
6. **Share Capital** : The paid up Capital Rs 26,81,38,300 comprising of 2,68,13,830 equity shares of Rs 10/- each.
7. **Dividend Payment Date** : Not Applicable
8. **Listing on Stock 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

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

Month	High	Low	Month	High	Low
Apr-11	6.35	4.45	Oct-11	3.40	2.70
May-11	5.25	3.20	Nov-11	3.35	2.10
Jun-11	4.00	3.05	Dec-11	2.80	1.75
Jul-11	4.30	3.40	Jan-12	2.85	2.00
Aug-11	3.65	2.80	Feb-12	2.80	2.20
Sep-11	3.50	2.65	Mar-12	2.70	2.15

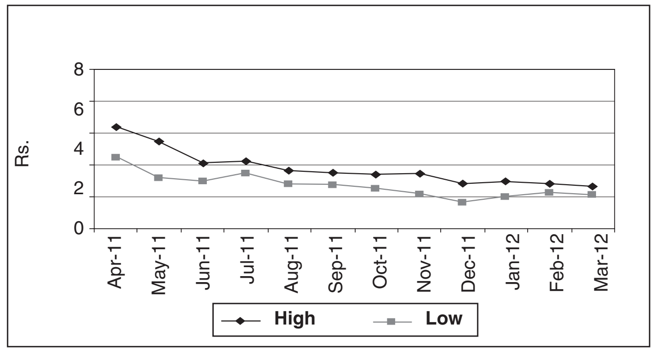
ii) Share Price Performance Graph - NSE Nifty (Rs.)



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

Month	High	Low	Month	High	Low
Apr-11	6.37	4.48	Oct-11	3.34	2.56
May-11	5.45	3.22	Nov-11	3.44	2.15
Jun-11	4.14	2.98	Dec-11	2.81	1.67
Jul-11	4.25	3.42	Jan-12	2.99	1.96
Aug-11	3.68	2.80	Feb-12	2.83	2.25
Sep-11	3.49	2.68	Mar-12	2.64	2.15

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



11. Registrars & Share Transfer Agents

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

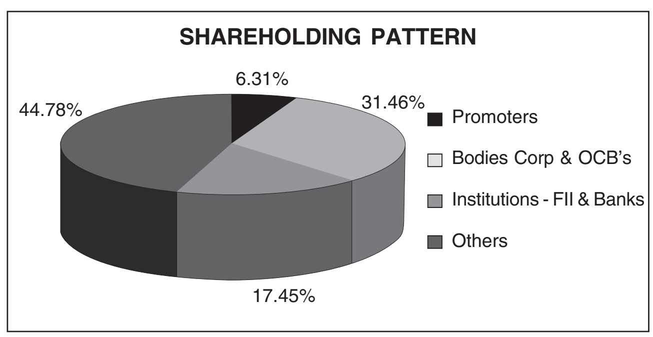
12. Share Transfer System

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

13. Pattern and Distribution of Shareholding

a) Shareholding Pattern (as on 31.3.2012)

Shareholders category shares	Shareholding	
	No. of Capital	% to total
Promoters	1691786	6.31
Bodies Corp & OCB's	8435524	31.46
Institutions- FII & Banks	4680000	17.45
Others	12006520	44.78
Grand Total	**26813830**	**100.00**



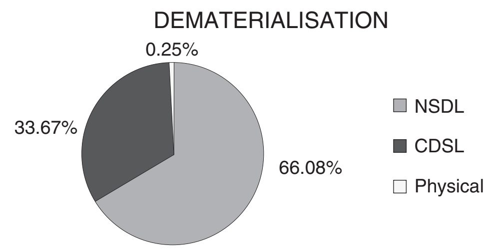
b) Distribution of Shareholding (as on 31.3.2012)

Range of Shares		No of Holders	%	No. of Shares	%
upto	500	4794	65.68	862974	3.22
501	1000	985	13.49	869400	3.24
1001	2000	568	7.78	899251	3.35
2001	3000	250	3.42	660435	2.46
3001	4000	141	1.93	512715	1.91
4001	5000	128	1.75	611609	2.28
5001	10000	221	3.03	1645319	6.14
above	10000	213	2.92	20752127	77.40
TOTAL		**7300**	**100.00**	**26813830**	**100.00**

14. Dematerialisation of Shares

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

Category	shares	%
NSDL	17718835	66.08
CDSL	9027340	33.67
Physical	67655	0.25
Total	26813830	100.00



Company's Demat ISIN : INE033B01011

15. Outstanding GDRs/ADRs etc.

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

16. Address for Correspondence

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

17. Unpaid/Unclaimed Dividend

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

18. Office Locations

Given elsewhere in the Annual Report.

For and on behalf of the Board

Place : Chennai
Date : 31.08.2012

Shankarraman Vaidyanathan
Chairman

CONFIRMATION ON CODE OF CONDUCT

(Pursuant to Clause 49 of the Listing Agreement)

To the Members of Quintegra Solutions Limited

Pursuant to Clause 49(I)(D)(ii) of the Listing Agreements with the Stock Exchanges, I hereby confirm that for the financial year ended March 31, 2012, the Board members and the employees have affirmed compliance with the Code of Conduct framed by the Company.

Place : Chennai
Date : 31.08.2012

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, 2012 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, 2012, no investor grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Company which are presented to the Shareholders/ Investors Grievance Committee.

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

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

S Gopinath
Partner
Membership No: 23854

Place : Chennai
Date : 31.08.2012

AUDITOR'S REPORT

To the Members of M/s. Quintegra Solutions Limited

We have audited the attached Balance Sheet of M/s. QUINTEGRA SOLUTIONS LIMITED ("the Company") as at 31st March 2012, the Profit & Loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

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

We draw your attention to the following points:

1 The company incurred heavy accumulated losses of Rs.164.44 Crores(excluding general reserve and securities premium) eroding its total net worth. Also the company unable to serve its secured term loans even after rescheduling its repayment terms in December 2008 which is outstanding as on 31st March 2012 is Rs.119.13 Crores and interest provided but unpaid amounting to Rs.34.60 Crores. In spite of the above conditions, the accounts of the company have been prepared on a 'going concern basis'.

2 The Company has not amortized the good will on various acquisitions over the years in accordance with the requirements of accounting standard 14 titled 'Accounting for Amalgamations'. As a result opening accumulated losses have been understated to the extent of Rs. 71.63 Crores and good will have been overstated to the extent.

Further to our comments in the annexure referred to above, we report that:

a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the those books.

c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.

e. On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956; and

f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

   a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.

   b. In the case of Profit & Loss account, of the Loss of the Company for the year ended on that date; and

   c. In the case of the Cash flow statement, of the cash flows for the year ended on that date.

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

S Gopinath
Partner
M. No. 023854

Place : Chennai
Date : 31.08.2012

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

The Annexure referred to in our report to the members of M/s QUINTEGRA SOLUTIONS LIMITED ('the Company') for the year ended 31 March 2012. 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 2012 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 5(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 2012
      1. TDS on Salaries amounting to Rs.1,37,99,500 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 and Rs.41,815 for the year 2011-12) The above taxes are not paid till date of our report.

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

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

Rs. In Lakhs

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

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

10. The Company has accumulated losses at the end of the financial year as on March 31 2012 and has incurred cash losses during the financial year ended on that date and also in the immediately preceding financial year.
11. The Company has defaulted in repayment of dues including interest and principal to State Bank of India, Overseas Branch, Chennai on its various fund facilities availed, outstanding at the year end amounting to Rs.119.13 Crores. The unpaid interest provided for in the books of accounts on the said loan amounts to Rs.13.56 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 : 31.08.2012

Quintegra Solutions Limited

BALANCE SHEET AS AT

(in Rs.)

	Notes	31 March 2012	31 March 2011
I. Source of Funds			
(1) Share holders' Funds			
(a) Share Capital	3	**268,138,300**	268,138,300
(b) Reserves & Surplus	4	**(1,163,564,811)**	(770,700,438)
		(8,95,426,511)	(502,562,138)
(2) Non Current Liabilities			
Deferred tax liabilities (Net)	5	**43,107,864**	39,371,205
		43,107,864	39,371,205
(3) Current Liabilities			
(a) Short-term borrowings	6	**1,297,338,108**	1,296,785,090
(b) Trade payables	7	**25,017,371**	28,295,287
(c) Other current liabilities	8	**381,862,803**	237,010,352
(d) Short-term provisions	9	**3,275,103**	8,233,911
		1,707,493,385	1,570,324,640
Total		**855,174,739**	1,107,133,706
II. Application of Funds			
(4) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		**72,792,789**	80,473,591
(ii) Intangible assets		**729,725,240**	740,798,948
(b) Non-current investments	11	**7,613,696**	10,371,171
(c) Deferred tax assets (net)	5	**3,050,057**	–
(d) Long term loans and advances	12	**(4,413,335)**	35,969,242
(5) Current assets			
(a) Trade receivables	13	**19,857,420**	209,816,677
(b) Cash and cash equivalents	14	**6,034,691**	149,088
(c) Short-term loans and advances	15	**3,000**	1,659,613
(d) Other current assets	16	**20,511,180**	27,895,376
Total		**855,174,739**	1,107,133,706
Summary of Significant Accounting Policies	2		

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

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 : 31.08.2012

Sankar Varadharajan
Company Secretary

STATEMENT OF PROFIT AND LOSS

(in Rs.)

	Notes	**For the Year ended 31 March 2012**	For the Year ended 31 March 2011
I. Income			
(a) Revenue from operations	17	**128,515,317**	170,668,483
(b) Other Income	18	**1,021,605**	225,476
		129,536,922	170,893,959
II. Expenditure			
(a) Compensation & Benefits	19	**89,751,717**	145,312,865
(b) Administration Expenses	20	**242,442,654**	193,536,714
(c) Selling & Distribution Expenses	21	**8,383,870**	8,427,046
		340,578,242	347,276,625
III. Earnings before exceptional,extraordinary items, interest, Depreciation/ Amortisation and tax		**(211,041,320)**	(176,382,666)
(d) Exceptional Items (Profit after adjusting loss on sale of fixed asset)	22	**13,688,865**	768,810,639
(e) Extraordinary Items (prior period expenses)	23	**(865,398)**	–
IV. Earnings before interest,tax,Depreciation and Amortisation (EBITDA)		**(223,864,787)**	(945,193,305)
(f) Interest & Finance Charges	24	**142,323,646**	124,115,330
(g) Depreciation and Amortisation	10	**18,712,838**	19,462,857
V. Profit / (Loss) before Tax		**(384,901,271)**	(1,088,771,492)
VI. Tax Expenses			
(a) Income tax - Current year		**–**	–
(b) Income tax - Earlier Years		**7,793,106**	–
(c) Deferred Tax		**686,603**	–
VII. Profit(Loss) from continuing operations		**(393,380,980)**	(1,088,771,492)
VIII. Profit/(Loss) from discontinuing operations		**–**	–
Profit/(Loss) for the year		**(393,380,980)**	(1,088,771,492)
Earnings Per Share			
Basic		**(14.67)**	(40.60)
Diluted		**(14.66)**	(40.56)
Significant Accounting Policies and Notes to Accounts			

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

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 : 31.08.2012

Sankar Varadharajan
Company Secretary

Quintegra Solutions Limited

CASH FLOW STATEMENT

(in Rs.)

			For the year ended 31 March 2012		For the year ended 31 March 2011
A	**Cash Flow from Operating Activities**				
	Net profit before tax, as per profit and loss account		**(384,901,271)**		(1,088,771,492)
	P & L adjustments:				
	Depreciation & Amortisation	**18,712,838**		19,462,857	
	Other Non Cash Expenses*	**3,274,083**		756,029,815	
	Interest & Finance charges	**142,323,646**		124,115,330	
	Other income	**(1,021,605)**		(225,476)	
			163,288,962		899,382,526
	Operating profit before changes in working capital		**(221,612,309)**		(189,388,966)
	Changes in current assets & current liabilities				
	Trade and other Advances	**239,382,643**		226,130,969	
	Trade payables & other liabilities#	**136,615,727**		99,632,050	
			375,998,371		325,763,019
	Less: Taxes Paid		**7,793,106**		–
	Cash generated from operations		**146,592,956**		136,374,054

** This includes exchange reinstatement & value of dimunition in investments.*

 # This includes interest provided but unpaid on secured loan from SBI.

B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	**(20,000)**	(917,000)
	Sale of fixed assets	**61,671**	–
	Other income	**1,021,605**	225,476
	Net cash from investing activities	**1,063,276**	(691,524)
C	**Cash Flow from Financing Activities**		
	Increase in equity	**–**	–
	Borrowings	**553,018**	(17,169,163)
	Interest paid	**(142,323,646)**	(124,115,330)
	Net cash from financing activities	**(141,770,629)**	(141,284,493)
D	**Net Increase in Cash and Cash Equivalents**	**5,885,604**	(5,601,964)
	Cash and cash equivalents at the beginning of the year	**149,088**	5,751,051
	Cash and cash equivalents at the end of the year	**6,034,691**	149,088

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 : 31.08.2012

Sankar Varadharajan
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The 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, 2011, 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 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 affect 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 residuel Value if any after amortising at the above rate ie.,based on the estimated usefull 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 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 activites 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.

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 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.

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.

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, 2011, 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.

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

As permitted by paragraph 4 of Accounting Standard-17 (AS-17), 'Segment Reporting', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by AS-17 are given in consolidated financial statements.

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.

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.

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 3		
SHARE CAPITAL		
Authorised Share Capital		
a 45,000,000 (Previous year 45,000,000) Equity shares of Rs.10/- each	**450,000,000**	450,000,000
Issued, Subscribed & Paidup Capital		
b 26,81,383 (Previous year 26,81,383) 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	**2,681,383**	2,681,383
Add: Rights issue	**–**	–
Allotment	**–**	–
Bonus issue	**–**	–
Less: Buy back	**–**	–
Number of equity shares at the end of the year	**2,681,383**	2,681,383

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 2012, the amount of per share dividend recognized as distributions to equity shareholders was Nil (31 March 2011: 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.

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011

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	IPRO Funds Ltd	**9.96%**	–
3	State Bank of India	**7.46%**	–
4	V Shankarraman	**2.08%**	10.10%
5	Globe Capial Market Limited	**13.47%**	0.71%
6	Fortune Credit Capital Ltd.	**–**	13.65%
7	Breezy Blue Investments Limited	**–**	12.75%

f Shares reserved for issue under options

S.No.	Nature	No of shares	Terms
(i)	Shares reserved for issue under ESOP Plan	27,800.00	Lapse in (4+1) years term
(ii)	Shares reserved for issue on conversion of CCPS	–	–
(iii)	Shares reserved for issue on conversion of bonds/debentures	–	–

Note No. 4

RESERVES AND SURPLUS

	As at 31 March 2012	As at 31 March 2011
a General reserve		
Opening balance	**49,462,799**	49,462,799
Add: Addition	**–**	–
Less: Deduction	**–**	–
Closing balance	**49,462,799**	49,462,799
b Security premium reserve		
Opening balance	**431,433,100**	431,433,100
Add: Addition	**–**	–
Less: Deduction	**–**	–
Closing balance	**431,433,100**	431,433,100
c Surplus from Profit & Loss account		
Opening balance	**(1,230,044,754)**	(141,273,262)
Add: Current year surplus/ Shortage	**(393,380,980)**	(1,088,771,492)
Less: Transfer to general reserve	**–**	–
Less: Proposed dividend	**–**	–
Less: Dividend tax provision	**–**	–
Closing balance	**(1,623,425,734)**	(1,230,044,754)
d Foreign Currency Translation Reserve		
Opening balance	**(21,551,584)**	(21,987,599)
Add: Addition	**516,608**	436,015
Less: Deduction	**–**	–
Closing balance	**(21,034,976)**	(21,551,584)
Total reserves and surplus	**(1,163,564,811)**	(770,700,438)

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 5		
DEFERRED TAX LIABILITY		
a Deferred Tax Liability		
Fixed assets : Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**43,107,864**	39,371,205
Others	**–**	–
Net Deferred tax liability	**43,107,864**	39,371,205
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 doubtful debts and advances	**–**	–
Branch Profit tax	**3,050,057**	–
Net deferred tax assets	**3,050,057**	–
Net deferred tax liability (a-b)	**40,057,807**	39,371,205

*The company accumulates huge losses as on 31st March 2012. 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.

Note No. 6		
SHORT TERM BORROWINGS		
a Loans repayable on demand		
from banks	**1,196,219,946**	1,195,666,928
from others	**3,000,000**	3,000,000
b Loans and advances from related parties	**98,118,162**	98,118,162
	1,297,338,108	1,296,785,090

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 the Mr. Shankarraman V and pledge of 20 Lac Shares of the company in the name of Mr. Shankarraman V which is invoked by SBI during the year.

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.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.

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 7		
TRADE PAYABLES		
a Trade Payables - Other than Micro & Small enterprises	**25,017,371**	28,295,287
b Due to Micro & Small Enterprises (Principal & Interest)	**–**	–
	25,017,371	28,295,287
Note No. 8		
OTHER CURRENT LIABILITIES		
a Interest accrued and due on borrowings	**346,059,430**	210,380,000
b Unpaid dividends	**1,285,096**	1,285,311
c Other payables (i) Expenses Payable	**16,805,039**	10,396,160
(ii) Statutory Payable	**17,713,238**	14,948,881
	381,862,803	237,010,352

* Statutory Payable includes Professional Tax, TDS and interest on the same)
Provisions for interest on taxes due is not provided for since the excess provisions created in earlier years are sufficient to cover the same.

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 9		
SHORT TERM PROVISIONS		
a Provisions for employee benefits	**1,908,000**	2,773,398
b Others (Specify)		
Provision for income tax	–	3,798,310
Provision for dividend	–	–
Provision for dividend tax	**1,367,103**	1,367,103
Others - expenses	–	295,100
	3,275,103	8,233,911

Note No. 10

TANGIBLE AND INTANGIBLE ASSETS

Asset Group	Cost				Depreciation				Net Cost	
	As at 31.03.11	Additions	Deletions	As at 31.03.12	As at 31.03.11	Additions	Deletions	As at 31.03.12	As at 31.03.11	As at 31.03.12
I. Tangible Assets										
a. Furniture & Fixtures	33,363,828	–	–	**33,363,828**	20,963,087	1,728,212	–	**22,691,299**	12,400,740	**10,672,529**
b. Land & Buildings	57,733,679	–	–	**57,733,679**	7,413,728	583,273	–	**7,997,001**	50,319,951	**49,736,678**
c. Plant & Equipment										
Air Conditioners	5,909,376	20,000	97,900	**5,831,476**	2,854,722	253,632	36,229	**3,072,125**	3,054,654	**2,759,351**
Computers & Accessories	134,085,271	–	–	**134,085,271**	125,871,438	4,288,442	–	**130,159,880**	8,213,833	**3,925,391**
Office Equipments	14,813,375	–	–	**14,813,375**	8,328,962	785,572	–	**9,114,534**	6,484,413	**5,698,842**
Total	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**
PY 31.03.2011	244,988,529	917,000	–	**245,905,529**	157,169,155	8,262,782	–	**165,431,937**	87,819,374	**80,473,591**
II. Intangible Assets										
a. Softwares	177,536,842	–	–	**177,536,842**	163,911,910	5,638,577	–	**169,550,486**	13,624,932	**7,986,355**
b. Goodwill	716,303,754	–	–	**716,303,754**	–	–	–	**–**	716,303,754	**716,303,754**
c. Copyrights	27,175,655	–	–	**27,175,655**	16,305,393	5,435,131	–	**21,740,524**	10,870,262	**5,435,131**
Total	921,016,251	**–**	**–**	921,016,251	180,217,303	11,073,708	–	**191,291,010**	740,798,948	**729,725,240**
PY 31.03.2011	921,016,251	–	–	**921,016,251**	169,017,228	11,200,075	–	**180,217,303**	751,999,023	**740,798,948**

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 IPIg 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.

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 11		
NON-CURRENT INVESTMENTS		
(i) Trade Investments	–	–
(ii) Other Investments		
a Investment in property	–	–
b Investment in equity instruments	**7,613,696**	10,371,171
	7,613,696	10,371,171
Unquoted Long Term Investments - at cost		
Investment in Wholly Owned Subsidiaries		
1 Quintegra Solutions Limited, UK **(Liquidated)**[2] 1 Equity share of £ 1 each	–	70
2 Quintegra Solutons (M) Sdn Bhd, Malaysia 621,725 Equity share of MYR 1 each	**7,613,696**	7,613,696
3 Quintegra Solutons Gmbh, Germany (Under Liquidation) 50,000 Equity share of • 1 each	**2,757,350**	2,757,350
4 PAC Inc, USA **(Under Liquidation)**[1] 198 Equity share of US$ 1.00 each	**755,593,800**	755,593,800
5 Quintegra Solutions Ireland Limited **(Liquidated)**[2] 1Equity share of • 1 each	–	55
	765,964,846	765,964,971
Less : Provision for diminution in value of investments	**758,351,150**	755,593,800
	7,613,696	10,371,171

Capital commitments & Investment in Subsidiary

1 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.

2 During the year the subsidiaries of the company namely Quintegra Solutions Limited, UK & Quintegra Solutions Ireland Limited were liquidated and hence the investment made in them amounting to Rs.125 written off in the books.

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 12		
LONG TERM LOANS AND ADVANCES		
a Security deposits	**3,996,993**	4,621,123
b Loans and advances to related parties Advances to subsidiaries	**(8,410,328)**	1,348,119
c Other loans and advances *	–	30,000,000
	(4,413,335)	35,969,242

* Dues towards relinquishment of rights over the property were written off during the year since recoverability is uncertain.

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 13		
TRADE RECEIVABLES		
a Trade receivables outstanding for		
more than 2 years	**613,920**	188,615,853
more than 6 months	–	145,280
others	**19,243,500**	21,055,544
	19,857,420	209,816,677

Particulars	As at 31 March 2012	As at 31 March 2011
		(In Rs.)
b Trade receivables		
(i) Secured, considered good		
(ii) Unsecured, considered good	**19,243,500**	21,055,544
(iii) Doubtful	**613,920**	188,761,133
(iv) Allowance for bad & doubtful under each head	**–**	–
c Debts due by		
(i) Director or other officers of the company	**–**	–
(ii) Any of the above jointly / severally along with any other person	**–**	–
(iii) 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	**3,953,691**	(1,940,822)
In Dividend Account	**1,286,216**	1,285,270
(ii) Cash in hand	**885**	8,440
b Other Bank Balances:		
in Fixed deposit & Margin money	**793,900**	796,200
	6,034,691	149,088
Bank Balance with Scheduled Banks		
(i) in EEFC Accounts	**–**	37,599
(ii) in Other Accounts	**3,953,691**	(1,978,421)
(iii) in Margin Money & Gratuity Account	**793,900**	796,200
(iv) in Dividend Account	**1,286,216**	1,285,270

Note No. 15

SHORT-TERM LOANS AND ADVANCES

a Loans and advance to related parties	**–**	1,640,613
b Others		
(i) Salary Advances	**3,000**	10,000
(ii) Other Office advances (includes Foreign Tour Advance)	**–**	9,000
	3,000	1,659,613

Note No. 16

OTHER CURRENT ASSETS

(a) TDS on Receipts	**3,264,460**	3,333,787
(b) Income tax refund receivable	**16,836,008**	24,561,589
(c) Prepaid expenses	**410,712**	–
	20,511,180	27,895,376

	2011-12	2010-11
Note No. 17		
REVENUE FROM OPERATIONS		
Software Services		
(a) Overseas Revenue	**95,621,807**	139,307,265
(b) Domestic Revenue	**32,893,510**	31,361,218
	128,515,317	170,668,483

(In Rs.)

Particulars	2011-12	2010-11
Note No. 18		
OTHER INCOME		
(a) Interest Income		
On Bank Deposits	**4,463**	35,176
On Income Tax Refunds	**743,402**	
(b) Rental Income	**255,600**	173,200
(c) Miscellaneous Income*	**18,140**	17,100
	1,021,605	225,476

* Miscellaneous income includes sale of old newspapers & Scraps.

Particulars	2011-12	2010-11
Note No. 19		
COMPENSATION & BENEFITS		
(a) Salaries & Allowances	**86,492,040**	140,839,948
(b) PF, ESI, PT & LWF Contributions	**683,698**	1,430,662
(c) Directors' Remuneration	**2,270,968**	2,700,000
(d) Bonus & Ex-gratia	**19,000**	21,430
(e) Staff Welfare Expenses	**286,011**	320,825
	89,751,717	145,312,865
Note No. 20		
ADMINISTRATIVE EXPENSES		
(a) Communication Expenses, Postage & Courier	**3,401,997**	5,477,268
(b) Rent & Amenities	**2,614,825**	3,676,279
(c) Repairs & Maintenance	**985,628**	1,971,934
(d) Legal & Professional Fees	**3,267,515**	4,087,076
(e) Rates & Taxes	**859,501**	578,942
(f) Power & Fuel	**2,184,386**	1,424,425
(g) Insurance Charges	**9,899,340**	12,033,522
(h) Printing & Stationery	**220,296**	566,625
(i) Local Conveyance, Transportation & Freight	**64,017**	1,283,456
(j) Audit Fees		
i) Statutory Auditor	**125,000**	125,000
ii) Tax Auditor	**25,000**	25,000
iii) Branch Audit fee	**288,000**	296,075
iv) Certification & Consultation	**80,000**	80,000
(k) Bank Charges	**16,434**	46,755
(l) Secretarial Expenses	**107,638**	105,185
(m) Other Expenses	**314,126**	186,711
(n) Loss / (Gain) on Exchange Realisation	**7,898**	(33,101)
(o) Bad Debts Written Off	**217,981,053**	161,605,562
	242,442,654	193,536,714
Note No. 21		
SELLING & DISTRIBUTION EXPENSES		
(a) Travel Foreign, Inland	**7,400,383**	6,817,839
(b) Business Development Expenses	**983,487**	1,609,207
	8,383,870	8,427,046
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	**10,876,719**	13,216,839
(c) Dimunition in Value of Investments	**2,757,475**	755,593,800
	13,688,865	768,810,639

During the year the company provided for diminution in the value of its subsidiaries namely Quintegra Solutions Gmbh, Germany, Quintegra Solutions Limited, UK, Quintegra Solutions Ireland Limited considering their inability to perform / generate revenue. The above subsidiaries initiated the steps for their liquidation with respective authorities and few of them have been completed.

(In Rs.)

Particulars	2011-12	2010-11

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. The above reversal is based on such estimates from SBI Gratuity Fund.

Note No. 24

INTEREST & FINANCE CHARGES

(a) Interest on Unsecured Loan	**–**	–
(b) Interest - Others*	**142,323,646**	124,115,330
	142,323,646	124,115,330

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 2012 amounts to 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

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 trail 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	2011-12	2010-11
Subsidiary Companies		
Investment in Subsidiary Companies	**7,613,696**	10,371,171
Advances (from) / to Subsidiary Companies	**(8,410,328)**	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	**1756904**	21,00,000
Salary to Mr. Sriraman Vaidyanathan	**636000**	6,00,000
(includes PF of Rs.85936 for Mr.Shankarraman & Rs.36000 for Mr.Sriraman)		

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		2011-12	2010-11
Net Profit / (Loss) Available for Equity Shareholders		**(393,380,980)**	(1,088,771,492)
Weighted Average No. of Equity Shares for Basic EPS		**26,813,830**	26,813,830
Weighted Average No. of Equity Shares for Diluted EPS		**26,841,630**	26,841,630
No. of Options Granted	**968,020**		
No. of Options Forfeited / Surrendered	**926,490**		
No. of Options Exercised	**13,730**		
No. of Options in Force		**27,800**	27,800
A. Basic EPS		**(14.67)**	(40.60)
B. Diluted EPS		**(14.66)**	(40.56)

(In Rs.)

Note No. 28

EXPENDITURE IN FOREIGN CURRENCY:

Particulars	**2011-12**	2010-11
Travel Foreign	**65,350**	378,030
Expenses met by Branch Offices	**96,644,122**	135,317,104
	96,709,472	135,695,134

Note No. 29

EARNINGS IN FOREIGN CURRENCY:

Particulars	**2011-12**	2010-11
Revenue from Software Exports	**95,621,807**	139,307,265

Note No. 30

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. 31

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.

Note No. 32

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.39.33 Crores (PY 108.87 Crores) for the year ended 31st March 2012. 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.

STATEMENT OF INTEREST IN SUBSIDIARY COMPANIES

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

Sl. No	Name of the Company	Quintegra Solutions (M) SDN. BHD. Malaysia
1	Financial year of the subsidiary	31.03.2012
2	i) No. of Ordinary Shares held by Holding company in the Subsidiary Company on the above date	621,725
	ii) Face Value and Paid value per share	RM 1.00
	iii) Interest of the holding Company	100%
3	The Net aggregate profit/(loss) of subsidiary company so far as it concerns members of the holding company	
	i. Not dealt with in the accounts of holding Company	
	a. For the Financial Period ended	RM (25,082)
	b. For the previous financial years of subsidiary since it became a subsidiary of holding Company	RM (21,034)
	ii. Dealt with in the accounts of holding Company	
	a. For the Financial Period ended	–
	b. For the previous financial years of subsidiary since it became a subsidiary of holding Company	–
4	Change in the holding Company's interest in the subsidiary between the end of the financial year of the holding and the subsidiary company	–
5	Material changes which have occurred between the end of the financial year the holding company of the subsidiary.	–

For and on behalf of the Board

Shankarraman Vaidyanathan
Chairman

V Sriraman
Wholetime Director

Place : Chennai
Date : 31.08.2012

Sankar Varadharajan
Company Secretary

AUDITOR'S REPORT

On Consolidated Financial Statements of Quintegra Solutions Limited and its subsidiaries

1. We have audited the attached Consolidated Balance Sheet of Quintegra Solutions Limited and its subsidiaries as on 31st March, 2012 and the related Consolidated Profit and Loss Account for the 12 Months period ended 31st March, 2012 and also the Consolidated Cash Flow Statement for the period annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We have considered the audited financial statements of the following subsidiary:

Subsidiary	Auditors	Year ended
Quintegra Solutions (M) Sdn Bhd,	HAL & Associates Malaysia	31-Mar-12

4. We draw your attention to the following points:

   a. The company incurred heavy accumulated losses of Rs.164.36 Crores (excluding general reserve and securities premium) eroding its total net worth. Also the company unable to serve its secured term loans even after rescheduling its repayment terms in December 2008 which is outstanding as on 31st March 2012 is Rs.119.13 Crores and interest provided but unpaid amounting to Rs.34.60 Crores. In spite of the above conditions, the accounts of the company have been prepared on a 'going concern basis'.

   b. The Company has not amortized the good will on various acquisitions over the years in accordance with the requirements of accounting standard 14 titled 'Accounting for Amalgamations'. As a result opening accumulated losses have been understated to the extent of Rs. 71.63 Crores and good will have been overstated to the extent.

5. We report that the consolidated financial statements have been prepared by Quintegra Solutions Limited taking into considerations the requirements of Accounting Standards 21 - Consolidated Financial Statements, notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

6. Based on our audit and consideration of the reports/certificates of the other auditors on separate financial statements and on the other information of the Companies, in our opinion and to the best of our information and according to the explanations given to us, the said Consolidated Financial Statements together with the notes thereon and attached thereto given in the prescribed manner the information required by the Act, give a true and fair view in conformity with the accounting principles generally accepted in India

   a. In the case of Consolidated Balance Sheet, of the Consolidated State of affairs as at 31st March, 2012

   b. In the case of Consolidated Profit & Loss Account, of the Loss for the twelve months period ended on that date, and

   c. In the case of Consolidated Cash Flow Statement, of the Cash Flows for the period ended on that date.

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

S Gopinath
Partner
Membership No: 023854

Place : Chennai
Date : 31.08.2012

CONSOLIDATED BALANCE SHEET AS AT

(in Rs.)

	Notes	31 March 2012	31 March 2011
I. Source of Funds			
(1) Share holders' Funds			
(a) Share Capital	3	**268,138,300**	268,138,300
(b) Reserves & Surplus	4	**(1,162,743,125)**	(781,272,628)
		(894,604,825)	(513,134,328)
(2) Non Current Liabilities			
Deferred tax liabilities (Net)	5	**43,107,864**	39,371,205
		43,107,864	39,371,205
(3) Current Liabilities			
(a) Short-term borrowings	6	**1,297,338,108**	1,296,785,090
(b) Trade payables	7	**25,054,010**	26,818,600
(c) Other current liabilities	8	**381,913,503**	239,959,247
(d) Short-term provisions	9	**3,275,103**	7,938,812
		1,707,580,724	1,571,501,749
Total		**856,083,763**	1,097,738,625
II. Application of Funds			
(4) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		**72,792,790**	80,473,592
(ii) Intangible assets		**729,725,241**	740,798,948
(b) Non-current investments	11	**–**	–
(c) Deferred tax assets (net)	5	**3,050,057**	–
(d) Long-term loans and advances	12	**3,996,993**	34,757,467
(5) Current assets			
(a) Trade receivables	13	**19,857,420**	211,794,877
(b) Cash and cash equivalents	14	**6,147,082**	200,117
(c) Short-term loans and advances	15	**3,000**	1,659,613
(d) Other current assets	16	**20,511,180**	28,054,011
Total		**856,083,763**	1,097,738,625
Summary of Significant Accounting Policies	2		

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

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 : 31.08.2012

Sankar Varadharajan
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(in Rs.)

	Notes	**For the Year ended 31 March 2012**	For the Year ended 31 March 2011
I. Income			
(a) Revenue from operations	17	**128,677,577**	176,842,803
(b) Other Income	18	**1,021,605**	374,480
		129,699,182	177,217,283
II. Expenditure			
(a) Compensation & Benefits	19	**89,901,750**	148,842,856
(b) Administration Expenses	20	**242,841,629**	197,453,909
(c) Selling & Distribution Expenses	21	**8,425,526**	8,977,741
		341,168,905	355,274,506
III. Earnings before exceptional,extraordinary items, interest, Depreciation/ Amortisation and tax		**(211,469,723)**	(178,057,223)
(a) Exceptional Items (Profit after adjusting loss on sale of fixed asset)	22	**13,688,865**	768,810,639
(b) Extraordinary Items (prior period expenses)	23	**(865,398)**	–
IV. Earnings before interest,tax,Depreciation and Amortisation (EBITDA)		**(224,293,190)**	(946,867,862)
(a) Interest & Finance Charges	24	**142,323,646**	124,115,329
(b) Depreciation and Amortisation	10	**18,712,838**	19,482,993
V. Profit / (Loss) before Tax		**(385,329,675)**	(1,090,466,184)
VI. Tax Expenses			
(a) Income tax - Current year		**–**	–
(b) Income tax - Earlier Years		**7,793,106**	–
(c) Deferred Tax		**686,603**	–
VII. Profit / (Loss) from continuing operations		**(393,809,384)**	(1,090,466,184)
VIII. Profit / (Loss) from discontinuing operations		**–**	–
Profit / (Loss) for the year		**(393,809,384)**	(1,090,466,184)
Earnings Per Share			
Basic		**(14.69)**	(40.67)
Diluted		**(14.67)**	(40.63)
Significant Accounting Policies and Notes to Accounts	2		

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

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 : 31.08.2012

Sankar Varadharajan
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

(in Rs.)

			For the year ended 31 March 2012		For the year ended 31 March 2011
A	**Cash Flow from Operating Activities**				
	Net profit/(Loss) before tax, as per profit and loss account		**(385,329,675)**		(1,090,466,184)
	P & L adjustments:				
	Depreciation & Amortisation	**18,712,838**		19,482,993	
	Other Non Cash Expenses*	**12,338,887**		47,760,222	
	Interest & Finance charges	**142,323,646**		124,115,329	
	Other income	**(1,021,605)**		(374,480)	
			172,353,766		190,984,065
	Operating profit before changes in working capital		**(212,975,908)**		(899,482,120)
	Changes in current assets & current liabilities				
	Trade and other Advances	**231,897,375**		421,008,736	
	Trade payables & other liabilities#	**135,525,958**		(79,394,900)	
			367,423,332		341,613,835
	Less : Taxes paid		**7,793,106**		–
	Cash generated from operations		**146,654,318**		(557,868,284)
B	**Cash Flow from Investing Activities**				
	Purchase of fixed assets		**(20,000)**		(917,000)
	Sale of fixed assets		**61,671**		692,832,154
	Other income		**1,021,605**		374,480
	Net cash from investing activities		**1,063,276**		692,289,634
C	**Cash Flow from Financing Activities**				
	Increase in equity		**–**		–
	Borrowings		**553,017**		(17,169,163)
	Interest paid		**(142,323,646)**		(124,115,329)
	Net cash from financing activities		**(141,770,629)**		(141,284,492)
D	**Net Increase in Cash and Cash Equivalents**		**5,946,966**		(6,863,143)
	Cash and cash equivalents at the beginning of the year		**200,116**		7,063,259
	Cash and cash equivalents at the end of the year		**6,147,082**		200,116

* *This includes effects of elimination of subsidiaries balances, exchange reinstatement & value of diminution in investments.*

\# *This includes interest provided but unpaid on secured loan from SBI.*

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 : 31.08.2012

Sankar Varadharajan
Company Secretary

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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 have been consistently applied by the Group; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('IndianGAAP').

2.1 Summary of significant accounting policies

A. Principles of consolidation

The consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 – 'Consolidated Financial Statements', Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' as notified by the Rules.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the financial statements as goodwill and is tested for impairment annually. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as Capital reserve.

The Company's portion of the equity in the subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders of the parent Company. Minority interest's share of net assets is presented separately in the balance sheet.

If the losses attributable to the minority in a consolidated subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
b) derecognises the carrying amount of any minority interest;
c) derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
d) recognises the value of the consideration received;
e) recognises the value of any investment retained;
f) recognises any surplus or deficit in profit or losses;

Associates

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit and loss reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise decline, other than temporary, in the value of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of provision for diminution as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of profit and loss.

Joint venture

The Group recognises its interest in the joint venture using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures as notified by the Rules. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The 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 changed 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, 2011, 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 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 residuel 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 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 activites 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.

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 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.

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.
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, 2011, 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 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.

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.

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.

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.

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 3		
SHARE CAPITAL		
Authorised Share Capital		
a 45,000,000 (Previous year 45,000,000) Equity shares of Rs.10/- each	**450,000,000**	450,000,000
Issued, Subscribed & Paidup Capital		
b 26,81,383 (Previous year 26,81,383) 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	**2,681,383**	2,681,383
Add: Rights issue	**–**	–
Allotment	**–**	–
Bonus issue	**–**	–
Less: Buy back	**–**	–
Number of equity shares at the end of the year	**2,681,383**	2,681,383

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 2012, the amount of per share dividend recognized as distributions to equity shareholders was Nil (31 March 2011: 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.

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	IPRO Funds Ltd	**9.96%**	–
3	State Bank of India	**7.46%**	–
4	V Shankarraman	**2.08%**	10.10%
5	Globe Capial Market Limited	**13.47%**	0.71%
6	Fortune Credit Capital Ltd.	**–**	13.65%
7	Breezy Blue Investments Limited	**–**	12.75%

Particulars	As at 31 March 2012	As at 31 March 2011
		(In Rs.)

f Shares reserved for issue under options

S.No.	Nature	No of shares	Terms
(i)	Shares reserved for issue under ESOP Plan	27,800.00	Lapse in (4+1) years term
(ii)	Shares reserved for issue on conversion of CCPS	–	–
(iii)	Shares reserved for issue on conversion of bonds/debentures	–	–

Note No. 4

RESERVES AND SURPLUS

Particulars	As at 31 March 2012	As at 31 March 2011
a General reserve		
Opening balance	**49,462,799**	49,462,799
Add: Addition	**–**	–
Less: Deduction	**–**	–
Closing balance	**49,462,799**	49,462,799
b Security premium reserve		
Opening balance	**431,433,100**	431,433,100
Add: Addition	**–**	–
Less: Deduction	**–**	–
Closing balance	**431,433,100**	431,433,100
c Surplus from Profit & Loss account		
Opening balance	**(1,265,476,973)**	(175,010,789)
Add: Current year surplus/ Shortage	**(393,809,384)**	(1,090,466,184)
Reserves of subsidiaries eliminated	**8,869,868**	–
Less: Transfer to general reserve	**–**	–
Proposed dividend	**–**	–
Dividend tax provision	**–**	–
Closing balance	**(1,650,416,488)**	(1,265,476,973)
d Foreign Currency Translation Reserve		
Opening balance	**3,308,446**	3,308,446
Add: Addition	**3,469,019**	–
Less: Deduction	**–**	–
Closing balance	**6,777,465**	3,308,446
Total reserves and surplus	**(1,162,743,125)**	(781,272,628)

The difference between the proceeds from the disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss as the profit or loss on the disposal of the investment in the subsidiary. In order to ensure the comparability of the financial statements from one accounting period to the next, the reserves pertain to the eliminated subsidiary is provided and adjusted accordingly.

Note No. 5

DEFERRED TAX LIABILITY

Deferred Tax Liability

Particulars	As at 31 March 2012	As at 31 March 2011
a Deferred Tax Liability		
Fixed assets : Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**43,107,864**	39,371,205
Others	**–**	–
Net deferred tax liability	**43,107,864**	39,371,205

Particulars	As at 31 March 2012	As at 31 March 2011
		(In Rs.)
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 doubtful debts and advances	–	–
Branch Profit tax	**3,050,057**	–
Net deferred tax assets	**3,050,057**	–
Net deferred tax liability (a-b)	**40,057,807**	39,371,205

The company accumulates huge losses as on 31st March 2012. 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.

Note No. 6

SHORT TERM BORROWINGS

	As at 31 March 2012	As at 31 March 2011
a Loans repayable on demand		
from banks	**1,196,219,946**	1,195,666,928
from others	**3,000,000**	3,000,000
b Loans and advances from related parties	**98,118,162**	98,118,162
	1,297,338,108	1,296,785,090

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 the Mr.Shankar Raman V and pledge of 20 Lac Shares of the company in the name of Mr.Shankar Raman V which is invoked by SBI during the year.

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.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

Note No. 7

TRADE PAYABLES

	As at 31 March 2012	As at 31 March 2011
a Trade Payables - Other than Micro & Small enterprises	**25,054,010**	26,818,600
b Due to Micro & Small Enterprises (Principal & Interest)	–	–
	25,054,010	26,818,600

Note No. 8

OTHER CURRENT LIABILITIES

	As at 31 March 2012	As at 31 March 2011
a Interest accrued and due on borrowings	**346,059,430**	210,380,000
b Unpaid dividends	**1,285,096**	1,285,311
c Other payables		
(i) Expenses Payable	**16,855,739**	13,272,024
(ii) Statutory Payable*	**17,713,238**	15,021,912
	381,913,503	239,959,247

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

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

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Note No. 9		
SHORT TERM PROVISIONS		
a Provisions for employee benefits	**1,908,000**	2,773,399
b Others (Specify)		
Provision for income tax	**–**	3,798,310
Provision for dividend	**–**	–
Provision for dividend tax	**1,367,103**	1,367,103
Others - expenses	**–**	–
	3,275,103	7,938,812

Note No. 10

TANGIBLE AND INTANGIBLE ASSETS

Asset Group	Cost				Depreciation				Net Cost	
	As at 31.03.11	Additions	Deletions	**As at 31.03.12**	As at 31.03.11	Additions	Deletions	**As at 31.03.12**	As at 31.03.11	**As at 31.03.12**
I. Tangible Assets										
a. Furniture & Fixtures	33,363,828	–	–	**33,363,828**	20,963,087	1,728,212	–	**22,691,299**	12,400,741	**10,672,529**
b. Land & Buildings	57,733,679	–	–	**57,733,679**	7,413,728	583,273	–	**7,997,001**	50,319,951	**49,736,678**
c. Plant & Equipment										
Air Conditioners	5,909,376	20,000	97,900	**5,831,476**	2,854,722	253,632	36,229	**3,072,125**	3,054,654	**2,759,351**
Computers & Accessories	135,954,575	–	–	**135,954,575**	127,740,742	4,288,442	–	**132,029,184**	8,213,833	**3,925,391**
Office Equipments	14,813,375	–	–	**14,813,375**	8,328,962	785,572	–	**9,114,533**	6,484,414	**5,698,842**
Total	247,774,833	20,000	97,900	**247,696,933**	167,301,241	7,639,130	36,229	**174,904,143**	80,473,592	**72,792,790**
PY 31.03.2011	244,988,529	917,000	–	**245,905,529**	157,169,155	8,262,782	–	**165,431,937**	87,819,374	**80,473,591**
II. Intangible Assets										
a. Softwares	177,536,842	–	–	**177,536,842**	163,911,910	5,638,577	–	**169,550,486**	13,624,932	**7,986,355**
b. Goodwill	716,303,754	–	–	**716,303,754**	–	–	–	**–**	716,303,754	**716,303,754**
c. Copyrights	27,175,655	–	–	**27,175,655**	16,305,393	5,435,131	–	**21,740,524**	10,870,262	**5,435,131**
Total	921,016,251	–	–	**921,016,251**	180,217,303	11,073,708	–	**191,291,010**	740,798,948	**729,725,241**
PY 31.03.2011	921,016,251	–	–	**921,016,251**	169,017,228	11,200,075	–	**180,217,303**	751,999,023	**740,798,948**

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.

Note No. 11		
NON-CURRENT INVESTMENTS		
(i) Trade Investments	**–**	–
	–	–
Note No. 12		
LONG TERM LOANS AND ADVANCES		
a Security deposits	**3,996,993**	4,757,467
b Other loans and advances*	**–**	30,000,000
	3,996,993	34,757,467

* Dues towards relinquishment of rights over the property were written off during the year since recoverability is uncertain.

Note No. 13		
TRADE RECEIVABLES		
a Trade receivables outstanding for		
more than 2 years	**613,920**	188,615,853
more than 6 months	**–**	145,280
others	**19,243,500**	23,033,744
	19,857,420	211,794,877

(In Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
b Trade receivables		
(i) Secured, considered good	**–**	–
(ii) Unsecured, considered good	**19,243,500**	23,033,744
(iii) Doubtful	**613,920**	188,761,133
(iv) Allowance for bad & doubtful under each head	**–**	–
	19,857,420	211,794,877
c Debts due by		
(i) Director or other officers of the company	**–**	–
(ii) Any of the above jointly / severally along with any other person	**–**	–
(iii) 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	**4,066,082**	(1,895,013)
In Dividend Account	**1,286,216**	1,285,270
(ii) Cash in hand	**885**	13,660
b Other Bank Balances:		
in Fixed deposit & Margin money	**793,900**	796,200
	6,147,082	200,117
(b) Bank Balance with Scheduled Banks		
(i) in EEFC Accounts	**–**	37,599
(ii) in Other Accounts*	**4,066,082**	(1,932,612)
(iii) in Margin Money & Gratuity Account	**793,900**	796,200
(iv) in Dividend Account	**1,286,216**	1,285,270
Note No. 15		
SHORT-TERM LOANS AND ADVANCES		
a Loans and advance to related parties	**–**	1,640,613
b Others		
(i) Salary Advances	**3,000**	10,000
(ii) Other Office advances (includes Foreign Tour Advance)	**–**	9,000
	3,000	1,659,613
Note No. 16		
OTHER CURRENT ASSETS		
(a) TDS on Receipts	**3,264,460**	3,333,787
(b) Income tax refund receivable	**16,836,008**	24,561,589
(c) Vat tax input credit	**–**	158,635
(d) Prepaid expenses	**410,712**	–
	20,511,180	28,054,011

	2011-12	2010-11
Note No. 17		
REVENUE FROM OPERATIONS		
Software Services		
(a) Overseas Revenue	**95,784,067**	145,481,585
(b) Domestic Revenue	**32,893,510**	31,361,218
	128,677,577	176,842,803
Note No. 18		
OTHER INCOME		
(a) Interest Income		
On Bank Deposits	**4,463**	35,176
On Income Tax Refunds	**743,402**	
(b) Rental Income	**255,600**	173,200
(c) Miscellaneous Income*	**18,140**	166,104
	1,021,605	374,480

* Miscellaneous income includes sale of old newspapers & Scraps

(In Rs.)

Particulars	2011-12	2010-11
Note No. 19		
COMPENSATION & BENEFITS		
(a) Salaries & Allowances	**86,634,145**	144,282,942
(b) PF,ESI,PT & LWF Contributions	**691,626**	1,514,209
(c) Directors' Remuneration	**2,270,968**	2,700,000
(d) Bonus & Ex-gratia	**19,000**	21,430
(e) Staff Welfare Expenses	**286,011**	324,275
	89,901,750	148,842,856
Note No. 20		
ADMINISTRATIVE EXPENSES		
(a) Communication Expenses, Postage & Courier	**3,427,290**	5,718,976
(b) Rent & Amenities	**2,762,789**	4,785,964
(c) Repairs & Maintenance	**988,126**	2,138,121
(d) Legal & Professional Fees	**3,422,346**	4,283,986
(e) Rates & Taxes	**866,333**	602,498
(f) Power & Fuel	**2,184,386**	1,498,972
(g) Insurance Charges	**9,899,340**	12,033,522
(h) Printing & Stationery	**220,296**	572,539
(i) Local Conveyance, Transportation & Freight	**64,017**	1,324,798
(j) Audit Fees	**–**	
i) Statutory Auditor	**125,000**	125,000
ii) Tax Auditor	**25,000**	25,000
iiI) Branch Audit fee	**339,240**	792,896
iv) Certification & Consultation	**80,000**	80,000
(k) Bank Charges	**26,751**	98,210
(l) Secretarial Expenses	**107,638**	190,966
(m) Other Expenses	**314,126**	1,356,306
(n) Gain / (Loss) on Exchange Realisation	**7,898**	(33,101)
(o) Bad Debts Written Off	**217,981,053**	161,859,257
	242,841,629	197,453,910
Note No. 21		
SELLING & DISTRIBUTION EXPENSES		
(a) Travel Foreign, Inland	**7,442,038**	7,368,534
(b) Business Development Expenses	**983,487**	1,609,207
	8,425,526	8,977,741
Note No. 22		
EXCEPTIONAL ITEMS (Profit after adjusting loss on sale of fixed asset)		
(a) Gain / (Loss) on sale of asset	**54,671**	–
(b) Write off of account balances of subsidiary	**10,876,719**	13,216,839
(c) Dimunition in Value of Investments	**2,757,475**	755,593,800
	13,688,865	768,810,639

During the year the company provided for diminution in the value of its subsidiaries namely Quintegra Solutions GmbH, Germany, Quintegra Solutions Limited, UK, Quintegra Solutions Ireland Limited considering their inability to perform / generate revenue. The above subsidiaries initiated the steps for their liquidation with respective authorities and few of them have been completed.

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.

Particulars	2011-12	2010-11
		(In Rs.)

Note No. 24

INTEREST & FINANCE CHARGES

(a) Interest on Unsecured Loan	**–**	–
(b) Interest - Others*	**142,323,646**	124,115,329
	142,323,646	124,115,329

* This includes the interest towards loan defaulted is provided for in the books and it remains unpaid. The accumulated interest due on defaulted loan as on 31st March 2012 amounts to Rs.34.6 Crores.

Note No. 25

List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

S.No.	Name of the subsidiary & Country of incorporation in	Effective ownership subsidiaries as at	
		31.03.2012	31.03.2011
1	Quintegra Solutions Limited, U.K. [2]	**–**	100%
2	Quintegra Solutons (M) Sdn Bhd, Malaysia	**100%**	100%
3	Quintegra Solutons Gmbh, Germany[1]	**–**	100%
4	PAC Inc, USA [1]	**–**	–
5	Quintegra Solutions Ireland Limited [2]	**–**	100%

1 Under Liquidation 2 Liquidated

Note No. 26

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

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 trail 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. 27

SEGMENT REPORTING

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

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

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

Business Segment (Primary)		(Rs. In Lacs)
Segmental Revenues		
BFSI	**359.84**	516.15
QASS	**269.88**	471.67
Other Emerging Verticals	**657.06**	780.60
	1286.78	1768.42
Segmental Profit before Interest, Depreciation & Tax		
BFSI	**(69.23)**	(565.15)
QASS	**(57.69)**	(442.08)
Other Emerging Verticals	**(1997.99)**	(777.08)
	(2124.91)	(1784.31)
Less: Finance Charges	**1423.23**	1241.15
Less: Depreciation	**187.13**	194.83
Profit from Operations	**(3735.27)**	(3220.29)
Add: Other Income	**10.21**	3.74
Less: Exceptional Items	**128.23**	7688.11
Profit before Tax	**(3853.29)**	(10904.66)
Less: Income Tax including Deferred tax	**84.80**	
Profit after Taxation	**(3938.09)**	(10904.66)
Geographical Segment (Secondary)		
Segmental Revenues		
India	**331.42**	350.62
USA	**953.74**	1356.06
Malaysia	**1.62**	61.74
	1286.78	1768.42

		2011-12	2010-11
			(In Rs.)

Note No. 28

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:

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

Mr V Shankarraman and Mr V Sriraman

Trusted Aerospace Engineering Private Limited

(ii) Transactions with related parties

	2011-12	2010-11
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	**1756904**	21,00,000
Salary to Mr. Sriraman Vaidyanathan (includes PF of Rs.85936 for Mr.Shankarraman & Rs.36000 for Mr.Sriraman)	**636000**	6,00,000

Note No. 29

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.

		2011-12	2010-11
Net Profit / (Loss) Available for Equity Shareholders		**(393,809,384)**	(1,090,466,184)
Weighted Average No. of Equity Shares for Basic EPS		**26,813,830**	26,813,830
Weighted Average No. of Equity Shares for Diluted EPS		**26,841,630**	26,841,630
No. of Options Granted	**968,020**		
No. of Options Forfeited / Surrendered	**926,490**		
No. of Options Exercised	**13,730**		
No. of Options in Force		**27,800**	27,800
A. Basic EPS		**(14.69)**	(40.67)
B. Diluted EPS		**(14.67)**	(40.63)

Note No. 30

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. 31

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.

Note No. 32

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.39.38 Crores (PY 108.87 Crores) for the year ended 31st March 2012. 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 (M) SDN. BHD.

(Incorporated in Malaysia)

CORPORATE INFORMATION

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

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31st March 2012.

PRINCIPAL ACTIVITY

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

RESULT OF OPERATION

	RM
Loss for the year after taxation	(25,082)

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

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

OTHER FINANCIAL INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability in respect of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS

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

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

DIRECTORS' BENEFITS

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

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

Quintegra Solutions (M) Sdn. Bhd.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations were as follows:-

	Number or Ordinary Shares of RM 1/= each			
	As at 1.4.2011	Bought	Sold	As at 31.3.2012
indirect Interest (held through holding company)				
Sriraman Vaidyanathan	621,725	–	–	621,725
Shankarraman Vaidyanathan	621,725	–	–	621,725

No other directors in office at the end of the financial year held any interest in shares in the Company during the financial year

HOLDING COMPANY

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

AUDITORS

The auditors, Messrs HALS & Associates have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors

Place: Kuala Lumpur
Date:14.08.2012

Shankarraman Vaidyanathan
Director

Sriraman Vaidyanathan
Director

STATEMENT BY DIRECTORS

We, **Shankarraman Vaidyanahan** and **Sriraman Vaidyanathan**, being two of the directors of **QUINTEGRA SOLUTIONS (M) SDN. BHD.,** do hereby state that in our opinion, the financial statements are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012 and of the results of its operations and of the cash flows of the Company for the year ended on that date.

For and behalf of the Board

Place: Kuala Lumpur
Date : 14.08.2012

Shankarraman Vaidyanathan
Director

Sriraman Vaidyanathan
Director

STATUTORY DECLARATION

I, **Shankarraman Vaidyanathan,** Passport No: Z 143049, being the director primarily responsible for the accounting records and financial management of **QUINTEGRA SOLUTIONS (M) SDN. BHD.,** do solemnly and sincerely declare that the financial statements of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Kuala Lumpur

Date : 14.08.2012
Place: Kuala Lumpur

Shankarraman Vaidyanathan
Director

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

Report on the Financial Statements

We have audited the accompanying financial statements of **QUINTEGRA SOLUTIONS (M) SDN. BHD.,** which comprise the balance sheet as at 31st March 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out therein.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st March 2012 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

HALS & ASSOCIATES (AF. 0755)
Chartered Accountants

Place: Kuala Lumpur
Date : 14.08.2012

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

BALANCE SHEET AS AT

	Note	31.03.2012 RM	31.03.2011 RM
ASSETS			
FIXED ASSETS	6	1	1
CURRENT ASSETS			
Trade receivables		–	132,321
Other receivables, deposits and prepayments		–	9,120
Amount due from holding company	7	574,125	1,572,905
Cash and bak balances		6,650	1,242
		580,775	**1,715,588**
CURRENT LIABILITIES			
Other payables and accruals		5,168	17,646
Amount due to a Related Company	8	–	1,097,253
		5,168	**1,114,899**
NET CURRENT ASSETS		**575,607**	**600,689**
		575,608	**600,690**
Financy by:			
SHARE CAPITAL	9	621,725	621,725
ACCUMULATED LOSSES		(46,117)	(21,035)
SHAREHOLDER'S FUNDS		**575,608**	**600,690**

INCOME STATEMENT FOR THE YEAR ENDED

	Note	31.03.2012 RM	31.03.2011 RM
REVENUE		**9,500**	**411,621**
Add: Other Income		–	9,000
		9,500	420,621
Less: Administrative Expenses		(34,582)	(418,827)
(LOSS)/PROFIT Before Taxation	**10**	**(25,082)**	**1,794**
TAXATION	11	–	–
(LOSS)/PROFIT After Taxation		**(25,082)**	**1,794**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2012

(RM)

	Share Capital	Retained profit/ (Accumulated Losses)	Total
Balance at 1st April 2010	621,725	(22,829)	598,896
Profit for the year	–	1,794	1,794
Balance at 31st March 2011	621,725	(21,035)	600,690
Profit for the year	–	(25,082)	(25,082)
Balance at 31st March 2012	**621,725**	**(46,117)**	**575,608**

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31.03.2012 RM	31.03.2011 RM
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(25,082)	1,794
Adjustment for:		
Bad debts written off	–	16,913
Depreciation	–	1,455
Operating (Loss) / Profit before working capital changes	**(25,082)**	**20,162**
Decrease / (Increase) in receivables	1,140,221	(88,162)
(Decrease) / Increase in payables	(1,109,731)	73,686
Net cash generated from Operating Activities	**5,408**	**5,686**
Net increase in cash and cash equivalents	**5,408**	**5,686**
Cash and cash equivalents at beginning of the year	**1,242**	**(4,444)**
CASH AND CASH EQUIVALENT AT END OF YEAR	**6,650**	**1,242**

NOTES TO THE FINANCIAL STATEMENTS 31ST MARCH 2012

1. GENERAL

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

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

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

4. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company have been approved by the Board of Directors for issuance on 14.08.2012.

5. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) Fixed Assets and Depreciation

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

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

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

	%
Computer & Accessories	33.33

(c) Receivables

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

(d) Taxation and Deferred Taxation

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

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

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

(e) Cash and Cash Equivalents

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

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

(f) Payables

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

6. FIXED ASSETS

The details of fixed assets are as follows:-

			RM
2012 Cost:	**At 1st April 2011**	**Addition**	**At 31st March 2012**
Computer and accessories	135,163	–	135,163

				RM
Accumulated Depreciation:	**At 1st April 2011**	**Charge for the year**	**At 31st March 2012**	**Net Book Value 31st March 2012**
Computer and accessories	135,162	–	135,162	1

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

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

7. AMOUNT DUE FROM HOLDING COMPANY

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

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

8. AMOUNT DUE TO RELATED COMPANY

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

9. SHARE CAPITAL

		RM
	2012	**2011**
(a) Authorised: 1,000,000 Ordinary shares of RM1/- each	1,000,000	1,000,000
(b) Issued and fully paid: 621,725 Ordinary shares of RM 1/- each	621,725	621,725

10. (LOSS) / PROFIT BEFORE TAXATION

	2012	RM 2011
(Loss)/Profit before taxation is stated after charging:		
Audit fee	3,000	3,000
Depreciation	–	1,455
Director fees	–	1,845
Rental	8,663	73,979
Bad debts written off	–	16,913

11. TAXATION

There is no charge to taxation as the Company had no chargeable income during the year

The tax rate is 20% on the first RM500,000 (2011: RM500,000) and 25% (2011: 25%) on the remaining balance of chargeable income for Malaysian small-medium industries with paid up capital of less than RM2.5 million.

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

	2012	RM 2011
(Loss)/Profit before taxation	(25,082)	1,794
Taxation at Malaysian Statutory tax rate of 20% (2011: 20%)	(5,016)	359
Expenses not deductible for tax purposes	1,429	1,214
Deferred tax assets not recognised	3,587	–
Utilisation of previously unrecognised loss	–	(1,573)
Tax expense for the year	–	–

The Company has approximately RM463,000 (2011: RM463,000) in its tax exempt account to frank distributable reserve.

The Company has available unabsorbed tax losses of approximately RM253,300 (2011: RM235,500) for utilization against future taxable income.

As at 31st March 2012, the Company had potential deferred tax benefits arising from temporary differences as follows:-

	2012	RM 2011
Unabsorbed tax losses	50,660	47,100

The effect of the above differences were not included in the financial statements as there is no assurance that future taxable income will be sufficient to allow the benefits to be realised.

The above are subject to the approval of the tax authorities.

12. GOING CONCERN

At the year end, the Company had accumulated losses of RM46,117 as at that date.

The financial statements of the Company have been prepared on a going concern basis in view of:-

(i) the availability or continued financial support from its directors and shareholders; and

(ii) realisation of assets by the Company is expected to be undertaken in the ordinary course of business and no material losses are anticipated.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED

	RM 31.03.2012	31.03.2011
REVENUE	9,500	411,621
OTHER INCOME	–	9,000
	9,500	420,621
Less: ADMINISTRATIVE EXPENSES		
Audit fee	3,000	3,000
Bad debts written off	–	16,913
Bank charges	604	439
Depreciation	–	1,455
Directors' fee	–	1,845
EPF	396	4,752
HRD Contribution	16	198
Local conveyance	1,279	2,756
Payroll service charges	742	8,841
Penalty	200	–
Postages & courier	165	1,183
Printing and stationery	381	774
Professional fees	2,373	742
Rental	8,663	73,979
Repair and maintenance	1,145	11,079
Salaries	8,320	229,533
Secretarial and filing fee	4,770	3,874
Socso	52	620
Staff welfare	–	230
Telephone and communication	1,316	14,931
Travelling	1,160	29,108
Water and electricity	–	4,970
Visa and immigration	–	7,605
	34,582	418,827
(LOSS)/PROFIT BEFORE TAXATION	(25,082)	1,794

quintegra

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 18th Annual General Meeting of the Company held at Russian Cultural Centre, 74, Kasturi Ranga Road, Teynampet, Chennai 600 018 on Friday, the 28th September 2012 at 10.00 AM

....

Name of the Proxy (*In Block Letters*) Signature of the Member / Proxy

quintegra

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 18th Annual General Meeting of the Company to be held on Friday, the 28th September 2012 at 10.00 AM and at any adjournment thereof.

Dated this .... day of .... 2012.

Affix Re. 1 Revenue Stamp

Signed by the said ....

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

BOOK POST

If undelivered please return to:

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