



# **Quintegra Solutions Limited**

**16TH  
ANNUAL REPORT  
2009 - 10**



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#### **New Jersey**

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Princeton, NJ 08540  
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Virginia 22102  
United States of America  
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Fax : (+1)703-288-5240

## CORPORATE INFORMATION 2009-10

### BOARD OF DIRECTORS

Mr Shankarraman Vaidyanathan	–	<i>Chairman &amp; MD</i>
Mr V Sriraman	–	<i>Wholetime Director</i>
Mr R Rengharajan	–	<i>Director (till 31.03.2010)</i>
Mr Meleveetil Padmanabhan	–	<i>Director</i>
Mr R Kalyanaraman	–	<i>Director</i>
Mr G Venkatarajulu	–	<i>Director</i>

### REGISTERED OFFICE

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

### DEVELOPMENT CENTRES

Eldams Road, Chennai, India.  
Sanjose, USA  
Kuala Lumpur, Malaysia

### SUBSIDIARIES

Quintegra Solutions Limited, UK  
Quintegra Solutions (M) SDN BHD, Malaysia  
Quintegra Solutions GmbH, Germany  
Quintegra US Inc, USA  
P A Corporation, USA  
Quintegra Solutions Ireland Limited, Ireland

### AUDITORS

M/s Gopikumar Associates  
Chartered Accountants, Chennai

### BANKERS

State Bank of India  
Bank of America  
Chevy Chase Bank

### REGISTRARS & SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited  
Kences Towers, 2nd Floor, North Usman Road, T.Nagar,  
Chennai - 600 017 Tel: +91 44 28140801,  
Fax: +91 44 28142479. e-mail: sureshbabu@iepindia.com

### GRIEVANCE CELL/COMPLIANCE OFFICER

e-mail ID: investors@QuintegraSolutions.com

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## PROFILE - BOARD OF DIRECTORS

<p><b>Shankarraman Vaidyanathan</b> <i>Chairman and Managing Director</i></p>	<ul style="list-style-type: none"> <li>• Post Graduate in Commerce.</li> <li>• About 20 years extensive experience in finance, project management, marketing and IT.</li> <li>• Wide exposure in development of various businesses, a pioneer in IT sector.</li> <li>• A leading business man and represents the Board of several Companies.</li> </ul>
<p><b>Mr V Sriraman</b> <i>Wholtime Director</i></p>	<ul style="list-style-type: none"> <li>• Graduate in Commerce and a Post Graduate in Business Administration.</li> <li>• More than 22 years experience in sales &amp; marketing and in business development /administration</li> </ul>
<p><b>Mr R Rengharajan ( till 31.3.2010)</b> <i>Director- Non Executive</i></p>	<ul style="list-style-type: none"> <li>• Associate Member of the Institute of Chartered Accountants of India.</li> <li>• 40 years overall experience in various areas of finance</li> <li>• 23 years with a leading private sector bank - operational and credit areas.</li> <li>• More than 9 years experience in software industries.</li> </ul>
<p><b>Mr Meleveettil Padmanabhan</b> <i>Director- Non Executive</i></p>	<ul style="list-style-type: none"> <li>• Graduate in Commerce and a Member of the Institute of Chartered Accountants of India</li> <li>• 37 years experience in Accounts, Auditing and Corporate Consultancy.</li> <li>• Represents the board of few other companies</li> </ul>
<p><b>Mr R Kalyanaraman</b> <i>Director- Non Executive</i></p>	<ul style="list-style-type: none"> <li>• Graduate in Electrical and Electronics Engineering.</li> <li>• Worked in BHEL from 1975 to 1993 in various fields including research and development, project management and ancillary development.</li> <li>• Presented several technical papers in various national conferences.</li> <li>• Managing a company developing projects and providing technical and financial consultancy.</li> <li>• Represents the board of few other companies</li> </ul>
<p><b>Mr G Venkatarajulu</b> <i>Director- Non Executive</i></p>	<ul style="list-style-type: none"> <li>• Diploma in Civil Engineering</li> <li>• Has experience in various field like civil engineering, printing and computer technology</li> <li>• About 19 years experience in training and imparting computer skills to students and professionals.</li> </ul>

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Thursday, the 30th September 2010 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 2010 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To elect a Director in place of Mr G Venkatarajulu 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 **Ordinary Resolution**.

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

**Special Business**

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

RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or modifications thereof) and subject to necessary statutory approvals, including approvals from the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Stock Exchanges and subject to consents, permissions and/or sanctions of any other appropriate authorities (including financial institutions) as may be necessary and further subject to such conditions as may be prescribed by any of them in granting any such approval, consent or sanction, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee of the Board constituted to exercise one or more powers conferred by this resolution) to issue, offer and allot Equity Shares/Preference shares/Convertible notes/ Securities with or without detachable warrants/Fully Convertible Debentures (FCDs) / Partly Convertible Debentures (PCDs) or any other Securities convertible into Equity shares whether optionally or otherwise/Euro Convertible Bonds (ECB's) / Foreign Currency Convertible Bonds (FCCB's) / Global Depository Receipts (GDR's) / American Depository Receipts (ADR's) / Secured Premium Notes (SPN), (hereinafter referred to as "Securities") for an aggregate amount not exceeding USD 25 million or equivalent in Indian and / or in any other currency(ies) (inclusive of such premium, as may be fixed on such securities) or upto such limit as may be permitted by the Ministry of Finance or such other authorities whichever is higher, directly to Indian or Foreign Investors (whether institutions, incorporated bodies, mutual funds and/ or individuals or otherwise and whether or not such investors are members, promoters, directors or their associates of the Company) through public issue(s), rights issue(s), Private placement(s), Preferential allotment for cash or stock swap or acquisition of business / companies or a combination thereof at such time or times in one or more tranches, at such price or

prices whether at market price(s) or at a discount or at a premium to market price(s) and in such manner and on such terms and conditions as the Board in its absolute discretion think fit at the time of such issue/allotment considering the prevailing market conditions and other relevant factors that are necessary and also to get the Company shares listed on any Indian and/or overseas stock exchange(s) such as Singapore, Luxembourg, London, Nasdaq, New York and/or any of the other overseas Stock Exchanges.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of granting their approval and agreed to by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of securities mentioned hereinabove may have all or any term or combination of terms in accordance with market practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt services payment whatsoever and all such terms as are provided in offering of this nature including terms for issue of additional equity shares or variation of the conversion price of the securities during the duration of the securities.

RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangement/agreement with any Lead Managers / Underwriters / Guarantors / Depositors / Custodians and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any or the like.

RESOLVED FURTHER THAT the Board be and is hereby authorised, subject to approval of the Reserve Bank of India and the concerned authorities, if necessary, to secure the entire or any part of the issue by creation of the mortgage/charge on the company's immovable and movable properties, present and future, such charge to rank either pari passu with or second, subsequent, subservient and subordinate to all the mortgages/charges created/to be created by the Company for all existing and future borrowings and facilities whatsoever.

RESOLVED FURTHER THAT the company and/or any agency or body authorised by the Company may issue Global Depository Receipts and/or other form of securities mentioned herein above representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the Capital markets.

RESOLVED FURTHER THAT the Securities issued in international offering shall be deemed to have been made abroad in the markets and/ or at the place of issue of the Securities in international markets and shall be governed by English or American law, as the case may be.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph(s) above as may be

# Quintegra Solutions Limited

necessary in accordance with the terms of the offering and all such shares to rank pari passu with the existing equity shares of the Company in all respects, excepting such right as to dividend and voting as may be provided under the terms of the issue and in the Offer Document.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue of allotment of equity shares or securities representing the same, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilisation of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors or executives of the Company as deemed fit to give effect to the resolution.

By order of the Board

Place : Chennai  
Date : 02.09.2010

**Shankarraman Vaidyanathan**  
Chairman & Managing Director

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. **PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time scheduled for the meeting. A proxy form is enclosed.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 23rd September 2010 to Thursday, the 30th September 2010 (both days inclusive)
4. Members are requested to bring their Attendance Slip along with the copy of the Annual Report to the meeting.
5. Members/Proxies are requested to fill in the Attendance Slip and hand it over at the meeting hall before attending the meeting. In case of demat holding, Client ID and DP ID numbers and in case of physical holding respective folio numbers along with the number of shares held have to be clearly mentioned.
6. Corporate Members intending to send their authorised representatives are requested to send a certified copy of the Board resolution authorising their representatives to attend and vote at the meeting on behalf of the Company.
7. All the documents referred to in the Notice are available at the Registered Office of the Company for inspection on all working days, during office hours upto the date of Annual General Meeting.
8. Members holding shares in physical form, in multiple folios under the same name/s are requested to send the Share Certificates to the Company's Registrars and Share Transfer Agents, Integrated Enterprises (India) Ltd. Kences Towers, 2nd Floor, North Usman Road, T.Nagar, Chennai 600 017 for consolidation into a single folio.
9. In case of joint holders, where more than one person attend the meeting, only the first holder will be entitled to vote.
10. Information pursuant to Clause 49 IV (G) of the Listing Agreement about the directors proposed to be appointed/ reappointed is annexed.

## ANNEXURE TO THE NOTICE

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

#### Item No 2:

#### Mr G Venkatarajulu (Non-Executive Director) - Brief Resume

<b>Academic Background</b>	Holds Diploma in Civil Engineering
<b>Nature of expertise</b>	Has experience in various field like civil engineering, printing and computer technology; About 19 years experience in training and imparting computer skills to students and professionals.
<b>Directorship in other Companies</b>	1
<b>Committee Membership</b>	<b>In the Company:</b> Nil <b>In other Companies:</b> Nil
<b>Shareholding of the Director in the Company</b>	Nil

### B. EXPLANATORY STATEMENT

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

#### Item No 4:

In order to finance business expansion and to augment working capital it is proposed to issue securities by way of equity/equity linked instruments like American Depository receipts (ADRs), Global Depository Receipts (GDRs), Convertible Debentures (whether fully convertible or not), Secured Premium Notes, and/or other type of

securities for cash or stock swap or acquisition of business or combination thereof through public offer/private placement, as mentioned in the resolution for an amount not exceeding US Dollars 25 million or equivalent in Indian or any other currency(ies) or upto such limit as may be permitted. The purpose of the offer is to exploit the emerging opportunities for growth through acquisitions or otherwise, joint ventures and strategic alliances, both abroad and in India. The mode of financing plans and also the utilisation plans will be worked out in consultation with the Advisors, Lead Managers and/or other agencies wherever applicable subject to the approvals of Government of India, Reserve Bank of India, SEBI and other authorities concerned. The issue price of such securities will be determined by the Board at the time of issue(s) depending on the prevailing market conditions. This is an enabling resolution which gives adequate flexibility in respect of working out the modalities of issue including size, timing and pricing and also issue such securities, in such tranches, and at such times and at such price and/ or such other valuable consideration(s) as the Board may in its absolute discretion deem fit. Pursuant to Section 81(1A) of the Companies Act, 1956, a Special Resolution needs to be passed by the shareholders for issuing securities to persons other than the existing shareholders. Accordingly the Special Resolution as set out under Item No 4 of the Notice is submitted to the members for approval.

#### Interest of Directors

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

By order of the Board

Place : Chennai  
Date : 02.09.2010

**Shankarraman Vaidyanathan**  
Chairman & Managing Director

## DIRECTORS REPORT

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Financial Statements for the year ended 31st March 2010.

## FINANCIAL HIGHLIGHTS

Particulars	(Rs. In lacs)	
	For the year ended 31.03.2010	For the year ended 31.03.2009
Total Income	3,739.04	7,751.04
Expenditure	3,495.93	7,549.06
Interest	1,188.92	1,543.60
Depreciation & Exceptional Items	632.06	788.47
Profit /(Loss) before tax	(1,577.87)	(2,130.09)
Provision for tax	0.52	211.68
Profit after tax	(1,578.39)	(2,341.78)
Balance brought forward from previous year	165.66	2,607.35
Available for appropriation	—	265.57
General Reserve	—	99.91
Balance carried forward	(1,412.73)	165.66

## REVIEW OF OPERATIONS AND OUTLOOK

### OPERATIONS

The Company has not recovered from the burden of the heavy loss incurred by take over of some companies as briefed in the last Annual Report. Even though the recession is in the process of easing out during the year, the impact has not yet been felt by your company. The negative impact on business due to recession continues which is reflected in the revenues and loss for the year.

### OUTLOOK

The Company puts in all out efforts to come out of the set backs and is optimistic to turn around the table in the years to come. The Company is continuously taking steps to reduce overheads, postpone/shelve expansion programmes. Your Company is optimistic that it will get over the difficult situation and show better results in the years to come.

## CONSOLIDATED FINANCIAL STATEMENTS

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

### FIXED DEPOSITS

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

### DIVIDEND

In view of the loss incurred the Board does not recommend any dividend for the financial year ended 31st March 2010.

## DIRECTORS

During the year, Mr R Rengharajan, Director resigned from the Board. The Board places on record its grateful appreciation of the valuable

services rendered by Mr R Rengharajan during his tenure of office as a Director.

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

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

## AUDITORS

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

## SUBSIDIARIES

### Quintegra Solutions Limited, UK

This subsidiary has incurred a loss of GBP 20,857 for the year ended 31 March 2010 as against the loss of GBP 18,685 for the previous year.

### Quintegra Solutions (M) SDN BHD, Malaysia

The subsidiary had posted a loss of RM 376,206 during the financial year ended 31 March 2010 as against the profit of RM 22,400 for the previous financial year.

### Quintegra Solutions GmbH, Germany

The subsidiary had posted a net loss of Euros 7,029 for the financial year ended 31 December 2009 as against the net loss of Euros 5,689 for the previous financial year.

### Quintegra Solutions Ireland Limited

During the year, the subsidiary had incurred a loss of Euro 8,167 for the financial year ended 31 March 2010 as against the loss of Euro 1,750 for the previous year.

### P A Corporation, USA

The Subsidiary had incurred a net loss of US\$ 1,390,980 during the financial year ended 31 December 2009 as against a net loss of US\$ 18,905 for the previous year.

## HUMAN RESOURCES

The HR had planned and systematically put in place several effective systems that addressed the needs of the Organization during the global economic slowdown period. Individual employee productivity is measured on a continuous basis and is currently maintained at higher levels without compromising on employee morale or work quality. Adequate care is taken to ensure that each employee maintains a healthy work - life balance. Continuous training initiatives with focused attention to cater today's needs and also with an eye for future business trends are meticulously designed and executed.

## EMPLOYEES STOCK OPTION SCHEME

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



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE REPORTS

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

### CEO/CFO CERTIFICATION

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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.

### PARTICULARS OF EMPLOYEES

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

### ACKNOWLEDGEMENT

The Board records its appreciation for the continued support and co-operation received from all its associates - the shareholders, customers, suppliers, banks and Government Departments. Our special thanks to State Bank of India, our bankers for their continued support and encouragement 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 : 02.09.2010

**Shankarraman Vaidyanathan**  
Chairman & Managing Director

## ANNEXURE TO DIRECTORS REPORT

### Annexure 1

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

#### 1. Conservation of Energy

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

#### 2. Research and Development (R&D)

Research and Development is being carried out on need basis. Development on new systems, design and methodology

continues to upgrade existing quality, reduce lead time, enhance customer satisfaction and to capture new clients. The benefits of these initiatives are likely to reflect in the years to come. 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 posted in India who are covered under Section 217(2A) read with Companies (Particulars of Employees) Rules 1975



## Annexure 3

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

1.	Number of Options granted	968,020
2.	Pricing Formula	Latest available closing price on the date of grant on a stock exchange where there is highest trading volume
3.	Number of Options vested and Exercisable	96,787
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	692,045
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	262,245
10.	Employee wise details of options granted	The Company has not grated 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	(5.83)
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.	<div>The Company has used the intrinsic value method of accounting. had it used the Fair Value Method following would be the impact.</div> <div><div>Rs.</div><div>Net Income as reported (157,839,304)</div><div>Add Intrinsic value compensation cost –</div><div>Less Fair value compensation cost –</div><div>Adjusted proforma Net Income (157,839,304)</div></div>
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 - <div>i. equals market price</div> <div>ii. exceeds market price</div> <div>iii. is less than market price</div>	The Company has not granted any options during the current Financial year
13. b.	Weighted fair values for options whose exercise price - <div>i. equals market price</div> <div>ii. exceeds market price</div> <div>iii. is less than market price</div>	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: <div>i. risk free rate</div> <div>ii. expected life</div> <div>iii. expected volatility</div> <div>iv. expected dividends and</div> <div>v. the price of the underlying share in the market at the time of option grant.</div>	The Company has not granted any options during the current Financial year

By order of the Board

Place : Chennai  
Date : 02.09.2010

**Shankarraman Vaidyanathan**  
Chairman & Managing Director

# Quintegra Solutions Limited

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Pursuant to Clause 49 of the Listing Agreement)

### 1. OVERVIEW

Quintegra Solutions Limited (Quintegra) is a leading IT services and consulting company delivering services through innovative and customized solutions. With over 16 years of experience, the Company provides services in a global delivery model consisting of customer relationship management offices and development centers spread across the world. Evolving core competence in all its line of activities, Quintegra provides a wide range of IT services to industries like financial services, manufacturing, education, healthcare and hi-technology. It delivers a full range of service offerings covering the software services spectrum of application development and maintenance, product services, testing and professional services. Over the years, the Company has built a reputation as the best-value services provider among its clients. Most importantly, Quintegra has built a fine track record of excellence to earn this distinction. With headquarters in Chennai - India, Quintegra operates across the globe with offices in USA, UK, Malaysia etc., The Company is SEI CMM Level 4 and ISO 27001:2005 certified.

### 2. INDUSTRY STRUCTURE AND DEVELOPMENTS

As per NASSCOM Strategic Review 2010, world-wide technology and related products and services spend is estimated to have crossed USD 1.5 trillion in 2009, a decline of 2.9% over 2008. Due to the global economic slowdown, considerable reductions were experienced in IT service spends across categories as global corporations cut back on discretionary spends and focused on leveraging IT spends to drive organisation-wide efficiencies, business transformation and adoption of new business models.

As per NASSCOM Strategic Review 2010, IT services spend is estimated to cross US \$ 1.5 trillion in 2009, a decline of about 3% over last year. The economic slow down resulted in reductions in spending in the first half of 2009 and signs of pick up became visible in the second half. This reduction in spend was by means of either delaying the decisions or putting on hold some new IT projects. This led to both pricing and volume pressures for IT service providers. However, in the second half of 2009 as economic growth showed signs of revival many companies started focussing on process improvements, reducing cycle time, consolidating infrastructure and increasing speed to market. Globally, technology spending is expected to further increase in proportion with the speed of economic recovery. Information technology being an integral part of business operations is seen by companies as key for productivity improvement and business transformation. Global technology spend is expected to increase from USD 1.6 trillion in 2008 to USD 1.9 trillion by 2013 at a Compounded Annual Growth Rate (CAGR) of 3.5%.

Quintegra, being a part of this industry, is trying to exploit latest business and technology trends by adopting new strategies in order to provide improved and simplified solutions with increased process capabilities and additional value to its clients. In addition, Quintegra is focusing on customer satisfaction by closely interacting with the customers and narrowing the gaps between clients and the company. Quintegra also monitors the developments in the industry for continuous improvements and course corrections.

### 3. OPPORTUNITIES AND THREATS

Quintegra practice groups are centered on high growth areas like testing, SAP, Consulting, Infrastructure Management, BFSI, Healthcare, Education and Logistics which are ideal platforms to continue to create value for clients across the globe. Opportunities exist to address pain points of clients in the BFSI Sector who are looking to radical rebalancing of their IT portfolio. Along with services, Quintegra is also involved in developing a strong portfolio

of enterprise management products in the growing areas of healthcare, education and logistics.

Advanced economies are projected to expand sluggishly in 2010, with the continuance of unemployment situation Annual growth in 2010 is projected to be about 1.25 percent, following a contraction of 3.5 percent in 2009. The shadows cast over IT fortunes on account of global financial meltdown have still not completely cleared even though 2009-10 showed signs of recovery as compared to the previous year. The investments made in acquisitions had not resulted in returns and growth as expected. With a slow economic recovery anticipated in the developed markets in 2010, there is a change in the contours of global business. However, Quintegra views the situation optimistically as an opportunity to re-think, re-prioritise, re-evaluate and re-align the Company's policies and work patterns.

### 4. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

In 2009-10, the break-up of revenues among Quintegra's domains were as follows:

(Rs. lacs)

	2009-10	
	Consolidated	Standalone
BFSI	1980.80	1945.61
QASS	1025.20	1022.28
Other emerging verticals	783.27	770.58
Total	3789.27	3738.47

### 5. OUTLOOK

In general, it is expected that the industry will operate conservatively, continuing to reduce headcounts and discretionary spending. Most industry are expecting new IT investment and project work to continue in recession while some others feel that technical spending will be vital in helping business to boost efficiency, save money and retain customers. Software companies in India are driving force in the economy of the nation which contributes nearly five percent in the GDP of the country. Quintegra is set to bring more focus on developing domain expertise, improving efficiency and productivity and customising their product to enhance client satisfaction. To perform better in the domestic sector, Quintegra is making sincere efforts to acknowledge and understand the requirements of Indian enterprises, evolve India-centric pricing models and demonstrate greater flexibility. The Company is adopting various measures to meet steep rise in operational cost and to remain alive during the current slow recovery phase. Cost reduction and effectiveness of product and services is expected to play a pivotal role in retaining existing business ventures.

### 6. RISKS AND CONCERNS

With a slow economic recovery anticipated in the developed markets in 2010, there is a change in the line of global business. The Company has to adapt to the changing environment in order to sustain its place. Even though efforts are taken to stay in place, various other factors make it difficult to cope with. To mention a few, the borrowed funds and its deployment in various operations of the Company becomes risky. Employees retention cost, attrition of skilled resources are causes of concern. High volatility of global currencies which are the main sources of Company's revenue enhances impact on financial risks - credit risk, currency risk and liquidity risk.