



quintegra



# Quintegra Solutions Limited

18TH  
ANNUAL REPORT  
**2011 - 12**



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,  
10<sup>th</sup> 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	– <i>Chairman</i>
Mr V Sriraman	– <i>Wholetime Director</i>
Mr Meleveetil Padmanabhan	– <i>Director</i>
Mr R Kalyanaraman	– <i>Director</i>
Mr G Venkatarajulu	– <i>Director</i>

### 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](mailto: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](mailto:corpserv@integratedindia.in)

### GRIEVANCE CELL/COMPLIANCE OFFICER

E-mail ID: [investors@quintegrasolutions.com](mailto:investors@quintegrasolutions.com)

## PROFILE – BOARD OF DIRECTORS

Shankarraman Vaidyanathan <i>Chairman</i>	<ul style="list-style-type: none"> <li>• Post Graduate in Commerce.</li> <li>• About 22 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>
Mr V Sriraman <i>Wholetime Director</i>	<ul style="list-style-type: none"> <li>• Graduate in Commerce and a Post Graduate in Business Administration.</li> <li>• More than 24 years experience in sales &amp; marketing and business development / administration</li> </ul>
Mr Meleveetil Padmanabhan <i>Director- Non Executive</i>	<ul style="list-style-type: none"> <li>• Graduate in Commerce and a Member of the Institute of Chartered Accountants of India</li> <li>• 39 years experience in Accounts, Auditing and Corporate Consultancy.</li> <li>• Represents the board of few other companies</li> </ul>
Mr R Kalyanaraman <i>Director- Non Executive</i>	<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>
Mr G Venkatarajulu <i>Director- Non Executive</i>	<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 21 years experience in training and imparting computer skills to students and professionals.</li> </ul>

## QUINTEGRA SOLUTIONS LIMITED

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

### NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Friday, the 28<sup>th</sup> 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 21<sup>st</sup> September 2012 to Friday, the 28<sup>th</sup> 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

<b>Academic Background</b>	A Post Graduate in Commerce.
<b>Nature of expertise</b>	About 22 years extensive experience in finance, project management, marketing and IT fields.
<b>Committee Membership</b>	Nil
<b>Shareholding of the Director in the Company</b>	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 31<sup>st</sup> 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 31<sup>st</sup> 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 current 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 Wholtime Director and Finance In-charge have submitted a certificate to the Board regarding financial statements and other matters as required under Clause 49(V) of the Listing Agreement.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

# Quintegra Solutions Limited

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 adequate 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 fair 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 policies that without doubt will hand Indian IT sector severe blows. These countries are seeking to take on strict policies that will mean far less outsourcing and a much more narrow view with the idea of safeguarding work and contracting within their 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 Solutions Limited

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 Meleveetil 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 Meleveetil 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.

#### 1) Audit Committee

##### a) Composition

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

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

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

##### b) Role

The role of the Audit Committee, in brief, includes a review of financial reporting process and quarterly financial statements, internal control system, accounting policies and practices, management discussion and analysis of financial position and results of operations, directors responsibility statement, statement of significant related

# Quintegra Solutions Limited

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

### b) Role:

The Committee has been empowered to review/recommend the appointment of executive and non executive Directors. The Committee also reviews/recommends the remuneration of Managing/wholtime 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 Meleveetil 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 Meleveetil Padmanabhan	Non Executive/Independent	Chairman
2.	Mr R Kalyanaraman	Non Executive/Independent	Member
3.	Mr V Sriraman	Executive/Non Independent	Member

### b) Role

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

### c) Meetings

The Committee met 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 Meleveetil 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 Shankaraman Vaidyanathan as Chairman and Mr Meleveetil 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.