



Quintegra Solutions Limited

23RD
ANNUAL REPORT
2016-17

QUINTEGRA SOLUTIONS LIMITED

CIN: L52599TN1994PLC026867

Registered Office

Wescare Towers, 3rd Floor, 16, Cenotaph Road,
Teynampet, Chennai - 600 018. Tamil Nadu
Tel : (+91 44) 2432 8395
www.quintegrasolutions.com

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Quintegra Solutions Limited

CORPORATE INFORMATION 2016-17

CIN: L52599TN1994PLC026867

BOARD OF DIRECTORS

| | |
|----------------------------|---------------------------------|
| Mr Meleveetil Padmanabhan | - <i>Non-Executive Chairman</i> |
| Mr V Sriraman | - <i>Wholetime Director</i> |
| Mr R Kalyanaraman | - <i>Independent Director</i> |
| Mr G Venkatarajulu | - <i>Independent Director</i> |
| Mrs Kamakshi Shankararaman | - <i>Independent Director</i> |

REGISTERED OFFICE

Wescare Towers, 3rd Floor,
16, Cenotaph Road, Teynampet
Chennai 600 018, India.
Tel: + 91 44 2432 8395
E-mail: investors@quintegrasolutions.com
URL: <http://www.quintegrasolutions.com>

AUDITORS

M/s Gopikumar Associates
Chartered Accountants, Chennai

BANKERS

State Bank of India
Axis Bank Ltd

REGISTRARS & SHARE TRANSFER AGENTS

Integrated Registry Management Services Private Limited
Kences Towers, 2nd Floor, North Usman Road,
T.Nagar, Chennai - 600 017.
Tel: +91 44 28140801
Fax: +91 44 28142479.
Email: sureshbabu@iepindia.com

GRIEVANCE CELL / COMPLIANCE OFFICER

E-mail: investors@quintegrasolutions.com

PROFILE – BOARD OF DIRECTORS

Mr Meleveetil Padmanabhan (DIN 00101997) (*Non-Executive Director*)

A Graduate in Commerce and a Member of the Institute of Chartered Accountants of India. He is a Practicing Chartered Accountant and has over 44 years experience in Accounts, Auditing and Corporate Consultancy. He represents the Board of few other companies.

Mr V Sriraman (DIN 00207480) (*Wholetime Director*)

A Graduate in Commerce and a Post Graduate in Business Administration. He has more than 29 years of wide experience in the fields of sales, marketing, business development and administration.

Mr R Kalyanaraman (DIN 00041770) (*Independent Director*)

A Graduate in Electrical and Electronics Engineering. He has worked in BHEL from 1975 to 1993 in various fields including research and development, project management and ancillary development. He has presented several technical papers in various national conferences. He manages a company developing projects and providing technical and financial consultancy. He represents the board of few other companies.

Mr G Venkatarajulu (DIN 02206405) (*Independent Director*)

A Diploma holder in Civil Engineering with experience in various fields like civil engineering, printing and computer technology. He has about 26 years experience in training and imparting computer skills to students and professionals. He represents the board of few other companies.

Mrs Kamakshi Shankararaman (DIN 00215869) (*Independent Director*)

A Masters Degree holder in Commerce and pursuing ICWA in the Institute of Costs and Works Accountants of India. She is the Co-founder Director of a company viz. e2d Professional Services Private Limited with principal responsibility of designing the strategy and services of the company, back office management of all processes, HR management relating to employees hiring, training and motivation.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twentythird Annual General Meeting of the Company will be held on **Tuesday, the 26th September 2017 at 10.00 AM** at Russian Cultural Centre, 74, Kasthuri Ranga Road, Chennai 600 018 to transact the following business:

ORDINARY BUSINESS

1. To consider and if deemed fit to pass with or without modification(s) the following as an **ORDINARY RESOLUTION:**
RESOLVED THAT the Audited Financial Statements for the financial year ended 31st March 2017 and the Reports of the Directors and Auditors thereon be and are hereby considered, approved and adopted.
2. To consider and if deemed fit to pass with or without modification(s) the following as an **ORDINARY RESOLUTION:**
RESOLVED THAT Mr Meleveetil Padmanabhan (DIN: 00101997), who retires by rotation and being eligible for reappointment be and is hereby re-appointed as a Director of the Company.
3. To consider and if deemed fit to pass with or without modification(s) the following as an **ORDINARY RESOLUTION:**
RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time Messrs. Srikanth & Co., Chartered Accountants, Chennai (Firm Registration No 014139S) be and are hereby appointed as the Statutory Auditors of the Company to hold office for the period from the conclusion of the 23rd Annual General Meeting until the conclusion of the 28th Annual General Meeting, subject to ratification of the appointment by the members at every Annual General Meeting on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.

SPECIAL BUSINESS

4. To consider and if deemed fit to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**
RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals as may be required, Mr V Sriraman holding DIN 00207480 be and is hereby reappointed as the Whole Time Director of the Company for a term of 3 years from 18th May 2017 till 17th May 2020 on the following terms and conditions :
 - i) Remuneration : Nil
 - ii) Mr V Sriraman will not be entitled to any sitting fees for attending meetings of the Board or of any Committee thereof.**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.
5. To consider and if deemed fit to pass with or without modification(s), the following resolution as an **SPECIAL RESOLUTION:**
RESOLVED THAT pursuant to the provisions of Section 66 and other applicable provisions, if any of the Companies Act, 2013

and the applicable rules including any modifications thereof and subject to the consent of the shareholders and the approval from the National Company Law Tribunal (NCLT), SEBI and/or Stock Exchanges and other appropriate statutory authorities the Company be and is hereby authorized to write off

- i) part of the accumulated losses of the Company to the extent of Rs.172,25,80,585/- (Rupees one hundred and seventy two crores twenty five lakhs eighty thousand five hundred and eighty five only), by utilising
- i) the entire capital reserves of Rs 90,22,42,054/- (Rupees Ninety crores twenty two lakhs forty two thousand and fifty four only),
- ii) entire securities premium of Rs 43,14,33,100/- (Rupees forty three crores fourteen lakhs thirty three thousand and one hundred only),
- iii) the entire General Reserves of Rs 4,94,62,799/- (Rupees four crores ninety four lakhs sixty two thousand seven hundred and ninety nine only),
- iv) unsecured loans of Rs 9,81,18,162/- (Rupees nine crores eighty one lakhs eighteen thousand one hundred and sixty two only) and
- v) the proceeds from proposed reduction of the existing issued, subscribed and paid up share capital of the Company from Rs 26,81,38,300/- (Rupees twenty six crores eighty one lakhs thirty eight thousand and three hundred only) comprising of 2,68,13,830 (Two crores sixty eight lakhs thirteen thousand eight hundred and thirty only) equity shares of Rs 10/- each to Rs 2,68,13,830- (Rupees two crores sixty eight lakhs thirteen thousand eight hundred and thirty only) comprising of 26,81,383 (twenty six lakhs eighty one thousand three hundred and eighty three only) equity shares of Rs 10/- each and that any member eligible for fractional entitlements post reduction shall be paid the consideration in cash there for.

RESOLVED FURTHER THAT in the event that there is a need to infuse further capital in the Company by way of equity or preference shares to meet certain statutory/ regulatory obligations of the Company, the Company may issue such additional capital to meet its statutory and regulatory obligations and upon issuance of such additional capital, the proposed form of minutes or any other document(s) stated under the petition for the Proposed Capital Reduction will be deemed to have been modified accordingly without any further approval being required from the shareholders of the Company and that the Company shall place on record with the National Company Law Tribunal (NCLT) the revised form of minutes to reflect the revised share capital structure of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board of Directors of the Company or any other person or Committee authorized by the Board be and are hereby severally authorized on behalf of the Company to:

- (a) file a Company petition/application for reduction of share capital of the Company before the NCLT, and to do all such acts, deeds and things as they may deem necessary and desirable towards approval and sanction of the Proposed Capital Reduction contemplated in this resolution by the of NCLT

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- (b) file applications/petitions before the NCLT, seeking appropriate directions for dispensation from the procedure(s) prescribed under Section 66 and/or any other applicable provisions of the Companies Act, 2013 (or any statutory re-enactment thereof);
- (c) file applications/petitions before the of NCLT seeking appropriate directions for dispensation from addition of the words "and reduced" to the name of the Company as contemplated under Section 66(3) of the Companies Act, 2013 (or any statutory re-enactment thereof);
- (d) make applications to the relevant authorities or other persons for their approval to the Proposed Capital Reduction and to make such disclosures to governmental or regulatory authorities as may be required for the purpose under applicable laws;
- (e) withdraw or amend, as may be necessary, the Company Petition at any stage in case any changes and/or modifications are suggested/required to be made or any condition imposed, whether by any shareholder, creditor, NCLT and/or any other authority, and to do all such acts, deeds and things as they may deem necessary and desirable in connection herewith and incidental hereto;
- (f) file any other application, petition, affidavit, form and/or report before any authority, (including but not limited to the Registrar of Companies, Chennai, Tamilnadu, in connection with the Proposed Capital Reduction contemplated hereunder and/or in connection with sanction thereof, and to do all such acts, deeds and things as they may deem necessary and desirable in connection herewith and incidental hereto;
- (g) represent the Company in general before any authority, tribunal and/or the Court in relation to any matter pertaining to the Proposed Capital Reduction and to exercise requisite powers on behalf of the Company to settle, as they may in their absolute discretion deem fit, any questions, difficulties or doubts that may arise in this regard;
- (h) appoint legal advisors to advice, submit recommendations and provide inputs on the Proposed Capital Reduction and to draft the Company petitions/applications for reduction of share capital and related documents and facilitate the NCLT proceedings and
- (i) alter the Memorandum and Articles of Association of the Company accordingly pursuant to the approval of the scheme by all concerned.
- (j) file necessary forms and documents with appropriate authorities and do all such acts, matters, deeds and things as they may in their absolute discretion deem necessary or desirable in connection with or incidental to giving effect to this resolution.

RESOLVED FURTHER THAT Board be and is hereby authorized to consider and approve any or all matters as outlined above relating to the Proposed Capital Reduction of the Company matters related therewith including cancellation of securities and do all such acts, deeds and things necessary and incidental in order to effect the resolution.

By order of the Board

Place : Chennai
Date : 17.08.2017

V Sriraman
Wholetime 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 and the Proxy need not be a member.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The Proxy Form, in order to be effective, 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.
3. 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.
4. Members / Proxies are requested to bring their Attendance Slip duly filled 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. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 20th September 2017 to Tuesday, the 26th September 2017 (both days inclusive).
6. 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 Registry Management Services Private Limited, Kences Towers, 2nd Floor, North Usman Road, T.Nagar, Chennai 600 017 for consolidation into a single folio.
7. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
8. As per the provisions of the Companies Act, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the Registrar & Share Transfer Agents / Depository Participants.
9. During the year, there was no dividend due to be transferred to Investor Education and Protection Fund (IEPF) pursuant to the provisions of Section 124(5) of the Companies Act, 2013.
10. Information pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings in respect of the directors seeking appointment at this AGM is furnished and forms part of this Notice.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / RTA.

12. Pursuant to Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company has entered into an agreement with Central Depository Services Limited (CDSL) to provide members the facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
13. Electronic copy of the Annual Report / Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
14. Mr A Rengarajan, Practicing company Secretary will be acting as the Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner. The Scrutiniser shall immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-Voting in the presence of atleast two witnesses not in the employment of the Company and make not later than three days of conclusion of the meeting, a consolidated Scrutiniser's Report of the votes cast to the Chairman of the Company. The results of e-Voting will be placed on the company's website: **www.quintegrasolutions.com** and also communicated to the stock exchanges where the shares of the company are listed.
15. The instructions for shareholders voting electronically are as under:
 - (i) The e-Voting period begins on **Friday, 22nd September 2017 at 9.00 AM IST and ends on Monday, 25th September 2017 at 5.00 PM IST**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) viz. **19th September 2017** may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-Voting website **www.evotingindia.com**.
 - (iii) Click on Shareholders / Members.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|--|---|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. (Applicable for both demat shareholders as well as physical shareholders).</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Sequence Number printed on the Address Slip shall be entered in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> |
| Dividend Bank Details or Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth in DD/MM/YYYY format as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p> |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Quintegra Solutions Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
 - After receiving the login, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- d. The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**.
16. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during normal business hours on all working days upto the date of the Annual General Meeting of the Company.

By order of the Board

Place : Chennai
Date : 17.08.2017

V Sriraman
Wholetime Director

ANNEXURE TO THE NOTICE

A. INFORMATION PURSUANT TO REGULATION 36(3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ABOUT THE DIRECTOR PROPOSED TO BE APPOINTED/ REAPPOINTED

Item No 2: Mr Meleveetil Padmanabhan (DIN: 00101997) - Non-Executive Director - Brief Resume

| | |
|--|--|
| Academic Background | A Graduate in Commerce and a Member of the Institute of Chartered Accountants of India |
| Nature of Expertise | Over 44 years experience in Accounts, Auditing and Corporate Consultancy. |
| Relationships between directors inter-se | Nil |
| Directorship in other Companies | 1) Butterfly Gandhimathi Appliances Ltd. |
| Committee Membership | In the Company: 1) Audit Committee (Member) 2) Nomination and Remuneration Committee (Member) 3) Shareholders / Investors Grievance Committee (Chairman) In other Companies: Butterfly Gandhimathi Appliances Ltd.: Audit Committee-Member; Investor Grievance Committee-Member; Remuneration Committee-Member; Share Transfer Committee-Member |
| Shareholding of the Director in the Company | Nil |

Item No 4: Mr V Sriraman (DIN 00207480) - Wholetime Director

| | |
|--|---|
| Academic Background | A Graduate in Commerce and a Post Graduate in Business Administration |
| Nature of Expertise | Has more than 29 years experience in marketing and overall business development and has experience in reputed companies |
| Directorship in other Companies | Nil |
| Committee Membership | In the Company: 1) Stakeholders Relationship Committee (Member) In other Companies: Nil |
| Shareholding of the Director in the Company | 52000 equity shares of Rs 10/- each. |

B. Explanatory statement pursuant to Section 102 of the Companies Act, 2013.

Item No 3:

As per the provisions of Section 139 of the Companies Act, 2013 (the Act) read with Companies (Audit and Auditors) Rules, 2014, listed entities can appoint an audit firm as statutory Auditors for not more than two terms of five consecutive years each. At the time of commencement of the Act Messrs Gopikumar Associates (Firm Registration No.000981S), Chartered Accountants, Chennai held office as Statutory Auditors in the Company for more than 10 years. Pursuant to the transitional period provided in the Companies (Audit and Auditors) Rules, 2014 they were eligible to hold office for a further period of three years and accordingly, the shareholders had appointed them as Statutory Auditors for a period of three years from the conclusion of 20th Annual General Meeting till conclusion of 23rd Annual General Meeting. Since the term of Messrs Gopikumar Associates, as the statutory auditors of the Company, expires at the conclusion of the ensuing Annual General Meeting, it is necessary for your Company to appoint new auditors. Hence, the Board of Directors, based on the recommendation of the Audit Committee considered the appointment of M/s Srikanth & Co. Chartered Accountants, Chennai, (Firm Registration No. 014139S) as the Statutory Auditors of the Company for a period of five years from the conclusion of the 23rd AGM till the conclusion of the 28th AGM subject to ratification of the appointment by the members at every AGM.

M/s Srikanth & Co. being eligible for appointment have furnished their consent to act as the Statutory Auditors of the Company in terms of the Second proviso to section 139 and a certificate to the effect that the appointment, if made, shall be in accordance with the conditions laid down and that they satisfy the criteria provided under Section 141 of the Companies Act, 2013.

Accordingly, the Board commends the resolution as set out under item No 3 of the Notice relating to the appointment of M/s Srikanth & Co. as the Auditors of the Company for the approval of the members.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

Item No 4:

Mr V Sriraman's term as a Wholetime Director of the Company expired on 17th May 2017 and the Board, based on the recommendation of the Remuneration Committee, renewed his appointment for a further term of 3 years with effect from 18th May 2017 till 17th May 2020 on the terms and conditions set out under Item No 4 of the Notice. The reappointment of Mr V Sriraman as a Wholetime Director and the terms of remuneration payable to him require the approval of the members. Accordingly, the Board Commends the Resolution as set out under Item No. 4 of the notice for the approval of the members.

Memorandum of Interest

Mr V Sriraman and his relatives are interested in the resolution relating to his appointment as Wholetime Director. None of the other Directors or Key Managerial Personnel or their relatives are interested or concerned in the resolution.

Item No 5:

The Company has accumulated losses reflecting in the books of accounts, primarily due to heavy operational losses for about 8 to 10 years. As on 31st March, 2017, as per the audited financial results of the Company, the Accumulated Losses amount to Rs 177,84,79,473/- represented as 'Deficit in Statement of Profit & Loss' in the Reserves & Surplus Account. In the present scenario, the accumulated losses become a hindrance for the growth of the company in respect of goodwill, expansions, restructuring of financial position and computation of financial parameters like ROI, networth, EPS etc. Hence based on the recommendation of Audit Committee and subject to the approval of Stock Exchanges/SEBI/NCLT and other appropriate authorities the Board of Directors felt that it would be prudent to go in for reduction of share capital and to utilize the balance lying in the General Reserves, Capital Reserves and Securities Premium Account along with the proceeds from waiver of unsecured loan borrowed to write off a part of the Accumulated Losses of the Company. Brief information on the proposed capital reduction (hereinafter referred to as 'Scheme') is given below:

1. Benefits / Effects

- a. The Company will represent improved financial position which would in turn benefit shareholders as their holding will yield better value. The scheme also enables the Company to explore opportunities which are not presently available.
- b. There would not be any change in shareholding pattern as required in SEBI Circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017.
- c. The proposed reduction would not involve any financial outlay / outgo except outflow on account of fractional entitlement of shares and therefore, would not affect the ability or liquidity of the Company to meet its obligations/ commitments in the normal course of business. Further, it would also not in any way adversely affect the ordinary operations of the Company.
- d. The Company can foresee business opportunities that are not presently available on account of Accumulated Losses/negative net worth.
- e. The scheme is merely for a reduction in the share capital and does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company.

2. Impacts:

- a. The scheme will not have any adverse impact on the employees, creditors, banks and financial institutions. As the Scheme will help revival of the Company the interest of stakeholders is expected to be enhanced.

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b. Legal Proceedings

The proposed capital reduction would not affect any legal or other proceedings by or against the Company.

c. Cross Holding

Since it is not a matter concerning to merge or de-merge, the concept of cross holding does not apply.

d. Accounting Treatment

The Company shall pass appropriate entries as per the applicable accounting policies and accounting standards with regard to accounting for the reduction of capital and writing off the Accumulated Losses as proposed in the scheme on receiving necessary approvals.

3. Others:

a. Designated Stock Exchange

The Designated Stock Exchange for interaction with SEBI shall be the NSE.

b. No objection Certificate/Observation Letter

Applications to stock exchanges are being made for getting necessary approvals.

The Board recommends the resolutions as set out under Item No. 5 of the Notice for the approval of members.

Memorandum of Interest

None of the other Directors or Key Managerial Personnel or their relatives are interested or concerned in the resolution.

By order of the Board

Place : Chennai
Date : 17.08.2017

V Sriraman
Wholetime Director