



# **QUANTUM BUILD-TECH LIMITED**

**13th Annual Report**

**2010-11**

## **BOARD OF DIRECTORS**

MR. GUDURU SATYANARAYANA - MANAGING DIRECTOR  
MR. M. RAMBABU - DIRECTOR-TECHNICAL  
MRS. KODALI VIJAYA RANI - PROMOTER DIRECTOR  
MR. K. PRABHAKAR REDDY - NON-EXECUTIVE INDEPENDENT DIRECTOR  
MR. V. RAMBHUPAL CHOUDARY- NON-EXECUTIVE INDEPENDENT DIRECTOR  
MR. K. SARASWATHI KUMAR - NON-EXECUTIVE INDEPENDENT DIRECTOR

## **AUDITORS**

M/S. RAMBABU & CO.,  
CHARTERED ACCOUNTANTS  
31, PANCOM CHAMBERS, RAJBHAVAN ROAD,  
HYDERABAD - 500 082. PHONE : 23318152

## **BANKERS TO THE COMPANY**

AXIS BANK LIMITED  
JUBILEE HILLS BRANCH  
FILM NAGAR, HYDERABAD - 500 033  
PUNJAB NATIONAL BANK  
SAIFABAD BRANCH, HYDERABAD - 500 004

## **REGD. OFFICE**

8-1-405/A/66, DREAM VALLEY,  
SHAIKPET, HYDERABAD - 500 008.  
PHONES: 23568766 FAX : 23568990  
E-MAIL : info@quantumbuild.com

## **SHARE TRANSFER AGENTS**

M/S. VENTURE CAPITAL & CORPORATE INVESTMENTS (P) LTD.  
12-10-167, BHARAT NAGAR COLONY,  
HYDERABAD - 500 018.  
PHONE : 23818475 FAX : 23868024



## QUANTUM BUILD-TECH LIMITED

### NOTICE TO MEMBERS

Notice is hereby given that the Thirteenth Annual General Meeting of Quantum Build-Tech Limited will be held on **Friday the 30<sup>th</sup> September, 2011 at 12.30 p.m. at Hyderabad Gymkhana, Road No.2, Banjara Hills, Hyderabad – 500 034**, to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet and Profit & Loss account for the financial year ended 31<sup>st</sup> March, 2011 together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. K Saraswati Kumar, who retires by rotation and being eligible, offers himself for reappointment
3. To appoint Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General meeting of the Company and to fix their remuneration. The retiring Auditors M/s Rambabu & Co Chartered Accountants, Hyderabad are eligible and have offered themselves for re-appointment.

By order of the Board

Sd/-

Guduru Satyanarayana  
Managing Director

Place: Hyderabad  
Date: 30-08-2011

#### NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing a proxy, to be effective, should be deposited at the registered office of the Company within 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> September, 2011 to 28<sup>th</sup> September, 2011 (both days inclusive)
3. All Correspondence and share transfer documents must be addressed to the Share Transfer Agents or to the Investors Relation Cell.
4. Members are requested to notify changes, if any, in their addresses to the Share Transfer Agents.
5. As per SEBI directives no gifts or gift coupons or equivalent will be distributed at the meeting.



**DIRECTORS' REPORT**

To,  
The Members

Your Directors present the Thirteenth Annual Report of the Company together with the Audited Balance Sheet, Profit & Loss Account, Cash Flow Statement and information on the working of the Company for the year ended 31<sup>st</sup> March, 2011.

**1. FINANCIAL RESULTS:**

(Rs. in Lakhs)

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Contract Receipts	225.74	317.65
Profit/(Loss) before depreciation, Interest and Income Tax (PBDIT)	113.18	97.30
Interest and Financial charges	90.30	66.35
Depreciation	4.83	5.38
Net Profit/(Loss)	18.06	25.56
Provision for Tax	0.00	0.00
Profit after Tax	18.06	25.56

**2. REVIEW OF OPERATIONS:**

During the year under review, the Company has achieved a contracts turnover of Rs. 225.74 lakhs as compared to the previous year's turnover of Rs. 317.65 lakhs. The works in progress of Rs. 8.77 lakhs for the financial year ending 31<sup>st</sup> March, 2011 is a result of the fewer projects undertaken by the Company during the year. Also the Company did not have any other/additional income this year compared to the last years other income of 0.14 Lakhs. The Company has earned a Net Profit of Rs. 18.06 lakhs compared to the previous year's Net Profit of Rs. 25.56 lakhs.

**3. FUTURE OUTLOOK:**

Currently the implementation of the Company's active projects has continued to be sluggish compared to last year's progress mainly due to very tight financial position. The Company's projects at Manikonda, Gajularamaram are not able to sell and have resulted in default with Bank repayments who have taken up matter for recovery of debts. Company is making all efforts to tide over the situation

The market conditions though have improved from last year's recession hit market. The buyers are still non-responsive with respect to the payments due to the Company for the flats booked by them and as a result the Debtors balance has further gone up. This problem is being dealt with by the Company by all possible steps. The political situation of Andhra Pradesh is also contributing to sluggish market conditions.

The construction industry is showing an improvement recently after shaking off the effects of one of the worst recessions to ever hit the real estate and construction industry. The company wishes to bank on this and complete all the held up projects as early as possible. On these grounds, your Company is planning to complete the current projects as soon as possible and take up new projects after considering the market situations prevalent at that time. The Company aims at reducing the pressure and burden on working capital by undertaking financially viable projects only. The Company wishes to conduct business in a defensive mode until all the current problems are dealt with and the desired profitability is achieved.



#### 4. DIVIDEND

As the huge accumulated losses pertaining to previous years were set off against the current year's profit to some extent, NIL provision was made for declaration of dividend and there was no transfer of profits to reserves.

#### 5. DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956, and the provisions of the Articles of Association of the Company, Mr. K. Saraswati Kumar, Director, retires by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

#### 6. AUDITORS:

M/s Rambabu & Co., Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting. The Company has received consent from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Members are requested to re-appoint them and authorize the Board to fix their remuneration.

#### 7. FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits from the Public or its shareholders within the meaning of the section 58A of the Companies Act, 1956, during the year under review.

#### 8. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:

- i) That in the preparation of the Annual accounts, the applicable accounting standards have been followed.
- ii) That your Directors have selected such accounting policies and applied them consistently and made judgment 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 & loss of the Company for that period.
- iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- iv) That your Directors have prepared the Annual Accounts for the Financial Year ended on 31<sup>st</sup> March, 2011 on a going concern concept.

#### 9. PARTICULARS OF EMPLOYEES:

During the year under review, all the employees have drawn their salaries within the Limits specified under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 as amended.

#### 10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

- a. Conservation of Energy: During the year, the amount of energy consumed by the Company was reasonable and low. Thus there is no need for the Company to undertake any specific measures to conserve energy. However particulars in this regard are annexed to this report.

b. Technology absorption: The Company is mainly into construction business and hence there was not much of any new technology absorbed. Hence the measures for Technology absorption are NIL.

c. Foreign Exchange Earnings & outgo: (Value in Rs. lakhs)

Value of Imports ( CIF basis) NIL

Expenditure in Foreign currency : NIL

Earnings in Foreign Exchange : NIL

**11. SUBSIDIARIES:**

There are no subsidiaries to the Company as on date of the report.

**12. RESEARCH AND DEVELOPMENT:**

The business activity of the company is mainly construction and there is no such requirement of Research and Development except for use of established construction technologies.

**13. LISTING:**

The shares of your company are listed on Bangalore Stock Exchange and the Hyderabad Stock Exchange. The Hyderabad Stock Exchange was De-recognized by SEBI. The Company has duly complied with all the applicable provisions of the Listing Agreement. The pending listing of Preferential Issue shares has also been completed during the period.

**14. CODE OF CONDUCT**

The Company has adopted a uniform Code of Conduct for Directors and Senior Management Personnel to ensure ethical standards and further compliance to such standards. The object of the code is to conduct the Company's business ethically with responsibility, integrity, fairness, transparency and honesty.

**15. INSURANCE**

The properties and assets of your Company are adequately insured.

**16. CORPORATE GOVERNANCE CODE:**

The Code of Corporate Governance promulgated by Securities & Exchange Board of India is being implemented by your Company on a continuous basis. The Code of Corporate Governance as per Clause 49 of the Listing Agreement is attached herewith. The Compliance Certificate on Corporate Governance received from the Statutory Auditors is also given as an Annexure to this report.

**17. ACKNOWLEDGEMENTS:**

Your Directors take this opportunity to express their gratitude for the assistance and co-operation extended by Government Authorities, Bankers and other business associates along with our esteemed Shareholders and employees.

By order of the Board

Place: Hyderabad

Date: 30-08-2011

Sd/-

**Guduru Satyanarayana**  
Managing Director

Sd/-

**Kodali Vijaya Rani**  
Director



## MANAGEMENT DISCUSSION & ANALYSIS

### Industry structure and developments

After one and a half years of gradual consolidation due to the one of the worst recession ever to hit the economy, real estate in India has fathomed on its own stable grounds and is poised at the threshold to take a giant leap in years to come. While a differential pace of strengthening is evident across different sectors, most market indicators point to the fact that the industry is currently bottomed out. The fears of a possible double dip recovery have carved a way to believe in sustained health of the Industry.

Initially, the real estate sector in India assumed great prominence with the liberalization of the economy. The increase in business opportunities and workforce migration led to rising demand for commercial and housing space. The real estate and construction sectors played a crucial role in the overall development of India's core infrastructure. The real estate industry's growth was linked to developments in the retail, hospitality, entertainment industry, economic services and information technology (IT) enabled services. The Indian real estate sector has traditionally been dominated by a number of small regional players with relatively lower levels of expertise and financial resources. Historically, the sector has not much benefited from institutional capital rather, it tapped the potential of high net-worth individuals and other informal sources of financing, which has led to low levels of transparency. This scenario underwent a change parallel with the sector's growth, and the industry's dynamics reflected consumer's expectations of higher quality with India's increasing integration with the global economy.

However, in the last couple of years, the industry faced one of the worst recessions of all time.

The experience thus gained was valuable and shall serve the industry strategists for years to come. The various stakeholders in the entire chain have emerged and are emerging stronger with a hard learnt lesson. The year 2011 ushered a new decade of opportunities for Indian construction and realty industry and became a test for its stakeholders. The winners were and will be the ones who balance caution with diligence evaluating all the potential opportunities with pragmatism.

### OPPORTUNITIES AND THREATS

The Construction and realty Industry is currently in a recovery mode. The Economy has overcome the recession situation to a great extent. This is the opportunity moment for realtors to bank upon and reboot. New opportunities await the existing stakeholders to explore. But at the same time, utmost caution is recommended. The opportunities that presented themselves earlier and lead to the industry's growth should be approached with a calculative perspective. Currently there are comparatively lesser opportunities in the sector but it shall prove its worth in the coming future. The Company is taking full advantage of the current recovery situation of the Economy and is trying to stabilize the business to the greatest possible extent.

After the recession, the Industry may be recovering but it still faces a fatal threat of going back again. This is particularly precarious position where all the factors have a substantial effect. The

Government is taking preventive measures and is implementing appropriate policies to avoid such situation. There is a significant threat from other major players such as US and Japan that shall impact our economy to a large extent and may lead to the feared downfall. Especially the realty sector needs a major boost to return to its former glory. Keeping this in view, the Company has decided to lay low for a little while and focus more on the ongoing projects rather than undertaking new projects and exposing itself to market risks.

**Opportunities**

- Continuous private sector housing boom will create more construction opportunities.
- Public sector projects through Public Private Partnerships will bring further opportunities.
- Developing supply chain through involvement in large projects is likely to enhance the chances in construction.
- Renewable energy projects will offer opportunities to develop skills and capacity in new markets.
- More flexible training delivery techniques are now available. Financial supports like loan and insurance and growth in income of people is in support of construction industry.

**Threats**

- Long term market instability and uncertainty may damage the opportunities and prevent the expansion of training and development facilities.
- Current economic situation may have an adverse impact on construction industry.
- Political and security conditions in the region and Late legislative enforcement measures are always threats to any industry in India.
- Infrastructure safety is a challenging task in construction industry.
- Lack of political willingness and support on promoting new strategies.
- Natural abnormal casualties such as earth quake and floods are uncertain and can prevent the construction boom.
- Inefficient accessibility in planning and concerning the infrastructure.
- Competitors are emerging in the industry by leaps and bounds.

**OUTLOOK AND FUTURE PLANS**

Currently the implementation of the Company's active projects has continued to be sluggish compared to last year's progress mainly due to very tight financial position. The Company's projects at Manikonda, Gajularamaram are not able to sell and have resulted in default with Bank repayments who have taken up matter for recovery of debts. Company is making all efforts to tide over the situation

The market conditions though have improved from last year's recession hit market. The buyers are still non-responsive with respect to the payments due to the Company for the flats booked by





them and as a result the Debtors balance has further gone up. This problem is being dealt with by the Company by all possible steps. The political situation of Andhra Pradesh is also contributing to sluggish market conditions.

The construction industry is showing an improvement recently after shaking off the effects of one of the worst recessions to ever hit the real estate and construction industry. The company wishes to bank on this and complete all the held up projects as early as possible. On these grounds, your Company is planning to complete the current projects as soon as possible and take up new projects after considering the market situations prevalent at that time. The Company aims at reducing the pressure and burden on working capital by undertaking financially viable projects only. The Company wishes to conduct business in a defensive mode until all the current problems are dealt with and the desired profitability is achieved.

### **RISKS AND CONCERNS**

The construction industry was once the second largest industry of the country after agriculture and accounted for 11 percent of India's GDP. It employed more than 32 million people and its total market size was estimated at Rs. 2,48,000 Crores (35,640 million €) when it was performing at its peak. The level of a country's development is reflected by its infrastructure and the desperate need for infrastructure development has increased the demand of the construction industry in India. But it also has its related risks and concerns which were to be faced then and are to be faced now. Following are the risks and concerns that a most Companies is generally prone to in the Construction industry:

- The Construction industry suffers from capacity constraints.
- Lack of trained manpower and managerial skills with performance much below international level.
- Small and medium contractors do not have the wherewithal to upgrade their capability.
- Quality, safety, environment and social aspects are also not being addressed appropriately.
- Any distance between construction projects reduces business efficiency.
- Changing skills requirements and an ageing workforce may emphasize the skills gap.
- Improvement in long-term career prospects is highly required to encourage staff retention and new entrants.
- External allocation of large contracts becomes difficult.
- Lack of clearly defined processes and procedures for construction and its management

### **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has an advanced and fool-proof internal control system. The Company has been making necessary improvements to its internal control system from time to time to keep it updated with the latest innovations in this field.

The Company conducts internal audits at regular intervals and thereby ensures better operational efficiency. These periodical checks and audits are carried out at different levels of the Organizational hierarchy under the authority and supervision of the Audit Committee. The Audit submits its report of its findings on irregularities, areas requiring attention and improvement, viability of the internal control system and recommendations from its side etc. to the Board of Directors. The Board reviews the said report and, if finds necessary, takes appropriate measures to address the problems and requirements specified therein.

The Audit committee consists of three Directors appointed by the Board and they themselves comprise the Board of Directors. This ensures total transparency and accountability. The Audit committee conducts a periodical review of the Company's internal control systems. It also reviews the unaudited financials of the Company for every quarter and recommends the same to the Board of Directors for their adoption and approval.

The Company has a Budgetary Control system that ensures economy in operations. It is reconfigured as required according to the Company's market stability and financial standing. The Company has also put in place a globally appraised cost accounting system for achieving higher levels of cost control and economies of scale. The Company's internal control system keeps a continuous and regular check on the movable and immovable Assets of the Company in order to protect them from any loss or damage which may occur due to unauthorized access/usage.

**SHARE CAPITAL**

During the year under review, there was no further issue of shares. The paid up capital of the Company stands at Rs. 12,76,74,500 as on 31.03.2011.

**SECURED LOANS**

Secured Loans stand at Rs. 4,92,96,512 as on 31<sup>st</sup> March, 2011. The Company has availed additional loans amounting to Rs. 47,04,204 during the year.

**FIXED ASSETS**

Fixed Assets (Gross Block) amounting to Rs.5,86,916 were sold during the year. An accumulated Depreciation of Rs. 19,66,315 was charged to the balance Fixed Assets (Gross Block) thereby arriving at a Net Block of Rs. 28,29,795.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company currently has adequate manpower and personnel to conduct the business without any complications or hindrances. It is using the available human resources effectively to complete the ongoing works. The Company does not have any intention to recruit any further talent rather it is focusing on improvement and effective utilization of the available human resources. The overall human and industrial relations have remained peaceful and composed during the year and the company is currently working on providing much better and comfortable working environment and training regimes to the employed personnel.



The Company has good relations with its fellow Companies in the industry and it is using these relations to its advantage to study and understand the market behaviour and current phenomenon to stay updated with competitors both in growth and adoption of new technologies for cost effective operations.

### CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis report which describes the Objectives, projections, estimates, approximations, predictions etc., may be considered to be forward looking statements and are stated as per the applicable laws and regulations. Actual results may defer from those expressed or speculated and are determined by many factors both domestic and global demand – supply conditions, processes, raw material availability, tax laws, government policies and other statutory obligations and implications which may affect the actual results which may be different from what the Directors envisaged in terms of future performance and outlook.

By order of the Board

Sd/-

Guduru Satyanarayana  
Managing Director

Place: Hyderabad  
Date: 30-08-2011

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors are focused on the meeting their prime objective of maximization of shareholders wealth. The Listing Agreement entered into by the Company with the Stock Exchanges contemplates compliance with the Code of Corporate Governance. The Company conducts its affairs with a blend of the following aspects in their required proportions:

- Prudence
- Transparency
- Accountability
- Impartial treatment for all shareholders
- Operating under the purview of the statute.
- Ethical Practices
- Shareholder's wealth maximization

As a part of the compliances of the revised Clause 49 of Listing Agreement, the Company presents hereunder the required disclosures in the form of a Report for information of all the stakeholders.

**2. Board of Directors**

**As on date, Board consists of 6 Directors.**

**Composition and Category of Directors**

Private Name	Designation	Category	No. of other Directorships	Attendance at Board Meetings	Attendance at previous AGM
Mr. Guduru Satyanarayana	Managing Director	Executive	Nil	7	Yes
Mr. M. Rambabu	Whole-Time Director	Executive	Nil	7	Yes
Mrs. Kodali Vijaya Rani	Director	Non-Executive Promoter	1	7	No
*K. Saraswathi Kumar	Director	Non Executive Independent	Nil	2	No
Mr. V. Rambhupal Choudary	Director	Non-Executive Independent	1	2	No
Mr. K.Prabhakar Reddy	Director	Non-Executive Independent	1	3	Yes

\* Change in Designation w.e.f. 29.09.2010.

**Meetings of the Board of Directors**

The Board of Directors met 7 times during the financial year on 28-04-2010, 30-04-2010, 31-07-2010, 04-09-2010, 12-11-2010, 24-11-2010 & 08-02-2011.

**Information supplied to the Board**

The Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committees. In addition to the regular business items, the following are regularly placed before the Board to the extent applicable.

- Quarterly and Half yearly results of the Company
- Minutes of the Audit Committee and other Committee meetings
- Details of Agreements entered into by the Company
- Particulars of Non-Compliance of any statutory or Listing requirement

**Minutes of the Board Meeting**

The minutes of the proceedings of every Board and all committee meetings are prepared and approved/initialed by the Chairman within 30 days from the conclusion of the respective meeting.

**Code of Ethics**

The Company has prescribed a code of ethics for its Directors and senior management personnel. A declaration by the Managing director to the effect that all the Directors and the senior management personnel have complied with the Code of Ethics laid down for this purpose for the year 2010-2011 is given below:

**Declaration – Code of Conduct**

This is to confirm that the Board of Directors has laid down a code of conduct for all Directors and senior management personnel of the Company. It is further confirmed that all the Directors and senior management personnel of the Company have duly complied with the Company's Code of Conduct during the financial year 2010-2011, as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

For Quantum Build-Tech Limited

Sd/-

Guduru Satyanarayana  
Managing Director

Place: Hyderabad

Date: 30-08-2011

**BOARD COMMITTEES:**

The Board of Directors has set up committees of Directors to deal with various matters of specific nature which require concentrated and more focused attention and to arrive at quick and timely decisions in these matters.

The Board of Directors has delegated its certain powers to the committees of Directors and these committees shall exercise such power and give the report of the output to the Board for approval at subsequent meetings. The Board has constituted three committees viz. Audit Committee, Remuneration Committee and Investor Grievance Committee.

**AUDIT COMMITTEE****Terms of Reference:**

The terms of reference of the Audit committee include the following:

1. Review of the quarterly, half yearly and annual financial results of the Company before submission to the Board.
2. Overseeing the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. Holding periodic discussions with statutory auditors and internal auditors of the Company concerning the accounts of the company, internal control systems, scope of audit and observations of auditors.
4. Making recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.
5. Recommendations with respect to appointment and removal of external auditors, fixation of audit fees and also approval of fee for any other services by the auditors.



6. Investigating into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary.
7. Making recommendations to the Board on any matter relating to the financial management of the Company.

During the year, five Audit Committee meetings were held respectively on 30-04-2010, 31-07-2010, 04-09-2010, 12-11-2010 and 8-2-2011.

**Composition of Audit committee:**

The Audit Committee of the Company was reconstituted with three directors viz, Mr. K. Prabhakar Reddy - Chairman, Mr. V. Rambhupal Choudary and Mr. K.Saraswati Kumar as members

Meetings of the Committee and Attendance of the Members during 2010-11	Meetings held	Meetings Attended
Mr. K.Prabhakar Reddy	5	5
Mr. V. Rambhupal Choudary	5	5
Mr. K. Saraswati Kumar	5	5

**4. REMUNERATION COMMITTEE:**

**Terms of Reference:**

The Remuneration Committee constituted by the Company is responsible for looking into the remuneration payable to the Whole-time Directors and other Employees of the Company. The Non-Executive Directors of the Company are not entitled for any remuneration other than fee payable for attending Board & Committee Meetings. The Committee frames the policy on specific remuneration packages for Whole-time Directors including pension rights and compensation payments. The Committee also approves the Remuneration Policy for employees other than Whole-time Directors as may be recommended to it. The Company has a regular Appraisal Policy for all employees.

**Composition**

The Remuneration Committee of the Company is re-constituted with **three** directors, viz.

Mr. K.Prabhakar Reddy

Mr. V. Rambhupal Choudary

Mr. K. Saraswati Kumar

**Meetings of the Committee and Attendance**

Since there is no change in remuneration paid to Directors, no meeting was held.

**Remuneration Policy:**

The remuneration of Whole-time Directors is fixed by the Remuneration Committee as constituted above. The Non-Executive Directors are not paid any remuneration. The remuneration of Employees other than Whole-time Directors is approved by the Remuneration Committee based on recommendations made to it. .

**Details of remuneration paid to Directors****a) Executive Directors:**

Particulars	Mr. Guduru Satyanarayana Managing Director		Mr. M. Rambabu Whole-Time Director	
	2010-11	2009-10	2010-11	2009-10
Salary	6,00,000	3,50,000	9,30,000	9,30,000
Commission	--	--	--	--
<b>TOTAL</b>	<b>6,00,000</b>	<b>3,50,000</b>	<b>9,30,000</b>	<b>9,30,000</b>

b) Non-Executive Directors: Non-Executive Directors are entitled to sitting fees for attending Board and Committee Meetings.

**5. Investors' Grievance Committee****Composition as on date**

The Investor's Grievance Committee of the Company has been re-constituted with Three Directors viz.

Mr. K. Prabhakar Reddy

Mrs. Kodali Vijaya Rani

Mr. K.Saraswathi Kumar

The investor complaints received by the Company during the financial year were attended to the satisfaction of the investors. The Company does not have any pending share transfers and investor complaints as on the date of Director's Report.

**6. Annual General Meetings****Details of previous Annual General Meetings**

Day	Date	Time	Venue
Saturday	29th September, 2007	11-30 AM	The Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad – 500 034
Monday	29th September, 2008	12-00 Noon	The Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad – 500 034
Tuesday	29th September, 2009	11-30 AM	Film Nagar Cultural Centre, Dr. D. Ramanaidu Building, Road No. 6, Filmnagar, Hyderabad - 500 033
Wednesday	29th September, 2010	12-00 Noon	The Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad – 500 034

**No resolution was placed for voting by Postal ballot in the previous Annual General Meeting****7. Disclosures**

- No transaction of material nature has been entered into by the company with directors or management and their relatives etc that may have a potential conflict with the interests of the company. The Register of contracts containing transactions in which directors are interested is placed before the Board regularly.
- There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or structures being imposed by SEBI or Stock Exchanges does not arise.
- The Company is in compliance with all the mandatory requirements of Corporate Governance and has fulfilled the non- mandatory requirements as prescribed in Annexure 1D of the revised Clause 49 of the Listing Agreement with Stock Exchanges.
- The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in the preparation of Financial Statements.
- The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework.
- The Company has adopted with the Code of Conduct applicable to all Directors, senior management and employees. The Declaration as required under Clause 49 is as below:

“All the Directors and Senior Management of the Company have affirmed compliance with the Company’s Code of Conduct for the financial year ended 31<sup>st</sup> March, 2011”

For and on behalf of the Board

Sd/-

Guduru Satyanarayana  
Managing Director

Place: Hyderabad

Date: 30-08-2011

- **CEO Certification:** The Managing Director has given a certificate as contemplated in Clause 49 of the Listing Agreement.
- The requirements of the Audit and other Committees as contemplated in Clause 49 have been complied with as per the report set above in respect of the same.

**The Management Discussion and Analysis is provided elsewhere in this report.**

**MEANS OF COMMUNICATION**

The Company has published financial results within time specified i.e. 48 hours as required by the Listing agreement, in Financial Express/ Business Standard (English Newspapers) and Andhra Bhoomi/Andhra Prabha (Regional Language – Telugu Newspapers). No targeted presentations were made during the year under review. The Management Discussion & Analysis Report forms part of the Annual Report of the Company as required under the Listing Agreement.





## QUANTUM BUILD-TECH LIMITED

### GENERAL SHAREHOLDER INFORMATION

1. 13<sup>th</sup> Annual General Meeting Schedule: Friday, the 30<sup>th</sup> September, 2011 at 12.30 p.m. at Hyderabad Gymkhana, Road No.2, Banjara Hills , Hyderabad-500 034.

2. Financial Calendar (2011-2012) :

The Financial year of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Year reporting for	Proposed date
Un-audited Financial Results for quarter ended 30.06.2011	Last week of July, 2011
Un-audited Financial Results for quarter ended 30.09.2011	Last week of October, 2011
Un-audited Financial Results for quarter ended 31.12.2011	Last week of January, 2012
Un-audited Financial Results for quarter ended 31.03.2012	Last week of April, 2012
14 <sup>th</sup> Annual General Meeting	September, 2012

3. Dates of Book Closure (Period) : 26<sup>th</sup> September, 2011 to 28<sup>th</sup> September, 2011

4. Dividend Payment Date : Not Applicable

5. Listing at Stock Exchanges : Hyderabad Stock Exchange Ltd., (HSE) (De-recognised)  
Bangalore Stock Exchange Ltd., (BgSE)

6. The Listing Fee : The Listing Fees for the year 2011-12 has not been paid so far to BgSE

7. Stock Code : QSO on HSE  
QUANTUMSOF on BgSE

8. ISIN No. : INE 222B01028

9. CIN No. : L72200AP1998PLC030071

10. Market Price Data : The shares of the Company are currently not traded at any of the specified stock Exchanges. Therefore Data in this respect is not available.

11. Performance Comparison : Not available (since there is no active trading of securities)

12. Registrar & Share Transfer agents : Venture Capital & Corporate Investments Pvt. Ltd.  
12-10-167, Bharat Nagar Colony, Hyderabad-500 018  
Tel No.23818475, Fax No.23868024

13. Share Transfer process : The Company's shares are traded in Demat form at the Stock Exchanges. Only Off- market trades can be delivered in physical form. All shares received for transfer etc. are processed and returned to the shareholders within 21 days of receipt of lodgment.



14. Distribution of shareholding : (As on 31-03-2011)

Category/ No. of shares	Number of holders	% of total holders	Number of shares	% of total shares
Upto 500	2,994	92.05	3,37,511	4.06
501-1000	82	2.52	63,079	0.76
1001-2000	95	2.91	1,32,058	1.59
2001-3000	20	0.61	48,065	0.57
3001-4000	7	0.21	25,120	0.30
4001-5000	8	0.24	38,603	0.46
5001-10000	9	0.27	71,527	0.86
Above 10001	39	1.19	75,88,687	91.40
<b>TOTAL</b>	<b>3,254</b>	<b>100.00</b>	<b>83,04,650</b>	<b>100.00</b>

15. Categorywise Shareholding as at 31st March, 2011

Category	Number of Equity Shares held	% of Shareholding
Promoters	35,30,464	42.51
Corporate Bodies	19,88,563	23.94
Overseas Corporate Bodies	2,150	0.03
Public	27,83,473	33.52
<b>TOTAL</b>	<b>83,04,650</b>	<b>100.00</b>

16. Dematerialization of shares : The Company has entered into separate Tripartite Agreements with the Depositories viz. NSDL and CDSL along with M/s Venture Capital & Corporate Investments Private Limited as Registrar and Share Transfer Agents. As on 31st March, 2011, a total of 30,58,943 shares i.e. about 36.83% of the total listed shares have been dematerialized.

17. Outstanding Bonds/ Convertible Instruments : NIL

18. Address for Communication and Registered Office : 8-1-405/A/66, Dream Valley,  
Shaikpet, Hyderabad – 500 008  
Tel No. 040- 23568766  
Fax No. 040-23568990  
e-mail: info@quantumbuild.com



## QUANTUM BUILD-TECH LIMITED

### **Auditors' Certificate on Compliance with the Provisions of Corporate Governance pursuant to Clause 49 of the Listing Agreement**

To  
The Members  
Quantum Build-Tech Limited  
Hyderabad.

We have examined the Compliance of conditions of Corporate Governance by Quantum Build-Tech Limited, for the period ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management, we Certify that the Company has complied in all material respects with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

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

Place : Hyderabad  
Date : 30-08-2011

For RAMBABU & CO.  
Chartered Accountants

Sd/-  
C. Satya Prakash  
Partner  
M.No. 027183

**AUDITORS' REPORT**

**TO  
THE MEMBERS,  
QUANTUM BUILD-TECH LIMITED.**

We have audited the attached Balance Sheet of QUANTUM BUILD-TECH LIMITED, HYDERABAD, as at 31<sup>st</sup> March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that :
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement read with significant accounting policies and notes thereon, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except AS-15 relating to Employee Benefits.
  - v) In our opinion and based on written representation received from Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of Clause (g) of sub section (1) to Section 274 of the Companies Act, 1956.
  - vi) *Attention is invited to Note No.2 to Notes on Accounts of Schedule Q, regarding non-provision of the dividend on 13% cumulative redeemable preference shares amounting to Rs.58,01,640/- for the year and Cumulative dividend amounting to Rs.2,76,88,923/-.*
  - vii) *Attention is invited to Note No.2(b) to Notes on Accounts of Schedule Q, regarding the redemption of 13% Cumulative Redeemable Preference Shares, The Company has defaulted in redeeming the said preference shares to the extent of Rs.7,23,16,923/- due on 22<sup>nd</sup> December, 2008.*
  - viii) *Subject to our comments as stated in paragraph (vi) and (vii), above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - a) In so far as it relates to balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011
    - b) In so far as it relates to Profit and Loss Account, of the Profit of the Company for the year ended on that date.

And
    - c) In so far as it relates to Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Place: Hyderabad  
Date : 30-08-2011

For **RAMBABU & CO.**  
Chartered Accountants  
Firm Regn. No. 002976S  
Sd/-  
C. Satya Prakash  
Partner  
M.No. 027183



## QUANTUM BUILD-TECH LIMITED

### ANNEXURE TO THE AUDITORS' REPORT (Referred to in our Report of even date)

1. In respect of its Fixed assets:
  - a) The company has maintained proper records showing full particulars including details and situation of fixed assets.
  - b) As explained to us, the management has physically verified the Fixed assets during the year and there is a regular programme of verification in phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) As per the information and explanations given to us, during the year, the company has not disposed off substantial part of the Fixed Assets that would affect the going concern status of the company.
2. In respect of its Inventories:
  - a) As explained to us, inventories have been physically verified during the year by the management at regular intervals. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the other points in respect of this clause are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of audit, based on audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Companies act, 1956:
  - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of Rs. Five Lakhs with one party covered above during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any Deposits from public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under apply.
7. In our opinion, the company has an independent internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost records under Section 209(1)(d) of the Companies act, 1956 .
9. In respect of its statutory dues:
  - a) According to the records of the company and as per the information and explanations given to us, the company is not regular in depositing with appropriate authorities undisputed Statutory dues including Provident fund,

Investor education & protection fund, Employee's state insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2011 for a period exceeding six months from the date they became payable except the Tax Deducted at Source Rs.2,45,832/- and Service Tax Rs. 39,35,899/-.

- b) According to the information and explanations given to us, there are no disputed dues which have not been deposited with the respective authorities in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess.
10. In our opinion, the company does not have accumulated loss at the end of the year exceeding fifty percent of its net worth, and has not incurred cash losses during the financial year covered by this report and in the immediately preceding financial year.
  11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the company has defaulted in repayment of dues to financial institutions to the extent of interest amount Rs. 11,56,131/- to PNB Housing Finance Ltd and Rs.5,21,707/- in respect of CC account and Rs. 7,08,000/- in respect of term loan to Axis Bank Ltd.
  12. According to the information and explanations given to us, the company has not given any loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
  13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
  14. In our opinion, the company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
  15. In our opinion, according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
  16. In our opinion, the company has not raised any fresh term loans during the year.
  17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
  18. In our opinion, the company has not made any preferential allotment of shares/securities during the year to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
  19. In our opinion, the company has not raised money by way of public issue for any specific purpose during the year.
  20. In our opinion, according to the information and explanations given to us, the company has not issued debentures during the period covered by our report and hence the company is not required to create/register/modify any security (charge).
  21. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

Place: Hyderabad  
Date : 30-08-2011

For **RAMBABU & CO.**  
Chartered Accountants  
Firm Regn. No. 002976S  
Sd/-  
C. Satya Prakash  
Partner  
M.No. 027183



## QUANTUM BUILD-TECH LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULES	AS AT 31-03-2011 RS.	AS AT 31-03-2010 RS.
<b>SOURCES OF FUNDS:</b>			
Share Holders Funds:			
Share Capital	A	12,76,74,500	12,76,74,500
Reserves & Surplus	B	35,00,000	35,00,000
Secured Loans	C	4,92,96,512	4,45,92,308
Unsecured Loans	D	66,50,000	0
<b>TOTAL</b>		<b>18,71,21,012</b>	<b>17,57,66,808</b>
<b>APPLICATION OF FUNDS:</b>			
Fixed Assets:			
Gross Block	E	47,96,110	53,83,026
Less : Depreciation		19,66,315	16,74,499
<b>Net Block</b>		<b>28,29,795</b>	<b>37,08,527</b>
<b>Current Assets, Loans &amp; Advances :</b>			
Inventories	F	12,46,65,365	12,55,22,875
Sundry Debtors	G	3,33,94,143	2,93,79,651
Cash & Bank Balances	H	1,81,372	8,45,623
Loans & Advances	I	5,68,30,461	4,79,63,095
		21,50,71,341	20,37,11,244
Less: Current Liabilities & Provisions	J	4,09,26,212	4,36,04,975
<b>Net Current Assets</b>		<b>17,41,45,129</b>	<b>16,01,06,269</b>
Miscellaneous Expenditure (to the extent not written off / adjusted)	K		
Profit & Loss Account		1,01,46,088	1,19,52,012
Notes on Accounts	Q		
<b>TOTAL</b>		<b>18,71,21,012</b>	<b>17,57,66,808</b>

AS PER OUR REPORT OF EVEN DATE

For **RAMBABU & CO.**

Chartered Accountants

Regn. No. 002976S

Sd/-

**C. Satya Prakash**

Partner

Membership No. 027183

Place : Hyderabad

Date : 30-08-2011

For and on behalf of the Board

Sd/-

**Guduru Satyanarayana**

Managing Director

Sd/-

**Kodali Vijaya Rani**

Director



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	SCHEDULES	YEAR ENDED 31-03-2011 RS.	YEAR ENDED 31-03-2010 RS.
<b>INCOME:</b>			
Contract Receipts		2,25,74,031	3,17,65,587
Increase/Decrease in Contracts Work-in progress	L	(8,77,590)	(1,28,37,124)
Other Income		0	14,803
<b>TOTAL</b>		<u>2,16,96,441</u>	<u>1,89,43,266</u>
<b>EXPENDITURE:</b>			
Cost of contracts & Work-in-Progress	M	38,97,159	29,56,927
Personnel Expenses	N	10,06,190	10,03,113
Operating & Administrative Expenses	O	54,74,801	52,53,560
Finance charges	P	90,29,688	66,35,179
Depreciation		4,82,680	5,38,437
<b>TOTAL</b>		<u>1,98,90,517</u>	<u>1,63,87,216</u>
Net Profit		18,05,924	25,56,050
<b>PROFIT AFTER TAX</b>		<b>18,05,924</b>	<b>25,56,050</b>
Loss brought forward from previous year		1,19,52,012	1,45,08,062
Balance Loss carried forward to Balance Sheet		<u>1,01,46,088</u>	<u>1,19,52,012</u>
Earnings Per Share : Basic & Diluted		0.22	0.31
Notes on Accounts	Q		

AS PER OUR REPORT OF EVEN DATE

For **RAMBABU & CO.**

Chartered Accountants

Regn. No. 002976S

Sd/-

**C. Satya Prakash**

Partner

Membership No. 027183

Place : Hyderabad

Date : 30-08-2011

For and on behalf of the Board

Sd/-

**Guduru Satyanarayana**

Managing Director

Sd/-

**Kodali Vijaya Rani**

Director





## QUANTUM BUILD-TECH LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011

	Year Ended 31-03-2011 Rs. In Lakhs	Year Ended 31-03-2010 Rs. In Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITY :</b>		
Net Profit ( Loss) after Tax and prior period items	18.06	25.56
Depreciation	4.83	5.38
Loss on Sale of Fixed Asset	1.88	1.30
<b>Operating Profit before Working Capital Changes</b>	<b>24.77</b>	<b>32.24</b>
<b>Adjustment For</b>		
Trade Payables & Others	(26.79)	(11.06)
Trade Receivables	(40.14)	(140.57)
Inventories	8.57	126.07
Loans & Advance	(88.67)	(2.80)
<b>Net Cash Flow from Operating activity</b>	<b>(122.26)</b>	<b>3.88</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITY :</b>		
Sale of Fixed Asset	2.08	1.40
<b>Net Cash Flow from Investing Activity</b>	<b>2.08</b>	<b>1.40</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITY :</b>		
Long Term Loan during the year	47.04	(1.35)
Proceeds from Share Warrants	66.50	0.00
<b>Net Cash Flow from Financial Activity</b>	<b>113.54</b>	<b>(1.35)</b>
Net Cash Flow during the year (A+B+C)	(6.64)	3.93
Opening Balance of Cash and Cash equivalent	8.45	4.52
Closing Balance of Cash and Cash equivalent	1.81	8.45

AS PER OUR REPORT OF EVEN DATE

For **RAMBABU & CO.**

Chartered Accountants

Regn. No. 002976S

Sd/-

**C. Satya Prakash**

Partner

Membership No. 027183

Place : Hyderabad

Date : 30-08-2011

For and on behalf of the Board

Sd/-

**Guduru Satyanarayana**

Managing Director

Sd/-

**Kodali Vijaya Rani**

Director

**SCHEDULES TO ACCOUNTS:**

	AS AT 31-03-2011 RS.	AS AT 31-03-2010 RS.
<b>SCHEDULE-A:</b>		
<b>SHARE CAPITAL:</b>		
<b>Authorised Share Capital</b>		
13000000 Equity Shares of Rs.10/- each (Previous Year : 13000000 Equity Shares of Rs.10/- each)	<b>13,00,00,000</b>	13,00,00,000
15,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each (Previous Year - 1500000 Preference Shares of Rs.100/- each)	<b>15,00,00,000</b>	15,00,00,000
	<u><b>28,00,00,000</b></u>	<u>28,00,00,000</u>
<b>Issued, Subscribed And Paid up Capital:</b>		
83,04,650 Shares of Rs.10/- each	<b>8,30,46,500</b>	8,30,46,500
4,46,280 -13% Cumulative Redeemable Preference Shares of Rs.100/- each	<b>4,46,28,000</b>	4,46,28,000
<b>TOTAL</b>	<u><b>12,76,74,500</b></u>	<u>12,76,74,500</u>
<b>SCHEDULE-B:</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve:</b>		
Share warrants forfeiture amount (17,50,000 share warrants of Rs.2/- paid forfeited on non payment of balance amount)	<b>35,00,000</b>	35,00,000
<b>TOTAL</b>	<u><b>35,00,000</b></u>	<u>35,00,000</u>
<b>SCHEDULE-C:</b>		
<b>SECURED LOANS:</b>		
<i>Term Loans from:</i>		
PNB Housing Finance Ltd., - Term Loan	<b>2,11,56,130</b>	<b>2,40,94,381</b>
AXIS Bank Ltd. - Term Loan	<b>39,55,046</b>	<b>43,93,639</b>
	<u><b>2,51,11,176</b></u>	<u><b>2,84,88,020</b></u>
<i>Working Capital Loans from:</i>		
AXIS Bank Ltd.	<b>1,55,21,707</b>	<b>1,49,56,869</b>
Hire Purchase Loans	<b>6,63,629</b>	<b>11,47,419</b>
Other Secured Loans	<b>80,00,000</b>	<b>0</b>
<b>TOTAL</b>	<u><b>4,92,96,512</b></u>	<u><b>4,45,92,308</b></u>
<b>SCHEDULE-D:</b>		
<b>UNSECURED LOANS:</b>		
From Directors	<b>1,50,000</b>	<b>0</b>
From Others	<b>65,00,000</b>	<b>0</b>
	<u><b>66,50,000</b></u>	<u><b>0</b></u>



STATEMENT OF FIXED ASSETS

Amount in Rupees

SCHEDULE E : FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 1-4-2010	Additions during the year	Deletions during the Year	Balance 31-3-2011	Balance as on 1-4-2010	Deletions during the Year	For the year	Total upto 31-3-2011	As at 31-3-2010	As at 31-3-2011
Computers	5,01,152	0	0	5,01,152	3,81,026	0	81,237	4,62,263	1,20,126	38,889
Construction Equipment	1,49,463	0	0	1,49,463	24,479	0	7,099	31,579	1,24,984	1,17,885
Furniture & Fixtures	2,23,007	0	0	2,23,007	59,469	0	14,116	73,585	1,63,538	1,49,422
Office Equipment	1,12,166	0	0	1,12,166	27,671	0	7,100	34,771	84,495	77,395
Vehicles	37,81,418	0	5,86,916	31,94,502	10,00,758	1,90,863	3,03,479	11,13,373	27,80,660	20,81,129
Centring Materials	6,15,820	0	0	6,15,820	1,81,095	0	69,649	2,50,744	4,34,725	3,65,076
Total	53,83,026	0	5,86,916	47,96,110	16,74,498	1,90,863	4,82,680	19,66,315	37,08,527	28,29,795
Previous year	57,89,399	0	4,06,373	53,83,026	12,72,466	1,36,404	5,38,437	16,74,499	45,16,933	37,08,527

# QUANTUM BUILD-TECH LIMITED



## SCHEDULES TO ACCOUNTS:

	AS AT 31-03-2011 RS.	AS AT 31-03-2010 RS.
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>		
<b>CURRENT ASSETS:</b>		
<b>SCHEDULE - F</b>		
<b>INVENTORIES (as valued and certified by Management)</b>		
a) Contracts : Work-in-progress	8,93,53,486	9,02,31,076
b) Project Land	3,53,11,879	3,52,91,799
	<u>12,46,65,365</u>	<u>12,55,22,875</u>
<b>SCHEDULE - G</b>		
<b>SUDRY DEBTORS: (Unsecured, considered good)</b>		
more than 6 months	2,17,74,447	1,41,43,354
Others	1,16,19,696	1,52,36,297
	<u>3,33,94,143</u>	<u>2,93,79,651</u>
<b>SCHEDULE - H</b>		
<b>CASH &amp; BANK BALANCES:</b>		
Cash on Hand	84,298	6,36,294
Balance with Schedule banks in Current Accounts	97,074	2,09,329
	<u>1,81,372</u>	<u>8,45,623</u>
<b>SCHEDULE - I</b>		
<b>LOANS &amp; ADVANCES: (Unsecured considered good)</b>		
(Advances recoverable in cash or in kind for which value to be received)		
Site Development Deposits & Advances for Land	4,82,90,965	4,31,90,965
Advances paid for Materials & Works	33,77,131	17,74,731
Other advances	35,81,680	13,13,360
Tax deducted at source	27,138	27,138
Deposits recoverable	13,44,383	13,44,283
Unaccrued HP charges	89,954	1,90,358
Staff Advances	1,19,210	1,22,260
	<u>5,68,30,461</u>	<u>4,79,63,095</u>
<b>SCHEDULE - J</b>		
<b>CURRENT LIABILITIES AND PROVISIONS:</b>		
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors for Materials & Works	1,57,68,669	2,11,69,223
Advances received from customers	85,92,007	92,93,859
Other liabilities	1,57,32,063	1,24,65,508
Statutory Liabilities	8,33,474	6,76,385
	<u>4,09,26,212</u>	<u>4,36,04,975</u>
<b>SCHEDULE - K</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
(to the extent not written off / adjusted)	0	0
Loss brought forward from Profit & Loss Account	1,01,46,088	1,19,52,012
Balance	<u>1,01,46,088</u>	<u>1,19,52,012</u>



## QUANTUM BUILD-TECH LIMITED

### SCHEDULES TO ACCOUNTS:

	AS AT 31-03-2011 RS.	AS AT 31-03-2010 RS.
<b>SCHEDULE - L</b>		
<b>Increase/Decrease in Work-in Progress</b>		
Opening Contracts Work-in-Progress	9,02,31,076	10,30,68,200
Less: Closing Contracts Work-in-Progress	<u>8,93,53,486</u>	<u>9,02,31,076</u>
Increase/Decrease in Work-in-Progress	<u>(8,77,590)</u>	<u>(1,28,37,124)</u>
<b>SCHEDULE - M</b>		
<b>COST OF CONTRACTS &amp; WORK-IN-PROGRESS</b>		
Material	27,98,205	12,71,458
Labour Charges	<u>10,98,954</u>	<u>16,85,469</u>
	<u>38,97,159</u>	<u>29,56,927</u>
<b>SCHEDULE - N</b>		
<b>PERSONNEL EXPENSES:</b>		
Salaries & Wages	9,67,917	9,67,210
Staff Welfare Expenses	<u>38,273</u>	<u>35,903</u>
	<u>10,06,190</u>	<u>10,03,113</u>
<b>SCHEDULE - O</b>		
<b>OPERATING &amp; ADMINISTRATIVE EXPENSES:</b>		
Directors Remuneration	9,30,000	16,45,000
Rent	10,98,000	12,08,708
Rates & Taxes	2,66,290	60,707
Conveyance & Travelling	17,65,785	10,49,156
Professional Charges	2,73,905	1,14,891
Printing & Stationery	91,237	81,338
Electricity charges	2,83,019	3,54,629
Office Maintenance	58,419	66,397
Postage & courier charges	23,574	16,546
Advertisement	51,164	70,393
Communication Expenses	1,94,238	2,35,537
Insurance	68,178	47,884
General charges	64,474	52,117
Profession Tax	7,500	7,500
Auditors' Remuneration	1,00,000	1,00,000
Business Promotion Expenses	10,966	12,789
Loss on sale of vehicles	<u>1,88,052</u>	<u>1,29,969</u>
	<u>54,74,801</u>	<u>52,53,560</u>
<b>SCHEDULE - P</b>		
<b>FINANCE CHARGES</b>		
Interest on Hire Purchase loans	1,00,404	1,48,571
Interest on Working Capital Loans	29,24,622	22,49,507
Interest on Term Loans	31,59,588	38,40,985
Other Interest	28,08,531	3,62,948
Bank Charges	<u>36,543</u>	<u>33,168</u>
	<u>90,29,688</u>	<u>66,35,179</u>

**NOTES ON ACCOUNTS:****Schedule – Q****A ) SIGNIFICANT ACCOUNTING POLICIES :****1. Basis of Accounting:**

The Financial Statements have been prepared on the basis of going concern, under historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

**2. Fixed Assets:**

Fixed Assets are stated at cost, less accumulated depreciation. Cost inclusive of freight, duties, taxes and all incidental expenses including financial cost relating to acquisition and cost of improvements thereon are capitalised until the asset is ready for use. Capital Work in Progress comprises advances paid to acquire the assets and the cost of assets not ready for their intended use as on the reporting date.

**3. Depreciation:**

Depreciation on fixed asset is provided on Straight Line method as per rates prescribed in Schedule XIV of the Companies Act, 1956.

**4. Investments:**

Long term Investments are valued at cost. Provision for diminution in the value of long term investments, if any, in the opinion of the Board, is made to recognise a decline, other than that of a temporary nature.

**5. Preoperative / Miscellaneous Expenditure:**

Preoperative expenditure and / or Miscellaneous expenditure is written off over a period of Five years from the year in which they are incurred.

**6. Revenue Recognition:****a. Software:**

Revenue for software development is recognised on the basis of chargeable time or achievements of prescribed mile stones as relevant to each contract.

**b. Contract Revenue & Expenses**

- i. Revenue from projects under long term contracts is recognised by reference to the completion of the contract activity at the reporting date, where the contract activity extend beyond the reporting date, on the basis of percentage of completion method.
- ii. The stage of completion of contracts is measured by reference to the actual cost incurred for the work performed up to the reporting date bear to the estimated total contract cost for each contract.
- iii. An expected loss on the contract work is recognised as expense, when it is known certainly that the total cost will exceed the total revenue of the contract.



- iv. Price escalation and / or other claims and / or variation in contract work are recognised as contract revenue only when that it is probable that the customer will accept the claim and the claim amount can be measured reliably.
- v. Determination of revenues / expenses relating to contracts under the percentage of completion method necessarily involves making estimates by the Company, some of which are technical in nature and the auditors have relied upon such estimates.

### 7. Inventories:

Inventories are valued at lower of cost and realisable value. Construction Work in progress is measured by reference to the actual cost incurred for the work performed up to the reporting date bear to the estimated total contract cost for each contract.

### 8. Foreign currency transactions:

- a. Foreign currency transactions are recognised in the books at the exchange rates prevailing on the date of transaction.
- b. In case of fixed assets / current assets and liabilities, the difference between the actual payment and the amount recognised in the books is accounted as Exchange Gain / Loss. Where the transaction is not settled within the year, profit / loss arising on the restatement value as at the reporting period rates is recognised in the profit and loss account

### 9. Borrowing costs:

Borrowing costs that are directly attributable to long term project activities are accounted as part of project cost. Other Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are capitalised as part of the project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress.

### 10. Retirement benefits:

Liability is provided for retirement benefits of superannuation, gratuity and leave encashment in respect of eligible employees on the basis of actual liability as at reporting date.

### 11. Provision for Tax:

Current tax is determined as the amount of income tax payable in respect of taxable income for the year computed as per the provisions of Income Tax Act and the rules framed thereunder.

### 12. Provisions and Contingent Liabilities:

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

### 13. Use of estimates:

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialise.

**B) NOTES ON ACCOUNTS:**

**1. Contingent Liabilities:**

- a) Contingent Liability on account of Works contracts is Rs.994836.(Previous year : Rs.994836).
- b) Capital commitments on account of unexecuted contracts (Land development Agreements) are estimated at Rs.537 Lakhs. (Previous Year Rs. 672 lakhs)
- c) Disputed seigniorage Fees liability of Rs. 28.43 lakhs (Fees Rs.4.77 lakhs and penalty of Rs.23.66 lakhs) for which revision petition has been filed by the company.

**2. 13% Cumulative Redeemable Preference Shares:**

- a) During the year the Company has not made provision for dividend on 13% Cumulative Redeemable Preference shares amounting to Rs.58,01,640/-, Cumulative Dividend Rs.2,76,88,923/- upto 31st March 2011 due to insufficient profits.
- b) The 13% Cumulative Redeemable Preference shares of Rs.446.28 lakhs is due for redemption on 22-12-2008. But these preference shares were not redeemed due to insufficient profits.

**3. Secured Loans:**

- a) Cash Credit Limit from Axis Bank is secured by mortgage of Company's Land, Land & building of a Director and Personal Guarantees of two Directors.
- b) Term Loan from PNB Housing Finance Ltd., is secured by mortgage of Land belonging to Smt. T. Vijaya Lakshmi, who entered into development agreement with the Company for the development of Quantum Heights residential complex at Gajularamaram and Personal Guarantees of two Directors.
- c) For Hire Purchase of vehicles, hire purchase loans from Axis Bank are secured by pledge of vehicles.

**4. Inventories:**

Project land under inventories includes the land purchase for construction and expenditure relating to registration, approvals and site development.

**5. Deferred Tax**

In the absence of convincing evidence regarding availability of sufficient taxable income against which the deferred tax asset / liability can be adjusted, the Company has not recognised the deferred tax asset / liability arising due to tax effect of timing deferece at present.

**6. Sundry Debtors:**

Sundry debtors includes an amount of Rs.449653/- (Previous year Rs.449653/-) due from various parties, relating to software business of the Company, which is long pending. However the management is taking all reasonable steps and is confident to recover the same.

**7. Managerial Remuneration:**

	<b>31-03-2011</b>	<b>31-03-2010</b>
	(Rs.)	(Rs.)
Managing Director's Remuneration	6,00,000	7,15,000
Technical Director's Remuneration	9,30,000	9,30,000

**8. Auditors Remuneration:**

Audit Fees-Statutory Audit	75,000	75,000
Tax Audit	25,000	25,000





## QUANTUM BUILD-TECH LIMITED

### 9. Foreign Currency Earnings and Outgo:

a. Earnings:		
Software sales & Service	Nil	Nil
b. Outgo: Travelling Expenses	Nil	Nil

### 10. Earnings per share: (EPS)

Basic and Diluted earnings per share	0.22	0.31
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### 11. Related Party transactions under Accounting Standard 18:

- a) Key Management Personnel:
- i) Guduru Satyanarayana - Managing Director
  - ii) M. Rambabu - Technical Director
- b) Associate Companies:
- Vijaya Madhavi Investments Private Ltd. - Common Director.

Related Party Transactions:

Rs. In Lakhs

	Key management Persons & their relatives	
	2010-11	2009-10
Remuneration	15.30	21.14
Rent	13.44	13.44
Contract Receipts	Nil	Nil
Car Hire charges	3.60	3.60
Year end Balances (Cr.)	60.91	32.78

12. There are no outstanding overdues to the concerns registered under MSMED Act.

13. The quantitative details as required under paragraph 3 and 4c of Part II of schedule VI to the Companies Act, 1956, are not furnished, as the Company is engaged in the business of construction activities.

14. Previous year's figures have been regrouped / rearranged wherever necessary and figures have been rounded of to the nearest Rupee.

For **RAMBABU & CO.**

Chartered Accountants

Regn. No. 002976S

Sd/-

**C. Satya Prakash**

Partner

Membership No. 027183

Place : Hyderabad

Date : 30-08-2011

For and on behalf of the Board

Sd/-

**Guduru Satyanarayana**

Managing Director

Sd/-

**Kodali Vijaya Rani**

Director



## QUANTUM BUILD-TECH LIMITED

Regd. Office: 8-1-405/A/66, Dream Valley, Near OU Colony, Shaikpet, Hyderabad - 500 008.

### ATTENDANCE SLIP

(To be handed over at the Entrance of the Meeting Hall)

#### 13TH ANNUAL GENERAL MEETING

I hereby record my presence at the 13th Annual General Meeting of the Company held at Hyderabad Gymkhana, Road No.2, Banjara Hills, Hyderabad - 500 034 on Friday, the 30th September, 2011 at 12-30 p.m.

Full Name of the Member (in Block Letters) \_\_\_\_\_

Reg. Folio No. \_\_\_\_\_

Full Name of the Proxy (in Block Letters) \_\_\_\_\_

Member's / Proxy's Signature \_\_\_\_\_

## QUANTUM BUILD-TECH LIMITED

Regd. Office: 8-1-405/A/66, Dream Valley, Near OU Colony, Shaikpet, Hyderabad - 500 008.

### PROXY FORM

#### 13TH ANNUAL GENERAL MEETING

Reg. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I / We \_\_\_\_\_ being Member/Members of **QUANTUM BUILD-TECH LIMITED**

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

as failing him \_\_\_\_\_ of \_\_\_\_\_ as

my/our proxy to vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company held at Hyderabad Gymkhana, Road No.2, Banjara Hills, Hyderabad - 500 034 on Friday, the 30th September, 2011 at 12-30 p.m.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Affix  
Rs. 1/-  
Revenue  
Stamp

Signature \_\_\_\_\_

Note: This form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the meeting

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**M/s. QUANTUM BUILD-TECH LTD.**  
8-1-405/A/66, Dream Valley, Near OU Colony  
Shaikpet, Hyderanad - 500 008.