

From Chairman's Desk

Dear Co-Owners,

I am delighted to report on the performance of our company in fiscal 2008. Under Indian GAAP, consolidated revenues grew by 514% over FY2007 - an enviable rate - while net profits witnessed an increase of 454%. As a trusted partner to Fortune 500 and other established global organizations, we continued to focus on building long-term relationships, reflected in our repeat business rate of close to 90%. We added more than 412 employees globally and signed up 18 new clients during the year.

In my last interaction - wherein I shared the successes of the acquisitions of ValleyUS of United States and Jadelite Technologies of Singapore; setting up of a robust practices-based organization; and increasing global footprint - I had promised that there would be more successes on the way. Looking back at the year under review, I personally feel that it has been a period where our Company has leapfrogged to a new level.

Our Company acquired PAC Inc., a US-based information technology corporation providing a broad range of IT services to financial services, Telecom and Health care industries as well as business and technology consulting in a variety of IT-related projects. This acquisition was in keeping with Quintegra's articulated strategy of enhancing our competencies to serve clients better.

Founded in 2002 and headquartered at McLean, Virginia, PAC has brought core competencies in high-end IT consulting and leadership in middle-space IT services such as enterprise application services, data architecture & data validation, audit compliance documentation, business process management, integration architecture & deployment and testing & configuration management. This transaction has augmented Quintegra with these value adding capabilities.

PAC's offerings in the middle-space IT services and high-end IT consulting capabilities complements our strong offshore presence, mature delivery processes and growing IT services & products offering. Combining the resources of both organizations has allowed us to offer clients a broad and deep set of IT services and products in the industry.

The opportunities that present itself before our Company are truly immense in their potential & depth and an augmented management team should provide superior execution capability to capture such opportunities and effectively convert them into strong & value-adding results for all our stakeholders.

As part of the strategy, having we reached critical revenue size and deepened our vertical based revenue, we have brought in the best Management team in to our company to take our company to the next level. I am really excited to announce that the new team which has come on board are the best management team any company can aspire for and with these changes I am confident that "our march to become one of the best companies in India are not far off."

As part of the new team, Dr. Murali Subrahmanyam has joined Quintegra as Chief Operating Officer. Dr.Murali was the head of Merrill Lynch (India) Technology Services (MLITS) and was the architect of offshoring to India from Merrill. Along with Murali, we are joined by Chandra Kant as marketing and strategy head, K Srinivasan for handling sales outside US, Arun Arumugam as Head of BFSI vertical and Sunder Athreya. We also have Jerry Hunt (formerly with Dow Jones) joining us to spearhead sales and marketing in the US. PAC has a major chunk of revenues from BFSI space and we have strengthened our offshore capability with having leaders from these space will certainly going to benefit our company in many ways. With each executive bringing in over 15 years of IT industry and leadership experience, I am confident this team will take our Company to the next level of business while maintaining our commitments to the existing stakeholders. This team compliments my existing leadership team are helping drive strategies and implementing them.

Our Company also crafted a differentiated business model and strategy. Practice Heads are now charged with more narrow but deep, focused roles in high growth areas. We have added new service models to our portfolio. In today's business environment, operations cannot be separated from technology and therefore we will aim to provide a holistic service to our clients using Operations-as-a-Service (OaaS) methodology which combines shared KPO services with our products run in a Software-as-a-Service (SaaS) model. This OaaS-SaaS methodology is unique in the industry as it provides operational benefits to our clients by focusing on operations and technology simultaneously.

As part of strategy to create enterprise wide differentiators, we have also institutionalized a project framework called MineValue, which involves empowering, capturing, executing and quantifying various ideas and suggestions for improvement within projects / systems. This will be a unique value added proposition to our customers. In addition to creating differentiators enterprise wide, in every service offering that we have, we have created clear differentiators which sets us apart from competition and gives a compelling case for our prospective clients to engage us and current clients to grow with us.

To pre-empt the problems that technology companies are challenged with on reaching certain size, we, at Quintegra, as part of strategy, decided to offer services in 'Ceribral' consultancy space to our customers. This is a conscious and well defined strategy as part of our future growth.

Not only has our Company been growing in terms of services, we have significantly strengthened our proprietary products portfolio. We have acquired copy rights for Flexible Home Building (HBfx) - Quintegra's state-of-the-art solution for SAP for EC&O package; Hospital Management & Information System (HMIS) - a revolutionary ERP solution with end-to-end features for simplifying hospital management; and EduCampus - a versatile, web-based, campus management solution that seamlessly integrates and manages all of an Institute's key functional work processes.

In adding to our global footprint, we operationalized proximity centers in Africa and Ireland. We have also planned for additional proximity centers as well as expanding capacity at our offshore center. These initiatives will enable our Company to keep up with the pace of growth.

Our Company has also made a headway in Corporate Social Responsibility (CSR) activities this year, first of which was the Green Office campaign. There shall be more initiatives taken up in the future.

While there have been a string of successes for our Company to cherish, it is prudent not to ignore the surrounding cautions. There has been unprecedented turbulence in the US, which in turn has contributed to a slowdown in the overall economy. Revenue shortfalls, profit warnings and layoffs have become commonplace; and the urgency for large corporations to adopt new initiatives has declined.

IT budgets are now subject to careful consideration. Companies are seeking to maximize the return on their IT investments and therefore focus on short-gestation projects that promise predictable, substantial payoffs. CIOs are increasingly focusing on consolidation, integration and convergence imperatives, rather than on radical advances in technology infrastructure. There is an unmistakable shift towards value-for-money and, as a result, towards longer decision-making cycle times.

Clearly, these are challenging times for an IT services company. As self-preservation and prudence descend on US industry, the near-term demand outlook for IT services is not as rosy. Nevertheless, we continue to see significant opportunities as value-for-money is emerging as a key imperative and intend to strengthen all the ingredients of growth - infrastructure, people, processes and systems.

This has been a landmark year for our Company since my first interaction with you. The results are there for us to cherish - in a span of 3 years, we have grown from a \$10 million company to a \$100 million company, with a 1000 strong global team. Our goal for 2010 has been achieved in record time by 2007 itself. I am proud of and thankful to each and every Quintegran across the world, each of whom has contributed in delivering this growth. Now, we are on the threshold of our next wave of growth and are committed to make it happen.

Our company is now ISO 27001 in Data security and ISO 9001:2000 in quality standards. We have been assessed and obtained SCAMPI B in SEI- CMM Level 5i as well. Our Company is well poised to take on the next set of challenges and move closer to becoming a nationally and globally respected organization. I personally thank you for your patronage and look forward to your continued & expanded relationship with Quintegra. As been in the past, I count on each one of you for your support in building "QUINTEGRA" as a great company in every aspect .

Place : Chennai
Date : 29-08-2008

Shankarraman Vaidyanathan
Chairman and Managing Director