

Dear Investor/Reader,

We had a great year in 2015-16. Virinchi has continued to strengthen its global leadership position in the financial sector with its software products and services in the North American markets.

Increasing demand for Virinchi's products and services has led to the increased need for additional infrastructure. Virinchi has addressed this requirement by moving its city development center at Secunderabad to a 50,000 Sq ft development facility in Banjara Hills, Hyderabad, India. The new facility can accommodate 500 knowledge workers and takes the total seating capacity to 1500, giving enough scope for further business expansion.

Virinchi has diversified into healthcare delivery domain with the launch of the flagship 350 bed hospital in the prime location of Banjara Hills in Hyderabad. The hospital is coming up in four blocks in the same campus. Currently the main block with 350 beds is operational while the second and third blocks with 150 economy beds will be operational in the 2nd quarter of FY 2017-18.

Bristlecone Hospitals Private Limited is in the process of being merged with Virinchi Limited and the scheme of amalgamation was approved by the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh on December 27, 2016 and is effective April 1, 2016.

Virinchi has achieved a growth of 57.28% per cent during the year 2015-16 taking the total revenues to Rs. 2,183 million as against Rs. 1,388 Million during the previous year. The revenue for the three quarters of FY 2016-17 is Rs. 1,946.41 Million.

Virinchi has the required capability, knowledge & resources towards being a significant player in the information technology and healthcare sectors in the coming years.

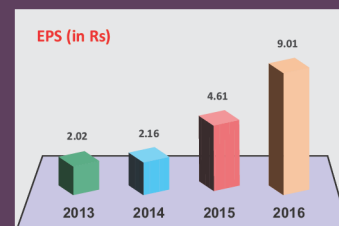
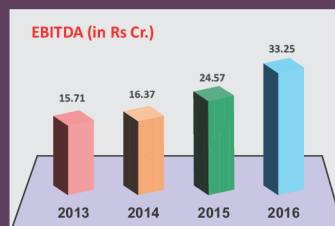
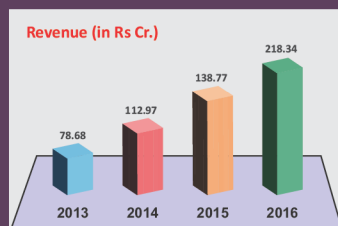
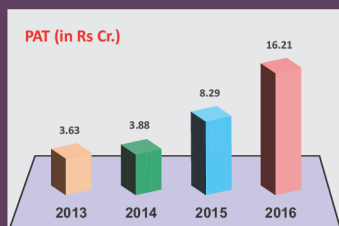
With Best Regards,

Satyajeet Prasad
CEO

Highlights

-  Consolidated operating revenue of Rs. 218 crores for FY 2015-16. Revenue has increased at a CAGR of 30% within the last 4 years. PAT has increased at a CAGR of 45% during the same period
-  Continues to add new capability – new practice for Mobility established
-  Rolled out a full-fledged and completely integrated Hospital Information Management System (HIMS) product called VHealth along with Mobile App for Patients and Doctors
-  To support current growth and future expansion, new office space of 50,000 sft added in the 3rd quarter of FY 2016-17
-  Increase in resource strength – 50 member Mobility Team added
-  Virinchi's QFund™ continues to consolidate its leadership position of loan management platform for the alternate financing industry
-  In January 2017, Virinchi has signed a multi-year contract with one of the leading lenders & flagbearers of alternative financing industry in USA
-  Diversified into healthcare delivery domain in India – Commercial operations of Phase 1 (350 beds) of the 600 bed flagship facility in the prime location of Banjara Hills in Hyderabad started in November 2016
-  Hospitals supported by internal expertise in science in technology.

Trend in performance the last four years:



Virinchi Stock has out-performed the market the last 5 years



Performance during the three quarters of FY 2016-17:

Parameter	Jun - 2016	Sep - 2016	Dec - 2016
Operating Revenue	55.49	61.22	77.93
EBITDA	9.13	12.13	16.92
PAT	4.06	4.08	4.86
EPS	2.25	2.27	2.70

Financial Performance

In FY 2015-16, Virinchi has achieved 57.28% growth in consolidated annual operating revenues, recording Rs. 2183 Million as against Rs.1388 Million in 2014-15. The net profit for the year 2015-16 stood at Rs. 162.06 Million as against Rs. 82.81 Million in 2014-15.

Comparative Analysis

Company	Mar Cap/ Revenue	EBITDA Margin	EV/EBITDA	Cash Profit Margin	Net Margin	P/E	P/B
Peers							
Tanla Solutions Ltd.	0.99	11.90%	8.18	10.97%	5.06%	19.64	0.75
Datamatics Global Services Ltd.	0.89	13.60%	7.15	12.56%	9.09%	9.84	1.64
Cybertech Systems & Solutions Ltd.	2.40	20.73%	12.29	15.61%	10.64%	22.56	3.01
Tera Software Ltd.	0.35	9.11%	4.04	5.19%	4.50%	7.74	1.38
Nucleus Software Exports Ltd.	2.08	21.56%	8.90	17.38%	14.31%	14.54	1.67
Average of peers	1.34	15.38%	8.11	12.34%	8.72%	14.86	1.69
Virinchi Ltd.	0.63	19.34%	5.47	15.01%	8.23%	7.69	1.16
Medium size Players							
Firstsource Solutions Ltd.	0.81	13.00%	7.50	10.07%	8.38%	9.64	1.09
Vakrangee Ltd.	4.32	24.09%	18.44	15.73%	13.18%	32.76	8.57
Average of Medium size players	2.56	18.54%	12.97	12.90%	10.78%	21.20	4.83
Large Players							
TCS Ltd.	4.14	29.83%	12.96	23.24%	21.60%	19.17	5.89
Infosys Ltd.	3.29	29.80%	9.18	21.99%	20.22%	16.25	3.42
Wipro Ltd.	2.06	23.35%	8.44	18.13%	14.76%	13.93	2.33
Average of Large Players	3.16	27.66%	10.19	21.12%	18.86%	16.45	3.88
Overall Average excluding Virinchi	2.13	19.70%	9.71	15.09%	12.17%	16.61	2.97

Based on March 10, 2017 closing market price



Marketing Update

Global Leadership in Alternate Financing Industry

Virinchi's flagship product "QFund™" has further strengthened its global leadership position in the alternate financing industry in North America. Virinchi has significantly increased its market share in this domain and now the product is being used by key industry leaders. **In January 2017, Virinchi has signed a multi-year contract with one of the leading lenders of alternative financing industry in USA, based out of Midwestern region of USA, operating through their 300 branches spread across 14 states of USA apart from lending through their online channels. Virinchi's Cloud solution will replace the entire present IT infrastructure of the lender. Over the first three years of the contract starting Jan 2017, Virinchi is expected to generate annuity revenue of \$3.5 million and services revenue of another \$2.5 million, leading to \$6 million revenue addition over the same period.** They will be using Version 10.0 of the flagship product "Qfund™". This latest version makes new loan products, easy to configure and hence, places it right up in a prospective client's assessment as they want to continuously update their business offering to have a competitive edge as well as meet the ever changing regulatory requirements.

Virinchi is also working on deepening its association with existing clients of Qfund™ to grow the revenue.

Launch of HIMS & Mobile App for Patients & Doctors

Virinchi has rolled out a full-fledged and completely integrated Hospital Information Management System (HIMS) product called VHealth along with Mobile App for Patients and Doctors in the second quarter of FY2016-17.



IT Services

On the services front, Virinchi through its 100% subsidiary Ksoft is implementing projects in Social, Mobility, Analytics and Cloud computing (SMAC) domains, in addition to the enterprise applications.



Entry into healthcare delivery in India

The company plans to build and operate a chain of hospitals on an asset-light model to provide healthcare & diagnostic facilities to the people of the country, primarily Telangana, Andhra Pradesh and neighbouring states.

As a part of this vision, Bristlecone Hospitals Private Limited (BCH) with 200 beds in two locations, 60 beds in Barkatpura and 140 beds in Hayathnagar, both in Hyderabad is being merged with Virinchi Ltd. BCH offers sophisticated diagnostic and therapeutic care in most of the specialities of medicine and surgery. The scheme is approved by the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh and is effective from April 1, 2016.

Virinchi Limited, through its 100% subsidiary, Virinchi Healthcare Private Limited (VHPL) has launched a 350 bed multispecialty hospital at the prime location of



Banjara Hills in Hyderabad. The hospital is coming up in four blocks in the same campus. Currently the main block with 350 beds is just made operational while the second and third blocks with 150 economy beds will be operational in the 2nd quarter of FY 2017-18.

The hospital chain shall be focussed on super-specialty healthcare having more than 30 specialities with emphasis on CONNECT, an acronym for Cardiology, Orthopaedics, Neurology, Nephrology, Emergency Medicine, Cancer and Transplant Medicine. The hospital has some of the leading doctors in the country to provide superior care and best-in-class treatment for the patients.

Virinchi has invested in advanced equipment capable of delivering diagnostic and therapeutic requirements from resolution, precision, manoeuvrability, compactness and robustness standpoint to provide one-stop solution for all the clinical needs. Examples include 3T fMRI, Dual energy 128 slice CT scan, IVUS-FFR Cath Lab and Twin Detector Digital X ray, and Lab-equipment capable of analysing 15,000 bio-markers.

Infrastructure

The significant growth achieved during 2015-16 with the addition of new clients stretched the current infrastructure. Virinchi addressed this requirement by shifting the Secunderabad facility to a much larger - 50,000 Sq ft facility in Banjara Hills, Hyderabad, India. The new facility can accommodate 500 knowledge workers and takes the total seating capacity to 1500 giving enough scope for further business expansion. The facility is equipped with state-of-the-art infrastructure in terms of systems, network connectivity, backup facilities, security systems, etc.

Quality Update

Virinchi has made significant progress in its Quality initiatives during the last year. Virinchi has renewed its CMMi Level 3 certification and is taking all the necessary steps to be a CMMi Level 5 company in the next couple of years. Virinchi has been an ISO 9001:2000 certified company for software development processes and delivery for several years.



People

Human Resources are at the core of Virinchi's strategy towards the accomplishment of all its goals and objectives. Virinchi is taking all the necessary initiatives to recruit the best talent to meet its Human Resource requirements. During the last year Virinchi has added new resources to its team taking the total Human Resource strength to at the end of 2015-16. Virinchi will continue to attract the best talent to match the growing demand for Virinchi's products and services in the global markets.

