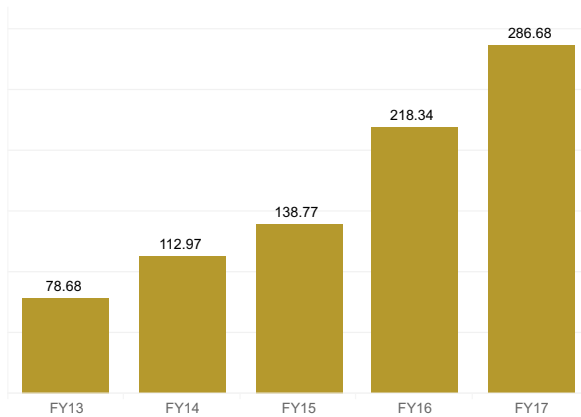


Dear Shareholder,

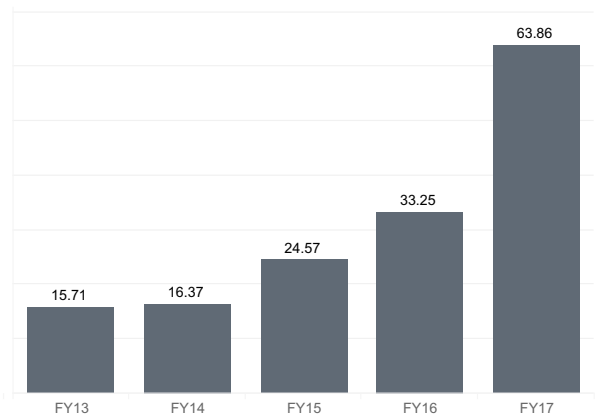
Your company Virinchi Ltd, has had another successful year in 2016-17 and has achieved a revenue growth of 31.30% during the year 2016-17 taking the total revenues to Rs. 2,867 Million as against Rs. 2,183 Million during the previous year. Your company's revenue has increased at a CAGR of 29.51% within the last 5 years while PAT has increased at a CAGR of 45.39% during the same period.

TREND IN PERFORMANCE THE LAST FIVE YEARS

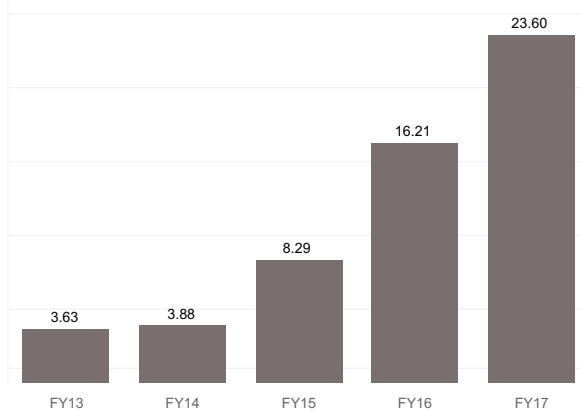
Revenue (Rs.cr.)



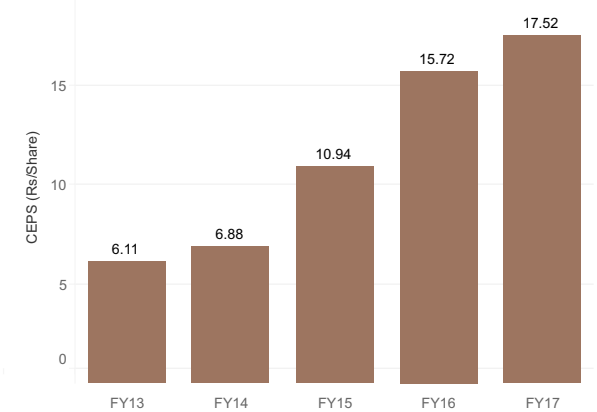
EBIDTA (Rs.cr.)



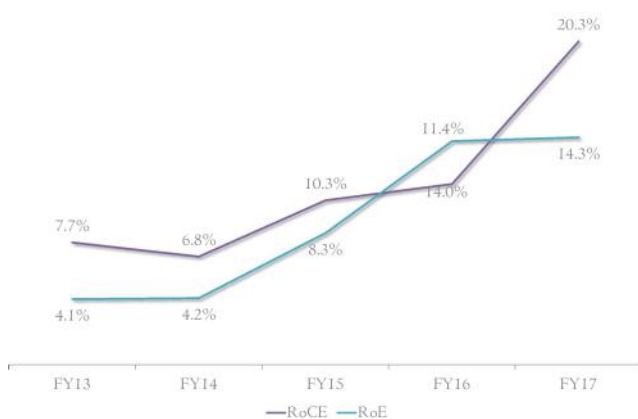
PAT (Rs.cr.)



CEPS (Rs./share)



RETURN ON INVESTMENT



Parameter	Jun-16	Sep-16	Dec-16	Mar-17	Total FY 16-17*
Operating Revenue	55.49	61.22	77.93	80.34	286.68
EBITDA	9.3	12.59	17.43	17.58	63.86
PAT	4.06	4.08	4.86	3.16	23.6

*Total of the four quarters do not add upto FY 2016-17 figures as June and September 2016 quarter numbers are exclusive of Bristlecone Hospital (BCH) numbers, as the court order approving the scheme of amalgamation of BCH with Virinchi Limited was received in December 2016.

AWARDS

Your company has also bagged “The Times Health Care 2017 award” as the "Emerging Hospital of the year in Multi-Specialty Hospital category" for the Telugu Speaking States. Also, bagged the award for Best Hospital in Radiology and Nephrology in the Telugu Speaking States

Your company has also been awarded "The Best Indian IT SME for the year 2015-16" by Hyderabad Software Exporters Association (HYSEA).



Best IT SME award 2015-16 from HYSEA received by Amar Sivaji Pendyala, COO, Virinchi Limited



Best Emerging Multi-Specialty Hospital award received by Dr. NVVS Murthy, Medical Director, Virinchi Hospitals



Best Hospital in Radiology award received by Dr.N. Eshwar Chandra, Radiologist, Virinchi Hospitals



Best Hospital in Nephrology award received by Dr. Ratan Jha, Sr. Nephrologist & Renal Transplant Physician, Virinchi Hospitals

NEW CLIENT ADDITIONS

Virinchi's flagship product “QFund™” Version 10.0 is currently being implemented at QC Holdings Inc., one of the key industry leaders with whom Virinchi has signed a multi-year contract in January 2017.

INFRASTRUCTURE

To address the growth requirement, as indicated earlier, Virinchi moved its corporate and registered offices at Secunderabad to a 50,000 Sq ft, plush office in Banjara Hills, Hyderabad, India where in the new 50+ people mobility development team is also housed. A couple of mobility projects were acquired in the last quarter of FY 2016-17, which have kept the mobility team engaged along with new IP development in Financial & Health care domains on the Mobile. The new facility in Banjara Hills, Hyderabad, India is being operationalized floor by floor in sync with the growth in IT business. The facility is equipped with state-of-the-art infrastructure in terms of systems, network connectivity, backup facilities, security systems etc., and can house over 500+ mobile developers based on business needs.



QUALITY UPDATE

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.



HEALTH CARE OPERATIONS

The operations of the flagship hospital in Banjara Hills are being ramped up with the completion of the empanelment with Arogyasri, the insurance scheme of AP and Telangana state governments. NABH pre-assessment is completed successfully and the final inspection is expected in the month of June, 2017. Work is progressing at a brisk pace on the phase II of the project to add further 250 beds.



CORPORATE ACTIONS

The merger of Bristlecone Hospitals Private Limited with Virinchi Limited is complete in all respects and the group currently has 550 operating beds. With the merger, the group now has a chain of 3 hospitals in Hyderabad making its comprehensive services available to a larger section of the population.



PEOPLE

Virinchi is augmenting its manpower with the best talent available to meet its Human Resource requirements. Virinchi has added 50 new resources to its mobility team taking the total Human Resource strength in the off-shore IT team to 400 at the end of 2016-17. Virinchi will continue to attract the best talent to match the growing demand for its products and services in the global markets.

Virinchi is focused on being a significant player in the information technology and healthcare sectors in the coming years.

With Best Regards,

MV Srinivasa Rao
Group President