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Annual General meeting on Wednesday, September 29, 2010 at 11 a.m. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.

BOARD OF DIRECTORS

Executive Directors

Shri. Srinivas Mahankali
Shri. Srinath Kompella
Ms. Santi Priya
Shri. Viswanath Kompella
Shri. Anil Pinapala(Resigned W.e.f. 21st July,2010)

Independent Non-Executive Directors

Datuk Kunasingam V. Sittampalam
Shri Samad A. Momin
Shri K. Krishna
Shri Ramam Madu
Dr. Ravi Chand(Resigned W.e.f
11th May, 2010)

BOARD COMMITTEES

AUDIT COMMITTEE

Shri Ramam Madu	Chairman
Shri K.Krishna	Member
Shri.Viswanath Kompella	Member

REMUNERATION COMMITTEE

Shri Ramam Madu	Chairman
Shri K. Krishna	Member
DatukKunasingam V. Sittampalam	Member

INVESTORS GRIEVANCE COMMITTEE

Shri Ramam Madu	Chairman
Shri Viswanath Kompella	Member
Shri Srinivas Mahankali	Member

Ravindranath Tagore Kolli

Company Secretary

Bankers

M/s. Canara Bank
Overseas Branch
Adarsh Nagar
Hyderabad

Auditors:

M/s. P. Murali & Co.,
Chartered Accountants
6-3-655/2/3, Somajiguda
Hyderabad-500 082
Phone# (040)-23326666, 23312554

Registered Office and Development Centre:

10, SRK Colony,
West Marredpally
Secunderabad-500026
Ph Nos: 91-40-27803608, 27803610
Fax No: 91-40-27803612
Website: www.virinchi.com

Registrar and Share Transfer Agents:

M/s. Aarthi Consultants Private Ltd
1-2-285, Domalguda,
Hyderabad-500029
Phone# 91-40-27634445, 27638111
Fax: 91-40-27632184

Corporate Office:

A-1, 3rd Floor, Surabhi Plaza
Vikrampuri Colony, Kharkana
Secunderbad-500009
Ph Nos: 27890662-65
E-mail: info@virinchi.com

Wholly Owned Subsidiary Company

M/s. KSoft Systems Inc.,
1000, Route# 34 Ste# 203
Matawan, NJ-07747
Phone# 1-732- 696-2556
Website: www.ksoftglobal.com

Message from the Managing Director

Dear Shareholder,

I am happy to present to you the performance of the company for FY 2010. While the year gone by was challenging in many aspects, we used this difficult period to streamline our operations and bring back efficiencies into our system to brace for the opportunities that are opening up as the client markets we serve are coming out of recession.

Financial year 2009-10 was a tough year for the software industry in India. The economic environment became challenging in North America & United Kingdom, the major markets where we operate. We concluded the fiscal 2010 with a marginal increase in revenues and profits even when most of our customers decelerated their businesses. Our greater client focus and a flexible operational and financial model enabled us to surmount the challenges and emerge stronger from the downturn.

In terms of financial performance, your company recorded a consolidated turnover of INR 590.00 Million for the year ended against INR 583.00 Million recorded in the previous year, while the net profit has increased from INR 37.0 million to INR 43.00 million showing a year-on-year growth of 16%. We are happy to announce a final dividend of 5% (50 paise per equity share of Rs.10/-each) for the year 2009-2010.

Accolades from industry bodies always corroborate the confidence we have in our strengths and capabilities. In the year 2009-10, we were named the 'Best Managed SME' in its segment by CRISIL. Your company has justified the industry appreciation, through efficient management of resources resulting in a significant improvement of its profit margins.

We look forward to the next year with a greater emphasis on new business strategies.. To unlock the potential of industry specific products & services provided by the company, your company plans to create new subsidiary companies to focus on a specific emerging vertical of the industry. Your company successfully completed incorporation of wholly owned subsidiary 'QFund Technologies Private Ltd' which will focus on providing transaction business services in deferred presentment industry in the US and UK markets, with its retail micro lending product, QFund, which is a market leader both in North America and United Kingdom.

In order to take advantage of the buoyant domestic market, your company has started focusing on developing capabilities by leveraging its technological strengths in the field of Education and Media. To this end, your company has successfully incorporated two 100% subsidiary companies 'Virinchi Media and Entertainment Private Ltd' & 'Virinchi Learning Private Ltd'. Virinchi Media shall focus on solutions to serve the growing demands of the Indian Entertainment Industry to enable creation, buying, selling and delivery of high definition entertainment through internet to customers across globe. Virinchi Learning is aimed at promoting technology based education services to the different student categories in India, both

by creation of new content and infrastructure and also by partnering with existing content providers by leveraging the strength of information technology.

Recent reports have shown signs of recovery in demand, especially from the banking and financial services verticals in US & Europe. Financial businesses are hiking their discrete expenditure to upgrade and strengthen their systems and offer new products to the consumers. Virinchi with its services solutions and new business models is poised to make the most out of the times to come and deliver maximum value to our customers & stake holders.

Closing a challenging year, we appreciate the support of all our stakeholders who have always stood by us : you, our shareholders, clients, partners and employees.

On behalf of the Board of Directors of Virinchi, I thank all our clients, partners, employees, investors, and other stakeholders for your continued support and trust in the management of your company and look forward to the same in the future.

Best Regards,

Srinivas Mahankali,
Managing Director
Virinchi Technologies Limited

NOTICE :

NOTICE is hereby given that the 21st Annual General Meeting of the Members of the Company will be held on Wednesday, the 29th day of September, 2010, at 11.00 A.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2010; Balance Sheet as on that date along with the Schedules forming part of it, notes to accounts and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend for the financial year 2009-10
3. To appoint a Director in place of Datuk Kunasingam V.sittampalam, who retires by rotation, and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Dr. Samad A Momin who retires by rotation, and being eligible, offer himself for re-appointment.
5. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri M.Ramam Madu, Who was appointed as an Additional Director of the company with effect from 30th January, 2010, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."
7. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Ms. G.Santi Priya, Who was appointed as an Additional Director of the company with effect from 21st July, 2010, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company"
8. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT K. Krishna, Who was appointed as an Additional Director of the company with effect from 21st July, 2010, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

9. To Consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT Pursuant to the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the “Act” which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Ms.G.Santi Priya, as Chairperson & Whole Time Director , of the Company, for a period of 3(Three) years with effect from 21st July, 2010 on a monthly remuneration of Rs.1,25,000 Per Month.

“RESOLVED FURTHER that the remuneration as set out in this resolution including benefits, amenities and perquisites, shall be allowed and paid to Ms. G.Santi Priya as minimum remuneration during the currency of her tenure, notwithstanding the absence or inadequacy of profits for any financial year, but shall not, in any such financial year, exceed the ceiling laid down in this behalf in Schedule XIII to the Act, including amendments made thereto”

“RESOLVED FURTHER THAT subject to the provisions of the Companies Act, 1956 and subject to the accordance of the requisite approvals, the board be and is here by authorized to revise the gross salary of the appointee by a maximum of 50% per annum”.

10. To Consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT Pursuant to the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the “Act” which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the re-appointment of Mr. Viswanath Kompella, as Executive Director, of the Company, for a period of 3(Three) years with effect from 1st April, 2010 on a monthly remuneration of Rs.2,00,000 Per month.

“RESOLVED FURTHER that the remuneration as set out in this resolution including benefits, amenities and perquisites, shall be allowed and paid to Mr. Viswanath Kompella as minimum remuneration during the currency of his tenure, notwithstanding the absence or inadequacy of profits for any financial year, but shall not, in any such financial year, exceed the ceiling laid down in this behalf in Schedule XIII to the Act, including amendments made thereto”

“RESOLVED FURTHER THAT subject to the provisions of the Companies Act, 1956 and subject to the accordance of the requisite approvals, the board be and is here by authorized to revise the gross salary of the appointee by a maximum of 50% per annum”.

11. Issue and allotment of warrants on preferential basis to Strategic Investors and promoters of the Company

To Consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956(Act) (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company, the Listing Agreement entered into between the Company and the Various stock exchanges, the Guidelines for Preferential Issues contained in Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations, 2009, rules and regulations framed by Reserve Bank of India(RBI) and other statutory/regulatory authorities, and subject to all applicable norms, guidelines, regulations in force, and

statutory approvals, consents, permissions or sanctions as may be necessary, of appropriate authorities, institutions or bodies and subject to such conditions as the authorities may impose at the time granting their approvals/consents/permissions/sanctions and which may be agreed to by the Board of Directors of the Company (the "Board", which expression shall include any committee thereof constituted/to be constituted by the Board for exercising the powers conferred on the Board by this Resolution) if it thinks fit in the interest of the Company, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot 30,00,000 (Thirty Lacs Only) warrants of Rs.10/- each at a premium to be decided as per the SEBI guidelines, to strategic investors of the company, the details of which are mentioned in the Explanatory Statement annexed hereto, on preferential allotment basis, , on such terms and conditions and in such manner as the Board may think fit, whether or not they are members of the Company

"RESOLVED FURTHER THAT

- a) The relevant date for the purpose of pricing of the equity shares as above, in accordance with the SEBI Guidelines is 30th August, 2010 being the 30th day prior to 29th September, 2010 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue.)
- b) The equity shares to be issued and allotted on conversion of warrants in pursuance of this resolution shall rank *pair passu* with the then existing equity shares of the company in all respects.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the equity shares and the utilization of the issue proceeds thereof, to effect any modification (s) to the foregoing (including any modifications to the terms of the issue) in the best interests of the Company and its shareholders and to execute all such writings and instrument(s) as the Board may in its absolute discretion deem necessary or desirable.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any committee of Directors of the Company to give effect to the aforesaid resolution".

BY ORDER OF THE BOARD
For **VIRINCHI TECHNOLOGIES LIMITED**

PLACE : HYDERABAD
DATE : 31.08.2010

K. Ravindranath Tagore
Company Secretary

NOTES:

- a) A member entitled to attend and vote at the meeting 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 of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting.
- b) The relevant Explanatory Statement in respect of the Special Business set out above, as required by Sec.173 (2) of the Companies Act, 1956 is annexed hereto.
- c) The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 26th September, 2010 to 29th September 2010 (both days inclusive)
- d) Dividend, if declared, at the Annual General Meeting, will be payable to those members whose names appear on the Company's Register of Members as on 29th September, 2010. Dividend Warrants are scheduled to be posted on or after 3rd October, 2010. Dividend Warrant is valid for payment by the Company's Bankers for six months from the date of issue. Thereafter, please contact our share registrars, M/s. Aarthi Consultants Pvt Ltd, 1-2-285, Domalguda, Hyderabad -500029 for revalidation of the warrants.

You are advised to encash your dividend warrants immediately as the dividend amount remaining unclaimed / unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the company to the Investor Education and Protection Fund established under section 205C in terms of section 205A of the Companies Act, 1956.

It may be noted that no claim will lie against the company or the investor education and protection fund in respect of the said unclaimed dividend amount transferred to the fund.

Annexure to the Notice
Explanatory statement pursuant to Section 173(2) of The Companies Act, 1956

Item #6

Shri. Ramam Madu was appointed as an Additional Director of the company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 30th January, 2010. Pursuant to Section 260 of the Companies Act, 1956 Shri Ramam Madu holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Shri. Ramam Madu as a candidate for the office of Director. The profile of the Director is given hereto under the head 'Additional Information'

The Board recommends the resolution for the members' approval in the Annual General Meeting.

None of the Directors except Shri Ramam Madu is concerned or interested in the resolution.

Item #7

Ms. Santi Priya was appointed as an Additional Director of the company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 21st July, 2010. Pursuant to Section 260 of the Companies Act, 1956 Ms. Santi Priya holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Ms. Santi Priya as a candidate for the office of Director. The profile of the Director is given hereto under the head 'Additional Information'

The Board recommends the resolution for the members' approval in the Annual General Meeting.

None of the Directors except Ms. Santi Priya is concerned or interested in the resolution

Item #8

Shri Krishna Kanaparthi was appointed as an Additional Director of the company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 21st July, 2010. Pursuant to Section 260 of the Companies Act, 1956 Shri Krishna Kanaparthi holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Shri Krishna Kanaparthi as a candidate for the office of Director. The profile of the Director is given hereto under the head 'Additional Information'

The Board recommends the resolution for the members' approval in the Annual General Meeting.

None of the Directors except Shri Krishna Kanaparthi is concerned or interested in the resolution

Item #9

The Board of Directors of the Company in its meeting held on 21st July, 2010, appointed Ms. Santi Priya as Chairperson & Whole Time Director for a period of 3 years with effect from 21st July, 2010 at a gross salary of Rs.1,25,000 Per Month.

Considering her competence, experience as also the envisaged growth in the activities of the company and as compared to remuneration presently being paid to persons in similar situations in the country, the terms of her remuneration as set out below are viewed to be just, fair and reasonable. She is having directorships in Qfund Technologies Private Ltd, a wholly owned subsidiary of the company.

The remuneration has been approved by the remuneration committee.

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Ms. Santi Priya as Chairperson & Whole Time Director requires the approval of the members in General Meeting. Hence, the above resolution at item# 8 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution.

The Board of Directors commends the above resolution at Item# 9 for your approval.

None of the Directors of the Company except Ms. Santi Priya to the extent of her appointment as director is concerned or interested in this resolution.

Item #10

The Board of Directors of the Company in its meeting held on 30th January, 2010, re-appointed Mr. Viswanath Kompella as Executive Director for a period of 3 years with effect from 1st April, 2010 at a gross salary of Rs. 2,00,000 Per Month.

Considering his competence, experience as also the envisaged growth in the activities of the company and as compared to remuneration presently being paid to persons in similar situations in the country, the terms of his remuneration as set out below are viewed to be just, fair and reasonable. He is having directorships in Thinking Media Entertainment Private Ltd, Tesla Learning Private Ltd, Virinchi Learning Private Ltd, Virinchi Media and Entertainment Private Ltd..

The remuneration has been approved by the remuneration committee.

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Mr. Viswanath Kompella as Executive Director requires the approval of the members in General Meeting. Hence, the above resolution at item# 10 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution.

The Board of Directors commends the above resolution at Item# 10 for your approval.

None of the Directors of the Company except Mr. Viswanath Kompella to the extent of his appointment as director is concerned or interested in this resolution.

Item# 11

As members are aware the company has global operations and significant growth plans. These growth plans include, the incorporation of three 100% wholly owned subsidiary companies namely, Qfund Technologies Private Ltd, Virinchi Media and Entertainment Private Ltd and Virinchi Learning Private Ltd.

While the current internal accruals from the operations are strong, the above projects would require significant outlay of funds in the coming years. These projects will necessitate external infusion of funds at different points of time in the future. Since the activities of the company are going to diversify into these three companies across different fields, there will be considerable amount of investment the company has to make into these three companies. It is thought prudent to obtain shareholders approval for issue of securities through preferential allotment of shares to strategic investors to enable the company to raise a part of this fund requirement for the said growth plans.

Hence, the company proposes to issue 30,00,000 Warrants to the promoters and strategic investors as detailed hereunder subject to the approval of members and such other approvals as may be necessary. The proposed issue of warrants on preferential basis to Promoters and strategic investors would be strictly in accordance with Chapter VII of the SEBI(Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations 2009”) and the following parameters would be subject to such changes as may be required to conform to the SEBI ICDR Regulations, 2009.

The Warrants to be issued pursuant to the above will be subject to lock-in as stipulated under the applicable SEBI guidelines.

The company had sought indication from Strategic investors whether it would be desirous to subscribe to the above securities. The strategic investors in turn has confirmed and conveyed its intent to subscribe to these securities.

(i) The objects of the Preferential issue

To Fund the Future capital investments of the company as mentioned above.

(ii) The Proposal of the promoters/directors/key management persons to subscribe to the offer.

The intention and primary objective of the Promoters to subscribe to the offer through this preferential issue is to enhance their commitment towards the company and make available funds to the company's proposed growth plans

(iii) Share holding pattern of the Company before and after the proposed issue of Equity Shares pursuant to the resolution at Sl.No.11

Sl. No	Category	Pre – issue		Post Issue	
		No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
1	Promoters Holding	4232632	28.24	5082632	28.26
2	Others	10753418	71.76	12903418	71.74
	TOTAL	14986050	100.00	17986050	100.00

iv) Proposed time within which allotment will be completed

The allotment of the Warrants being issued on preferential basis is proposed to be made within 15 days from the date of passing of the resolution by the Members.

v) Identity of proposed allottees and the percentage of post preferential issued capital that may be held by them

Identity of proposed allottees	No. of Equity Shares to be allotted	Percentage of post issue Equity Capital
Viswanath Kompella	8,50,000	4.73
Salokhya Infrastructure Private Ltd	11,50,000	6.39
Agrade Exim Private Limited	10,00,000	5.56

The proposed allotment of warrants on preferential basis as envisaged above will not result in change in Control/Management of the Company.

Vi) The company hereby undertakes that

- a) It would re-compute the price of the securities specified above in terms of the provisions of the SEBI ICDR Regulations, 2009 where it is required to do so.
- b) If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

None of the Directors of the Company except Mr. Viswanath Kompella to the extent of allotment of warrants to him.

Additional Information required to be furnished under the Listing Agreement

The particulars of directors who are proposed to be re-appointed are given below:

1. Name : Ramam Madu
 Age : 50 years
 Qualifications : B.com, LLB
 Expertise : He has around 25 years of experience in the administration field . He is a practicing lawyer registered with bar council of High Court of Andhra Pradesh.

 Other Directorships : NIL
 Membership of Committee : NIL
 Shareholding : 250 Shares
2. Name : G.Santi Priya
 Age : 36 years
 Qualifications : B.com, Grad CWA, ACA, DISA
 Expertise : Ms. Santi Priya has over 13 years of experience in the areas of auditing, corporate Finance and taxation.
 Other Directorships : Qfund Technologies Private Ltd.

 Membership of committee : NIL
 Shareholding : NIL
3. Name : Krishna Kanaparthu
 Age : 43 years
 Qualifications : B.A,B.L
 Expertise : Mr. Kanaparthu has over 16 years of experience in the Corporate Law, Taxation, Civil Matters. He is presently working as a partner in M/s. Sunder & Krishna, Advocates, Hyderabad. He is presently practising in civil courts and High Court of Andhra Pradesh.

 Membership of committe : NIL
 Shareholding : NIL
 Other Directorships : NIL

4. Name : Viswanath Kompella
Age : 42 years
Qualifications : Mechanical Engineer from IIT, Chennai
Experience : He is heading the company since Inception. He has experience of over 18 years in the consultancy and software field.
Other Directorships : Virinchi Learning Private Ltd, Virinchi Media and Entertainment P Ltd, Thinking Media Entertainment P Ltd, Tesla Learning Private Ltd
Membership of Committee : 2
Shareholding : 14,74,900 shares(9.89%)
5. Name : Datuk Kunasingam V. Sittampalam
Age : 57 years
Qualifications : Bachelor of Engineering (Hons) and Master of Engineering, Sheffield University, United Kingdom
Expertise : As a director to HSS intesys Sdn Bhd the IT Subsidiary of HSS integrated Group, providing value added services in engineering software, planning and scheduling work. At HSS integrated, he has been the project director involved in overall project
Other Directorships : Vivo Bio Tech Ltd
Membership of Committee : NIL
Shareholding : NIL
6. Name : Samad A. Momin
Age : 43 years
Qualifications : B.Tech form IIT, Madras, MS & MBA from Ohio State University, Columbus, USA.
Expertise : He has 17 years of experience with GE includes key roles spanning general management, sales & marketing, e-business, Strategy & Change Management, Joint Ventures. Also, he was based in Hong Kong to help set up the JV with GE Toshiba Silicones for 2 years and in Tokyo for another 2 years as the General Manager for e-business/Distribution. He is also a certified Master black belt in Six Sigma.
Other Directorships : NIL
Membership of committee : NIL
Shareholding : NIL

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 21st **Annual Report** of your company together with the Audited Accounts for the year ended 31st March, 2010.

Financial Results

Rs. In lacs

Particulars	2009-10	2008-09
Total Income	4,333.17	4,003.43
Profit before interest, depreciation and tax	1,374.40	1,349.12
Interest	131.05	94.30
Depreciation	825.78	852.05
Provision for Taxation	68.18	63.97
Profit after interest, Tax and depreciation	349.38	338.80
Deferred Tax Provision	(51.61)	(37.81)
Balance brought forward	3,226.96	2,850.35
Balance Carried to Balance Sheet	3,541.04	3,226.96

Financial Highlights & State of Company's Affairs

During the year under review, Virinchi recorded Rs. 43.33 Crores revenues for the year 2009-10 as against Rs.40.03 Crores in the previous financial year 2008-09. We have achieved good growth of 8.18% in annual revenues beating the recession in the US Market.

Your Company is primarily engaged in the business of providing IT Services and solutions to its customers in US, Europe, and Middle East. The financial results of the Company both on standalone and consolidated basis have been very encouraging despite the challenges faced in terms of unfavorable currency movements and depressed business conditions in our primary markets of US and Europe. On a standalone basis, vastly improving margins despite revenues remaining flat bear testimony to improvements in our delivery practices and the strategy of focusing on existing customers to deliver higher value.

Reserves and Surplus

During the year the Company has not transferred any amount to Reserves and Surplus.

Dividend

Your directors are pleased to recommend payment of a dividend of Rs.0.50/-per equity share (at the rate of 5% on the par value of Rs.10/-each) subject to the approval of share holders.

Recognition:

In the year 2009-10, CRISIL has awarded Virinchi Technologies Ltd with SME 1 Rating. The SME 1 rating indicates "Highest level of creditworthiness, adjudged in relation to other SMEs Your Company has justified the industry appreciation, through efficient management of resources resulting in a significant improvement of its profit margins.

Material changes and commitments;

There are no material changes and commitments occurred between the end of the financial year of the company and the date of the report affecting the financial position of the company

Directors

In accordance with the provisions of the Companies Act, 1956 Datuk Kunasingam Sittampalam, Samad A. Momin retires by rotation at the Annual General Meeting and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

During the year Dr. Venugopal Resigned to the office of Director w.e.f 26th November, 2009. Mr. Jagan Mohan Rao has resigned to the position of the directorship w.e.f 30th January, 2010. Dr. Ravi Chand resigned w.e.f 11th May, 2010. Mr. Anil Pinapala resigned on 21st July, 2010

Shri Ramam Madu appointed as additional director on the Board w.e.f. 30th January, 2010 .Shri Krishna Kanaparthi is appointed as additional director on board w.e.f 21st July, 2010 and Ms. Santi Priya is appointed as additional director and also as chairperson & Whole Time Director w.e.f 21st July, 2010

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas, directorships in other companies as stipulated under clause 49 of the listing agreement with the stock exchanges in India are provided in the report on corporate governance.

Directors' Responsibility Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards had been followed and there are no material departures.
- ii) We have selected appropriate accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2010 and of the profit of the company for the financial year ended 31st March 2010.
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) We have prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

Auditors and Audit Report

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The company has received letter from the Statutory auditors to this effect that their reappointment, if made would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of section 226 of the said act.

Fixed Deposits

The Company has not accepted any fixed deposits as on 31st March, 2010 so as to attract the provisions of Section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of the Deposits) Rules, 1975 as amended from time to time.

Consolidated Financial Statements

In accordance with the Accounting Standards AS-21 and AS-27 on Consolidated financial Statements read with the Accounting Standard AS-23 on Accounting for investments in Associates, the Audited consolidated financial statements are provided in the annual report.

Particulars of Employees

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that the following employee was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month where employed for a part of the year.

Sl.No	Name of the employee	Designation	Gross Salary	Qualification	Date of Commencement of employment	Particulars of Last employment
01	Viswanath Kompella	Executive Director	24,00,000	B.Tech(Mech) IIT Chennai	13.03.1990	TISCO
02	Srinivas Mahankali	Managing Director	24,00,000	B.Tech. PGDM	28.01.2008	Sujana Group
03	Srinath Kompella	Whole Time Director	24,00,000	B.com. PGDBM	14.05.2004	-

Details about Virinchi Employees Stock Option Scheme, 2004 (VESOS, 2004)

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock purchase Scheme), Guidelines, 1999, the details of stock options as on 31st March, 2010 under the Virinchi Employee Stock Options Scheme, 2004 are as under:

Sl.No	Description	Details
1	Options Granted during 2009-10	NIL
2	Pricing formula	The Company is issuing the shares at Face Value of Rs.10/- each as per the resolution passed in the 17 th Annual General Meeting of the Company.
3	Options Vested	3,19,700
4	Options exercised	NIL
5	The total number of shares arising as a result of exercise of option	Nil
6	Options lapsed	Nil

7	Variation of terms of options	There is no variation of terms in this financial year
8	Money realized by exercise of options	Rs.Nil
9	Total number of options in force	Total options reserved under the scheme:11,67,000 and Total options granted: 9,00,000
10	Employee wise details of options granted to i) Senior Management personnel ii) Any other employee who receives a grant in any one year of option amounting to 5% of or more of option granted during that year iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	N.A.
11	Diluted Earning Per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS)20 Earning Per share	NA
12	The difference between the employee compensation costs computed under intrinsic value method and the employee compensation cost that shall have been recognized if the Company had used the Fair Value methods and its impact on profits and EPS of the Company.	NA(There were no allotments during the financial year)
13	Weighted Average exercise prices and weighted average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock	NIL
14	Description of the method and significant assumptions used during the year to estimate the fair value of options. i. Risk-free interest rate ii. Expected life iii. Expected Volatility iv Expected dividends v. The price of the underlying share in market at the time of option grant	The Company has opted intrinsic Value method for accounting of Compensation Cost arising out of ESOP. The Company has not made any assumptions.

Information required under Section 217(1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

a) Conservation of Energy:

Company's operations require electrical energy for its use in air conditioning the premises, for power supply to computer systems and lighting which are not energy intensive. However, adequate measures have been taken to reduce energy consumption, wherever possible.

b) Research and Development and Technology Absorption:

Your company will continue to focus and invest in its R & D activities in software engineering, technologies and products. Your company leverages its excellence in technology for producing World Class Products and solutions. The continual exposure to new technologies has helped maintain high motivation levels in employees and to generate higher levels of productivity, efficiency and quality. Your company continues to give due importance to research and development to maintain its leadership in the field of leading edge technologies.

c) Foreign Exchange Earnings and Outgo:

Earnings: Rs 3362 Lacs towards Export of Software.

Outgo : Rs.491 Lacs towards Foreign Travel and Rs. 204 Lakhs towards expenses.

d) The company has not made any technology absorption during the year.

Report on Corporate Governance

Corporate Governance Report is set out as separate **Annexure** to this Report.

Management Discussion and Analysis

Management's Discussion and Analysis report for the year under review as stipulated under Clause 49 of the Listing Agreement with the stock exchanges, is presented in a separate section forming part of the Annual report.

Acknowledgements

Your directors would like to place on record their appreciation of support, co-operation and assistance received from the company's clients, Central Government authorities, bankers, shareholders and suppliers. The board wishes to convey its appreciation of hard work, solidarity, cooperation and support put in by the company's employees at all levels in enabling such growth.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
For VIRINCHI TECHNOLOGIES LIMITED**

PLACE : HYDERABAD
DATE : 31.08.2010

SRINIVAS MAHANKALI
MANAGING DIRECTOR

G. SANTI PRIYA
CHAIRPERSON &
WHOLE TIME DIRECTOR

**Annexure to Directors' Report
Report on Corporate Governance**

1. Company's Philosophy:

Virinchi believes that best corporate governance practices should be enshrined in all activities of the company. This will help the company in conducting the affairs of the company in an efficient manner and also helps in achieving its goal of maximizing value for all its stakeholders. Our Corporate Philosophy envisages complete transparency and adequate disclosure with an ultimate aim of value creation for all players' i.e stakeholders, creditors, Employees.

The Company is in compliance with the requirements of revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, and with the adoption this year, of a code of conduct for Non- Executive Directors also, which has been put on in the website of the company at www.virinchi.com

2. Board of Directors:

a) Composition and Category of Directors:

The Company has a Executive Chairman and Director and to have a more professional outlook your company is having 4 Independent Non- Executive directors and 4 Executive directors which is in compliance with the clause 49 of the Listing Agreement

b) Attendance of each Director at the Board Meetings and the last AGM and their Category

During the Financial Year 2009-10 the Board of Directors met 5 times on the following dates:

24th April, 2009, 23rd July, 2009, 29th August, 2009, 31st October, 2009, 30th January, 2010

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other Directorships #	Committee Memberships	committee Chairmanship
Mr.Viswanath Kompella	Promoter and Executive director	5	Yes	-	2	-
Datuk Santha Kumar S*	Independent Non Executive Director	-	No	-	-	-
Datuk Kunasingam Sittampalam	Independent Non-Executive Director	-	No	1	-	-
Mr. K. Jagan Mohan Rao**	Executive Director	4	Yes	1	-	-
Mr. Srinivas Mahankali	Managing Director	5	Yes	-	1	-
Dr. Venugopal**	Independent Non-Executive Director	4	Yes	-	2	3
Mr. Anil Kumar Pinapala*	Whole Time Director & CEO	1	Yes	-	-	-
Mr. Samad A. Momin	Independent Non-Executive Director	-	No	-	-	-
Dr. Ravi Chand**	Independent Non-Executive Director	5	No	-	2	2
Srinath Kompella	Executive Director	3	Yes	-	-	-

* Retired in the Last Annual General Meeting

**All are resigned

The Directorships held by Directors as mentioned above do not include alternative directorships and directorships of foreign companies , section 25 companies and private limited companies.

- In accordance with clause 49 , memberships/chairmanships of only the Audit Committee and shareholders/ investors grievance committees all Public Limited companies (Excluding virinchi Technologies Ltd) have been considered.
- Apart from receiving sitting fee for attending meetings, the independent directors do not have any material pecuniary relationships or transactions with the company, promoters, directors, senior management or its holding company, subsidiaries and associates which may affect independence of the director;
- The Independent director is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- The independent directors have not been executives of the company in the immediately preceding three financial years;
- They are not partners or executives or were not so during the preceding three years of the
 - -statutory audit firm or the internal audit firm that is associated with the company
 - -Legal Firm(s) and consulting firm(s) that have a material association with the company
- The Independent Directors are not material suppliers, service providers or customer or a lessors or lessee of the company, which may affect their independence
- They are not substantial shareholders of the company i.e don't own 2 percent or more of the block of voting shares. .

3. AUDIT COMMITTEE:

During the year under review Four (4) meetings were held for approval of Unaudited Financial Results.

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name of the Director	Designation	Nature of Directorship	Committee meetings attended
Dr. Ravi Chand*	Chairman	Independent Non Executive Director	4
Mr.Viswanath Kompella	Member	Executive Director	4
Dr. Venugopal*	Member	Independent non Executive Director	4
Mr. Ramam Madu	Chairman	Independent Non Executive Director	-
Mr. K. Krishna	Member	Independent Non Executive Director	-

* All are Resigned

The meetings of Audit committee were also attended by the representatives of Statutory Auditor as Invitees. The un-audited financial results for each quarter are recommended by the audit committee before passed on to the Board of Directors for approval and adoption.

Mr. Ravindranath Tagore Kolli is the secretary of the committee

Terms and reference of the Audit Committee include a review of;

- ◆ Financial reporting process
- ◆ Draft financial statements and auditor's report (before submission to the Board)
- ◆ Accounting policies and practices
- ◆ Internal controls and internal audit systems
- ◆ Risk management policies and practices
- ◆ Related party transactions
- ◆ Internal audit reports and adequacy of internal audit function

The role of the audit committee includes recommending the appointment and removal of the external auditor, discussion of the audit, plan and fixation of audit fee and also approval of payment of fees for any other services.

4. Remuneration Committee

The Remuneration Committee is constituted as follows:

During the year the Committee has met once.

Name of the Director	Designation	Nature of Directorship	Participation
Dr.Ravi Chand*	Chairman	Independent	1
Dr. Venugopal*	Member	Indepent	-
Datuk Kunasingam V. Sittampalam	Member	Independent	-
Ramam Madu	Chairman	Independent	1
Krishna Kanaparthu	Member	Independent	-

***All are resigned**

The terms of reference of the remuneration committee are as follows:

- ◆ The Remuneration committee recommends to the board the compensation terms of the executive Directors
- ◆ Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOPS, pension Rights and any compensation payment.
- ◆ Considering approving and recommending to the board the changes in the designation and increase in salary of the executive directors
- ◆ Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- ◆ Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our company and the shareholders.

Details of remuneration to the directors for the Year:

Name of the Director	Remuneration Paid During the year 2009-2010			
	Sitting fees (in Rs.)	Salary (in Rs.)	Perquisites.	Total (in Rs.)
Mr. Viswanath Kompella	—	24,00,000	-	24,00,000
Mr. Jagan Mohan Rao	—	7,50,000	-	7,50,000
Mr. Anil Kumar Pinapala	—	22,48, 500*		22,48,500
Mr. Srinivas Mahankali	—	24,00,000	-	24,00,000
Dr. Venugopal	12,500			12,500
Dr. Ravi Chand	12,500	-	-	12,500
Datuk Kunasingam V. Sittampalam	-	-	-	-
Datuk Santha Kumar	-	-	-	-
Samad A Momin	-	-	-	-
Srinath Kompella	-	16,00,000	-	16,00,000

(*Bonus)

Shares held by Non-Executive Directors as on 31st March, 2010 are as follows:

Sl.No	Name of the Non-Executive Director	No. of shares held as on the Date
1	Dr.Ravi Chand	NIL
2	Datuk Kunasingam V. Sittampalam	NIL
3	Ramam Madu	250
4	Samad A Momin	NIL

5. INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE:

The Board constituted an investors' grievance committee which looks into shareholders and investors grievances under the chairmanship of Mr. Ramam Madu who is an Independent and Non- Executive director. The committee inter alia approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc., The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to M/s. Aarthi Consultants Private Limited.

Composition of the Committee:

Name	Designation	Category
Ramam Madu	Chairman	Independent Non-Executive Director
Srinivas Mahankali	Member	Executive Director
Viswanath Kompella	Member	Executive Director
Dr. Venu Gopal *	Chairman	Independent Non-Executive Director

* Resigned

Name & Designation of the Compliance officer: **Mr.K.Ravindranath Tagore, Company Secretary**

The total No. of Complaints received and complied during the year were;

Opening 1 Complaints Received-13 Complied-13 Pending-1

The Complaints had been attended to within seven days from the date of receipt of the complaint, as communicated by our Registrars and Share Transfer Agents M/s. Aarthi Consultants Pvt. Ltd.

The outstanding complaints as on 31st March, 2010 were: 1

6. Details of Annual General Meetings: Location and time of the last Three AGMs.

Financial year	Date & Time	Venue	Nature of Special Resolutions if any passed
2008-09	30.09.2009 11.00 A.M.	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad.	1. Appointment of Jaganmohan Rao Karpey as Whole Time Director & CRO 2. Appointment of Srinath Kompella as Whole Time Director & COO 3. Payment of commission to Non-Executive Directors.
2007-08	30.09.2008 11.00 A.M.	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad -500 026	1. Appointment of Srinivas Mahankali as Managing Director
2006-07	28.09.2007 11.00 A.M	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad -500026	1. Increase of Authorised capital 2. Appointment of Sreenivasa Sreekanth Uppuluri 3. Appointment of Jagan mohan Rao Karpey 4. Appointment of Anil Kumar Pinapala 5. Issue of shares to the promoters under preferential allotment 6. Issue of warrants to the promoters under preferential allotment Issue of ADR's, GDR's, FCCB's

None of the Resolutions were put through postal ballot in the last year.

7. Disclosures

- A. Disclosure on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors or the management's, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

None

- B. Details of non-compliance by the company, penalties, Strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

8. Means of Communications:

As per the listing requirements, the company published periodical financial results in Business Standard, Andhra Bhoomi, Financial Express and leading English and regional newspapers. The Company has also posted its Quarterly results, shareholding pattern, Code of Conduct etc on the website of the company at www.virinchi.com

9. General Shareholder information :

- | | | |
|----------------------------------|---|---|
| a) AGM: Date, Time and Venue | : | 29th September, 2010 at 11.A.M.
At Padmashali Kalyana Mandapam,
2-12-66, Nehru Nagar, West Maredpally,
Secunderabad – 500 026 A.P. |
| b) Financial Year | : | 1 st April to 31 st March |
| c) Date of Book Closure | : | 26th September 2010 to 29 th September ,2010
(both days Inclusive) |
| d)(i) Listing on Stock Exchanges | : | The Company's Equity Shares are listed in
The Bombay Stock Exchange Ltd (BSE) |
| (ii) Payment of Listing Fee | : | The Company has paid the listing fees to
the BSE for the financial year 2010-11. |
| e) (i) Stock Code BSE | : | VIRINCHIQ code#532372 |
| (ii) Demat ISIN in NSDL and CDSL | : | INE539B01017 |

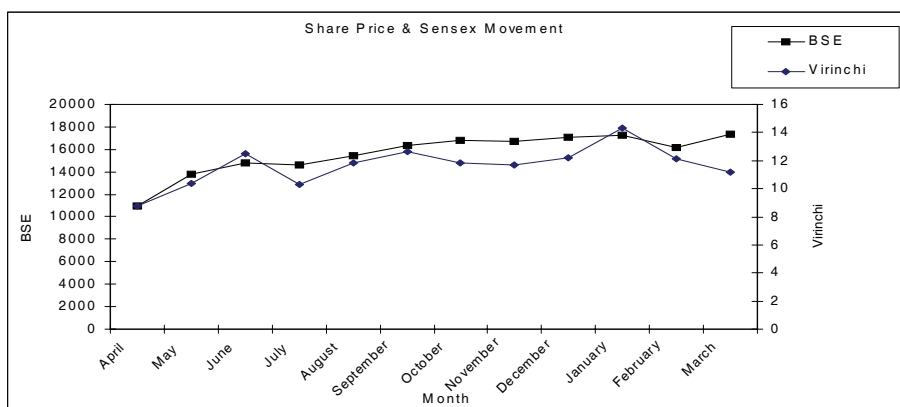
f) Market Price Data:

The Monthly high and low quotation and the volume of shares traded on The Stock exchange, Mumbai are as under:

Month	Highest(Rs.)	Lowest(Rs.)	Volume of Shares traded
April, 2009	10.85	6.15	1,22,152
May, 2009	15.30	7.15	1,94,841
June, 2009	15.80	10.77	3,71,230
July, 2009	12.40	8.00	1,14,435
August, 2009	15.03	10.30	3,09,841
September, 2009	13.99	11.80	1,60,237
October, 2009	13.06	10.74	1,45,613
November, 2009	13.00	10.21	2,02,002
December, 2009	13.20	11.22	1,70,575
January, 2010	18.50	11.00	5,91,634
February, 2010	13.30	10.86	1,72,053
March, 2010	12.75	10.10	1,84,792

Source: www.bseindia.com

g) Performance of share price of the company in comparison to the BSE Sensex



- h) Registrar and share transfer agents : Aarathi Consultants Pvt Ltd.
1-2-285, Domalguda, Hyderabad -500 029.
Ph: 27634445, 27638111 Fax: 27632184
- i) Share Transfer System : The Share transfers are being effected physically by the Company's share transfer agents, M/s. Aarathi Consultants Pvt. Ltd, Hyderabad.

j) Distribution Shareholding as on 31st March, 2010

Share Holding of Nominal Value	Share Holders		Shares Held	
	Rs.	Numbers	% of Total	No.
(1)	(2)	(3)	(4)	(5)
1 - 5,000	7258	74	1555197	10.43
5,001 - 10,000	1245	13	1056965	7.09
10,001 - 20,000	619	6	994892	6.67
20,001 - 30,000	242	2	630352	4.23
30,001 - 40,000	96	1	348666	2.34
40,001 - 50,000	87	1	414134	2.78
50,001 - 1,00,000	125	1	956561	6.42
1,00,001 and above	145	1	8949033	60.04
TOTAL	9817	100	14905800	100.00

k) Share holding pattern as on 31st March 2010

	CATEGORY	No. of Shares held	% of shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters*		
	- Indian Promoters	3308874	22.20
	- Foreign Promoters	979007	6.57
2.	Persons acting in Concert #	Nil	Nil
B	NON-PROMOTERS HOLDING		
3.	Institutional Investors	Nil	Nil
a.	Mutual Funds	Nil	Nil
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions / Non- government Institutions)	Nil	Nil
c.	FII's	Nil	Nil
4.	OTHERS		
a.	Private Corporate Bodies	1359270	9.12
b.	Indian Public	8476442	56.87
c.	NRIs / OCBs	765178	5.13
d.	Employees	3325	0.02
e.	Clearing Members	13704	0.09
	TOTAL	14905800	100.00

- l) Dematerlization of Shares and liquidity : Since the Company has entered into an arrangement with both the depositories namely NSDL and CSDL for dematerialisation of its shares, the shareholders of the company are more free to Dematerialise their shares and keep them in Dematerialised form with any depository participant. The Company shares are regularly traded on The Stock Exchange, Mumbai. 89.16% of the Company's share capital is dematerialized as on 31.03.2010
- m) Outstanding GDRs./ADRs./Warrants or any Convertible instruments
Conversion date and likely Impact on equity : The 21,00,000 Warrants are issued at Rs. 32 i.e Face value of Rs.10/- and premium of Rs.22/- per share. As they are not exercised with in the time. Hence they have been forfeited by the board.
- n) Address for Correspondence : Virinchi Technologies Limited
10, SRK Colony, West Maredpally,
Secunderabad – 500 026

Non –Mandatory Requirements:

The Chairman is entitled to reimbursement of expenses incurred in performance of his duties. The Company has already set up a Remuneration Committee. The Company shall adopt postal ballot system, where compulsory, under the Companies Act, 1956. The other suggestions have not yet been adopted.

BY ORDER OF THE BOARD OF DIRECTORS
For **VIRINCHI TECHNOLOGIES LIMITED**

PLACE: HYDERABAD
DATE : 31.08.2010

SRINIVAS MAHANKALI
MANAGING DIRECTOR

G. SANTI PRIYA
CHAIRPERSON&WHOLE TIME DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

Pursuant to Clause 49 of the Listing Agreement, a report on Management Discussion and Analysis Report is given below:

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Industry Structure and Development

The year 2009-2010 was been very challenging for the entire Indian IT Services industry. With customer IT spending staying mostly flat or showing a decline, the focus among client organizations was on driving efficiencies into their existing IT systems, and pursue projects that higher levels of guaranteed return on investments and quicker payback.

According to NASSCOM, the IT industry growth rate for financial year 2009-10 has been estimated at 5.5 percent. However, for the next financial year, 2010-11, NASSCOM has given healthier projections for IT Services exports to grow between at 13 percent to 15 percent. They have forecasted the Indian market to grow between 15 percent to 17 percent.

Customers perception of outsourcing has undergone a distinct and perceptible change.. They are increasingly looking at outsourcing as a tool to meet their ever changing and dynamic business environment. IT budgets are subject to high levels of scrutiny to ensure alignment to their overall business strategy. Customers are seeking partners with mature processes, financial stability and a demonstrated track record in not only delivering cost savings but also those who show sustained and continuous improvements in productivity.

Opportunities

Global companies are increasingly turning to offshore technology service providers in order to meet their need for high quality, cost competitive technology solutions. Technology companies have been outsourcing software research and development and related support functions to offshore technology service providers to reduce cycle time for introducing new products and services.

According to NASSCOM Strategic Review Report 2009, IDC forecasts CAGR of over 18.79% in offshore IT spending, for the period 2007-12. As a de-risking strategy, companies have moved over to multivendor IT outsourcing from sole sourcing, this has opened up opportunities for Indian IT companies to participate in large multi-million dollar deals. Global companies are expanding their outsourcing activities to leverage the high quality, cost competitive IT services from India.

We believe our robust quality process and access to skilled talent base at lower costs places us in a unique position to take advantage of the trend towards outsourcing IT services. We believe that our global delivery model allows us to provide services on a best shore basis. Customers benefit from round the clock execution schedules, quality control measures and best in class resources pooled in across geographies for high quality delivery and risk management practices to ensure uninterrupted services.

Threats

Our revenues from this business are derived in major currencies of the world while a significant portion of its costs are in Indian rupees. The exchange rate between the rupee and major currencies of the world has fluctuated significantly in recent years and may continue to fluctuate in the future. Currency fluctuations can adversely affect our revenues and gross margins. In an economic slowdown, our clients may reduce or postpone their technology spending significantly. Reduction in spending on IT services may lower the demand for our services and negatively affect our revenues and profitability.

At an organizational level, we have a well-defined business contingency plan and disaster recovery plan to address these unforeseen events and minimize the impact on services delivered from our development centers based in India or abroad.

Your company has perfect understanding of the amount of risks and extent of risks involved while delivering the project

to client and knows well how to tackle them effectively. Your company is also trying to explore and find other opportunities that might prove to be beneficial in increasing our revenues and gain market share. Threat continues to be competition among companies within India and from emerging low cost destinations.

Segment wise or product wise performance:

This does not applicable to the company as the company is operating in only one segment.

Risks and concerns:

The main risks causing concern to the IT Industry and your Company as well are Economic slowdown, ability to attract and retain talent, withdrawal of Tax benefits, Currency Exchange risks, High Customer concentration, etc. Your Company has a Risk Assessment and minimization process, which is monitored on a periodic basis. Various risks that are closely monitored are Business risks i.e. Client concentration risk, geographical risk, competition risk and Financial risk mainly in the area of foreign currency fluctuations.

Internal Control Systems & Their Adequacy

The Management Information Systems is the back bone of our internal control mechanism. The Company has adequate internal control systems and procedures in all operational areas and at all levels equipment procurement, finance and administration marketing and personnel departments. The Company also has internal Audit system commensurate with its size and nature of business. The Audit Committee reviews the internal audit reports and the adequacy of internal controls from time to time.

Discussion on Financial Performance with respect to Operational Performance

Financial highlights

1. Revenues

The business has shown a steady growth. Revenue for the year ended 31st March, 2010 increased by 8.18% over the previous year.

Your Company's strategy of building strong delivery capability with its multi-pronged emphasis on technology, people & processes has resulted not only in increased business from existing customers but also in new customer acquisition.

2. Operating Expenses

The ratio of operating expenditure to total income is at 70 % , increased by 3% over the previous financial year.

3. EBIDT

The EBIDT is at 32% for the year ended 31st March, 2010 as against 34 % for the same period last year.

4. Profit after Tax

Profit after Tax is at 9.25 % for the year ended 31st March, 2010.

5. Interest and Borrowings

Your Company has utilized term loan for funding the Office cum Development Centre at Hakimpet. Interest expenditure spent towards working capital and the term loan funding is Rs. 131.06 lakhs

6. Capital Employed

The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2010 is at 27%.

7. Net Worth

The Return on Average Net Worth (RONW) for the year ended 31st March, 2010 was 17% as compared to 20% for the same period last year.

8. Fixed Assets

The Company added to its fixed assets Rs. 11.66 million. The additions were mainly incurred for the construction of Office cum Development Centre at Hakimpet.

9. Receivables

Debtors as number of days' sales stood at 134 days for the year ended 31st March, 2010 as compared to 74 days for the same period last year.

10. Cash Generation

Cash generated from operations was Rs.673.01 lakhs for the year ended 31st March, 2010

11. Manpower

The total employee strength as on 31st March, 2010 was 325 .

Material Developments in Human Resources / Industrial Relations front, including number of people employed.

Your company believes that successful organizations emanate from successful people who achieve that success from within the organization. Hence it's the organization's responsibility to define the growth & success blue print of every member working for it. Based on some of the successful industry practices, a comprehensive career management model has been devised for your company, primarily driven by parameters such as group and individual performance, to determine the growth & success path for each employee.

Your company is building on these three aspects with particular emphasis on Human Resources. Your company has about 325 employees on the rolls and keeping abreast with the envisaged growth, your company aims to increase its headcount to about 350 by the end of year 2010-11. Your company is taking several initiatives to retain its employees in a very competitive environment.

Your company works continuously towards adopting the best human resource practices in the industry and firmly believes in coming out with creative ideas for promoting customer satisfaction of the highest order. To ensure that employees grow with technology, training programs are conducted by your company at regular intervals to enable all technical & functional resources be abreast with the latest technologies.

Declaration regarding compliance with the code of conduct and ethics policy of the company by BoardMembers and senior management personnel

This is to confirm that the company has adopted code of conduct and Ethics policy for the Board of Directors and Associates of the Company, which is available at www.virinchi.com

I, Srinivas Mahankali, declare that the Board of directors and senior management personnel have affirmed compliance with the Code of Conduct and Ethics Policy of the Company.

Date: 31.08.2010
Place: Hyderabad

SRINIVAS MAHANKALI
Managing Director

Compliance Certificate on Corporate Governance

**To
The Members,
VIRINCHI TECHNOLOGIES LIMITED**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s. Virinchi Technologies limited, (“the company”) for the year ended 31st March, 2010 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on Certification of Corporate Governance” issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above mentioned Listing Agreement.

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.

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 31.08.2010

P.MURALI MOHANA RAO
PARTNER.
M.No:23412

Certification as required under Revised Clause 49 of the Listing Agreement

We, Srinivas Mahankali, Managing Director, G.Santi Priya, Chairperson & Whole Time Director of Virinchi Technologies Limited to the best of our knowledge and belief, certify that :

1. We have reviewed the balance sheet and profit and loss account, and its schedules and notes on accounts, as well as the Cash Flow statement and the Directors report.
2. Based on our knowledge and information, these statements do not contain any un true statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the company, and we have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the company is made known to us particularly during the period in which this report is being prepared. and
 - b) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
6. We have disclosed to the Company's auditors and the audit committee
 - a) all significant changes in internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - c) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

Place: Hyderabad

Srinivas Mahankali

G. Santi Priya

Date: 31.08 2010

Managing Director

Chairperson&Whole Time Director

AUDITORS' REPORT

To

The Members,
VIRINCHI TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of **M/s VIRINCHI TECHNOLOGIES LIMITED** as at 31st March, 2010 and also the Profit and Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. 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.
 2. 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.
 3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that:
 - a) 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.
 - b) 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.
 - c) The Balance Sheet & Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet & Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-Section (i) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the State of affairs of the company as at 31st March, 2010.
 - ii) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date;
- And**
- iii) In the case of cash flow statement of the cash flows for the year ended on that date.

PLACE : Hyderabad
DATE: 31-08-2010

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN: 007257S

P.MURALI MOHANA RAO
PARTNER
M.No:23412

ANNEXURE TO THE AUDITOR'S REPORT:

1.
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of its Fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management reasonable intervals and no discrepancies between the book records and the physical inventory have been noticed on such verification.
 - c) During the year, the Company has not disposed off major fixed assets.
2. The Company has no Inventory. Hence this clause is not applicable.
3.
 - a) The Company has not granted or taken any loans, Secured or unsecured to Companies, Firms or other Parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) As the Company has not granted any loans to any parties to be listed in the register maintained U/s 301 of the Companies Act, 1956, hence the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
 - c) As no loans are granted by company to parties as per sec 301, the clause of receipt of interest & principal amount from parties is not applicable.
 - d) No loans have been granted to Companies, Firms & other parties listed in the register U/s. 301 of the Companies Act, 1956, hence overdue amount of more than rupees one Lac does not arise and the clause is not applicable.
4. In our opinion and according to the information and explanation given to us, there are generally adequate internal controls commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
5.
 - a) In our opinion and according to the information and explanations given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the Company in respect of any party in the financial year, the entry in the register U/s 301 of the Companies Act, 1956 does not arise.
 - b) According to the information and explanations given to us, as no such contracts or arrangements made by the Company, the applicability of the clause of charging the reasonable price having regards to the prevailing market prices at the relevant time does not arise.
6. The company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.

7. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
8. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of Sub Section (1) of Section 209 of the Companies Act, 1956.
9.
 - a) The company is regular in depositing statutory dues including PF, ESI, Income Tax, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
 - b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, and any other statutory dues as at the end of the period, for a period more than six months from the date they are disputed.
10. The company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
11. According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
13. This clause is not applicable to this Company as the Company is not covered by the provision of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
14. According to the information and explanations given to us, the company is not dealing or trading in shares securities, Debentures and other investments and hence the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
15. According to the information explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
16. During the year company has taken New Term Loan of Rs. 8 crores from Canara Bank Overseas branch, Hyderabad for construction of Office cum Development Centre at Hakimpet. According to the information and explanations given to us, the term loans availed by the company have been utilized for the purpose it was sanctioned.
17. According to the information and explanations given to us, the Company has not used short term funds for long term Investment.
18. According to the information and explanation given to us, the company has not made preferential allotment to parties covered in the Register maintained Under Section 301 of the Companies Act, 1956. Hence this clause is not applicable.

19. According to the information and explanations given to us, the company has not issued debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
20. According to information and explanations given to us, the company has not raised any money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN: 007257S

PLACE : Hyderabad
DATE : 31-08-2010

P. MURALI MOHANA RAO
PARTNER
M.No:23412

M/s. VIRINCHI TECHNOLOGIES LIMITED, SECUNDERABAD
BALANCE SHEET AS AT 31st March, 2010

PARTICULARS	SCH No.	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
I Source of Funds			
1. SHAREHOLDERS FUNDS			
a) Share Capital	1	148,602,697	148,602,697
b) Share Warrants		-	7,520,000
c) Reserves & Surplus	2	618,494,407	579,566,399
2. LOAN FUNDS			
a) Secured Loans	3	127,440,252	42,413,316
3. DEFERRED TAX LIABILITY		31,738,878	36,900,001
TOTAL		926,276,235	815,002,413
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	4	656,674,673	540,026,956
b) Less: Depreciation		208,575,111	194,965,878
c) Net Block		448,099,562	345,061,078
d) Capital work in progress		71,215,395	105,689,685
2. INVESTMENTS	5	45,295,853	66,162,299
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Sundry Debtors	6	153,910,668	80,093,819
b) Cash and Bank Balances	7	95,701,071	97,103,485
c) Advances and Deposits	8	140,892,092	149,676,358
Less: Current Liabilities, Provisions and Advances		28,838,406	28,784,312
NET CURRENT ASSETS		361,665,425	298,089,350
TOTAL		926,276,235	815,002,413

Notes to Accounts

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Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to form part of these Accounts.

AS PER OUR REPORT OF EVEN DATE
for P MURALI & CO.,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
for VIRINCHI TECHNOLOGIES LIMITED

P.MURALI MOHANA RAO
PARTNER
M.No:23412

M.SRINIVAS
MANAGING DIRECTOR

G.SANTI PRIYA
CHAIRPERSON &
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-8-2010

K. RAVINDRANATH TAGORE
COMPANY SECRETARY

M/s. VIRINCHI TECHNOLOGIES LIMITED, SECUNDERABAD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCH No.	Year Ended 31-03-10 (Rupees)	Year Ended 31-03-09 (Rupees)
1 INCOME			
Income from Operations		420,809,899	397,611,768
Other Income	10	12,506,957	2,731,085
TOTAL		433,316,856	400,342,853
2 EXPENDITURE			
Salaries and Other Benefits to Employees		68,328,874	65,399,384
Business and Administrative Expenses	11	227,547,706	200,031,228
Interest and Financial Expenses		13,105,977	9,430,360
Depreciation		62,482,360	65,109,808
Goodwill Written Off		20,095,383	20,095,383
TOTAL		391,560,298	360,066,163
3 PROFIT BEFORE TAX		41,756,558	40,276,690
4 PROVISION FOR TAX			
Provision for Income Tax		6,818,846	4,563,349
Fringe Benefit Tax		-	1,833,460
Deferred Tax Asset		(5,161,123)	(3,780,756)
5 PROFIT AFTER TAX		40,098,835	37,660,637
6 PROVISION FOR DIVIDEND		7,452,900	-
7 PROVISION FOR DIVIDEND TAX		1,237,927	-
8 PROFIT AFTER DIVIDEND		31,408,008	37,660,637
9 BALANCE BROUGHT FORWARD		322,696,136	285,035,499
10 BALANCE CARRIED FORWARD TO BALANCE SHEET		354,104,144	322,696,136
11 BASIC EARNINGS PER SHARE (PAT)		2.69	2.56
12 DILUTED EARNING PER SHARE		2.69	2.40
Notes to Accounts	12		

Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to form part of these Accounts.

AS PER OUR REPORT OF EVEN DATE
for P MURALI & CO.,
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
for VIRINCHI TECHNOLOGIES LIMITED

P.MURALI MOHANA RAO
 PARTNER
 M.No:23412

M.SRINIVAS
 MANAGING DIRECTOR

G.SANTI PRIYA
 CHAIRPERSON &
 WHOLE TIME DIRECTOR

PLACE : HYDERABAD
 DATE : 31-8-2010

K. RAVINDRANATH TAGORE
 COMPANY SECRETARY

M/s. VIRINCHI TECHNOLOGIES LIMITED, SECUNDERABAD

PARTICULARS	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED :		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
1,49,05,800 Equity shares of Rs.10/- each	149,058,000	149,058,000
(Previous year 1,49,05,800 Shares of Rs. 10/- each)		
LESS: Calls in Arrears	(455,303)	(455,303)
	148,602,697	148,602,697
SCHEDULE - 2		
RESERVES AND SURPLUS		
Balance Upto Previous Year	354256136	309,075,499
Surplus in Profit and Loss Account	31,408,008	37,660,637
	385,664,144	346,736,136
Employee Stock Option Scheme	21,388,917	21,388,917
Less:Deferred Employee Compensation	12,277,631	12,277,631
	9,111,286	9,111,285
Securities Premium (Share Premium)	223,718,978	223,718,978
	618,494,407	579,566,399
SCHEDULE - 3		
SECURED LOANS		
Overdraft from Canara Bank (Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Airconditioners and personal guarantee of the Director of the Company)	34,769,607	14,951,285
Vehicle Finance (Secured against Vehicles)	5,828,317	5,576,921
Canara Bank - Bill Discounting	30,782,029	13,922,746
Canara Bank Term Loan (Hypothecation of Fixed Assets - Land, Building, Computers & Interiors etc. of the Office cum Development Centre at Hakimpet and personal guarantee of the Directors)	56,060,300	7,962,364
	127,440,252	42,413,316

SCHEDULE 4 - Fixed Assets

PARTICULARS	GROSS BLOCK AS ON 31-03-2009	ADDITIONS DURING THE YEAR	GROSS BLOCK AS ON 31-03-2010	DEPRECIATION UPTO 31-03-2009	DEPRECIATION DURING the year	TOTAL DEPRECIATION 31.03.10	NET BLOCK AS AT 31-03-2010	NET BLOCK AS AT 31-03-2009
Land & Land Development Charges	29,583,756	-	29,583,756	-	-	-	29,583,756	29,583,756
Building	-	69,220,871	69,220,871	-	1,541,318	1,541,318	67,679,553	-
Office Equipments	14,039,315	2,115,439	16,154,754	2,313,648	729,190	3,042,838	13,111,916	11,725,667
Air Conditioners	8,049,327	2,758,109	10,807,436	936,411	458,253	1,394,664	9,412,772	7,112,916
Electrical Equipment	4,140,831	12,133,965	16,274,796	566,931	529,988	1,096,919	15,177,877	3,573,900
Furniture and Fixtures	10,661,663	3,187,183	13,848,846	4,449,039	803,879	5,252,917	8,595,929	6,212,624
Interior Decoration	52,562,482	4,661,745	57,224,227	10,535,412	3,523,931	14,059,342	43,164,885	42,027,070
Vehicles	18,850,761	2,482,128	21,332,889	6,251,975	1,918,539	8,031,872	13,301,017	12,598,786
Product Development Expenses	231,732,426	16,013,212	247,745,638	72,589,776	28,513,307	95,185,838	152,559,800	159,142,650
Computer Hardware	59,636,574	1,859,112	61,495,686	29,387,729	9,203,411	30,668,693	30,826,993	30,248,845
Computer Software	110,769,821	2,215,952	112,985,773	67,934,958	15,260,744	48,300,708	64,685,065	42,834,864
Total	540,026,956	116,647,716	656,674,673	194,965,878	62,482,360	208,575,111	448,099,562	345,061,079

PARTICULARS	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
SCHEDULE - 5		
INVESTMENTS		
Shares of Canara Bank (Cost price of 400 Shares @ Rs.35/- per share) (Market Price of share as on 31st March,2010 @410.35/-per share)	14,000	14,000
K Soft Systems Inc, wholly owned subsidiary (Acquisition effective from 1st October 2006)		
Share Capital	4,591,087	4,591,087
Goodwill	40,190,766	60,286,149
Shares of DLF Limited	-	1,271,063
Mutual Funds (Canara Robeco) (NAV as on 31st March 2010 is Rs.5,63,328/-)	500,000	-
	45,295,853	66,162,299
SCHEDULE - 6		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Debtors not exceeding six months	153,910,668	80,093,819
Debtors exceeding six months	-	-
Others Debts	-	-
	153,910,668	80,093,819
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash in Hand	602,651	1,525,688
Balance with Schedule Banks		
In Current Accounts	28,886,063	37,222,063
In Deposit Accounts	66,212,357	58,355,734
	95,701,071	97,103,485
SCHEDULE - 8		
ADVANCES AND DEPOSITS		
ADVANCES		
Advances	95,255,811	113,826,468
Virinchi Employees Welfare Trust	14,420,000	14,420,000
Advances - K Soft	26,413,002	18,468,343
Other Current Assets	1,184,063	200,000
DEPOSITS		
Rent Deposits	1,661,728	1,661,728
Other Deposits	1,957,487	1,099,819
	140,892,092	149,676,358
SCHEDULE - 9		
CURRENT LIABILITIES, ADVANCES AND PROVISIONS		
Sundry Creditors, Advances & Creditors for Expenses	3,206,022	14,099,709
Other Current Liabilities	1,446,611	9,198
Outstanding Expenses and Provisions	8,676,100	7,415,700
Provision for Taxation	6,818,846	7,259,705
Provision for Dividend	7,452,900	-
Provision for Dividend tax	1,237,927	-
	28,838,406	28,784,312

PARTICULARS	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
SCHEDULE - 10		
Other Income		
Dividend Received	993	6,700
Income from Hosting Services	348,604	116,023
Interest Income	6,347,003	4,109,405
Rental Income	1,375,000	-
Short Term Capital Gain/Loss	4,435,357	(1,848,183)
other income	-	347,140
	12,506,957	2,731,085
SCHEDULE - 11		
BUSINESS AND ADMINISTRATIVE EXPENSES		
Postage, Telephone and Telegrams	3,882,231	5,423,550
Repairs and Other Maint. Charges	9,435,992	8,681,854
Rent, Rates and Taxes	4,278,629	4,630,797
Auditors Remuneration	206,850	165,450
Directors Remuneration	9,398,500	8,895,401
Printing and Stationery	1,655,226	1,306,533
Travelling and Conveyance	45,828,791	49,132,623
Marketing, Hosting and Business Promotion Expenses	126,327,940	104,217,480
Other Administrative Expenses	15,713,892	17,577,540
Forex (Gain)/ Loss	10,819,655	-
	227,547,706	200,031,228

SCHEDULE-12
NOTES FORMING PART OF THE ACCOUNTS

A, SIGNIFICANT ACCOUNTING POLICIES.

General:

- (i) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

Revenue Recognition:

- (i) Income from Software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognized as and when the services are performed.
- (iii) Revenue from Software development services includes revenue from time and material and fixed price contracts recognized as related services are performed.
- (iv) Revenue on Fixed price contracts is recognized in accordance with percentage of completion and method of account
- (v) Revenue is not recognized on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Foreign Exchange Transactions:

- (i) Realized gains & loss in foreign exchange transactions are recognized in Profit& loss Account.
- (ii) Transactions in Foreign currency will be recorded at the rates of exchange prevailing on the date of transaction. Current assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date.

Investments:

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable. Provision for diminution in the value of investments is not created as it is not a permanent decline.

Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight duties, taxes and incidental expenses thereto.

The cost and the accumulated depreciation for fixed assets retired from active use are removed from the stated values. Assets fully depreciated are removed from the Gross Block.

Product development Expenditure is written off over a period of 10 years. Products which are considered as redundant due to Technological advancement would be written off immediately.

During the year, building is capitalized to the extent completed and usable for business operations. Balance laying in capital work in progress denotes part of the Building is under construction.

Depreciation and Amortization:

Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956

Taxation:

As per the Finance Bill 2007, Companies claiming exemption u/s.10A of the Income Tax Act, 1961 subject to the provisions of Minimum Alternative Tax (MAT) U/s. 115JB. Company has provided provision for income tax as per Sec 115JB of the Income Tax Act, 1961. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between profit offered for Income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Earning per Share:

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighed average number of shares outstanding during the year.

Gratuity

The Company has made a provision for gratuity to its employees. Company has created separate Gratuity Trust for employees. Gratuity is a defined benefit retirement plan covering eligible employees, based on actuarial valuation made by an independent actuary as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

Employee Stock Option Policy: -

Stock Option Grants to the employees who accepted the grant under the Company's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. Accordingly the excess, if any of the market Price of the underlying Equity Shares as of the date of the grant of the option over the exercise price of the option, is recognized as employee compensation cost and amortised over the vesting period on Straight Line basis.

Impairment of Assets:

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are

discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized as income in the profit and loss account.

B. Notes on Accounts

1. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 - Mentioned in Directors Report.

2. Directors Remuneration	<u>Current Year(Rs.)</u>	<u>Previous Year(Rs.)</u>
	93,98,500/-	88,95,401/-

3. Auditors Remuneration (Incl. Service Tax for Statutory and Tax matters)	<u>Current Year.(Rs.)</u>	<u>Previous Year(Rs)</u>
	2,06,850/-	1,65,450/-

4. The Company is engaged in the development of Computer Software and Services. The Production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

5. The Cash Credit is secured by hypothecation of machinery such as Computers, Furniture & Fixtures, Office Equipments and Air conditioners and personal guarantee of the Director of the Company. Vehicle loans are secured by hypothecation of vehicles. Term Loans are secured against the Fixed Assets - Land, Building, Computers & Interiors etc. of the Office cum Development Centre Hakimpet and personal guarantee of the Directors

6. The Company has given a portion of the building at Hakimpet on lease, at prevailing market rates.

7. Expenditure in Foreign Currency Current Year(Rs.)

Foreign Traveling	265.58 Lacs
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8. Earnings in Foreign Exchange as reported by the Company to Government of India and as certified by Management.

Current Year(Rs.)

Foreign Exchange Inflow	3,368 Lacs
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9. There are not dues to SSI Units outstanding for more than 30 days.

10. Confirmations were not obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.

11. In accordance with Accounting Standard 22(AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax Provision for the current year amounts to Rs. 5,161,123 /- towards deferred income tax Asset. (Previous year Rs. 37,80,756 /-)

12. Previous years figures have been regrouped wherever necessary.

13. The figures have been rounded off to the nearest rupee.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Amount in Rs.
(Thousands)

1	Registration details	
	Registration number	L72200AP1990PLC011104
	State Code	01
	Balance Sheet Date	31.03.2010
2	Capital raised during the year	
	Public issue	NIL
	Rights issue	NIL
	Bonus issue	NIL
	Conversion of bonds	NIL
	Private placement	NIL
3	Position of mobilisation and deployment of funds	
	Total Liabilities	926,276
	Total Assets	926,276
	Source of funds	
	Paid-up Capital	148,602
	Reserves & Surpluses	618,494
	Secured Loans	127,440
	Unsecured Loans	NIL
	Deffered Tax liability	31,738
	Application of Funds	
	Net fixed assets	519,314
	Investments	45,295
	Net Current Assets	361,665
4	Performance of Company(Rs. in Lakhs)	
	Total Income	433,316
	Total Expenditure	391,560
	Profit before tax	41,756
	Profit after tax	40,098
	Earning per share (Rs)	2.69
	Dividend Rate %	5%
5	Generic names of three principal products/services of company	
	Item code no	85249009.1
	Product Description	Computer Software

M/s. VIRINCHI TECHNOLOGIES LIMITED, SECUNDERABAD

Cash Flow Statement For The Year Ended 31st March, 2010

PARTICULARS	Year Ended 31-03-2010 Rs. in Lacs	Year Ended 31-03-2009 Rs. in Lacs
A.		
Net Profit/ (Loss) before taxation and extraordinary items	417.57	402.77
Adjustments for:		
Depreciation	624.82	651.1
W/o expenses	200.95	200.95
Interest expenses	131.06	94.3
Operating Profit before working capital changes	1374.40	1349.12
Working Capital Changes		
Trade and other receivables	-650.33	711.21
Trade payables	-51.07	-5.07
Cash generated from operations	673.01	2055.26
Interest paid	-131.06	-94.30
Taxation for the year	-68.19	-63.97
Dividend for the year	-74.53	0.00
Dividend Tax for the year	-12.38	0.00
Deferred Employee Compensation	0.00	0.75
Cash flow before extraordinary items	386.86	1897.74
Extraordinary items	-	-
Net Cash from Operating Activities	386.85	1897.74
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-1258.84	-1356.03
Investment	7.71	0.23
Net Cash used in Investing Activities	-1251.13	-1355.80
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Equity Shares	0.00	48.35
Issue of Share Warrants	0.00	-84.80
Share Premium	0.00	95.13
Net Proceeds from Long Term Borrowings	850.27	-205.45
Net Cash used in Financing Activities	850.27	-146.77
Net increase in cash and cash equivalents	-14.01	395.17
Cash and Cash equivalents as at 01.04.2009	971.02	575.85
Cash and Cash equivalents as at 31.03.2010	957.01	971.02

AS PER OUR REPORT OF EVEN DATE
for P MURALI & CO.,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
for VIRINCHI TECHNOLOGIES LIMITED

P.MURALI MOHANA RAO
PARTNER
M.No:23412

M.SRINIVAS
MANAGING DIRECTOR

G.SANTI PRIYA
CHAIRPERSON &
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-8-2010

K. RAVINDRANATH TAGORE
COMPANY SECRETARY

Auditors' Certificate

To
THE BOARD OF DIRECTORS
VIRINCHI TECHNOLOGIES LIMITED
HYDERABAD

We have examined the attached cash flow statement of M/s. Virinchi Technologies Limited, for the year ended 31st March, 2010. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with stock exchange and is based on and in agreement with the corresponding profit and loss Account and Balance Sheet of the Company covered by our report of 31st August, 2010 to the Members of the Company.

For P. MURALI & CO.
CHARTERED ACCOUNTANTS

PLACE: HYDERABAD
DATE : 31st August, 2010

P.MURALIMOHANARAO
PARTNER
M.No: 23412

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO
COMPANY'S INTEREST IN SUBSIDIARY COMPANY**

1	Name of the Subsidiary	Ksoft Systems Inc
2	Financial year end	31 st March, 2010
3	Holding Company's Interest	100% in Equity Share Capital
4	Share held by the holding company in the subsidiary	100,100 Shares of USD 1 each
5	The net aggregate of profits or losses for the above financial year of the subsidiary so far as it concerns the members of the holding company. a. dealt with or provided for in the accounts of the holding Company not dealt with or provided for in the accounts of the holding Company b. not dealt with or provided for in the accounts of the holding company	24.45 N.A
6	The net aggregate of profits or losses for the previous financial years of the subsidiary so far as it concerns the members of the holding company a. dealt with or provided for in the accounts of the holding Company b. not dealt with or provided for in the accounts of the holding Company	18.51 N.A

**KSOFT SYSTEMS INC., USA
DIRECTORS' REPORT**

Your directors take pleasure in presenting the financial results of the company for the year 2009-10:

Rs. In Lacs

Sl.No	Particulars	2009-10	2008-09
1	Net sales/Income from operations	2069.78	2057.03
2	Software development expenses	1825.76	1709.42
3	Gross Profit	244.01	348.53
4	Administrative & General expenses	193.14	320.21
5	Depreciation	15.93	1.87
6	Net Profit (Loss) before tax	34.93	26.45
7	Income tax	10.48	7.93
8	Profit (Loss) after tax	24.45	18.51
9	Paid up share Capital	45.01	50.91

For and on behalf of the Board
KSoft Systems Inc.,

Date : 31-8-2010

Anil Kumar Pinapala
President

Accountants' Review Report

To the Board of Directors
K SOFT SYSTEMS Inc

We have **reviewed** the accompanying balance sheets of K Soft Systems Inc. (a wholly owned subsidiary of Virinchi Technologies Limited) as of March 31, 2010, Profit and Loss account and cash flows for the period ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Virinchi Technologies Limited.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Date:31.08.2010
Place: Hyderabad

For P.Murali & Co.,
Chartered Accountants

P. Murali Mohana Rao
Partner
M.No:23412

K SOFT SYSTEMS Inc
BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	SCHEDULE Nos.	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDERS FUNDS			
a) Share Capital	1	4,501,497	5,091,086
b) Reserves & Surplus	2	6,699,695	4,394,539
2. LOAN FUNDS			
a) Secured Loans	3	52,064,808	37,763,369
TOTAL		<u>63,266,000</u>	<u>47,248,994</u>
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	4	47,128,787	47,706,044
b) Less: Depreciation		<u>2,572,961</u>	<u>209,099</u>
c) Net Block		44,555,826	47,496,945
2. CURRENT ASSETS, LOANS AND ADVANCES			
a) Sundry Debtors	5	48,741,545	113,476,830
b) Cash and Bank Balances	6	4,089,803	14,998,541
c) Advances and Deposits	7	6,674,622	495,775
Less: Current Liabilities, Provisions and Advances	8	41,358,659	128,948,730
NET CURRENT ASSETS		18,147,311	22,416
Foreign Exchange Translation Reserve (Dr)		562,863	<u>(270,366)</u>
TOTAL		<u>63,266,000</u>	<u>47,248,994</u>
Notes to Accounts	10		

Schedules 1 to 9, Notes to Accounts and the Cash Flow Statement annexed here to form part of these Accounts.

AS PER OUR REPORT OF EVEN DATE
for **P MURALI & CO.,**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
K SOFT SYSTEMS Inc

P.MURALI MOHANA RAO
Partner
M.No. 23412

ANIL KUMAR PINAPALA
PRESIDENT

PLACE : HYDERABAD
DATE : 31-8-2010

K SOFT SYSTEMS Inc
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

PARTICULARS	SCH Nos.	YEAR ENDED 31-03-10 (Rupees)	YEAR ENDED 31-03-09 (Rupees)
1. INCOME			
Income from Operations		206,969,207	205,703,241
Other Income		8,793	91,543
TOTAL		206,978,000	205,794,784
2. EXPENDITURE			
Salaries and Other benefits to Employees		182,576,652	170,941,947
Business and Administrative Expenses	9	15,500,488	31,974,691
Interest and Financial Expenses		3,813,624	46,377
Depreciation		1,593,785	187,077
TOTAL		203,484,549	203,150,091
3. PROFIT BEFORE TAX		3,493,451	2,644,693
4. PROVISION FOR TAX		1,048,035	793,408
5. PROFIT AFTER TAX		2,445,416	1,851,285
6. BALANCE BROUGHT FORWARD		4,254,280	2,543,254
7. BALANCE CARRIED FORWARD TO BALANCE SHEET		6,699,695	4,394,539
8. BASIC EARNINGS PER SHARE (PAT)		24	18
Notes to Accounts	10		

Schedules 1 to 9, Notes to Accounts and the Cash Flow Statement annexed here to form part of these Accounts.

AS PER OUR REPORT OF EVEN DATE
for P MURALI & CO.,
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
K SOFT SYSTEMS Inc

P.MURALI MOHANA RAO
Partner
M.No. 23412

ANIL KUMAR PINAPALA
PRESIDENT

PLACE : HYDERABAD
DATE : 31/08/2010

K SOFT SYSTEMS INC

PARTICULARS	AS AT 31.03.10 (Rupees)	AS AT 31.03.09 (Rupees)
SCHEDULE - 1		
SHARE CAPITAL		
ISSUED, SUBSCRIBED & PAID UP :		
100,100 Equity Share of USD 1/- each	4,501,497	5,091,086
	4,501,497	5,091,086
SCHEDULE - 2		
RESERVES AND SURPLUS		
Balance Upto Previous year	4,254,280	2,543,254
Surplus in Profit and Loss Account	2,445,416	1,851,285
	6,699,695	4,394,539
SCHEDULE - 3		
SECURED LOANS		
Building Finance	38,573,808	37,763,369
Columbia - OD Credit	13,491,000	-
	52,064,808	37,763,369
SCHEDULE - 5		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Debtors not exceeding six months	48,741,545	113,476,830
Debtors exceeding six months		
Others Debts		
	48,741,545	113,476,830
SCHEDULE - 6		
CASH AND BANK BALANCES		
Cash in Hand	48,888	-
Cash at Bank		
Chase Bank	979,832	11,212,285
New Bank a/c BOA	4,497	5,086
Wachobia Securities - 8954	-	2,448,972
Wachobia Securities - 9979	856	1,332,198
Citi Bank	44,970	-
Columbia Bank	3,010,760	-
	4,089,803	14,998,541
SCHEDULE - 7		
Advances and Deposits		
Advance Tax	224,850	235,685
Deffered Financial Charges	2,612,723	-
Loans and Advances	3,798,690	260,089
Other Current Assets	38,359	-
	6,674,622	495,775
SCHEDULE - 8		
CURRENT LIABILITIES, ADVANCES AND PROVISIONS		
Sundry Creditors	6,760,674	98,284,162
Employees payable	19,456,747	16,545,840
Other Liabilities	14,077,571	13,325,320
Provision for Taxation	1,048,035	793,408
Other Provisions	15,632	-
	41,358,659	128,948,730
SCHEDULE - 9		
BUSINESS AND ADMINISTRATIVE EXPENSES		
Postage, Telephone and Telegrams	1,139,230	1,546,302
Rent, Rates and Taxes	2,093,274	13,303,718
Marketing and Business Expenses	4,086,193	1,533,489
Other Administrative Expenses	8,181,791	15,591,181
	15,500,488	31,974,691

**SCHEDULE - 4
FIXED ASSETS**

PARITCULARS	GROSS BLOCK AS ON 01-04-2009	ADDITIONS DURING THE YEAR	GROSS BLOCK AS ON 31-03-2010	DEPRECIATION UPTO 31-03-2009	DEPRECIATION DURING THE YEAR	TOTAL DEPRECIATION 31-03-2010	NET BLOCK AS AT 31-03-2010	NET BLOCK AS AT 31-03-2009
Equipments	173,310	455,366	628,677	455,366	29,862	485,228	143,448	174,843
Furniture	854,720	(360)	854,360	41,494	54,081	95,575	758,785	917,542
Building	41,073,350	4,492,506	45,565,855	471,522	1,496,891	1,968,414	43,597,441	46,326,784
Computers	72,361	-	72,361	9,775	11,730	21,504	50,856	70,783
Software	7,535	-	7,535	1,018	1,221	2,239	5,296	7,370
Total	42,181,275	4,947,512	47,128,787	979,176	1,593,785	2,572,961	44,555,826	47,497,323

NOTES TO FINANCIAL STATEMENTS

Business Activity

The Company is in the business of providing software consultancy / IT Solution providers. K SOFT Systems Inc is a wholly owned subsidiary of Virinchi Technologies Limited. K SOFT Systems Inc was incorporated on 20th November, 1996 to provide SOFTWARE consultancy /IT Solutions services to customers in the United States of America.

Revenue Recognition:

- (i) Income from Software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consist primarily of revenue earned from services performed on a time and material' basis. The related revenue is recognized as and when the services are performed.
- (iii) Revenue from Software development services includes revenue from time and material and fixed price control recognized as related services are performed.
- (iv) Revenue on Fixed price contracts is recognized in accordance with percentage of completion and method of account
- (v) Revenue is not recognized on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Depreciation

The Company depreciates its Fixed Assets straight-line methods over estimated useful life of the asset.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial tax reporting. Deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

	Year Ended 31-03-2010 Rs.in Lacs	Year Ended 31-03-2009 Rs.in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before taxation and extraordinary items	34.93	26.45
Adjustments for:		
Depreciation	15.94	1.87
W/o expenses		-
Interest expenses	38.14	
Operating Profit before working capital changes	89.01	28.32
Working Capital Changes		
Trade and other receivables	585.56	-830.85
Trade payables	-875.90	906.42
Cash generated from operations	-201.33	103.88
Interest expenses	-38.14	
Taxation for the year	-10.48	-7.93
Foreign exchange Gain/Loss	47.33	17.24
Cash flow before extraordinary items	-202.61	113.19
Extraordinary items	-	-
Net Cash from Operating Activities	-202.61	113.19
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-49.48	-474.88
Public Issue Expenses	0.00	0.00
Net Cash used in Investing Activities	-49.48	-474.88
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds from Long Term Borrowings	143.01	377.63
Net Cash used in Financing Activities	143.01	377.63
Net increase in cash and cash equivalents	-109.08	15.94
Cash and Cash equivalents as at 01.04.2009	149.97	134.03
Cash and Cash equivalents as at 31.03.2010	40.90	149.97

AS PER OUR REPORT OF EVEN DATE
for P MURALI & CO.,
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
K SOFT SYSTEMS Inc

P.MURALI MOHANA RAO
Partner
M.No. 23412

ANIL KUMAR PINAPALA
PRESIDENT

PLACE : HYDERABAD
DATE : 31-8-2010

AUDITORS' REPORT

To

The Board of Directors,

VIRINCHI TECHNOLOGIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **M/s VIRINCHI TECHNOLOGIES LIMITED** and its subsidiary **M/s. K SOFT SYSTEMS INC** as at 31st March 2010, the related Consolidated Profit and Loss Account and the consolidated cash flow statement for the period ended on that date annexure thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. 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.
3. We report that the consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the company and its subsidiaries included in the Consolidated Financial statements.
4. Based on our audit and on consideration of separate audit reports on individual audited financial statements of the company and its consolidated subsidiary, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Consolidated Balance Sheet, of the State of affairs of the Group as at 31st March, 2010.
 - ii) In the case of the Consolidated Profit and Loss Account, of the **Profit** for the year ended on that date; **And**
 - iii) In the case of Consolidated Cash Flow statement of the cash flows for the year ended on that date.

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN: 007257S

PLACE : Hyderabad

DATE : 31-8-2010

P.MURALI MOHANA RAO
PARTNER
M.No. 23412

**M/s. VIRINCHI TECHNOLOGIES LIMITED, SECUNDERABAD
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010**

PARTICULARS	SCH No.	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
I SOURCE OF FUNDS			
1. SHAREHOLDERS FUNDS			
a) Share Capital	1	148,602,697	148,602,697
b) Share Warrants		-	7,520,000
c) Reserves & Surplus	2	624,631,240	584,231,304
2. LOAN FUNDS			
a) Secured Loans	3	179,505,060	80,176,684
3. DEFERRED TAX LIABILITY		31,738,878	36,900,001
TOTAL		984,477,874	857,430,687
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	4	703,803,460	587,733,001
b) Less: Depreciation		211,148,072	195,174,977
c) Net Block		492,655,388	392,558,024
d) Capital work in progress		71,215,395	105,689,685
2. INVESTMENTS	5	514,000	1,285,063
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Sundry Debtors	6	202,652,213	193,570,649
b) Cash and Bank Balances	7	99,790,873	112,102,026
c) Advances and Deposits	8	113,489,143	131,703,790
Less: Current Liabilities, Provisions and Advances	9	56,119,494	139,264,699
NET CURRENT ASSETS		379,812,735	298,111,766
4. GOODWILL		40280356.26	59,786,150
TOTAL		984,477,874	857,430,687
Notes to Accounts	12		

Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to form part of these Accounts.

AS PER OUR REPORT OF EVEN DATE
for P MURALI & CO.,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
for VIRINCHI TECHNOLOGIES LIMITED

P.MURALI MOHANA RAO
PARTNER
M.No:23412

M.SRINIVAS
MANAGING DIRECTOR

G.SANTI PRIYA
CHAIRPERSON &
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-8-2010

K. RAVINDRANATH TAGORE
COMPANY SECRETARY

VIRINCHI TECHNOLOGIES LIMITED, SECUNDERABAD
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

PARTICULARS	SCH No.	Year Ended 31-03-10 (Rupees)	Year Ended 31-03-09 (Rupees)
1 INCOME			
Income from Operations		561,908,496	583,075,620
Other Income	10	12,515,750	2,822,628
		-	
TOTAL		574,424,246	585,898,248
2 EXPENDITURE			
Salaries and Other Benefits to Employees		185,034,915	216,101,942
Business and Administrative Expenses	11	243,048,193	232,005,919
Interest and Financial Expenses		16,919,600	9,476,736
Depreciation		64,076,145	65,296,885
Goodwill Written Off		20,095,383	20,095,383
TOTAL		529,174,237	542,976,865
3 PROFIT BEFORE TAX		45,250,009	42,921,383
4 PROVISION FOR TAX			
Provision for Tax		7,866,881	5,356,757
Fringe Benefit Tax		-	1,833,460
5 Deferred Tax Asset		(5,161,123)	(3,780,756)
6 PROFIT AFTER TAX		42,544,251	39,511,922
7 PROVISION FOR DIVIDEND		7,452,900	-
8 PROVISION FOR DIVIDEND TAX		1,237,927	-
9 PROFIT AFTER DIVIDEND		33,853,424	39,511,922
10 BALANCE BROUGHT FORWARD		170,017,612	130,505,690
11 BALANCE CARRIED FORWARD TO BALANCE SHEET		203,871,036	170,017,612
12 BASIC EARNINGS PER SHARE (PAT)		2.85	2.69
Notes to Accounts	12		

Schedules 1 to 11, Notes to Accounts and the Cash Flow Statement annexed here to form part of these Accounts.

AS PER OUR REPORT OF EVEN DATE
for **P MURALI & CO.,**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
for **VIRINCHI TECHNOLOGIES LIMITED**

P.MURALI MOHANA RAO
PARTNER
M.No:23412

M.SRINIVAS
MANAGING DIRECTOR

G.SANTI PRIYA
CHAIRPERSON &
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-8-2010

K. RAVINDRANATH TAGORE
COMPANY SECRETARY

PARTICULARS	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED :		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
1,49,05,800 Equity shares of Rs.10/- each (Previous year 1,49,05,800 Shares of Rs. 10/- each)	149,058,000	149,058,000
LESS: Calls in Arrears	(455,303)	(455,303)
	148,602,697	148,602,697
Share Warrants	-	7,520,000
SCHEDULE - 2		
RESERVES AND SURPLUS		
Balance Upto Previous Year	358,510,416	311,618,753
Surplus in Profit and Loss Account	33,853,424	39,511,922
	392,363,840	351,130,675
Employee Stock Option Scheme	21,388,917	21,388,917
Less:Deferred Employee Compensation	12277631	12,277,631
	9,111,286	9,111,285
Securities Premium (Share Premium)	223,718,978	223,718,978
Foreign Exchange Translation Reserve	(562,863)	270,366
	624,631,240	584,231,304
SCHEDULE - 3		
SECURED LOANS		
Overdraft from Canara Bank (Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Airconditioners and personal guarantee of the Director of the Company)	34,769,607	14,951,285
Vehicle Finance (Secured against Vehicles)	5,828,317	5,576,921
Canara Bank - Bill Discounting	30,782,029	13,922,746
Canara Bank Term Loan (Hypothecation of Fixed Assets - Land, Building, Computers & Interiors etc. of the Office cum Development Centre at Hakimpet and personal guarantee of the Directors)	56,060,300	7,962,364
Building Finance	38,573,808	37,763,369
Columbia - OD Credit	13,491,000	-
	179,505,060	80,176,684

SCHEDULE - 4 - FIXED ASSETS

PARTICULARS	GROSS BLOCK	ADDITIONS	GROSS BLOCK	DEPRECIATION	TOTAL	NET BLOCK	NET BLOCK
	AS ON						
	31-03-2009	YEAR	31-03-2010	31-03-2009	31.03.10	31-03-2010	31-03-2009
Land & Land Development Charges	29,583,756	-	29,583,756	-	-	29,583,756	29,583,756
Building	41,073,350	73,713,377	114,786,726	471,522	3,509,732	111,276,994	46,326,784
Office Equipments	14,212,625	2,570,805	16,783,431	2,769,014	3,528,067	13,255,364	11,900,510
Air Conditioners	8,049,327	2,758,109	10,807,436	936,411	1,394,664	9,412,772	7,112,916
Electrical Equipment	4,140,831	12,133,965	16,274,796	566,931	1,096,919	15,177,877	3,573,900
Furniture and Fixtures	11,516,383	3,186,823	14,703,206	4,490,533	5,348,493	9,354,713	7,129,788
Interior Decoration	52,562,482	4,661,745	57,224,227	10,535,412	14,059,342	43,164,885	42,027,070
Vehicles	18,850,761	2,482,128	21,332,889	6,251,975	8,031,872	13,301,017	12,598,786
Product Development Expenses	231,732,426	16,013,212	247,745,638	72,589,776	95,185,838	152,559,800	159,142,650
Computer Hardware	59,708,935	1,859,112	61,568,047	29,397,504	30,690,198	30,877,849	30,319,628
Computer Software	110,777,356	2,215,952	112,993,308	67,935,975	48,302,947	64,690,360	42,842,234
TOTAL	582,208,232	121,595,229	703,803,460	195,945,054	211,148,072	492,655,388	392,558,023

PARTICULARS	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
SCHEDULE - 5		
INVESTMENTS		
Shares of Canara Bank (Cost price of 400 Shares @ Rs.35/- per share) (Market Price of share as on 31st March,2010 @410.35/-per share)	14,000	14,000
Shares of DLF Limited	-	1,271,063
Mutual Funds (Canara Robeco) (NAV as on 31st March 2010 is Rs.5,63,328/-)	500,000	-
	514,000	1,285,063
SCHEDULE - 6		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Debtors not exceeding six months	202,652,213	193,570,649
Debtors exceeding six months	-	-
Others Debts	-	-
	202,652,213	193,570,649
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash in Hand	651,537	1,525,688
Balance with Schedule Banks		
In Current Accounts	32,926,978	52,220,604
In Deposit Accounts	66,212,357	58,355,734
	99,790,873	112,102,026
SCHEDULE - 8		
ADVANCES AND DEPOSITS		
ADVANCES		
Advances	111,389,932	113,826,468
Virinchi Employees Welfare Trust	14,420,000	14,420,000
Other Current Assets	4,059,995	695,775
DEPOSITS		
Rent Deposits	1,661,728	1,661,728
Other Deposits	1,957,487	1,099,819
	133,489,143	131,703,790

PARTICULARS	AS AT 31-03-10 (Rupees)	AS AT 31-03-09 (Rupees)
SCHEDULE - 9		
CURRENT LIABILITIES,		
ADVANCES AND PROVISIONS		
Sundry Creditors, Advances & Creditors for Expenses	9,966,696	123,786,688
Other Current Liabilities	1,446,611	9,198
Outstanding Expenses and Provisions	28,148,479	7,415,700
Provision for Taxation	7,866,881	8,053,113
Provision for Dividend	7,452,900	-
Provision for Dividend tax	1,237,927	-
	56,119,494	139,264,699
SCHEDULE - 10		
Other Income		
Dividend Received	993	6,700
Income from Hosting Services	348,604	116,023
Interest Income	6,347,003	4,109,405
Rental Income	1,375,000	-
Short Term Capital Gain/Loss	4,435,357	(1,848,183)
others	8,793	438,683
	12,515,750	2,822,628
SCHEDULE - 11		
BUSINESS AND ADMINISTRATIVE EXPENSES		
Postage, Telephone and Telegrams	5,021,461	6,969,851
Repairs and Other Maint. Charges	9,435,992	8,681,854
Rent, Rates and Taxes	6,371,903	17,934,515
Auditors Remuneration	206,850	165,450
Directors Remuneration	9,398,500	8,895,401
Printing and Stationery	1,655,226	1,306,533
Travelling and Conveyance	45,828,791	49,132,623
Marketing, Hosting and Business Promotion Expenses	130,414,133	105,750,969
Other Administrative Expenses	34,715,338	33,168,722
	243,048,193	232,005,919

Cash Flow Statement For The Year Ended 31st March, 2010

PARTICULARS	Year Ended 31-03-2010 Rs. in Lacs	Year Ended 31-03-2009 Rs. in Lacs
A. Net Profit/ (Loss) before taxation and extraordinary items	452.50	429.21
Adjustments for:		
Depreciation	640.76	652.97
W/o expenses	200.95	200.95
Interest expenses	169.2	94.77
Operating Profit before working capital changes	1463.41	1377.90
Working Capital Changes		
Trade and other receivables	(108.67)	(60.41)
Trade payables	(831.45)	766.50
Cash generated from operations	523.29	2084.00
Interest paid	(169.20)	(94.77)
Taxation for the year	(78.67)	(71.90)
Dividend for the year	(74.53)	0.00
Dividend Tax for the year	(12.38)	0.00
Foreign Exchange loss	(4.31)	(2.16)
Deferred Employee Compensation	0.00	0.75
Cash flow before extraordinary items	184.21	1915.91
Extraordinary items	-	-
Net Cash from Operating Activities	184.21	1915.91
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1308.31)	(1391.54)
Investment	7.71	0.23
Net Cash used in Investing Activities	(1300.60)	(1391.30)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Equity Shares	0.00	48.35
Issue of Share Warrants	0.00	-84.80
Share Premium	0.00	95.13
Net Proceeds from Long Term Borrowings	993.28	(172.19)
Net Cash used in Financing Activities	993.28	(113.50)
Net increase in cash and cash equivalents	(123.11)	411.11
Cash and Cash equivalents as at 01.04.2009	1121.02	709.91
Cash and Cash equivalents as at 31.03.2010	997.91	1121.02

AS PER OUR REPORT OF EVEN DATE
for P MURALI & CO.,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD
for VIRINCHI TECHNOLOGIES LIMITED

P.MURALI MOHANA RAO
PARTNER
M.No:23412

M.SRINIVAS
MANAGING DIRECTOR

G.SANTI PRIYA
CHAIRPERSON &
WHOLE TIME DIRECTOR

PLACE : HYDERABAD
DATE : 31-8-2010

K. RAVINDRANATH TAGORE
COMPANY SECRETARY

CONSOLIDATED NOTES TO ACCOUNTS
SIGNIFICANT ACCOUNTING POLICIES AND NOTE TO THE CONSOLIDATED FINANCIAL
STATEMENTS

1. Description of the Business

Virinchi Technologies Ltd has made a strategic investment in the company engaged in the business of software consultancy /IT Solution providers through wholly owned subsidiary **K SOFT SYSTEMS Inc.**

2. Principles of Consolidation :

The consolidated financial statements have been prepared on the basis of going concern, under the historical cost convention on accrual basis, to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act,1956.

These financial statements have been prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

All inter company transactions, balances and unrealized surpluses and deficits are eliminated. The exchange rates adopted for converting 1 USD into Indian rupees of the foreign subsidiaries with respect to:

	March 31, 2010
Balance Sheet items	₹ 44.97
Revenue items	₹ 47.21

3. Revenue Recognition :

- (i) Income from Software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognized as and when the services are performed.
- (iii) Revenue from Software development services includes revenue from time and material and fixed price control recognized as related services are performed.
- (iv) Revenue on Fixed price contracts is recognized in accordance with percentage of completion and method of account
- (v) Revenue is not recognized on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

4. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight duties, taxes and incidental expenses thereto.

All the fixed assets are assessed for any indication of impairment, at the end of each financial year. On such indication, the impairment loss, being excess of carrying value over the recoverable value of the assets, is charged to Profit and Loss account in the respective financial years. The impairment loss recognized in the prior years is reversed in cases where recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

5. **Goodwill:**

Goodwill represents the difference between the purchase price and the fair value of the assets and liabilities acquired after considering reserves transferred. Goodwill is being amortized on Straight Line Method over a period of 5 years.

The excess of cost to the Parent company of its investment in the subsidiary company is recognized in the consolidated financial statements as goodwill.

6. **Taxation:**

As per the Finance Bill 2007, Companies claiming exemption U/s 10 A of the Income Tax Act, 1961 are subject to the provisions of Minimum Alternative Tax (MAT) U/s. 115JB. Company has provided provision for Income Tax as per Sec. 115JB of Income Tax Act, 1961. In case of subsidiary company current tax is determined on the amount of tax payable in respect of taxable income for the year as per their laws. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between profit offered for Income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are not recognized unless there is a virtual certainty that there will be sufficient future taxable income to realize such assets.

7. **Earning per Share:**

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighed average number of shares outstanding during the year.

8. **Gratuity**

The Company has made provision for the gratuity to its employees. Company has created Separate Gratuity Trust for employees and amount invested with Aviva Life Insurance Company India Ltd.

9. **Foreign Currency Transaction:**

K SOFT SYSTEMS Inc is in the nature of non-integral operations in terms of Companies Accounting Standard 11, "The Effects of changes in foreign Exchange Rates", All monetary and non-monetary assets and liabilities are translated at the rate prevailing on the balance sheet date. All revenue and expenditure transactions during the year are reported at average rate. The resultant transaction adjustment is reflected as a separate component of shareholders' funds as a "Foreign Currency Translation Reserve".

VIRINCHI TECHNOLOGIES LIMITED

Regd. Office: 10, SRK Colony, West Marredpally, Secunderabad – 500 026

ATTENDANCE SLIP

I hereby record my presence at the 21st Annual General Meeting of the Company being held on Wednesday, the 29th day of September, 2010 at 11.00 A.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026

Name of the Shareholder:

Name of Proxy:

Signature of Member / Proxy:

Regd. Folio No. / *Client id:

* Applicable for members holding shares in Electronic Form.

Note: PLEASE FILL ATTEDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETINGVENUE

VIRINCHI TECHNOLOGIES LIMITED

Regd. Office: 10, SRK Colony, West Marredpally, Secunderabad – 500 026

PROXY FORM

Regd. Folio No/ No. of Shares held
Client ID

I/Weof
..... in the district of.....

being a member(s) of the above named company hereby appoint of.....
.....in the district ofor failing
him..... Of in the district
of..... as my/our proxy to vote for me/us on
my/our behalf at the 21st Annual General Meeting of the Company to be held on Wednesday, the 29th
September 2010 at 11.00 A.M. or at any adjournment thereof.

Signed this day of2010

Affix
Re. 1/-
Revenue
Stamp

Signature

Note: The proxy form duly completed should be deposited at the Registered Office of the Company not less than Forty Eight Hours before the time fixed for holding the meeting.

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