

Virinchi Consultants Limited

14th
Annual Report
2002 – 2003

Board of Directors

Chairman & Managing Director

Shri K.Viswanath

Directors

Datuk Santha Kumar S.
Shri Kunasingam Sittampalam
Shri KVS.N.Kumar
Shri A.P.Srinivas
Shri. K S K Prasad
Shri Jagadish K.Rao
Shri Ermanno Traverso
Shri Premchand Krishna Rao

Bankers

Canara Bank, Overseas Branch, Hyderabad
Global Trust Bank Limited, Secunderabad
ICICI Bank Limited, Hyderabad
Indian Overseas Bank, Secunderabad
Bank of Baroda, Hyderabad

Auditors

M/s. Mogili Sridhar & Co.,
Chartered Accountants
6-3-655/2/3, 1st Floor,
Somajiguda,
Hyderabad - 500 082.

Registrars & Share Transfer Agents

M/s Aarthi Consultants Pvt.Ltd.,
1-2-285, Domalguda,
Hyderabad - 500 029
Phone Nos.27634445,27638111
Fax No.27632184

Shareholder's Information

Registered Office and Development Centre:

10, SRK Colony,
West Maredpally,
Secunderabad - 500 026
Phone Nos.27803608,27803610
Fax No.27803612

Corporate Office :

A-1, 3rd Floor, Surabhi Plaza,
Virkrampuri Colony,
Secunderabad – 500 009
Phone Nos.27890662-65
Fax No.27890669

Listing

The Hyderabad Stock Exchange Ltd.,
The Stock Exchange, Mumbai

Book Closure

23.09.2003 to 26.09.2003 (both days
inclusive)

Date, Time and Venue of AGM

26.09.2003 , 11.00 A.M.
at Padmashali Kalyana Mandapam,
2-12-66,Nehru Nagar, West
Mardepally, Secunderabad – 26

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of the Company will be held on Friday the 26th day of September, 2003, at 11.00 A.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Mardepally, Secunderabad – 500 026 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003, Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K.S.K.Prasad who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. KVS N Kumar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Ermanno Traverso who retires by rotation and being eligible offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"WHEREAS a Special Notice has been received pursuant to Section 225(1) of the Companies Act, 1956 from Shareholder for the appointment of M/s P.Murali & Co., Chartered Accountants, in place of the retiring Auditors, namely M/s Mogili Sridhar & Co., Chartered Accountants.

NOW THEREFORE IT IS RESOLVED that M/s P.Murali & Co., Chartered Accountants, Hyderabad be and are hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:

"RESOLVED that pursuant to Section 17 (1) of the Companies Act, 1956 and other applicable provisions of the Act, if any, the Objects Clause IIIA (Main Objects) of the Memorandum of Association of the Company be and is hereby altered by inserting the following New Objects 3 and 4 and renumber accordingly:

3. To carry on the business of research and development, design, production, creation, manufacturing, marketing, trading, providing, transferring exporting, importing, buying and selling all types of Computer Software Technology including, applications software, development software, computer programs, algorithms, statements, source codes, packages etc., in areas like e-commerce, web page design and development, web enabled applications, Internet services, Intranet, Enterprise Wide Resource Planning (ERP), Data Base Management Systems, Operating Systems, Distributed Computing, Open Systems, Multi Media, Computer Aided Designing (CAD), Computer Aided Manufacturing (CAM, Computer Graphics, Computer Animation, Document Management Systems, Management Information Systems, Bio informatics, Mobile Communication, Mobile Commerce and all

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such areas relevant to Scientific, Financial, Industrial, Telecommunications, Satellite Communications, Domestic, Administrative, Agricultural, Medical and all other Software Technology applications.

4. To establish and run business of electronic data processing, Remote Processing including Call Centers, Medical Transcription, Content Development, Insurance Claims Processing, Data Conversion, Back Office Operations, Depositing Summary Geographical Information, Systems, and to provide Software Consultancy, training placement, design and development of management information systems and to carry out techno economic feasibility studies of projects.

7. To consider and if thought fit with or without modification, the following Resolution as Special Resolution:

"RESOLVED that subject to the approval of Central Government Under Section 21 of the Companies Act, 1956 the name of the company be changed from M/s VIRINCHI CONSULTANTS LIMITED to M/s VIRINCHI TECHNOLOGIES LIMITED and accordingly the name M/s VIRINCHI CONSULTANTS LIMITED wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the name M/s VIRINCHI TECHNOLOGIES LIMITED."

BY ORDER OF THE BOARD OF DIRECTORS
for VIRINCHI CONSULTANTS LIMITED

(K.VISWANATH)
CHAIRMAN & MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 22nd AUGUST, 2003

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 AND SUCH A PROXY NEED NOT BE A MEMBER.
- b) PROXIES IN ORDER TO BE EFFECTIVE MUST BE FILED WITH THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- c) THE RELATIVE 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.
- d) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 23RD SEPTEMBER, 2003 TO 26TH SEPTEMBER, 2003 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.
- e) THE MEMBERS ARE REQUESTED TO INTIMATE PROMPTLY ANY CHANGE IN THEIR ADDRESS TO THE SHARE TRANSFER AGENTS OF THE COMPANY M/S.AARTHI CONSULTANTS PRIVATE LIMITED, 1-2-285, DOMALGUDA, HYDERABAD - 500 029.
- f) MEMBERS DESIROUS OF OBTAINING ANY INFORMATION ON THE ANNUAL ACCOUNTS OF THE COMPANY ARE REQUESTED TO WRITE TO THE COMPANY AT LEAST 7 WORKING DAYS BEFORE THE DATE OF THE MEETING TO ENABLE THE COMPANY FOR COMPILATION OF THE REQUIRED INFORMATION MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT AT THE ENSUING ANNUAL GENERAL MEETING.
- g) ITEM NOS., 6,& 7 I.E., RESOLUTIONS REGARDING a) ALTERATION OF OBJECT CLAUSE OF MEMORANDUM AND b) CHANGE OF NAME REQUIRES THE CONSENT OF THE SHAREHOLDERS THROUGH POSTAL BALLOT. A POSTAL BALLOT FORM TOGETHER WITH A SELF-ADDRESSED DULY STAMPS AFFIXED ENVELOPE IS ENCLOSED FOR THIS PURPOSE. DULY COMPLETED POSTAL BALLOT FORM SHOULD REACH THE COMPANY NOT LATER THAN THE CLOSE OF WORKING HOURS ON WEDNESDAY, THE 24TH SEPTEMBER,2003.POSTAL BALLOT FORM RECEIVED AFTER THIS DATE WILL BE STRICTLY TREATED AS IF THE REPLY FROM THE MEMBER HAS NOT BEEN RECEIVED.

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 5

The retiring auditors, namely, M/s Mogili Sridhar & Co., have given notice in writing of their unwillingness to be re-appointed and that a Special Notice in terms of Section 190 of the Companies Act, 1956 read with Section 225 of the Act has also been received from Shareholders of the Company for the appointment of new Auditors in place of the retiring auditors M/s Mogili Sridhar & Co., Chartered Accountants. The Company has forthwith communicated to the retiring auditors of the Special Notice and that the retiring auditors have made no representation against the said special notice. A written certificate has been obtained from M/s P.Murali & Co., Chartered Accountants to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under Section 224 (1B) of the Act.

Your Directors recommend the Resolution for your approval.

None of the Directors is concerned or interested in this resolution.

ITEM NO.6

In view of encouraging measures taken by the Central Government to liberalize the Economy and in order to diversify into certain new business ventures, Your Directors have been considering various proposals for diversifying the Company's activities into other activities like Software Technology and related activities etc.,. The alteration in the Objects Clause of the Memorandum of Association as set out in the Resolution is to facilitate diversification. This will enable the company to carry on its business economically and efficiently and the proposed activities can be, under the existing circumstances, conveniently and advantageously combined with the present activities of the Company. This will also enlarge the area of operations of the company.

As per the Companies (Amendment) Act, 1996 and as per the Central Government Notification No.GSR 78 (E) dated 15-02-1997 and pursuant Section 17(1) of the Act, the above said proposal requires only the consent of the Members by way of Special Resolution.

The Directors recommend this Resolution for approval of the Shareholders by Postal Ballot.

None of the Directors of your Company is concerned or interested in this Resolution.

ITEM NO. 7

The company is planning to enter into new Technology business ventures like Software Technology and related activities. To reflect the objects in the name of the Company the Board of Directors have decided to change the name of the Company as M/s.VIRINCHI TECHNOLOGIES LIMITED. The Directors trust that this change of name will have the members support and approval.

The Registrar of Companies, Andhra Pradesh has confirmed that the new name is available for registration under section 21 of the Companies Act, 1956 and subject to the resolution being passed, an application will be made to the Central Government for approval to the change of name under section 21 of the Act.

If the change of name is approved, Share Certificates already issued will not be called in only for the purpose of exchange into certificates bearing the new name, but will be so exchanged as and when the existing Certificates come into the possession of the Company and in the meantime the existing Certificates will continue to be accepted for all purposes, as indicating entitlement to shares or debentures stock of the Company.

The Directors recommends that the proposed Special Resolution be passed by the Shareholders by Postal Ballot.

None of the Directors are interested in the Resolution

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

1. **Name** : **Sri. K.S.K. Prasad**
Age : 57 years
Qualifications : M. Tech from JNTU, Hyderabad
Expertise : 25 years of work experience with A.P.Dairy Development Corporation
Other Directorships : Nil

2. **Name** : **Sri. K.V.S.N. Kumar**
Age : 48 years
Qualifications : Management degree from New Zealand
Expertise : Heading Project Management two Independent Power Projects of Tenaga Nasional Berhad (A Govt. of Malaysia owned Utility)
Other Directorships : 4 (Four)

3. Name	: Sri.Emanno Traverso
Age	: 47 years
Qualifications	: Bachelor of Science
Expertise	: Over two decades of experience in Project Technical Co-ordination, Contractual Negotiation with Buyer's, Local and International Banks to arrange financial packages.
Other Directorships	: Nil

DIRECTOR'S REPORT

To,
 The Members,

The Directors have pleasure in presenting you the 14th Annual Report together with the Audited Accounts of the company for the year ended 31st March,2003.

PERFORMANCE / FINANCIAL RESULTS OF THE COMPANY

	(Amount in Lakhs)	
	2002-2003	2001-2002
Total Income	559.47	425.37
Profit before interest, depreciation and tax	170.14	162.46
Interest	5.18	3.64
Depreciation	91.15	90.38
Provision for Taxation	2.96	--
Profit after tax & depreciation	70.85	68.44
Deferred Tax Provision	55.48	87.77
Balance brought forward	99.02	166.99
Transitional Provision for Deferred Tax	----	48.64
Balance carried to Balance Sheet	114.39	99.02

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :

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

A. INDUSTRY BACKDROP AND COMPANY OUTLOOK

During the financial year of 2002-03, despite the slow down in economy, your company has shown top line growth of 31.53% and increase in profit before tax of 7.84%

The continued on going slow down in the world economy has had direct effect on the IT budgets of all the large companies. There has been a virtual freeze on IT spend which has effected the IT industry. The uncertainty raised by Iraq war and the out break of SARS epidemic added to the slow down in International business in general and Information and Technology industry in particular. Despite these depressing conditions, your company managed to survive the recessionary on-slaught and was able to strike business with new clients in the USA, Europe and the South-East Asia.

There have been few milestones achieved by your company during the financial year 2002-03. Your company made sale of License of its E-business suite of products in Europe and thus has made strides towards becoming an IT Products company from India. It has also added a large American client in its portfolio and is currently a multi client company. It has multiple streams of revenue from product sales, product maintenance and other IT services for balanced future growth. Your company has multiple products in its portfolio comprising E-business suite of products, Mobile Applications and web based project management tools.

The potential of your company is quite large as it has developed valuable Intellectual property of its own over the last few years and the same would leveraged through multiple sales by way of offering licenses of the software to large companies. The software products of your company are ready to use, comply with open standards and enable large Multinational companies to migrate their Business Processes on to Internet, while integrating with their Enterprise Applications. These E-business products have huge demand in the International market as all the companies in world, at some point in time must embrace these types of products and your company has the functionality, technology and price advantage compared to its competitors.

Your company is uniquely positioned as both "Products and Services" company thus having the potential to leverage the strengths of Products sales and services revenue

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Further, there is a strong belief that India will emerge as the IT outsourcing destination for the world. It is our belief that we as an Indian company with qualified professionals, focused on high quality and service levels could deliver our products and services while offering best value for money to our customers.

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B. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control systems commensurate with the size of its operations and for the purpose of exercising adequate controls on the day-to-day operations. Systems are regularly reviewed to ensure effectiveness.

C. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

Human resource development is a primary area of focus for the Company. The company recruited senior level and other functional specialists during the year. The Human relations in the organisation have been cordial. The total number of persons employed in the company as on 31st March 2003 were 84.

DEMATERIALIZATION OF EQUITY SHARES

Your company has signed agreements with Central Depository Services (India) Limited and National Security Depository Limited for the dematerialization of its equity shares in accordance with the provisions of listing agreement with stock exchanges. With this, the members have the option / discretion to hold their shares in the dematerialization format.

COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given as Annexure 'A' to this Report.

PROJECTIONS VS.PERFORMANCE

(pursuant to Clause 43 of the Listing Agreement)

Particulars	(Rupees in Lakhs)	
	Projections (as per the Prospectus)	Performance As on 31.3.2003
Income	7020.50	559.47
Net Profit	3106.00	70.85
EPS	25.89	0.59

ADDITIONAL INFORMATION AS REQUIRED U/S 217(1)(e) OF THE COMPANIES ACT, 1956

(a) Conservation of Energy

Company's operation 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. As energy cost forms a small part of total costs, the impact on costs is not material

(b) (i) Technology Absorption, adaptation and innovation:

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.

(ii) Research and Development (R & D):

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

: Rs.460.03 Lakhs towards Export of Software

(d) Foreign exchange out go

: Rs.35.56 lakhs towards Foreign Travel and Rs.. 43.90 Lakhs towards expenses

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 no 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.

DIRECTORS

In accordance with the provisions of Companies Act,1956, Mr. K.S.K.Prasad, Mr.KVSN Kumar and Mr.Emanno Traverso retire by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

Mr.C.Rajasekhar Reddy ceased as Director w.e.f 30/09/2002.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) which was introduced by the Companies (Amendment) Act, 2000 your Directors' confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) The Directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and/ of the Profit or Loss of the company for that period;
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s. P. Murali & Co., Chartered Accountants, are appointed as Auditors of the company in place of M/s.Mogli Sridhar & Co., Chartered Accountants the retiring Auditors, who expressed their inability to continue as Auditors of the Company.

DEPOSITS

The Company has not accepted deposits falling with the provisions of Section 58A of the Companies Act,1956 read with Companies (Acceptance of the Deposits Rules) during the year under view.

ACKNOWLEDGEMENTS

The Board wishes to place on record their appreciation of support, co-operation and assistance received from the customers, Central Government authorities, Bankers, shareholders and suppliers. The Board wishes to convey its appreciation of the efforts put in by the company's employees.

ON BEHALF OF THE BOARD OF DIRECTORS
for VIRINCHI CONSULTANTS LIMITED

K.VISWANATH
CHAIRMAN & MANAGING DIRECTOR

K.S.K.PRASAD
DIRECTOR

PLACE : HYDERABAD
DATE : 22nd AUGUST, 2003

Annexure – A to Directors’ Report

1. Company’s Philosophy:

The Basic philosophy of corporate governance of the company is to achieve business excellence and enhance shareholder value keeping in view the interests of all stake-holders. The company stands by transparency in all its dealings and strict regulatory compliance.

2. Board of Directors

a) Composition

To have a more professional outlook your company is having 9 Members comprising of 1 Chairman & Managing Director, 1 Promoter Director and 7 Independent Directors.

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

5 Board Meetings were held during the year 2002-2003. The dates on which the meetings were held i.e. 29-04-2002, 10-07-2002, 17-08-2002, 16-10-2002 and 25-01-2003.

The attendance of each Director is given below:

Name of the Director	Category	No. of Other Directorships	No. of Committees In which Member	No. of Board meetings attended	Whether attended last AGM
Mr. K.Viswanath	Chairman & Managing Director	---	---	5	Yes
Mr.A.P.Srinivas	Promoter Director	---	---	3	Yes
Mr.C.Rajasekhar Reddy*	Independent	---	---	3	No
Mr.Datuk Santha Kumar S	Independent	4	---	--	No
Mr.Kunasingam Sittampalam	Independent	6	---	--	No
Mr.KVSN.Kumar	Independent	4	--	--	No
Mr.K.S.K.Prasad	Independent	-	2	5	Yes
Mr.Jagadish K.Rao	Independent	1	2	3	No
Mr.Ermanno Traverso	Independent	-	2	2	No
Mr.V.K.Premchand Krishna Rao	Independent	3	-	2	No

* Mr.C.Rajasekhar Reddy ceased as Director w.e.f.30/09/2002

AUDIT COMMITTEE:

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

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

Name of the Director	Designation	Wholetime/ Independent	Profession	Committee meetings attended
Sri.K.S.K.Prasad	Chairman of the Committee	Independent	Business	4
Sri Emanno Traverso	Member	Independent	Business	Nil
Sri.Jagadish K Rao	Member	Independent	Business	4

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

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, fixation of audit fee and also approval of payment of fees for any other services.

4. Remuneration Committee

The Company does not have a "Remuneration Committee". Your Directors recommended that all such items that may be required to be discussed at a Meeting of the "Remuneration Committee" could be considered at a Meeting of the Board of Directors.

Details of remuneration to the directors for the Year:

Details of remuneration paid to Directors are given below:

Name of the Director	Relationship with other Directors	Business relations hip with company if any	Loans and advances from company	Remu nerati on	Paid During the year 2003		
					Sitting fees Rs.	Salary Rs.	Commi ssion Rs.
Mr. K.Viswanath	None	None	None	None	6,53,404	---	6,53,404
Mr.A.P.Srinivas	None	None	None	None	6,53,384	---	6,53,384
*Mr.C.Rajasekhar Reddy	None	None	None	None	2,73,550	---	2,73,550

* Mr.C.Rajasekhar Reddy ceased as Director with effect from 30th September, 2002.

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5. INVESTORS GRIEVANCE COMMITTEE:

The Board constituted an investors grievance committee which looks into shareholders and investors grievances. The following are the members of the committee:

Sri K.S.K.Prasad	Member and Chairman of the Committee
Sri Ermanno Traverso	Member
Sri Jagadish K.Rao	Member

Name & Designation of the Compliance officer: **Mr. K.S.K.Prasad**
Compliance Officer
C/o Vrinchi Consultants Ltd
10, SRK Colony, West Marredpally
Secunderabad – 500 026.

The total No. of Complaints received and complied during the year were 4

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

The outstanding complaints as on 31st March, 2003 were : 1

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

AGM	YEAR	VENUE	DATE	TIME
AGM	31.3.2002	Padmashali Kalyana Mandapam, 2-12-66,Nehru Nagar, West Maredapally, Secunderabad.26.	30.09.2002	11.00 A.M.
AGM	31.3.2001	Padmashali Kalyana Mandapam, 2-12-66,Nehru Nagar, West Maredapally, Secunderabad.26.	28.09.2001	11.00 A.M.
AGM	31.3.2000	Registered Office	22.05.2000	11.00 A.M.

No Special resolution was put through postal ballot 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

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- 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 publishes periodical financial results in leading English and regional newspapers information. The Management Discussion and Analysis (MD& A) forms part of the annual report.

General Share Holder Information:

AGM, Date ,Time and Venue : 26th September, 2003 at 11.A.M.
 At Padmashali Kalyana Mandapam,
 2-12-66, Nehru Nagar, West Maredpally,
 Secunderabad – 500 026 A.P.

b) Financial Calendar : i. April to March

Financial Reporting for:

Quarter ending June, 30 2003	Before end of July 03
Quarter ending September 30 2003	Before end of October 03
Quarter ending December 31 2003	Before end of January, 04
Quarter ending March 31 2003	Before end of April, 04
Annual General Meeting for FY ended 31 st March, 2004	Before end 30th September, 2004

c) Date of Book Closure : 23rd September 2003 to 26th September, 2003.
 (both days inclusive)

d) Dividend Payment date(s) : Not Applicable.

e) Listing on Stock Exchange : Hyderabad and Mumbai the company has Paid the listing fee for the period ending 31st March,2004.

i) Stock Code –Physical
 Hyderabad : Not Allotted
 Mumbai : 532372

ii) Demat ISIN Number
 NSDL – IN95391301015 –
 PPPRODIV030900
 INE593B01017 – EQ

CDSL – DEBIT+ISIN – IN9539B01015
 CREDIT+ISIN-INE539B01017

- f) Market Price Date: High : The Company was given Listing permission by the
Low during each Stock Exchange from
Month in last Financial Year Mumbai Stock Exchange - October 23,2000
Hyderabad Stock Exchange – October 20,2000

Month	Mumbai Stock Exchange	
	High	Low
April,2002	8.74	6.50
May, 2002	6.83	5.60
June,2002	6.42	4.40
July, 2002	6.41	4.04
August,2002	5.96	4.80
September,2002	--	--
October,2002	4.00	3.86
November,2002	5.75	3.31
December,2002	5.50	4.80
January,2003	4.41	2.05
February,2003	5.75	2.05
March 2003	3.10	2.69

Note : During the year shares of the company were not traded in Hyderabad Stock Exchange. Hence, the monthly High and Low of the stock quotations in respect of the same are not furnished.

- g) Stock Performance in Comparison : The Share Price of the Company has been moving
to Broad-based indices such as BSE with the trend of the indices
Sensex, BZX 200,Nifty
- h) Register and transfer agent : Aarhi Consultants Pvt Ltd.
1-2-285, Domalguda, Hyderabad –500 029.
Ph:27634445, 27638111 Fax:27632184
- i) Share and Transfer agent : The Share transfers are being effected physically by
the Company's share transfer agents, Aarhi
Consultants Pvt. Ltd, Hyderabad, the Company has
entered into an agreement with both the
Depositories, Viz., NSDL and CDSL For
dematerialization of its shares.

j) Distribution Shareholding
as on 31st March,2003

Share Holding of Nominal Value		Share Holders		Share Amount	
Rs.	Rs.	Numbers	% of Total	In Rs.	% of Total
	(1)	(2)	(3)	(4)	(5)
Upto	5,000	1331	59.58	37,73,310.00	3.14
5,001	10,000	523	23.41	46,70,510.00	3.89
10,001	20,000	104	4.66	16,39,360.00	1.37
20,001	30,000	83	3.72	21,76,930.00	1.81
30,001	40,000	29	1.30	10,71,200.00	0.89
40,001	50,000	45	2.01	21,58,790.00	1.80
50,001	1,00,000	34	1.52	29,80,830.00	2.48
1,00,001	and above	85	3.80	10,15,49,070.00	81.72
TOTAL			100.00%	12,00,20,000.00	100.00 %

K) According to categories of shareholders as at 31st March 2003.

	CATEGORY	No.of Shares held	% age of shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters* - Indian Promoters - Foreign Promoters	45,35,340 34,15,500	37.79 28.46
2.	Persons acting in Concert #	Nil	Nil
B.	NON-PROMOTERS HOLDING		
3.	Institutional Investors		
a.	Mutual Funds	Nil	Nil
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions / Non-government Institutions)	1,97,600	1.65
c.	FII's	Nil	Nil
4.	OTHERS		
a.	Private Corporate Bodies	7,30,449	6.09
b.	Indian Public	30,92,111	25.76
c.	NRIs / OCBs	31,000	0.25
d.	Any other (please specify)	Nil	Nil
	TOTAL	1,20,02,000	100.00

- k) Dematerialization of Shares and liquidity : Since the Company has entered in to an arrangement with both the depositories namely NSDL and CSDL for dematerialization of its shares, the shareholders the company are more free to Dematerialise their shares and keep them in Dematerialised form with any depository participant.

- l) Outstanding GDRs./ADRs./Warrants or any Convertible instruments
Conversion date and likely Impact
On equity. : The Company has not issued any GDRs./ADRs./
Warrants or any convertible instruments.
- m) Address for Correspondence : Virinchi Consultants Limited
10, SRK Colony, West Maredpally,
Secunderabad – 500 026

BY ORDER OF THE BOARD OF DIRECTORS
for VIRINCHI CONSULTANTS LIMITED

K.VISWANATH
CHAIRMAN & MANAGING DIRECTOR

K.S.K.PRASAD
DIRECTOR

PLACE : HYDERABAD
DATE : 22nd AUGUST, 2003

Compliance Certificate on Corporate Governance

To
The Members,
VIRINCHI CONSULTANTS LIMITED
Hyderabad

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 Consultants limited (" the Company") for the year ended 31st March, 2003 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 MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

PLACE: HYDERABAD
DATE : 22nd AUGUST, 2003

P.MURALI MOHANA RAO
PARTNER

AUDITORS' REPORT

To
The Members,
VIRINCHI CONSULTANTS LIMITED

We have audited the attached Balance Sheet of M/s.VIRINCHI CONSULTANTS LIMITED as at 31st March , 2003 and also the Profit & Loss Account for the year 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.

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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 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.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit ;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March , 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2003 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956 ;

- (vi) 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 and give a true and fair view in conformity with the accounting principles generally accepted in India ;
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March , 2003;
 - (b) In the case of Profit & Loss Account of the Profit for the year ended on that date;
- And
- (c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 22nd AUGUST, 2003

P.MURALI MOHANA RAO
PARTNER

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of VIRINCHI CONSULTANTS LIMITED on the accounts for the year ended 31st March , 2003

- 1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- 2 None of the fixed assets have been revalued during the current year.
- 3 The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained U/s.301 of the Companies Act, 1956.
- 4 The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained U/s.301 of the Companies Act, 1956.
- 5 On the basis of our checking and according to the information and explanations given to us, during the course of our audit no loans or advances in the nature of loans have been given by the company.
- 6 In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to plant and machinery, equipment and other assets and also for sale of goods.
- 7 In our opinion and according to the information and explanation given to us, the transactions of purchase of materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the current year to Rs. 50,000/- or more in respect of each party have not been made by the company.
- 8 The Company has not accepted any deposit from the Public.
- 9 In our opinion, the company is having internal audit system commensurate with its size and nature of its business.
- 10 The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- 11 The company does not have arrears of Provident Fund.

- 12 At the last day of the financial year there were no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
- 13 In our opinion and according to the information and explanation given to us, no personal expenses have been charged to revenue account.
- 14 The Company is not a Sick Industrial Company within the meaning of clause(o) of sub-section(1) of Section 3 of Sick Industrial Companies(Special Provision) Act,1985.
- 15 In our opinion, the clauses of Manufacturing and other Companies (Auditor s Report) Order,1988 numbering (iii),(iv),(v),(vi),(xii),(xiv), are not applicable for the current year.

For MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 22nd AUGUST, 2003

P.MURALI MOHANA RAO
PARTNER

BALANCE SHEET AS AT 31st MARCH, 2003

PARTICULARS	SCHEDULE	AS AT	AS AT
	Nos.	31-03-2003 (Rupees)	31-03-2002 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDERS FUNDS			
a) Share Capital	1	114,956,811	113,248,811
b) Reserves & Surplus	2	11,438,295	9,901,712
c) Share Premium		85,450,344	84,088,144
2. LOAN FUNDS			
a) Secured Loans	3	412,499	5,600,560
3. DEFERRED INCOME TAX LIABILITY			
		19,188,845	13,640,787
TOTAL		231,446,794	226,480,014
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	4	117,061,394	112,527,919
b) Less: Depreciation		24,658,493	15,543,270
c) Net Block		92,402,901	96,984,649
d) Product Development		93,056,583	83,213,739
2. INVESTMENTS			
	5	14,000	-
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Sundry Debtors	6	20,676,763	13,448,278
b) Cash and Bank Balances	7	2,795,455	527,395
c) Advances and Deposits	8	29,758,160	34,460,118
Less: Current Liabilities, Advances and Provisions	9	8,540,187	4,079,531
NET CURRENT ASSETS		44,690,191	44,356,260
4. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	10	1,283,119	1,925,366
TOTAL		231,446,794	226,480,014

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 **MOGILI SRIDHAR & Co.**,
CHARTERED ACCOUNTANTS

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

P.MURALI MOHANA RAO
PARTNER

K.VISWANATH
CHAIRMAN &
MANAGING DIRECTOR

K.S.K.PRASAD
DIRECTOR

PLACE :HYDERABAD
DATE : 22nd AUGUST, 2003

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2003

PARTICULARS	SCHEDULE NO	YEAR ENDED 31-03-2003 (Rupees)	YEAR ENDED 31-03-2002 (Rupees)
1 INCOME			
Income from Operations		55,946,764	42,536,607
TOTAL		55,946,764	42,536,607
2 EXPENDITURE			
Salaries and Other benefits to Employees		13,910,763	10,664,375
Business and Administrative Expenses	11	24,379,945	14,983,316
Interest and Financial Expenses		518,227	364,383
Depreciation		9,115,223	9,038,407
Misc. Expenses written off		642,247	642,246
TOTAL		48,566,404	35,692,727
3 PROFIT BEFORE TAX		7,380,360	6,843,880
4 PROVISION FOR TAX		295,719	-
5 PROFIT AFTER TAX		7,084,641	6,843,880
6 DEFERRED INCOME TAX			
PROVISION CURRENT YEAR		5,548,058	8,776,968
7 TRANSITIONAL DEFERRED INCOME TAX			
CUMALATIVE PROVISION		-	4,863,819
8 BALANCE BROUGHT FORWARD		9,901,712	16,698,619
9 BALANCE CARRIED FORWARD TO BALANCE SHEET		11,438,296	9,901,712
10 BASIC EARNINGS PER SHARE (PAT)		0.59	0.57

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 **MOGILI SRIDHAR & Co.**,
CHARTERED ACCOUNTANTS

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

P.MURALI MOHANA RAO
PARTNER

K.VISWANATH
CHAIRMAN &
MANAGING DIRECTOR

K.S.K.PRASAD
DIRECTOR

PLACE :HYDERABAD
DATE : 22nd AUGUST, 2003

PARTICULARS	AS AT 31-03-2003 (Rupees)	AS AT 31-03-2002 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
13000000 Equity Share of Rs.10/- each	130,000,000	130,000,000
ISSUED, SUBSCRIBED & PAID UP :		
1,20,02,000 Equity shares of Rs.10/- each	120,020,000	120,020,000
LESS: Calls in Arrears	5,063,189	6,771,189
	114,956,811	113,248,811
SCHEDULE 2		
RESERVES AND SURPLUS		
Balance Upto Previous year	9,901,712	16,698,619
Surplus in Profit and Loss Account	1,536,583	(6,796,907)
	11,438,295	9,901,712
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)	101,979	4,517,840
Kotak Mahindra Primus Limited (Vehicle Hire Purchaser)	310,520	1,082,721
	412,499	5,600,561

SCHEDULE 4
FIXED ASSETS

PARTICULARS	(Rupees)							
	GROSS BLOCK AS ON 01-04-2002	ADDITIONS	GROSS BLOCK AS ON 31-03-2003	DEPRECIATION UPTO 31-03-2002	DEPRECIATION DURING THE YEAR	TOTAL DEPRECIATION 31-03-2003	NET BLOCK AS AT 31-03-2003	NET BLOCK AS AT 31-03-2002
Computer Hardware	55,061,742	1,136,680	56,198,422	9,741,466	5,636,410	15,377,876	40,820,546	45,320,276
Computer Software	26,950,226	2,452,224	29,402,450	2,433,365	1,476,492	3,909,857	25,492,593	24,516,861
Furniture and Fixtures	7,768,092	0	7,768,092	804,476	467,532	1,272,008	6,496,084	6,963,616
Interior Decoration	12,567,138	469,893	13,037,031	976,285	610,337	1,586,622	11,450,409	11,590,853
Office Equipments	2,750,369	458,317	3,208,686	159,769	102,157	261,926	2,946,760	2,590,600
Air Conditioners	1,716,551	0	1,716,551	106,352	65,844	172,196	1,544,355	1,610,199
Vehicles	4,798,425	0	4,798,425	1,261,890	719,635	1,981,525	2,816,900	3,536,535
Electrical Equipment	915,376	16,361	931,737	59,667	36,816	96,483	835,254	855,709
	112,527,919	4,533,475	117,061,394	15,543,270	9,115,223	24,658,493	92,402,901	96,984,649

PARTICULARS	AS AT 31-03-2003 (Rupees)	AS AT 31-03-2002 (Rupees)
SCHEDULE 5		
INVESTMENTS		
Canara Bank Shares (Cost price of 400 Shares @ Rs.35/- per share) (Market Price of share as on 31st March,2003 is Rs.71.20 per share)	14,000	-
	14,000	-
SCHEDULE 6		
SUNDRY DEBTORS		
Debtors not exceeding six months	20,676,763	13,448,278
Other Debtors	-	-
	20,676,763	13,448,278
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash in Hand	28,079	11,255
Cash with Schedule Banks	2,767,376	516,140
	2,795,455	527,395

PARTICULARS	AS AT 31-03-2003 (Rupees)	AS AT 31-03-2002 (Rupees)
SCHEDULE 8		
ADVANCES AND DEPOSITS		
ADVANCES		
Advances	3,297,412	6,332,445
Virinchi Employees Welfare Trust	20,020,000	20,020,000
Other Advances	388,374	1,312,399
DEPOSITS		
Rent Deposits	5,100,854	5,861,954
Other Deposits	951,520	933,320
	29,758,160	34,460,118
SCHEDULE 9		
CURRENT LIABILITIES, ADVANCES AND PROVISIONS		
Sundry Creditors	12,648	743,870
Creditors for Expenses	1,949,528	1,503,819
Outstanding Expenses and Provisions	6,578,011	1,831,842
	8,540,187	4,079,531

PARTICULARS	AS AT	AS AT
	31-03-2003	31-03-2002
	(Rupees)	(Rupees)
SCHEDULE 10		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	0	687
Public Issue Expenses	1,283,119	1,924,679
	1,283,119	1,925,366

SCHEDULE 11
BUSINESS AND ADMINISTRATIVE EXPENSES

PARTICULARS	YEAR ENDED	YEAR ENDED
	31-03-2003	31-03-2002
	(Rupees)	(Rupees)
Postage, Telephone and Telegrams	1,314,627	1,517,557
Repairs and Other Maint. Charges	1,093,364	1,090,351
Rent, Rates and Taxes	5,664,273	3,585,835
Auditors Remuneration	49,500	45,000
Directors Remuneration	1,580,338	1,809,534
Printing and Stationery	176,362	236,480
Advertisement expenses	33,101	26,374
Travelling and Conveyance	4,500,433	4,383,303
Marketing and Development Expenses	8,036,488	1,318,372
Other Administrative Expenses	1,931,458	970,510
	24,379,944	14,983,316

SCHEDULE - 12
NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

General :

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (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 recognised as and when the services are performed.
- (iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- (iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- (v) Revenue is not recognised on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Foreign Exchange Transaction :

- (i) Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account.

Investments :

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

Fixed Assets :

- (i) 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.

Depreciation and Amortization :

- (i) 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.
- (ii) Preliminary Expenses are amortised over the period of 10 years.
- (iii) Public Issue Expenses are amortised over the period of 5 years.

Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the 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 :

Provision for gratuity to employees has been made on accrual basis.

The Company is registered with STPI, Hyderabad as 100% EOU.

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) Rule 1975.

NIL

2 Director's Remuneration :	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
Managing Director	6,53,404/-	6,53,316/-
Director's	9,26,934/-	11,56,218/-
3 Auditor's Remuneration :	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
Audit Fee	45,000/-	45,000/-
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 Expenditure in Foreign Currency :	<u>Current Year (Lacs)</u>	<u>Previous Year (Lacs)</u>
Foreign Travelling	35.56	56.97
Import of equipments	Nil	6.56
Other expenses	43.90	5.00

- 6 Earnings in Foreign Exchange as reported by the Company to Government of India and as certified by Management.

	<u>Current Year (Lacs)</u>	<u>Previous Year (Lacs)</u>
Export of Software	460.03	413.72

- 7 There are no dues to SSI Units outstanding for more than 30 days.
- 8 No confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
- 9 In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred tax in the previous year for accumulated deferred tax Liability and for the previous year also. The deferred tax provision for the current year amounts to Rs.55,48,058/- towards deferred tax Liability.
- 10 Previous years figures have been regrouped wherever necessary.
- 11 The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 To 12

As per our report of even date
For MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

For and on behalf of the Board
VIRINCHI CONSULTANTS LIMITED

P.MURALI MOHANA RAO
PARTNER

K.VISWANATH
CHAIRMAN & MANAGING DIRECTOR

K.S.K.PRASAD
DIRECTOR

PLACE : HYDERABAD
DATE : 22nd AUGUST, 2003

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2003

	Ended 31-03-2003 Rs.in Lacs	Year Ended 31-3-2002 Rs.in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before taxation and extraordinary items	73.80	68.44
Adjustments for:		
Depreciation	91.15	90.38
W/o expenses	6.42	6.42
Interest expenses	5.18	3.64
Operating Profit before working capital changes	176.56	168.88
Working Capital Changes		
Trade and other receivables	-25.27	508.35
Trade payables	44.62	-63.39
Cash generated from operations	195.90	613.84
Interest paid	-5.18	-3.64
Taxation for the year	-2.96	0.00
Cash flow before extraordinary items	187.76	610.20
Extraordinary items	-	-
Net Cash from Operating Activities	187.76	610.20
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-143.76	-721.46
Investment	-0.14	0.00
Public Issue Expenses	0.00	0.00
Capital work-in-progress	0.00	0.00
Net Cash used in Investing Activities	-143.90	-721.46
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Equity Shares	17.08	0.03
Share Premium	13.62	0.03
Net Proceeds from Long Term Borrowings	-51.88	38.42
Net Cash used in Financing Activities	-21.18	38.48
Net increase in cash and cash equivalents	22.68	-72.78
Cash and Cash equivalents as at 01.04.2002	5.27	78.05
Cash and Cash equivalents as at 31.03.2003	27.95	5.27
FOR AND ON BEHALF OF THE COMPANY For VIRINCHI CONSULTANTS LIMITED		
PLACE : HYDERABAD	K.VISWANATH	K.S.K.PRASAD
DATE : 22nd AUGUST, 2003	CHAIRMAN & MANAGING DIRECTOR	DIRECTOR

AUDITOR'S CERTIFICATE

To
The Board of Directors,
Virinchi Consultants Limited,
Secunderabad.

We have examined the attached cash flow statement of M/s.Virinchi Consultants Limited, for the year ended 31st March, 2003. 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 22nd August, 2003 to the Members of the Company.

FOR MOGILI SRIDHAR & CO.,
CHARTERED ACCOUNTANTS

P.MURALI MOHANA RAO
PARTNER

Place : HYDERABAD
Date : 22nd AUGUST, 2003

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL
BUSINESS PROFILE**

1. REGISTRATION DETAILS

Registration No. : State Code :
Balance Sheet Date :

2. CAPITAL RAISED DURING THE YEAR (Amount Rs. in Thousands)

Public Issue : Rights Issue :
Bonus Issue : Private Placement :

3. POSITION OF MOBILISATION / DEPLOYMENT OF FUNDS (Amount Rs. in Thousands)

Total Liabilities : Total Assets :
Paid up Capital : Reserves & Surplus :
Secured Loans : Unsecured Loans :
Application of Funds :
Net Fixed Assets : Investments :
Net Current Assets : Misc. Expenditure :
Accumulated Losses :

4. PERFORMANCE OF THE COMPANY (Amount Rs. in Thousands)

Turnover including Other Income : Earnings per Share (in Rs.) :
Total Expenditure : Dividend Rate (%) :
+/- Profit/Loss Before Tax : On Preference Capital :
+/- Profit/Loss After Tax : On Equity Capital :

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VIRINCHI CONSULTANTS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 14th Annual General Meeting of the Company being held on Friday, the 26th day of September, 2003 at 11 A.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Maredpally, 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 : To be signed and handed over at the entrance of the Meeting Venue.

VIRINCHI CONSULTANTS LIMITED

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

PROXY FORM

Regd. Folio No. SI .No.
No. of Shares held

I/We of 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 14th Annual General
Meeting of the Company to be held on Friday the 26th September 2003 at 11.00 A.M. or at any adjournment
thereof.

Signed this day of2003

Affix
Re. 1/-
Revenue
Stamp

Signature

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

VIRINCHI CONSULTANTS LIMITED
10, SRK COLONY, WEST MAREDPALLY, SECUNDERABAD -500 026

POSTAL BALLOT FORM

1. Name(s) of Shareholder(s) (in block letters) (including joint holders, if any)			
2. Registered address of the sole/first named shareholder :			
3. Registered folio No. DP ID No./Client ID No.* (*Applicable to investors holding shares in dematerialized from) :			
4. Number of shares held			
5. I/We hereby exercise my/our vote in respect of the ordinary/special resolution to be passed through postal ballot for the business stated in the notice of the Company by sending my/our assent or dissent to the said resolution by placing the tick () mark at the appropriate box below.			
Item No.6	No. of shares		
Special Resolution regarding Alteration of Objects Clause of Memorandum Association of the Company		I/We assent to the resolution	
		I/We dissent to the resolution	
Item No.7	No. of shares		
Special Resolution regarding Change of name of the Company		I/We assent to the resolution	
		I/We dissent to the resolution	

Place:

Date :

(Signature of the Shareholder)

INSTRUCTIONS

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the company in the attached self-addressed envelope. Postage will be borne and paid by the company. However, envelopes containing postal ballots, if sent by courier at the expenses of the registered shareholder will also be accepted.
2. The self-addressed envelope bears the address of the scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the company) by the first named shareholder and in his absence, by the next named shareholder.
4. Unsigned postal Ballot Form will be rejected.
5. Duly completed Postal Ballot Form should reach the company not later than the close of working hours on Wednesday, the 24th September, 2003. Postal Ballot Form received after this date will be strictly treated as if the reply from the member has not been received.
6. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of dispatch of the notice.