

# C O N T E N T S

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Annual General meeting on Saturday, September 29, 2012 at 11.00 AM 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.

**Registered office:**

10, SRK Colony, West Marredpally  
Secunderabad-500 026  
Andhra Pradesh  
Phone# 040-27083608/10

**Corporate Office:**

A-1 3rd Floor, Surabhi Plaza  
Vikrampuri, Karkhana  
Secunderabad-500 009  
Phone# 040-27890664/5

**Auditors**

M/s. P. Murali & Co.,  
6-3-655/2/3, Somajiguda  
Hyderabad-500 082  
Phone# 040-2332 6666

**Main Bankers**

M/s. Canara Bank  
Overseas branch  
Adarsh Nagar  
Hyderabad

**Registrar & Share Transfer Agents**

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

**Wholly Owned Subsidiary Company in USA**

M/s. KSoft Systems Inc.,  
1000, Route# 34 Ste# 203  
Matawan, NJ-07747  
Phone# 1-732- 696-2555  
[www.ksoftglobal.com](http://www.ksoftglobal.com)

**G. Santi Priya**

Chairperson & Whole Time Director

**Viswanath Kompella**

Executive Director

**K. Srinath**

Whole Time Director & COO

**Datuk Kunasingam Sittampalam**

Independent and Non Executive Director

**Dr. Samad A. Momin**

Independent and Non Executive Director

**K. Krishna**

Independent and Non Executive Director

**M. Ramam**

Independent and Non Executive Director

**K. Ravindranath Tagore**

Company Secretary

## Message from Chair Person

Dear Valued Shareholders,

I am pleased to bring you an update on the progress your company has made over the last one year. During the course of the last year, even with the very unstable global markets, your company has been able to protect & grow its revenues while adding new clients. I am pleased to inform you that our ongoing investments in infrastructure and our strategy in differentiating our offerings and pursuing innovation to provide best solutions to the industry helped us maintain our leadership position in the short term financial services industry vertical in North America.

As a visible metric, your company's consolidated gross margins have shored up over the last two quarters of 2012 confirming our efforts, while on the other hand; several significantly large new customers with extensive presence have expressed keen interest in evaluating your products and solutions and finally, many of our existing customers are willing to enhance the scope of our services.

Your company has achieved a total consolidated income of Rs. 680 million during the year 2011-12 as against Rs. 637 million during the same period last year showing a growth of 6.75 % per cent. The net profit also continued to grow at about 20.83% per cent to Rs. 53.89 million as against Rs 44.60 million in the same period the previous year.

As you may be aware that your flagship Software product QFund, is the market leader in North America having the largest install base against any other competing products in the niche but small industry called "Pay Day Loan Industry". Your product is offered to clients in a dedicated hosting model with annuity payments, while enabling the clients to customize the products on a Time and Material model, which is another source of revenue for your company. Hence, although we have added clients of significant size & business during the last quarter of the last year, we expect the services revenues and annuity incomes to trickle in, during the course of the next year and continue thereon.

Hosting & providing continuous uptime to clients are most critical components of success for any SAAS model (software-as-a-service) and your company has excelled over the years operating in this model. However, as the old hardware infrastructure has been in use for over 5 years, your company has made significant investments this year by having a full refresh of the hosting environment. Further, in an endeavor to use this experience in expanding revenue paths, your company is making all efforts to offer managed hosting services for existing & new clients in current and new verticals. Talking about investing into infrastructure, your company has made and shall continue to make significant investments on its own IT Campus and has centralized all development work out of its facility at Hakimpet.

As regards the most important asset of your organization, human capital, your management team started off the year with a clear target of strengthening the management & technical teams with induction of high-caliber individuals from the industry in order to prepare the company for future growth and retain the existing team to perform a higher level. While additions were made at several levels, no changes have been made at the management level. Owing in large part to the dedication and hard work of talented team, your company is confident about the prospects and ability to deliver significant value to customers and investors in the years ahead. I am also glad to bring to your notice that your company's employee attrition has decreased significantly to fewer than 20% confirming to our best-in-class people practices and immense job satisfaction of employees.

- The management & technical team continue to make steady progress in very tough global economic conditions while recognizing that the next few years would be very challenging, especially with the weak macro-economic conditions and an acceleration of competitive dynamics, your management is gearing up to meet these challenges by following a structured approach which includes the following:
- Focus on North American geography and increase customer base
- Develop New / improved software products to suit customer needs
- Develop general IT services business other than the product centric services, with renewed investment in Sales & Marketing
- Attract best talent which will help propel company into the next league
- Achieve operational excellence in its global delivery model
- Make strategic investments and develop alliances to make leads in IT driven Education and Entertainment business models of its subsidiaries

As we work to serve your customers better by building products based on mature and superior technology, we will continue to keep paramount in our mind, the importance of advancing our reputation through integrity and ethical business conduct. Your management team is excited about the opportunities ahead for your company and is eager to achieve the laid goals. We remain dedicated both to your company's success and to continue to deliver value all the stakeholders. On behalf of everyone from the Virinchi management team, I thank you for your support.

On behalf of the Virinchi Team

**G.Santi Priya**  
**Chairperson & Whole Time Director**  
**Virinchi Technologies Limited**

# NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of the members of the Company will be held on Saturday, the 29th day of September, 2012, at 11.00 AM 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, 2012; 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 2011-12
3. To appoint a Director in place of Mr. Datuk Kunasingam V.Sittampalam who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Samad A.Momin who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. P. Murali & Co., Chartered Accountants, (ICAI Reg.No 007257S) 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.

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

**PLACE : HYDERABAD**  
**DATE : 29-08-2012**

**K. Ravindranath Tagore**  
Company Secretary

### **Important Communiqué to Members - Green Initiative in Corporate Governance**

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliances by the companies and has issued a Circular stating that service of all documents including Annual Reports can be sent by e-mail to its Members. Your Company believes that this is a remarkable and environment friendly initiative by MCA and requests all Members to support in this noble cause.

The Company has already embarked on this initiative and proposes to send documents including Annual Reports in electronic form to the Members on the email address provided by them to the R&T Agent/ the Depositories.

The Members who hold shares in physical form are requested to intimate/ update their email address to the Company/R&T Agent while Members holding shares in demat form can intimate/ update their email address to their respective Depository Participants.

Members are requested to further note that they will be entitled to be furnished, free of cost, the physical copy of the documents sent by e-mail, upon receipt of a requisition from them, any time, as a Member of the Company.

### **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 20th September, 2012 to 29th September 2012 (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, 2012. Dividend Warrants are scheduled to be posted on or after 3rd October, 2012. Dividend Warrant is valid for payment by the Company's Bankers for six months from the date of issue. Thereafter, please contact our share regis-trars, M/s. Aarathi Consultants Pvt Ltd, 1-2-285, Domalguda, Hyderabad -500029 for revalidation of the warrants.
- e) Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
- f) Members holding shares in physical form may write to the Company/Company's R&T agents for any change in their address and bank mandates. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective depository participants.
- g) Members are requested to send all communication relating to shares to the Company's R&T Agents (Physical and Electronic) at the following address: M/s. Aarathi Consultants Private Ltd, Unit: Virinchi Technologies Ltd, 1-2-285, Domalguda, Hyderabad-500 029

- h) Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary at the Company's registered office. Members are requested to note that dividends not encashed or claimed within 7 years from the date of transfer to the Company's Unpaid Dividend Account, will as per the provisions of Section 205A of the Companies Act, 1956, be transferred to the IEPF.
- i) The Certificate from the Auditors of the Company certifying that the Company's Stock Option Schemes are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, and in accordance with the resolutions of the members passed at the general meetings will be available for inspection by the members at the AGM.
- j) SEBI has made it mandatory for every participant in the securities/capital market to furnish details of Income Tax Permanent Account Number (PAN). Accordingly, all members holding shares in physical form are requested to submit their details of PAN, along with a photocopy of the PAN Card, to the R&T Agent of the Company, M/s. Aarthi Consultants Private Limited.

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

**PLACE : HYDERABAD**  
**DATE : 29-08-2012**

**K.Ravindranath Tagore**  
Company Secretary

## 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                    | : | Datuk Kunasingam V.Sittampalam   |
|    | Age                     | : | 59 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  |
| 2. | Name                    | : | Samad A. Momin   |
|    | Age                     | : | 45 years   |
|    | Qualifications          | : | B.Tech form IIT, Madras, MS & MBA from Ohio State University, Columbus, USA.   |
|    | Expertise               | : | He has 19 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. |
|    | Membership of committee | : | NIL  |
|    | Shareholding            | : | NIL  |
|    | Other Directorships     | : | NIL  |



# DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 23rd Directors' Report on the business and operations of your company on standalone basis, for the financial year ended 31st March, 2012.

## Financial Highlights on standalone basis

(Rs. in Lacs)

Particulars	Consolidated		Standalone	
	2011-12	2010-11	2011-12	2010-11
Total Income	6,988	6,478	3,708.21	3,816.88
Profit before interest, Depreciation and Tax	1,867	1,644	1,292.04	1,309
Interest	281	230.87	245.74	187.30
Depreciation	854	839.31	810.56	819.04
Provision for Taxation	159.74	171.61	56.98	82.32
Profit after interest, Tax and depreciation	572	402.33	178.76	220.10
Deferred Tax provision	33	(43.64)	19.48	(50.19)
Balance brought forward	4,153	3,923.64	4,039.55	3,856.64
Balance Carried to Balance Sheet	4,549	4282	4,112	4,040

## RESULTS OF OPERATIONS:

Following are the results of operations for the financial year 2011-12

### BUSINESS PERFORMANCE

**Consolidated Revenues:** The total Consolidated income of the Company for the FY 2011-12 comprises operating revenues of Rs. 6804 Lacs as against Rs. 6377 Lacs in FY 2010-11 and other income of Rs. 183 Lacs for the current year as against Rs.101 lacs in the previous year.

**Standalone Revenues:** The total income of the Company for the FY 2011-12 comprises operating revenues of Rs. 3525 Lacs as against Rs. 3715 Lacs in FY 2010-11 and other income of Rs.183 Lacs for the current year as against Rs. 101 lacs in the previous year.

**Consolidated Profits:** Profit before Tax (PBT) stood at Rs. 731.63 Lacs as against Rs. 573.94 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 538.99 lacs as against Rs. 445.97 Lacs for the previous year.

**Standalone Profits:** Profit before Tax (PBT) stood at Rs. 235.74 Lacs as against Rs. 302.42 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 159.28 Lacs as against Rs. 270.29 Lacs for the previous year.

Your Company is primarily engaged in the business of providing IT Products & Services to its customers in US, Europe, and Middle East. The financial results of the Company on consolidated basis have been encouraging despite the challenges faced in terms of unfavorable business conditions in our primary markets of US and Europe.

### 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.

## **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 V. Sittampalam and Samad A. Momin retire by rotation at the Annual General Meeting and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

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, 2012, 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 2012 and of the profit of the company for the financial year ended 31st March 2012
- 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, 2012 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.

## **PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

Pursuant to the provisions of Section 212 of the Companies Act, 1956 (Act), documents in respect of the various subsidiaries Viz., Director's Report, Auditor's Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance Sheet of the holding company. However, in terms of the provisions of Section 212(8) of the Act, the Government of India, Ministry of Corporate Affairs, has vide letter No. 47/15/ 2011-CL-III dated 27 January 2011 granted exemption from the provisions of Section 212(1) of the Act. Accordingly, the Annual Report does not contain the financial statements of the subsidiaries of the Company. However, the Company will make available the audited annual accounts and related detailed information of the subsidiaries to the shareholders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the Company during business hours.

A statement pursuant to the provisions of Section 212(1)(e) of the Act appears elsewhere in the Annual Report.

### Fixed Deposits

The Company has not accepted any fixed deposits as on 31st March, 2012 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.

### Subsidiary Companies

The details pertaining to financials of Subsidiary Companies have been given elsewhere in this report.

### 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 there are no employees who are in receipt of remuneration of Rs.60,00,000/- or more per annum or Rs.5,00,000/- or more per month where employed for a part of the year.

### 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, 2012 under the Virinchi Employee Stock Options Scheme, 2004 are as under:

Sl. No	Description	Details
1.	Options Granted during 2011-12	NIL
2.	Pricing formula	The Company is issuing the shares at Face Value of Rs.10/- each as per the resolution passed in the 17th Annual General Meeting of the Company.
3.	Options Vested	NIL
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	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	Rs. 3.00 per share
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.	-
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:**

Most of your Company's earnings are from the export of Computer Software and Services. In order to promote product sales and services, your Company participated in various exhibitions and carried product promotion activities.

**Earnings: Rs. 3393.45 Lacs    Outgo: Rs. 58.98 Lacs**

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.

**Acknowledgments**

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 for hard work, solidarity, cooperation and support put in by the company's employees at all levels in enabling such growth.

**PLACE : HYDERABAD**

**DATE : 29-08-2012**

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

**G. Santi Priya**

Chairperson & Whole Time Director

# Annexure to Directors' Report

## Report on Corporate Governance

### 1. Company's Philosophy:

The Company believes that corporate governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for the effective management and distribution of wealth and discharge of social responsibility for the sustainable development of all stakeholders. Through its processes and independence of functioning, the Board of Directors of the Company provides effective leadership to the Company and its management for achieving sustained prosperity for all the stakeholders.

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](http://www.virinchi.com)

### 2. Board of Directors:

#### a) Composition and Category of Directors:

- The Company has an Executive Chairperson and Whole Time Director , 2 Executive Directors and to have a more professional outlook your company is having 4 Independent Non- Executive directors which composition 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

- Six Board Meetings were held during the Financial Year 2011-12 and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:
  - 11th May,2011, 14th May, 2011, 01st August, 2011, 02nd September,2011, 12th November, 2011 and 11th February,2012.
  - The necessary quorum was present for all meetings.
  - During the year, information as mentioned in Annexure 1A to clause 49 of the Listing Agreement has been placed before the board for its consideration.

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other Director-ships #	Committee Member-ships	Committee Chairman-ship
Viswanath Kompella	Executive Director	6	Yes	-	-	-
G.Santi Priya	Chairperson and Whole Time Director	6	Yes	-	-	-
K.Srinath	Executive Director	3	Yes	-	-	-
K.Krishna	Independent Non-Executive Director	6	Yes	-	-	-
M.Ramam	Independent Non-Executive Director	6	Yes	-	-	-
K.V.Sittampalam	Independent Non-Executive Director	-	No	-	-	-
Samad A.Momin	Independent Non-Executive Director	-	No	-	-	-

# The Directorships held by Directors as mentioned above do not include alternate 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 lessees 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 Five (5) meetings were held for approval of Unaudited Financial Results and Audited results. The constitution of the Committee and the attendance of each member of the Committee are given below:

Name of the Director	Designation	Nature of Directorship	Committee Meetings attended
M.Ramam	Chairman	Independent Non-Executive Director	5
Viswanath Kompella	Member	Executive and Non-Independent Director	5
K.Krishna	Member	Independent Non-Executive Director	5

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.

Name of the Director	Designation	Nature of Directorship
M.Ramam	Chairman	Independent
K.V.Sittampalam	Member	Independent
Krishna Kanaparthi	Member	Independent

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 determining 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 2011-12 (in Rs.)			
	Sitting Fees	Salary	Perquisites	Total
Viswanath Kompella	-	24,00,000	-	24,00,000
G. Santi Priya	-	15,00,000	-	15,00,000
M. Ramam	30,000	-	-	30,000
K. Krishna	30,000	-	-	30,000
Srinath Kompella	-	24,00,000	-	24,00,000

Shares held by Non-Executive Directors as on 31st March, 2012 are as follows:

S.No.	Name of the Director	No. of shares held as on the Date
1	Ramam Madu	250
2	Samad A Momin	NIL
3	K.V.Sittampalam	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 M. Ramam 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. Aarhi Consultants Private Limited.

### Composition of the Committee:

Name	Designation	Category
M. Ramam	Chairman	Independent Non-Executive Director
Viswanath Kompella	Member	Executive and Non-Independent Director
K. Krishna	Member	Independent Non-Executive Director

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: 14 Complied:- 14 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. Aarhi Consultants Pvt. Ltd.

The outstanding complaints as on 31st March, 2012 were: 1

## 6. Details of Annual General Meetings: Location and time of the last three AGM's.

Financial Year	Date & Time	Venue	Nature of Special Resolutions if any, passed
2010-11	29.09.2011, 12.00 Noon	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad- 500026	NIL
2009-10	29.09.2010, 11.00AM	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad- 500026	1. Appointment of Ms. Santhi Priya as Chairperson & Whole Time Director 2. Re-appointment of Mr. Viswanath Kompella as Executive Director 3. Issue of Warrants to Promoters and Strategic Investors
2008-09	30.09.2009, 11.00AM	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad- 500026	1. Appointment of Jaganmohan Rao Karpey as Whole Time Director & CRO 2. Appointment of Srinath Kompella Whole Time Director & COO 3. Payment of commission to Non-Executive Directors

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:

**Details are given elsewhere in this report.**

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](http://www.virinchi.com)

## 9. General Shareholder information

- a) AGM: Date, Time and Venue : 29th September, 2012 at 11:00 AM, at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Maredpally, Secunderabad-500026. A.P.
- b) Financial Year : 1st April to 31st March

### Financial Reporting for :

Quarter ending June 30, 2012 Before end of August, 2012

Quarter ending September 30, 2012 Before end of November, 2012

Quarter ending December 31, 2012 Before end of February, 2013

Quarter ending March 31, 2013 Before end of May, 2013

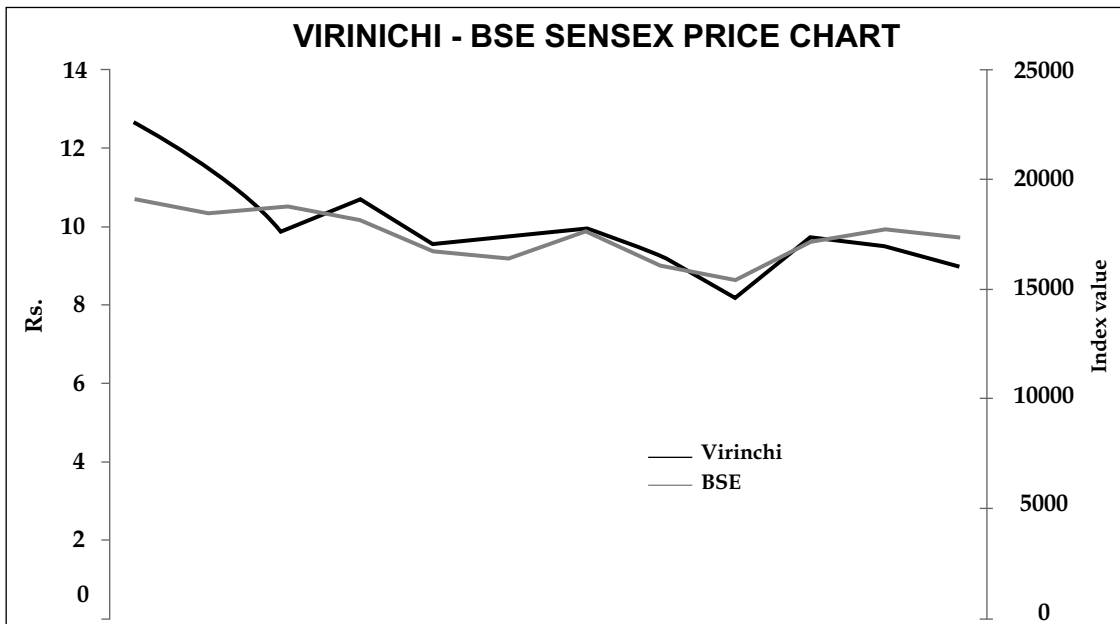
- c) Date of Book Closure : 20.09.2012 to 29.09.2012 (both days inclusive)
- d) Listing on Stock Exchanges : The Company's Equity shares are listed on the Bombay Stock Exchange (BSE)
- Payment of Listing Fee : The Company has paid the listing fees to the BSE for the financial year 2012-13
- e) Stock Code : BSE: VIRINCHIIQ code: 532372
- 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, 2011	14.94	11.21	181726
May, 2011	13.50	11.10	74430
June, 2011	12.51	9.05	144936
July, 2011	13.25	9.70	307002
August, 2011	11.70	8.01	165305
September, 2011	11.70	9.26	167169
October, 2011	10.98	9.05	60541
November, 2011	11.74	8.63	62995
December, 2011	11.00	7.40	141208
January, 2012	11.00	8.05	75949
February, 2012	11.00	9.21	86751
March, 2012	10.60	7.67	86194

Source: www.bseindia.com



- 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 of Shareholding as on 31st March, 2012

	Shareholding of Nominal Value		Shareholders		Shares held	
	Rs.	Numbers	% of total	No.	% of total	
	(1)	(2)	(3)	(4)	(5)	
1	5000	6293	72.78	1325828	8.85	
5001	10000	1118	12.93	951778	6.35	
10001	20000	552	6.38	888459	5.93	
20001	30000	222	2.57	576852	3.85	
30001	40000	116	1.34	420093	2.8	
40001	50000	79	0.91	376341	2.51	
50001	100000	112	1.3	851537	5.68	
100001	And above	155	1.79	9595162	64.03	
<b>TOTAL</b>		<b>8647</b>	<b>100</b>	<b>14986050</b>	<b>100</b>	

k) Share holding pattern as on 31st March 2012

	Category	No. of Shares held	% Age of Shareholding
<b>A</b>	<b>PROMOTER'S HOLDING:</b>		
1.	Promoters*		
	- Indian Promoters	3248693	21.68
	- Foreign Promoters	868458	5.80
2.	Persons acting in Concert #	Nil	Nil
<b>B.</b>	<b>NON-PROMOTERS HOLDING</b>		
1.	Institutional Investors	Nil	Nil
2.	Mutual Funds	Nil	Nil
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	Nil	Nil
4.	FII's	Nil	Nil
<b>C.</b>	<b>OTHERS</b>		
1.	Private Corporate Bodies	1287953	8.59
2.	Indian Public	8515532	56.83
3.	NRI's / OCB's	1060215	7.07
4.	Employees	1825	0.01
5.	Clearing Members	3374	0.02
	<b>TOTAL</b>	<b>14986050</b>	<b>100.00</b>

**l) Dematerialization of Shares and liquidity:**

Since the Company has entered into an arrangement with both the depositories, namely NSDL and CSDL for dematerialization of its shares, the shareholders of the Company are freer to dematerialize their shares and keep them in dematerialized form with any depository Participant. The Company shares are regularly traded on The Stock Exchange, Mumbai. 93.68% of the Company's share capital is dematerialized as on 31.03.2012.

**m) Outstanding GDRs./ADRs./Warrants/Convertible instruments, Conversion date and likely Impact on equity:**

The Board has allotted 30 lacs warrants to promoters and other strategic investors at Rs.20/- per warrant (Rs.10/-Face value and Rs.10/- Premium) on 28th March 2011. If the 30 lacs warrants are exercised within 18 months from the date of allotment then the Share capital of the company will be Rs.17,98,60,500/-

**N) Address for Correspondence :** Virinchi Technologies Limited, 10, SRK Colony, West Maredpally, Secunderabad - 500026

**Non -Mandatory Requirements :**

The Chairperson is entitled to reimbursement of expenses incurred in performance of her 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.

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

**PLACE :** HYDERABAD  
**DATE :** 29-08-2012

**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:

For years on end, technology has continued to take the world by surprise, enabling an industrial revolution, economic change as well as social transformation. Information technology is no exception – its evolution, advancements and results continue to spread at a rapid pace, as does humanity's dependence on technology in general. This probably explains the fact that despite global uncertainties, natural disasters and low consumer confidence in 2011, global spending on technology continued unabated, and demand for global sourcing for IT-BPO services remained strong.

In a volatile operating environment, the Indian IT-BPO industry continued to exhibit resilience. However, with the uncertainty, customer demands have also fluctuated, and the industry has had to exhibit change rapidly to stay ahead of the curve, and continue to be relevant. IT-BPO service providers have understood that the capabilities that made them leaders in the past may not be enough to ensure future success. A shift is taking place and firms are rethinking existing capabilities, developing new ones, strengthening their relationships with upstream suppliers, downstream sales channels and extending relations with customers and other go-to-market partners.

#### Global sourcing trends:

In the face of the volatility in economic environment and currency, 2011 recorded steady growth for the technology and related services sector, with worldwide spending exceeding USD 1.7 trillion, a growth of 5.4 per cent over 2010. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion – 63 per cent of the total spend. IT-hardware spend, at USD 645 billion, accounted for the balance 38 per cent of the worldwide technology spend in 2011. The year saw renewed demand for overall global sourcing, which grew by 12 per cent over 2010, nearly twice the global technology spend growth.

The global outsourcing market recorded a healthy growth driven by record contracting activity in small size deals, as clients aim to conserve cash flows and at the same time try out new models and service offer rings. This decisive shift towards smaller contract deals is coupled with strong growth from the EMEA region. Service providers continued expanding to off shore locations; however, this year saw an increased preference for onshore locations, specifically Tier II cities in their quest to tap into the local resources available.

A change in the overall structure in global sourcing is expected as organizations embark on a journey with enhanced focus on the customer. With customers demanding more immediate value from IT and forward-looking strategies that support growth and innovation, service providers are adopting agile methods focusing on operational excellence through ongoing innovation, diversification, renewed partnerships/alliances and new business models.

#### Indian IT-BPO performance:

FY2012 is a landmark year – while the Indian IT-BPO industry weathered uncertainties in the global business environment, this is also the year when the industry is set to reach a significant milestone – aggregate revenue for FY2012 is expected to cross USD 100 billion. Aggregate IT software and services revenue (excluding hardware) is estimated at USD 88 billion.

Even in the face of stiff competition from other locations, India retains its position as the world's leading global sourcing destination for IT-BPO services with a share of 58 per cent in 2011

As per the NASSCOM Strategic Review 2012, the following are the key highlights during fy2012:

- Export revenues (including Hardware) estimated to reach USD 69.1 billion in FY2012 growing by over 16 per cent; Domestic revenues (including Hardware) at about USD 31.7 billion, growing by over 9 per cent
- Software and services revenues (excluding Hardware), comprising nearly 87 per cent of the total industry revenues, expected to post USD 87.6 billion in FY2012; estimated growth of about 14.9 per cent over FY2011
- With in Software and services exports, IT services accounts for 58 per cent, BPO is nearly 23 per cent and ER&D and Software Products account for 19 per cent
- As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 7.5 per cent in FY2012

### **Opportunities:**

The company, on a continuous basis, scans the market for scalable opportunities and has over the past twelve months identified some key areas of growth opportunities. These opportunities are in the areas of product engineering, utilities, telecom & content. The company is making concerted efforts and investments to move up the value chain in its chosen markets and acquiring new competencies and services. It includes strengthening of domain knowledge, hiring highly talented sales and marketing managers, restructuring of businesses, project management and investments in new geographies. The company is experiencing significant traction from its existing customers and is receiving several enquiries from potential customers in its chosen markets. The company continues to strengthen and build relationships with its current and prospective customers as well as its global delivery model to ensure a low total cost of ownership for the customer.

### **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:**

Following are some of the major risks, which the management believes form a part of the company's business and the company seriously engaged itself to mitigate them.

Financial Risks - foreign currency rate fluctuations

Business Portfolio Risks - include vertical domain concentration, service concentration, client concentrations and geographical concentration.

Legal and Statutory Risks - include contractual liabilities & statutory compliances

Competition Risks - New competitors may enter the markets in which the company operates

### **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**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The Management of the Company accepts responsibility for the integrity and objectivity of the financial statements as well as for the various estimates used therein. The financial statements have been prepared on a prudent basis to reflect an accurate picture of the Company's state of affairs.

### **Financial Highlights:**

**Consolidated Revenues:** The total Consolidated income of the Company for the FY 2011-12 comprises operating revenues of Rs. 6804 Lacs as against Rs. 6377 Lacs in FY 2010-11 and other income of Rs. 183 Lacs for the current year as against Rs. 101 lacs in the previous year.

**Standalone Revenues:** The total income of the Company for the FY 2011-12 comprises operating revenues of Rs. 3525 Lacs as against Rs. 3715 Lacs in FY 2010-11 and other income of Rs.183 Lacs for the current year as against Rs.101 lacs in the previous year.

**Consolidated Profits:** Profit before Tax (PBT) stood at Rs. 731.63 Lacs as against Rs. 573.94 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 538.99 lacs as against Rs. 445.97 Lacs for the previous year.

**Standalone Profits:** Profit before Tax (PBT) stood at Rs. 235.74 Lacs as against Rs. 302.42 for the previous year. Profit after Tax (PAT) stood at Rs.159.28 Lacs as against Rs. 270.29 Lacs for the previous year.

### **Material Developments in Human Resources**

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 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 Board Members 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](http://www.virinchi.com)

**I G. Santi Priya, Chair person & Whole Time Director** declare that the Board of directors and senior management personnel have affirmed compliance with the Code of Conduct and Ethics Policy of the Company.

PLACE : HYDERABAD

DATE : 29-08-2012

**G. Santi Priya**

Chairperson & Whole Time Director

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## **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, 2012 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  
FRN: 007257S**

PLACE : HYDERABAD

DATE : 29-08-2012

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

## **Certification as required under Revised Clause 49 of the Listing Agreement**

We, G. Santi Priya, Chairperson & Whole Time Director, Viswanath Kompella, Executive 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.

**Viswanath Kompella**  
Executive Director

**PLACE : HYDERABAD**  
**DATE : 29-08-2012**

**G. Santi Priya**  
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, 2012 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 reason-able 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, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2012 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, 2012.
    - 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.

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

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

**PLACE : HYDERABAD**  
**DATE : 29-08-2012**

## 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, necessary entries are made in their register referred to in section 301 of the Companies Act, 1956 in respect of lease agreement for an area of 12,500 Sft. at Hakimpet, Secunderabad, to M/s Vivo Biotech Ltd.  
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. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
16. According to the information and explanation given to us the company has obtained Term Loan and utilized the funds for the purpose of 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 : 29-08-2012**

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

# M/S. VIRINCHI TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

Particulars	Note No.	AS AT	AS AT
		31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>A EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDER'S FUNDS</b>			
a) Share capital	1	149,610,102	149,405,197
b) Reserves & Surplus	2	644,005,380	636,785,751
c) Money received against share Warrants		15,000,000	15,000,000
<b>2. Non-current liabilities</b>			
a) Long-term borrowings	3	58,666,558	74,886,331
b) Deferred tax liabilities (net)	4	28,667,414	26,719,827
c) Long-term provisions	5	2,499,854	1,662,912
<b>3 Current liabilities</b>			
a) Short-term borrowings	6	78,347,757	74,269,501
b) Trade payables	7	2,284,290	2,170,200
c) Other current liabilities	8	-	146,003
d) Short-term provisions	9	24,975,666	24,821,495
<b>TOTAL</b>		<b>1,004,057,021</b>	<b>1,005,867,217</b>
<b>B ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed assets			
(i) Tangible assets	10	330,768,082	306,984,469
(ii) Intangible assets		196,483,446	204,846,258
(iii) Capital work-in-progress		14,108,983	17,121,752
b) Non-current investments	11	80,104,278	86,927,249
c) Long-term loans and advances	12	143,748,716	123,180,010
<b>2. Current assets</b>			
a) Trade receivables	13	172,357,783	168,897,523
b) Cash and cash equivalents	14	53,657,589	81,295,026
c) Other current assets	15	12,828,144	16,614,930
<b>TOTAL</b>		<b>1,004,057,021</b>	<b>1,005,867,217</b>

## NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

Notes referred to above form an integral part of the account

AS PER OUR REPORT OF EVEN DATE

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

P. MURALI MOHANA RAO  
PARTNER  
M.No.23412

PLACE : HYDERABAD  
DATE : 29-08-2012

FOR AND ON BEHALF OF THE BOARD

For VIRINCHI TECHNOLOGIES LIMITED

K. VISWANATH  
Executive Director

G. SANTI PRIYA  
Chairperson & Whole Time Director

K. RAVINDRANATH TAGORE  
Company Secretary

**M/S. VIRINCHI TECHNOLOGIES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2012**

PARTICULARS	NOTE No.	2011-12 (Rs.)	2010-11 (Rs.)
1. Revenue from operations	16	352,510,025	371,585,853
2. Other income	17	18,311,347	10,102,040
<b>3. Total revenue (1+2)</b>		<b>370,821,372</b>	<b>381,687,893</b>
<b>4. Expenses</b>			
a) Employee benefits expense	18	73,870,631	74,296,173
b) Other operating expenses	19	7,152,923	11,477,449
c) Administrative Expenses	20	132,667,360	132,166,591
d) Finance costs	21	24,573,705	18,729,661
e) Depreciation and amortisation expense	10	81,055,596	81,904,363
f) Other expenses	22	27,926,895	32,871,822
<b>Total expenses</b>		<b>347,247,110</b>	<b>351,446,060</b>
<b>5. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>23,574,262</b>	<b>30,241,833</b>
<b>6. Exceptional items</b>		-	-
<b>7. Profit / (Loss) before extraordinary items and tax (5 - 6)</b>		<b>23,574,262</b>	<b>30,241,833</b>
<b>8. Extraordinary items</b>		-	-
<b>9. Profit / (Loss) before tax (7 - 8)</b>		<b>23,574,262</b>	<b>30,241,833</b>
<b>10. Tax expense:</b>			
a) Current year tax		4,319,716	8,231,925
b) Deferred tax		1,947,587	(5,019,051)
c) Prior Period tax		1,378,749	-
<b>11. Profit / (Loss) from continuing operations (9 -10)</b>		<b>15,928,210</b>	<b>27,028,959</b>
<b>12. Profit / (Loss) for the year</b>		<b>15,928,210</b>	<b>27,028,959</b>
<b>13. Earnings per equity share:</b>			
1) Basic		1.06	1.80
2) Diluted		0.89	1.50

**NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES**

Notes referred to above form an integral part of the account

AS PER OUR REPORT OF EVEN DATE  
For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS  
FRN: 007257S

P. MURALI MOHANA RAO  
PARTNER  
M.No.23412

PLACE : HYDERABAD  
DATE : 29-08-2012

FOR AND ON BEHALF OF THE BOARD  
For VIRINCHI TECHNOLOGIES LIMITED

K. VISWANATH  
Executive Director

G. SANTI PRIYA  
Chairperson & Whole Time Director

K. RAVINDRANATH TAGORE  
Company Secretary

**M/s. VIRINCHI TECHNOLOGIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012**

PARTICULARS	Current Year (Rs.in Lacs)	Previous Year (Rs.in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	235.74	302.42
ADJUSTMENTS FOR :		
Depreciation	609.60	618.09
W/o expenses	200.95	200.95
Interest expenses	245.74	187.30
Operating Profit before working capital changes	<b>1292.04</b>	<b>1308.76</b>
<b>WORKING CAPITAL CHANGES</b>		
Trade and other receivables Trade payables	-202.42	-138.90
Trade Receivables	11.64	-0.38
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1101.25</b>	<b>1169.48</b>
Interest paid	-245.74	-187.30
Taxation for the year	-56.98	-82.32
Dividend for the year	-74.93	-74.93
Dividend Tax for the year	-12.16	-12.45
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>711.45</b>	<b>812.49</b>
Extraordinary items		
<b>Net Cash From Operating Activities</b>	<b>711.45</b>	<b>812.49</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	-733.68	-714.47
Investment	-132.72	-617.27
<b>Net Cash used in Investing Activities</b>	<b>-866.41</b>	<b>-1331.73</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Equity Shares & Warrants	-	158.03
Net Proceeds from Long Term Borrowings	-121.42	217.16
<b>Net Cash used in Financing Activities</b>	<b>-121.42</b>	<b>375.18</b>
Net increase in cash and cash equivalents	-276.37	-144.06
Cash and Cash equivalents as at 01.04.2011	812.95	957.01
Cash and Cash equivalents as at 31.03.2012	536.58	812.95

AS PER OUR REPORT OF EVEN DATE

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

P. MURALI MOHANA RAO  
 PARTNER  
 M.No.23412

PLACE : HYDERABAD  
 DATE : 29-08-2012

FOR AND ON BEHALF OF THE BOARD

For VIRINCHI TECHNOLOGIES LIMITED

K. VISWANATH  
 Executive Director

G. SANTI PRIYA  
 Chairperson & Whole Time Director

K. RAVINDRANATH TAGORE  
 Company Secretary



# 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.

## 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 and accumulated depreciation.

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

**Deferred Tax:**

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 recognised unless there is a virtual certainty that there will be sufficient future taxable income to realise such assets.

**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. 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.

**M/s. VIRINCHI TECHNOLOGIES LIMITED**  
**Notes to financial statements for the year ended 31st March. 2012**

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL :</b>		
a) Subscribed & fully paid up:		
1,49,58,228 Equity shares of Rs.10/- each	149,582,280	149,860,500
b) Subscribed & Not fully paid up		
27,888 Equity shares of Rs.10/- each	27,822	(455,303)
<b>Total Share capital ( Equity )</b>	<b>149,610,102</b>	<b>149,405,197</b>
The company has only one class of shares referred to as Equity shares having a par value of Rs. 10/- each.		
<b>The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.</b>	No.of shares: 149,86,050	No.of shares: 149,860,50
<b>Details of share holder holding more than 5% shares as at March 31st 2012 and March 31, 2011 is set out below :</b>		
Name of the share holder : Mr. Viswanath Kompella		
No. of shares: 14,74,900 (Previous year : 14,74,900)		
% held : 9.84 (Previous year : 9.84)		
<b>NOTE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium</b>		
Opening Balance	223,718,978	223,718,978
Add: Additions during the year	-	-
Less: Utilisation during the year	-	-
Closing Balance	<b>223,718,978</b>	<b>223,718,978</b>
<b>Share options outstanding account</b>	<b>9,111,286</b>	<b>9,111,286</b>

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>Surplus :</b>		
Opening Balance - Profit and Loss Account	403,955,487	385,664,144
Add: Transfer from Profit & Loss Account	15,928,210	27,028,959
Less: Dividend	8,708,581	8,737,616
	<b>411,175,116</b>	<b>403,955,487</b>
<b>Total Reserves and Surplus</b>	<b>644,005,380</b>	<b>636,785,751</b>
<b>NOTE 3</b>		
<b>LONG TERM BORROWINGS</b>		
Term loans:		
From banks:		
Secured	58,666,558	74,886,331
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Air conditioners and personal guarantee of the Director of the Company)		
<b>Total long term borrowings</b>	<b>58,666,558</b>	<b>74,886,331</b>
<b>NOTE 4</b>		
<b>DEFERRED TAX LIABILITY ( NET )</b>		
Opening Deferred tax Liability	26,719,827	31,738,878
Add:		
Deferred Tax Liability for the year ( Due to SLM and WDV Difference )	2,999,706	(5,019,051)
<b>Gross Deferred tax Liability</b>	<b>29,719,533</b>	<b>26,719,827</b>
Opening Deferred tax Asset	-	-
Provision for Gratuity and Compensated Absences and doubtful debts	(1,052,119)	-
<b>Gross Deferred tax Asset</b>	<b>( 1,052,119 )</b>	<b>-</b>
Deferred Tax Liability/ (Asset) - Net	<b>28,667,414</b>	<b>26,719,827</b>
<b>NOTE 5</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
- Provision for Gratuity	2,499,854	1,662,912
<b>Total Long Term Provisions</b>	<b>2,499,854</b>	<b>1,662,912</b>

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 6</b>		
<b>SHORT TERM BORROWINGS.</b>		
Loans repayable on demand:		
From banks		
Secured	78,347,757	74,269,501
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Air conditioners and personal guarantee of the Director of the Company)		
<b>Total short term borrowings</b>	<b>78,347,757</b>	<b>74,269,501</b>
<b>NOTE 7</b>		
<b>TRADE PAYABLES</b>		
Trade Payables	2,284,290	2,170,200
<b>Total Trade Payables</b>	<b>2,284,290</b>	<b>2,170,200</b>
<b>NOTE 8</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Other Payables	-	146,003
<b>Total other current liabilities</b>	<b>-</b>	<b>146,003</b>
<b>NOTE 9</b>		
<b>SHORT TERM PROVISIONS</b>		
<b>a) Provisions for employee benefits</b>		
PF Payable	394,118	358,186
Salaries Payable	5,733,087	4,672,992
Gratuity Payable	742,922	836,942
<b>b) Others</b>		
<b>Statutory Liabilities</b>		
Income Tax	4,319,716	5,987,509
TDS	1,216,823	1,293,532
Provision for Dividend	7,493,025	7,493,025
Dividend Tax	24,60,147	1,244,591
ESI	30,024	44,133
Service Tax	-	426,697
<b>Provision for Expenses</b>		
Rent	250488	102,092
Bonus Payable	1977446	2,173,166
Audit Fee	333,990	165,450
Professional Tax	23,880	23,180
<b>Total short term provisions</b>	<b>24,975,666</b>	<b>24,821,495</b>

**M/s. VIRINCHI TECHNOLOGIES LIMITED**

**NOTE 10  
FIXED ASSETS AND DEPRECIATION**

SL. NO	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		AS AT 01-04-2011	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31-03-2012	AS ON 01-04-2011	DURING the year	Depreciation Deletion	AS AT 31.03.2012	AS AT 31.03.2011
I.	<b>TANGIBLE ASSETS</b>									
	Land	29,583,756	-		29,583,756	-	-	-	29,583,756	29,583,756
	Building	148,671,644	15,503,894		164,175,538	3,853,295	5,483,463	-	154,838,780	144,818,349
	Plant & Machinery	11,794,001	-		11,794,001	1,947,124	560,216	-	9,286,661	9,846,877
	Office Equipments	19,479,751	527,577		20,007,328	3,885,130	941,156	-	15,181,042	15,594,621
	Electrical Equipment	24,740,503	7,027,276		31,767,779	1,896,708	1,506,126	-	28,364,945	22,843,795
	Furniture and Fixtures	73,634,064	1,035,729		74,669,793	23,884,935	4,698,156	-	46,086,702	49,749,129
	Vehicles	21,332,889	161,064	1,304,373	20,189,580	10,058,497	2,038,293	677,094	8,769,884	11,274,392
	Computer Hardware	48,543,298	207,44,152	27,607,145	41,680,305	25,269,748	5,361,390	27,607,145	38,656,312	23,273,550
	<b>Sub Total (a)</b>	<b>377,779,906</b>	<b>44,999,692</b>	<b>28,911,518</b>	<b>393,868,080</b>	<b>70,795,437</b>	<b>20,588,800</b>	<b>28,284,239</b>	<b>330,768,082</b>	<b>306,984,469</b>
II.	<b>INTANGIBLE ASSETS</b>									
	Computer Software	84,296,319	9,508,600	28,652,450	65,152,469	33,430,950	12,113,279	28,652,450	48,260,691	50,865,369
	Product Development Expenses	276,065,263	22,500,000	9,842,844	288,722,419	122,084,374	28,258,134	9,842,844	148,222,755	153,980,889
	<b>Sub Total (b)</b>	<b>360,361,582</b>	<b>32,008,600</b>	<b>38,495,294</b>	<b>353,874,888</b>	<b>155,515,324</b>	<b>40,371,413</b>	<b>38,495,294</b>	<b>196,483,446</b>	<b>204,846,258</b>
III.	Capital work in progress	-							14,108,983	17,121,752
	<b>Sub Total (c)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,108,983</b>	<b>17,121,752</b>
	<b>GRAND TOTAL (a+b+c)</b>	<b>738,141,488</b>	<b>77,008,292</b>	<b>67,406,812</b>	<b>747,742,968</b>	<b>226,310,761</b>	<b>60,960,213</b>	<b>66,779,533</b>	<b>541,360,511</b>	<b>528,952,479</b>
		656,674,673	125,540,146	44,073,330	738,141,489	208,575,111	61,808,980	44,073,330	511,830,727	448,099,562

As at 31.03.2011

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 11</b>		
<b>NON- CURRENT INVESTMENTS</b>		
<b>1) Investment in Subsidiaries</b>		
a) Equity Shares		
100% holding in Ksoft Systems Inc	4,591,087	4,591,087
Goodwill - K soft	-	20,095,383
100% Holding in Qfund Technologies Pvt. Ltd.	46,099,220	43,576,808
100% Holding in Virinchi Learning Private Limited	13,083,770	7,283,770
100% Holding in Virinchi Media & Entertainment Pvt Ltd	15,816,201	10,866,201
	<b>79,590,278</b>	<b>86,413,249</b>
<b>2) Trade Investments</b>		
a) Investment in Equity Instrument		
Quoted	14,000	14,000
400 Shares of Canara Bank	14,000	14,000
b) Investment in Mutual funds		
Canara Robeco Mutual funds	500,000	500,000
<b>Total Non Current Investments</b>	<b>80,104,278</b>	<b>86,927,249</b>
<b>NOTE 12</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
a) Security Deposit		
Secured	2,030,657	1,957,488
Unsecured	1,620,692	1,198,692
b) Loans and advances to related parties		
Unsecured	-	-
K Soft Systems Inc - 100% Subsidiary	42,621,506	43,755,353
Qfund Technologies Pvt Ltd - 100% Subsidiary	39,444,583	4,828,240
Virinchi Employees Welfare Trust	12,900,000	14,420,000
c) Other Loans and advances		
Unsecured	45,131,278	57,020,237
<b>Total Long term loans &amp; advances</b>	<b>143,748,716</b>	<b>123,180,010</b>
<b>NOTE 13</b>		
<b>TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good	6,230,369	19,763,135
<b>Other Receivables:</b>		
Unsecured, Considered Good	166,127,414	149,134,388
<b>Total trade receivable</b>	<b>172,357,783</b>	<b>168,897,523</b>

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 14</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
a) Balances with banks :		
Current Accounts	994,882	7,489,971
b) Cash on hand	872,518	923,717
<b>Sub Total</b>	<b>1,867,400</b>	<b>8,413,688</b>
Other Bank Balances		
On Deposit Accounts		
12 Months from date of deposit	51,790,189	72,881,338
<b>Sub Total</b>	<b>51,790,189</b>	<b>72,881,338</b>
<b>Total Cash and Cash Equivalents</b>	<b>53,657,589</b>	<b>81,295,026</b>
<b>NOTE 15</b>		
<b>OTHER CURRENT ASSETS</b>		
Salary Advances	5,681,503	4,178,648
Tour Advances	3,807,026	7,268,453
Advance Tax	3,339,615	5,167,829
<b>Total Other Current Assets</b>	<b>12,828,144</b>	<b>16,614,930</b>
<b>NOTE 16</b>		
<b>REVENUE FROM OPERATIONS</b>		
Revenue from operations in respect of non-finance company		
(a) Revenue from Services	352,062,185	370,834,891
(b) Other Operating Revenues	447,840	750,962
<b>Total Revenue from Operations</b>	<b>352,510,025</b>	<b>371,585,853</b>
<b>NOTE 17</b>		
<b>OTHER INCOME</b>		
(a) Interest income	5,297,263	6,229,106
(b) Other non-operating income	2,719,856	3,000,000
(c) Net gain/loss on foreign currency translation and transaction	10,294,228	872,934
<b>Total Other Income</b>	<b>18,311,347</b>	<b>10,102,040</b>



# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 18</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
(a) Salaries & Wages	64,662,906	65,247,019
(b) Staff Welfare Expenses	9,207,725	9,049,154
<b>Total Employee Benefit Expenses</b>	<b>73,870,631</b>	<b>74,296,173</b>
<b>NOTE 19</b>		
<b>OTHER OPERATING EXPENSES</b>		
(a) Power & Fuel	4,136,154	5,907,551
(b) Rent	1,803,287	2,966,686
(c) Repairs to Building	-	2,026,429
(d) Insurance	919,911	307,404
(e) Rates & Taxes (excluding Income Tax)	114,731	35,199
(f) Payment to Auditors:		
(i) As Auditor	168,540	150,000
(ii) For Management Services	-	66,180
(iii) For Other Services	-	18,000
(iv) For Reimbursement of expenses	10,300	-
<b>Total Other Expenses</b>	<b>7,152,923</b>	<b>11,477,449</b>
<b>NOTE 20</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
(a) Telephone, Postage and Others	1,434,233	1,964,634
(b) Business Promotion Expenses	119,849,124	110,399,680
(c) Conveyance	1,022,715	796,279
(d) Office Maintenance	837,180	3,823,627
(e) Printing & Stationery Expenses	482,365	1,103,955
(f) Managerial Remuneration	6,360,000	5,543,333
(g) Consultancy Charges	2,659,232	8,531,948
(h) Interest on taxes Payable	22,511	3,135
<b>Total Administrative Expenses</b>	<b>132,667,360</b>	<b>132,166,591</b>
<b>NOTE 21</b>		
<b>FINANCE COST</b>		
(a) Interest Expenses		
- Interest on Cash Credit	23,892,968	18,054,931
- Interest on Car Loan	181,566	452,552
- Loan processing Charges & Bank Charges	317,113	-
(b) Applicable net gain/loss on foreign currency translations & transactions	182,058	222,178
<b>Total Finance Cost</b>	<b>24,573,705</b>	<b>18,729,661</b>

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 22</b>		
<b>OTHER EXPENSES</b>		
Traveling and Conveyance	18,908,125	19,876,995
Vehicle Maintenance	2,508,324	2,557,090
Internet Charges	1,523,070	1,851,676
Other Administrative Expenses	4,987,376	8,586,061
<b>Total Other expenses</b>	<b>27,926,895</b>	<b>32,871,822</b>

## NOTE 23

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: **NIL**

## NOTE 24 Directors Remuneration

Current Year (Rs.) 63,60,000/-                      Previous Year (Rs.) 55,43,333/-

## NOTE 25 Auditors Remuneration(Incl. Service Tax for Statutory and Tax matters)

Current Year (Rs.) 1,68,540/-                      Previous Year (Rs.) 1,65,450/-

## NOTE 26

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.

## NOTE 27

### 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.

### Details of Investment in Wholly Owned Subsidiaries

S No.	Name of the Subsidiary	Amount (Rs)
1	Qfund Technologies Pvt. Ltd.	4,60,99,220
2	KSoft Systems Inc	45,91,087
3	Virinchi Media & Entertainment Pvt. Ltd	1,58,16,201
4	Virinchi Learning Pvt. Ltd.	1,30,83,770

# M/s. VIRINCHI TECHNOLOGIES LIMITED

## NOTE 28: 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.

Particulars	2011-2012	2010-2011
Profit available for the equity share holders	1,59,28,210	2,70,28,959
No. of equity shares outstanding for EPS-Basic	1,49,86,050	1,49,86,050
No. of equity shares outstanding of EPS-Diluted	1,79,86,050	1,79,86,050
Basic	1.06	1.80
Diluted	0.89	1.50

## NOTE 29

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 proposed campus at Shamirpet and personal guarantee of the Directors

## NOTE 30.

Foreign Currency Outflow during the year of Rs. 58.78 Lacs spent towards foreign travel of office executives.

## NOTE 31

Operational revenue received in foreign currency during the year is Rs. 3393.45 Lacs.

## NOTE 32

There are no dues to SSI Units outstanding for more than 30 days.

## NOTE 33

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

## NOTE 34

Previous years figures have been regrouped wherever necessary.

## NOTE 35

The figures have been rounded off to the nearest rupee.

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

(Amount in Rs. Thousands)

<b>1. Registration details</b>	
Registration number	L72200AP1990PLC011104
State Code	01
Balance Sheet Date	31.03.2012
<b>2. Capital raised during the year</b>	
Public issue	NIL
Rights issue	NIL
Bonus issue	NIL
Conversion of bonds	NIL
Private placement	NIL
<b>3. Position of Mobilisation and deployment of funds</b>	
Total Liabilities	974092.31
Total Assets	974092.31
<b>Source of funds</b>	
Paid-up Capital	149405.20
Share warrants Application money	15000.00
Reserves & Surpluses	644005.38
Secured Loans	137014.32
Unsecured Loans	NIL
Deferred Tax liability	28667.41
<b>Application of Funds</b>	
Net fixed assets	541360.51
Investments	80104.28
Net Current Assets	352627.52
<b>4. Performance of Company</b>	
Total Income	370812.37
Total Expenditure	347247.11
Profit before tax	23574.26
Profit after tax	159.28
Earning per share	1.06
Dividend Rate %	0.89
<b>5. Generic names of three principal products/services of company</b>	
Item code no	85249009.1
Product Description	Computer Software

# 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, 2012. 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 29th August, 2012 to the Members of the Company.

**AS PER OUR REPORT OF EVEN DATE**

For **P. MURALI & CO.,**

CHARTERED ACCOUNTANTS

FRN: 007257S

**PLACE : HYDERABAD**

**DATE : 29-08-2012**

**P. MURALI MOHANA RAO**

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	Virinchi Learning Pvt. Ltd.,	Virinchi Media and Entertainment Pvt. Ltd.,	Qfund Technologies Pvt. Ltd.,
2	Financial year end	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2012
3	Holding Company's Interest	100% in Equity Share Capital	100% in Equity Share Capital	100% in Equity Share Capital	100% in Equity Share Capital
4	Share held by the holding company in the subsidiary	100,100 Shares of USD 1 each	10,000 equity Shares of Rs. 10/- each	10,000 equity Shares of Rs. 10/- each	10,000 equity Shares of Rs. 10/- 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 b. Not dealt with or provided for in the accounts of the holding company	Rs. 289.20 Lacs  N.A	NIL  N.A	NIL  N.A	33.65 Lacs  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	Rs. 173.45 Lacs  N.A	NIL  N.A	NIL  N.A	2.28 Lacs  N.A

# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors,

**VIRINCHI TECHNOLOGIES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of M/s VIRINCHI TECHNOLOGIES LIMITED Group as at 31st March 2012, and also the Consolidated Profit and Loss Account and the consolidated Cash Flow statement for the period ended on that date annexure thereto. 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Ksoft Systems Inc for the financial year 2011-12 and the financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors. The total assets of the company is Rs. 305,987,043/- and Turnover of Rs. 252,336,391 /- and profit of Rs.28,919,950/-. The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard(AS) 21 for 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. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) In the case of the Consolidated balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2012.
  - (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year ended and
  - (c) In the case of the Consolidated cash flows Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year ended.

**AS PER OUR REPORT OF EVEN DATED**  
For **P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
FRN: 007257S

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

PLACE : HYDERABAD  
DATE : 29-08-2012

**M/s. VIRINCHI TECHNOLOGIES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

Particulars	Note No.	AS AT 31.03.2012 (Rs.)	AS AT 31.03.2011 (Rs.)
<b>A EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDER'S FUNDS</b>			
a) Share capital	1	149,610,102	149,405,197
b) Reserves & Surplus	2	691,334,980	662,148,504
c) Money received against share Warrants		15,000,000	15,000,000
<b>2. Non-current liabilities</b>			
a) Long-term borrowings	3	97,984,841	110,229,218
b) Deferred tax liabilities (net)	4	30,663,186	27,374,614
c) Long-term provisions	5	2,499,854	1,685,183
<b>3 Current liabilities</b>			
a) Short-term borrowings	6	94,218,759	87,589,501
b) Trade payables	7	3,149,119	14,416,390
c) Other current liabilities	8	-	146,003
d) Short-term provisions	9	68,827,206	34,927,572
<b>TOTAL</b>		<b>1,153,288,047</b>	<b>1,102,922,182</b>
<b>B ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed assets			
(i) Tangible assets	10	383,696,051	351,618,840
(ii) Intangible assets		268,587,983	257,038,842
(iii) Capital work-in-progress		14,108,983	17,121,752
b) Non-current investments	11	514,000	514,000
c) Long-term loans and advances	12	100,174,819	127,999,892
<b>2. Current assets</b>			
a) Trade receivables	13	309,292,110	248,189,908
b) Cash and cash equivalents	14	63,616,389	83,727,504
c) Other current assets	15	13,297,712	16,711,443
<b>TOTAL</b>		<b>1,153,288,047</b>	<b>1,102,922,182</b>

**NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES**

Notes referred to above form an integral part of the account

AS PER OUR REPORT OF EVEN DATE  
For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS  
FRN: 007257S

P. MURALI MOHANA RAO  
PARTNER  
M.No.23412

PLACE : HYDERABAD  
DATE : 29-08-2012

FOR AND ON BEHALF OF THE BOARD  
For VIRINCHI TECHNOLOGIES LIMITED

K. VISWANATH  
Executive Director

G. SANTI PRIYA  
Chairperson & Whole Time Director

K. RAVINDRANATH TAGORE  
Company Secretary



**M/s. VIRINCHI TECHNOLOGIES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2012**

PARTICULARS	NOTE No.	2011-12 (Rs.)	2010-11 (Rs.)
1. Revenue from operations	16	680,479,907	637,765,328
2. Other income	17	18,311,347	10,102,040
<b>3. Total revenue (1+2)</b>		<b>698,791,254</b>	<b>647,867,368</b>
<b>4. Expenses</b>			
a) Employee benefits expense	18	280,247,566	243,634,149
b) Other operating expenses	19	18,890,533	17,816,469
c) Administrative Expenses	20	171,029,995	176,673,639
d) Finance costs	21	28,100,852	23,087,065
e) Depreciation and amortisation expense	10	85,413,194	83,930,847
f) Other expenses	22	41,946,490	45,330,933
<b>Total expenses</b>		<b>625,628,630</b>	<b>590,473,101</b>
<b>5. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>73,162,624</b>	<b>57,394,267</b>
<b>6. Exceptional items</b>		-	-
<b>7. Profit / (Loss) before extraordinary items and tax (5 - 6)</b>		<b>73,162,624</b>	<b>57,394,267</b>
<b>8. Extraordinary items</b>		-	-
<b>9. Profit / (Loss) before tax (7 - 8)</b>		<b>73,162,624</b>	<b>57,394,267</b>
<b>10. Tax expense:</b>			
a) Current year tax		14,595,643	17,161,052
b) Deferred tax		3,288,572	(4,364,265)
c) Prior Period tax		1,378,749	-
<b>11. Profit / (Loss) from continuing operations (9 -10)</b>		<b>53,899,560</b>	<b>44,597,480</b>
<b>12. Profit / (Loss) for the year</b>		<b>53,899,560</b>	<b>44,597,480</b>
<b>13. Earnings per equity share:</b>			
1) Basic		3.60	1.80
2) Diluted		3.00	1.50

**NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES**

Notes referred to above form an integral part of the account

AS PER OUR REPORT OF EVEN DATE

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

FOR AND ON BEHALF OF THE BOARD

For VIRINCHI TECHNOLOGIES LIMITED

P. MURALI MOHANA RAO  
 PARTNER  
 M.No.23412

K. VISWANATH  
 Executive Director

G. SANTI PRIYA  
 Chairperson & Whole Time Director

PLACE : HYDERABAD  
 DATE : 29-08-2012

K. RAVINDRANATH TAGORE  
 Company Secretary

**M/s. VIRINCHI TECHNOLOGIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR**  
**ENDED 31st MARCH, 2012**

PARTICULARS	Current Year 31.03.2012 (Rs.in Lacs)	Previous Year 31.03.2011 (Rs.in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	731.63	573.94
ADJUSTMENTS FOR :		
Depreciation	653.11	638.35
W/o expenses	201.02	200.95
Interest expenses	281.01	230.87
Operating Profit before working capital changes	<b>1866.77</b>	<b>1644.12</b>
<b>WORKING CAPITAL CHANGES</b>		
Trade and other receivables	-1894.88	-567.60
Trade payables	1494.73	-49.44
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1466.61</b>	<b>1027.08</b>
Interest paid	-281.01	-230.87
Taxation for the year	-216.61	-171.61
Dividend for the year	-74.93	-74.93
Dividend Tax for the year	-12.16	-12.45
Foreign exchange diff	36.51	10.95
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>853.53</b>	<b>548.17</b>
Extraordinary items	-	-
<b>Net Cash From Operating Activities</b>	<b>853.53</b>	<b>548.17</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	-1030.49	-1048.37
Good Will	-	-1.59
Public issue Expenses	0.00	0.00
<b>Net Cash used in Investing Activities</b>	<b>-1030.49</b>	<b>-1049.96</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Equity Shares & Warrants	0.00	158.03
Share Premium	0.00	0.00
Net Proceeds from Long Term Borrowings	-56.15	183.14
<b>Net Cash used in Financing Activities</b>	<b>-56.15</b>	<b>341.16</b>
Net increase in cash and cash equivalents	-201.11	-160.63
Cash and Cash equivalents as at 01.04.2011	837.38	997.91
Cash and Cash equivalents as at 31.03.2012	636.16	837.38

AS PER OUR REPORT OF EVEN DATE

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

P. MURALI MOHANA RAO  
 PARTNER  
 M.No.23412

PLACE : HYDERABAD  
 DATE : 29-08-2012

FOR AND ON BEHALF OF THE BOARD

For VIRINCHI TECHNOLOGIES LIMITED

K. VISWANATH  
 Executive Director

G. SANTI PRIYA  
 Chairperson & Whole Time Director

K. RAVINDRANATH TAGORE  
 Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Description of the Business

- a. 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 KSOFT SYSTEMS Inc.
- b. Qfund Technologies Private Limited, a 100% Subsidiary of Virinchi Technologies Ltd., is registered under SEZ Act, 2005 for getting tax benefits for a period of 5 years from the date of commencement of Commercial Production, which is wholly owned Indian subsidiary to M/s. Virinchi Technologies Limited.
- c. M/s. Virinchi Learning Private Limited is a wholly owned Indian subsidiary to M/s Virinchi Technologies Limited which is formed to promote technology based, for profit, quality education services to different student categories in India, both by creation of new content and infra structure and also by partnering with existing content providers by leveraging the strength of information technology.
- d. M/s. Virinchi Media and Entertainment Private Limited is a wholly owned subsidiary to M/ s. Virinchi Technologies Limited is formed to launch internet portals 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.

### 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, 2012**

Balance Sheet items	50.87
Revenue items	47.80

### **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 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.

#### **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.

#### **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.

#### **Deferred Tax**

Incase 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 recognised unless there is a virtual certainty that there will be sufficient future taxable income to realise such assets.

## 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 weighted average number of shares outstanding during the year.

Particulars	2011-12	2010-2011
Profit available for the equity share holders	53,899,560	4,45,97,480
No. of equity shares outstanding for EPS-Basic	1,49,86,050	1,49,86,050
No. of equity shares outstanding of EPS-Diluted	1,79,86,050	1,79,86,050
Basic	3.60	2.98
Diluted	3.00	2.48

## 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. 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.

## 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".

# M/s. VIRINCHI TECHNOLOGIES LIMITED

Consolidated notes to financial statements for the year ended 31st March. 2012

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL :</b>		
a) Subscribed & fully paid up:		
1,49,58,228 Equity shares of Rs.10/- each	149,582,280	149,860,500
b) Subscribed & Not fully paid up		
27,888 Equity shares of Rs.10/- each	27,822	(455,303)
<b>Total Share capital ( Equity and Preference )</b>	<b>149,610,102</b>	<b>149,405,197</b>
The company has only one class of shares referred to as Equity shares having a par value of Rs. 10/- each.		
<b>The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period. :</b>		
	<b>No. of shares</b>	<b>No. of shares</b>
	14,986,050	14,986,050
<b>Details of share holder holding more than 5% shares as at March 31st 2012 and March 31, 2011 is set out below :</b>		
Name of the share holder : Mr. Viswanath Kompella		
No. of shares: 14,74,900 (Previous year : 14,74,900)		
% held : 9.84 (Previous year : 9.84)		
<b>NOTE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium</b>		
Opening Balance	223,718,978	223,718,978
Add: Additions during the year	-	-
Less: Utilisation during the year	-	-
Closing Balance	<b>223,718,978</b>	<b>223,718,978</b>
<b>Share options outstanding account</b>	<b>9,111,286</b>	<b>9,111,286</b>
<b>Surplus :</b>		
Opening Balance - Profit and Loss Account	415,348,920	392,363,840
Add: Transfer from Profit & Loss Account	48,213,032	44,597,480
Add: Foreign currency translation reserve	3,651,345	1,094,536

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
Less: Transfer To General Reserve	-	-
Less: Dividend	8,708,581	8,737,616
Less: Bonus shares	-	-
Less: Transfer to/from reserves.	-	-
	458,504,716	429,318,240
<b>Total Reserves and Surplus</b>	<b>691,334,980</b>	<b>662,148,504</b>
<b>NOTE 3</b>		
<b>LONG TERM BORROWINGS</b>		
Term loans:		
From banks:		
Secured	97,984,841	110,229,218
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Air conditioners and personal guarantee of the Director of the Company)		
<b>Total long term borrowings</b>	<b>97,984,841</b>	<b>110,229,218</b>
<b>NOTE 4</b>		
<b>DEFERRED TAX LIABILITY ( NET )</b>		
Opening Deferred tax Liability	27,374,614	32,393,665
Add:		
Deferred Tax Liability for the year ( Due to SLM and WDV Difference )	4,340,691	(5,019,051)
<b>Gross Deferred tax Liability</b>	<b>31,715,305</b>	<b>27,374,614</b>
Opening Deferred tax Asset	-	-
Provision for Gratuity and Compensated Absences and doubtful debts	(1,052,119)	-
<b>Gross Deferred tax Asset</b>	<b>(1,052,119)</b>	<b>-</b>
Deferred Tax Liability/ (Asset ) - Net	<b>30,663,186</b>	<b>27,374,614</b>
<b>NOTE 5</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
- Provision for Gratuity	2,499,854	1,685,183
<b>Total Long Term Provisions</b>	<b>2,499,854</b>	<b>1,685,183</b>

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 6</b>		
<b>SHORT TERM BORROWINGS.</b>		
Loans repayable on demand:		
From banks		
Secured	94,218,759	87,589,501
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Air conditioners and personal guarantee of the Director of the Company)		
<b>Total short term borrowings</b>	<b>94,218,759</b>	<b>87,589,501</b>
<b>NOTE 7</b>		
<b>TRADE PAYABLES</b>		
Trade Payables	3,149,119	14,416,390
<b>Total Trade Payables</b>	<b>3,149,119</b>	<b>14,416,390</b>
<b>NOTE 8</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Other Payables	-	146,003
<b>Total other current liabilities</b>	<b>-</b>	<b>146,003</b>
<b>NOTE 9</b>		
<b>SHORT TERM PROVISIONS</b>		
<b>a) Provisions for employee benefits</b>		
PF Payable	394,118	422,686
Salaries Payable	32,899,741	55,44,386
Gratuity Payable	742,292	836,942
<b>b) Others</b>		
<b>Statutory Liabilities</b>		
Income Tax	20,282,270	14,916,636
TDS	1,939,155	1,495,501
Provision for Dividend	7,493,025	7,493,025
Dividend Tax	24,60,147	1,244,591
ESI	30,024	55,645
Service Tax	-	426,697
<b>Provision for Expenses</b>		
Rent	250,488	102,092
Bonus Payable	1,977,446	2,173,166
Audit Fee	333,990	193,025
Professional Tax	23,880	23,180
<b>Total short term provisions</b>	<b>68,827,206</b>	<b>34,927,572</b>



**NOTE 10**  
**FIXED ASSETS AND DEPRECIATION**  
**M/s. VIRINCHI TECHNOLOGIES LIMITED**

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	AS AT 01-04-2011	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31-03-2012	AS ON 01-04-2011	DURING the year	AS AT 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>I. TANGIBLE ASSETS</b>									
Land	29,583,756	-		29,583,756	-	-	-	29,583,756	29,583,756
Building	200,713,707	15,571,368		216,285,075	7,901,441	7,223,922	15,125,363	201,159,712	186,281,041
Plant & Machinery	11,794,001	-		11,794,001	1,947,124	560,215	2,507,339	9,286,662	9,846,877
Office Equipments	20,385,841	527,577		20,913,418	4,475,127	984,195	5,459,322	15,454,096	15,851,023
Electrical Equipment	24,740,503	7,027,276		31,767,779	1,896,708	1,506,126	3,402,834	28,364,945	22,843,795
Furniture and Fixtures	74,639,303	1,035,729		75,675,032	24,055,956	4,761,788	28,817,744	46,857,288	50,479,625
Vehicles	21,332,889	161,064	1,304,373	20,189,580	10,058,497	2,038,293	677,094	8,769,884	11,274,392
Computer Hardware	50,849,046	24,712,382	27,607,145	47,954,283	25,370,305	5,971,415	3,734,575	44,219,708	25,458,330
<b>Sub Total (a)</b>	<b>434,039,046</b>	<b>49,035,396</b>	<b>28,911,518</b>	<b>454,162,924</b>	<b>75,705,158</b>	<b>23,045,954</b>	<b>70,466,873</b>	<b>383,696,051</b>	<b>351,618,840</b>
<b>II. INTANGIBLE ASSETS</b>									
Computer Software	84,304,842	14,626,756	28,652,450	70,279,148	33,430,950	12,384,231	17,162,731	53,116,417	50,869,363
Product Development	308,245,234	33,100,000	9,842,844	331,502,390	122,440,124	29,881,134	142,478,414	189,023,976	185,805,110
Good Will	20,364,369	6,083,220	-	26,447,589	-	-	-	26,447,589	20,364,369
<b>Sub Total (b)</b>	<b>412,914,445</b>	<b>53,809,976</b>	<b>38,495,294</b>	<b>428,229,128</b>	<b>155,871,074</b>	<b>42,265,365</b>	<b>159,641,145</b>	<b>268,587,983</b>	<b>257,038,842</b>
<b>Capital work in progress (c)</b>	<b>17,121,752</b>	<b>(3,012,769)</b>	<b>-</b>	<b>14,108,983</b>				<b>14,108,983</b>	<b>17,121,752</b>
<b>GRAND TOTAL (a+b+c)</b>	<b>864,075,243</b>	<b>99,832,603</b>	<b>67,406,812</b>	<b>896,501,034</b>	<b>231,576,232</b>	<b>65,311,320</b>	<b>230,108,018</b>	<b>666,393,016</b>	<b>625,779,434</b>
As at 31.03.2011	703,803,460	159,527,976	44,073,330	819,258,106	211,148,072	63,835,464	230,964,794	588,293,313	492,655,388

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 11</b>		
<b>NON- CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
a) Investment in Equity Instrument Quoted 400 Shares of Canara Bank	14,000	14,000
b) Investment in Mutual funds Name of the security: Canara Robeco	500,000	500,000
<b>Total Non Current Investments</b>	<b>514,000</b>	<b>514,000</b>
<b>NOTE 12</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
a) Security Deposit Secured	20,30,657	1,957,487
Unsecured	4,035,500	3,613,500
b) Loans and advances to related parties Unsecured Virinchi Employees Welfare Trust	12,900,000	14,420,000
c) Other loans And advances Unsecured	81,208,662	108,008,905
<b>Total Long term loans &amp; advances</b>	<b>100,174,819</b>	<b>127,999,892</b>
<b>NOTE 13</b>		
<b>TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months from the date they are due for payment Unsecured, Considered Good	6,230,369	19,763,135
<b>Other Receivables:</b> Unsecured, Considered Good	303,061,714	228,426,773
<b>Total trade receivable (Net)</b>	<b>309,292,110</b>	<b>248,189,908</b>
<b>NOTE 14</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
a) Balances with banks : Current Accounts	10,561,928	9,782,447
b) Cash on hand	1,264,272	1,063,719
<b>Sub Total</b>	<b>11,826,200</b>	<b>10,846,166</b>
Other Bank Balances On Deposit Accounts having maturity more than 12 Months from date of deposit	51,790,189	72,881,338
<b>Sub Total</b>	<b>51,790,189</b>	<b>72,881,338</b>
<b>Total Cash and Cash Equivalents</b>	<b>63,616,389</b>	<b>83,727,504</b>

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
<b>NOTE 15</b>		
<b>OTHER CURRENT ASSETS</b>		
Salary Advances	5,681,503	4,178,648
Tour Advances	3,807,026	7,268,453
Advance Tax & Service Tax	3,809,183	5,167,829
Prepaid Insurance	-	96,513
<b>Total Other Current Assets</b>	<b>13,297,712</b>	<b>16,711,443</b>
<b>NOTE 16</b>		
<b>REVENUE FROM OPERATIONS</b>		
Revenue from operations		
(a) Revenue from Services	680,032,067	637,014,366
(b) Other Operating Revenues	447,840	750,962
<b>Total Revenue from Operations</b>	<b>680,479,907</b>	<b>637,765,328</b>
<b>NOTE 17</b>		
<b>OTHER INCOME</b>		
(a) Interest income	5,297,263	6,229,106
(b) Other non-operating income	2,719,856	3,000,000
(c) Net gain/loss on foreign currency translation and transaction	10,294,228	872,934
<b>Total Other Income</b>	<b>18,311,347</b>	<b>10,102,040</b>
<b>NOTE 18</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
(a) Salaries & Wages	261,161,928	229,119,589
(b) Staff Welfare Expenses	19,085,638	14,514,560
<b>Total Employee Benefit Expenses</b>	<b>280,247,566</b>	<b>243,634,149</b>
<b>NOTE 19</b>		
<b>OTHER OPERATING EXPENSES</b>		
(a) Power & Fuel	4,333,748	5,907,551
(b) Rent	13,315,213	9,071,066
(c) Repairs to Building	-	2,233,494

# M/s. VIRINCHI TECHNOLOGIES LIMITED

PARTICULARS	AS AT 2011-12 (Rupees)	AS AT 2010-11 (Rupees)
(d) Insurance	919,911	307,404
(e) Rates & Taxes (excluding Income Tax)	114,731	35,199
(f) Payment to Auditors:		
(i) As Auditor	196,630	177,575
(ii) For Management Services	-	66,180
(iii) For Other Services	-	18,000
(iv) For Reimbursement of expenses	10,300	-
<b>Total Other Expenses</b>	<b>18,890,533</b>	<b>17,816,469</b>
<b>NOTE 20</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
(a) Telephone, Postage and Others	2,981,931	4,563,413
(b) Business Promotion Expenses	122,333,340	135,904,181
(c) Conveyance	1,022,714	155,075
(d) Office Maintenance	1,743,908	5,055,315
(e) Printing & Stationery Expenses	482,365	1,106,177
(f) Hosting services	12,944,722	15,811,062
(g) Managerial Remuneration	6,360,000	5,543,333
(h) Consultancy Charges	23,033,665	8,531,948
(I) Seminar fee	88,361	-
(j) Interest on taxes Payable	38,989	3,135
<b>Total Administrative Expenses</b>	<b>171,029,995</b>	<b>176,673,639</b>
<b>NOTE 21</b>		
<b>FINANCE COST</b>		
(a) Interest Expenses		
- Interest on Cash Credit	27,107,120	21,601,940
- Interest on Car Loan	377,501	833,462
- Interest on unsecured loan	-	4,404
- Loan processing Charges & Bank Charges	434,173	425,081
(b) Applicable net gain/loss on foreign currency translations & transactions	182,058	222,178
<b>Total Finance Cost</b>	<b>28,100,852</b>	<b>23,087,065</b>

# M/s. VIRINCHI TECHNOLOGIES LIMITED

<b>PARTICULARS</b>	<b>AS AT 2011-12 (Rupees)</b>	<b>AS AT 2010-11 (Rupees)</b>
<b>NOTE 22</b>		
<b>OTHER EXPENSES</b>		
Traveling and Conveyance	26,839,806	27,703,043
Vehicle Maintenance	5,458,328	1,121,889
Internet Charges	2,098,273	2,146,411
Other Administrative Expenses	7,550,083	14,359,590
<b>Total Other expenses</b>	<b>41,946,490</b>	<b>45,330,933</b>

Details pertaining to Subsidiary companies as per the requirement of Para (IV) of the directions under Section 212(8) of the Companies Act, 1956, issued by the Ministry of Corporate affairs vide General Circular No. 2/2011 Dated February 8, 2011

SL. No	Particulars	Ksoft Systems Inc	Qfund Technologies Pvt Ltd	Virinchi Media and Entertainment Pvt. Ltd.	Virinchi Learning Pvt. Ltd.
1	Share Capital	5,092,087	100,000	100,000	100,000
2	Share Capital pending Allotment	-	45,999,220	15716201	12,983,770
3	Reserves and Surplus (Including Debit balance of P&L)	43,736,945	3,566,687	(42,337)	(58,778)
4	Total Assets	305,987,043	109,278,807	1,57,73,864	13,024,992
5	Total Liabilities	257,158,011	105,612,120	1,57,16,201	12,983,770
6	Investments (Excluding subsidiaries)	-	-	-	-
7	Turnover	252,336,391	75,633,491	NIL	NIL
8	Profit/Loss before tax	43,811,468	5,776,893	NIL	NIL
9	Provision for tax (Including deferred Tax)	14,891,518	2,412,021	NIL	NIL
10	Profit/Loss after tax	28,919,950	3,364,872	NIL	NIL
11	Proposed Dividend	NIL	NIL	NIL	NIL

## VIRINCHI TECHNOLOGIES LIMITED

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

### ATTENDANCE SLIP

I hereby record my presence at the 23rd Annual General Meeting of the Company being held on Saturday, the 29th day of September, 2012 at 11.00 AM 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:** PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

## VIRINCHI TECHNOLOGIES LIMITED

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

### PROXY FORM

Regd. Folio No/

No. of Shares held

Client ID

I/ We.....of.....  
..... in the district of ..... being a  
member(s) of the above named company hereby appoint ..... of  
.....in the district of .....or failing  
him.....Of.....in the district of  
..... as my/our proxy to vote for me/us on my/our  
behalf at the 23rd Annual General Meeting of the Company to be held on Saturday, the 29th September  
2012 at 11.00 AM or at any adjournment thereof.

Signed this ..... day of .....2012

Signature .....

Affix Re. 1/- Revenue Stamp
--------------------------------------

**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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