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Annual General meeting on Tuesday, September 30, 2014 at 12.30 PM 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# 040-27803608/10

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
Industrial Finance Branch
Hyderabad

Registrar & Share Transfer Agents

M/s. Aarhi 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.,
266, Fernwood Avenue
Edison, NJ, USA - 08837
Phone # 1-732- 696-2555
Fax# 1-732-783-0432
www.ksoftglobal.com

G. Santi Priya

Chairperson & Whole Time Director

Viswanath Kompella

Non-Executive Director

K. Sri Kalyan

Whole Time Director

Datuk Kunasingam Sittampalam

Independent and Non Executive Director

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 CEO

Dear Valued Shareholders,

Congratulations on your company completing an excellent journey of 25 years!!

It gives me immense pleasure to reach out to you within the first few months of me getting into my current role at your company. It is a privilege for me to be associated with Virinchi which started as a first generation start up and has been successful to grow into world leader in its segment. It has also exhibited excellent financial growth over the years. I'm pleased to announce the highlights of your company's performance during its 25th fiscal year ending Mar 31, 2014. Your company continues to fare well with YoY improvement on overall business and profits.

Your company has achieved a total consolidated income of Rs.1130 million during the year 2013-14 as against Rs. 787 million during the same period last year showing a growth of 43.58%.

Your company has been successful in acquiring a large new QFund client who is one of the largest player in US in the short term financing & pawn business. In addition to the same, your company has been successful in growing business with its keyclients. Your company has grown through additional product offering from QFund suite and has also been successful in supporting aggressive expansion of its client.

Your flagship Software product Qfund went through continual improvements across last year. The focus has been to consolidate and prepare the product to see accelerated feature addition in the coming years. The product has also expanded to open the doors towards prospective clients delivering their business in online model or in a hybrid model of store front & online. This is considerable market expansion opportunity from serving clients working with in pure storefront delivery model. Qfund has delivered new feature in the space of portable application integrations using Tablet and Mobile platforms. Your company is in process to productize the same for general release. QFund is a continuously growing product together with ever increasing demands from its client. Virinchi plans to invest in QFund and launch QFund+ in the coming year.

Your company's investments 2 years ago, towards improving hosting infrastructure by upgrading the hardware in International Data Centre (IDC) continues to pay rewards by achieving >99% of uptime to your client's business and ensuring their business continuity with a Disaster Recovery facility. To cater to the increasing customer base, Virinchi plans to further expand the IDC.

Your company has taken a focused growth path in building SAP practice under KSoft (a fully owned subsidiary of Virinchi). The company has initiated the process of on boarding high quality of SAP experts. The target is to hire 150 experts by December 2014 to serve US based projects. In addition to SAP, your company also aspires to grow by serving the software needs of its clientele of QFund & SAP.

Your company has partnered with National Skill Development Corporation (NSDC). This is a not-for-profit company under public private partnership, set up by the Ministry of Finance, Govt of India, to scale up efforts necessary to achieve the objective of skilling / up skilling 150 million people. As part of this partnership, NSDC has granted your company a subsidized debt of Rs 55.50 million. This fund is to be deployed towards making the existing talent in the society employable. This helps your company in not only nurturing talent for its internal need but also helps your company to deliver on its social responsibility.

Your senior management team has seen new additions in the year went by. In addition to me, Vishal Ranjan comes in as CEO of KSoft and will also be heading the new business initiatives under Virinchi. The new management team provides that additional bandwidth needed to support the upcoming growth plans. Your company has also done considerable investment towards building the human capital. The focus has been to build a culture of working collaboratively while delivering quality work products and bringing smile to the peers. Your company continues to support meritocracy with financial benefits to high performing employees.

Looking ahead to 2015, your management team is looking forward for your continued trust and support to take a planned growth path. Your company has multiple opportunities viz. Qfund, SAP practice, software service offering to the QFund & SAP clientele and partnership with NSDC. On behalf of everyone from Virinchi Management team, I'd like to thank our clients, employees and all the stakeholders for your continued support in making an excellent first 25 years. Virinchi looks forward to building a high performing team to leverage multiple opportunities and build the company with strong fundamental for many more years to come.

Satyajeet Prasad
Chief Executive Officer

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of the Company will be held on Tuesday, the 30th day of September, 2014, at 12.30 PM 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, 2014; 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 appoint a Director in place of Mr. Ramam Madu holding DIN: 02566258 who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Datuk Kunasingam V Sittampalam holding DIN: 00518881 who retires by rotation, and being eligible, offers himself for re-appointment.
4. To Consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution.
"RESOLVED THAT pursuant to the provisions of Section 139, 141,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies(Audit and Auditors) Rules, 2014 as amended from time to time, M/s. P.Murali & Co, Chartered Accountants (ICAI Reg. No. 007257S), who retire at the conclusion of this Annual General Meeting(AGM), be and are hereby appointed as statutory auditors of the company for a period of 5 years i.e. till the conclusion of the AGM of the company to be held in the year 2019(subject to ratification of their appointment by members at every AGM) at such remuneration plus service tax, out of pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors of the company and the auditors ."

Special Business:

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**
"RESOLVED that pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014) read with Schedule IV to the Companies Act, 2013, as amended from time to time, Mr. K. Krishna (holding DIN 03248010), Director of the Company who meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 30th September, 2014."
6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**
"RESOLVED that pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014) read with Schedule IV to the Companies Act, 2013, as amended from time to time, Datuk Kunasingam V. Sittampalam (holding DIN 00518881), Director of the Company who meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 30th September, 2014."
7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**
"RESOLVED that pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014) read with Schedule IV to the Companies Act, 2013, as amended from time to time, Mr. Samad A Momin (holding DIN 02531039), Director of the Company who meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 30th September, 2014."

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

“RESOLVED that pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Companies Act, 2013, as amended from time to time Mr. Ramam Madu (holding DIN 02566258), Director of the Company who meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 30th September, 2014.”

9. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:**

“RESOLVED THAT in supersession of the Resolution passed at previous General Meeting in this regard and pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (“the Board”) to hypothecate / mortgage and/or charge in addition to the hypothecations / mortgages and/or charges created by the Company, in such form and manner and with such ranking and at such time(s) and on such terms as the Board may determine, all or any part of the movable and/or immovable properties of the Company wherever situated, both present and future, and/or create a floating charge on all or any part of the immovable properties of the Company and the whole or any part of the undertaking(s) of the Company, together with power to take over the management of the business and concern of the Company in certain events of default, in favour of the Company’s Bankers / Financial Institutions / Lenders / other investing agencies and trustees for the holders of Debentures / Bonds / other instruments / securities to secure any Rupee / Foreign currency Loans, Guarantee assistance, Standby Letter of Credit / Letter of Credit and/ or any issue of Non-Convertible Debentures and/or Compulsorily or Optionally, Fully or Partly Convertible Debentures and/or Bonds, and/or any other Non-Convertible and/or other Partly / Fully Convertible instruments / securities, with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, guarantee commission, costs, charges, expenses and other monies including any increase as a result of devaluation / revaluation/ fluctuation in the rates of exchange of foreign currencies involved payable by the Company to the Lenders under their respective Loan Agreements/ Subscription Agreement entered into/to be entered into by the Company in respect of the said borrowings / assistance, within the overall ceiling prescribed by the members of the Company in terms of Section 180(1)(c) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorised to execute all such deeds, documents, instruments and writings, as may be necessary for creating the aforesaid hypothecations/ mortgages / and/or charges and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to the above resolution.”

10. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:**

“RESOLVED THAT in supersession of the resolution adopted at the previous General Meeting in this regard and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (“the Board”) to borrow any sum or sums of money from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not at any time exceed Rs. 1000 crores over and above the paid up capital and free reserves of the Company.”

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

“RESOLVED THAT subject to the provisions of Section 177 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the Equity Listing Agreement (as amended from time to time by the Securities and Exchange Board of India and the Stock Exchanges), and the Memorandum and Articles of Association of the Company, the consent of the Members be and is hereby accorded for the Company to enter into various transactions with M/s. Vivo Bio Tech Ltd , a Promoter group Company, for an aggregate value of Rs. 2 crores over a period of 36 months starting from 1st April, 2014, on such terms and conditions as may be agreed to by the Board, provided however that the transactions so carried out shall at all times be on arm’s length basis and in the ordinary course of the Company’s business.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Directors of the Company.”

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

PLACE : HYDERABAD
DATE : 30-08-2014

K. Ravindranath Tagore
Company Secretary

NOTES

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The instrument of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting. A person can act as proxy on behalf of shareholders not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company. In case a proxy is proposed to be appointed by a shareholder holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- b) The relevant Explanatory Statement in respect of the Special Business set out above, as required by Sec.102 of the Companies Act, 2013 is annexed hereto. Particulars of the Directors who are proposed to be appointed /re-appointed at this meeting as required under Clause 49 of the Listing Agreement is provided in Corporate Governance. The Directors have furnished the requisite declarations for their appointment/re-appointment
- c) The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 20th September, 2014 to 30th September 2014 (both days inclusive) in connection with the AGM
- d) 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.
- e) 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. Aarthi Consultants Private Ltd, Unit: Virinchi Technologies Ltd, 1-2-285, Domalguda, Hyderabad-500 029
- f) 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.

Year	Type of Dividend	Dividend Per share Rs.	Date of Declaration	Due Date of Transfer	Amount in Rs.
2006-07	Final	0.50	28/09/2007	27/10/2014	1,19,875
2009-10	Final	0.50	29/09/2010	28/10/2017	2,58,016
2010-11	Final	0.50	29/09/2011	28/10/2018	1,03,963
2011-12	Final	0.50	29/09/2012	28/10/2019	3,21,751

- g) 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.
- h) 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.
- i) In accordance with the MCA's "Green Initiative in Corporate Governance" allowing companies to share documents with its shareholders in the electronic mode and related amendments to the Listing Agreement with the Stock Exchanges, the company is sharing all documents with shareholders in the Electronic mode, wherever the same has been agreed by the shareholders. Shareholders are requested to support this green initiative by registering/updating their e-mail addresses for receiving electronic communications.
- j) The Company has appointed Mr. M. Praneeth Reddy Practicing Chartered Accountant as Scrutinizer for conducting e-voting process for the 25th Annual General Meeting of the Company in a fair and transparent manner.

k) Instructions For E- Voting

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 25th Annual General Meeting to be held on Tuesday, 30th September, 2014 at 12.30 P.M. The Company engaged the services of Central Depository Services (India) Limited (CDSL) to provide the E-Voting facility.

The instructions for members for voting electronically are as under:-

The voting period begins on Tuesday, 16th September, 2014 at 9.00 a.m. and ends on Thursday, 18th September at 6.00 p.m. During this period shareholders of the company, holding shares either in Physical Form or Dematerialised form, as on the cut off date 30th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(a) Instructions for e-voting

- i) The shareholders should log on to the e-voting website www.evotingindia.com.
- ii) Click on "Shareholders" tab.
- iii) Now enter your User ID

For Members holding shares in Demat Form	For Members holding shares in Physical Form
For NSDL: 8 Character DP ID followed by 8 Digits Client ID, For CDSL: 16 digits beneficiary ID,	Folio Number registered with the Company

- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ■ Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field ■ Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/ c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is 'RA12345678'.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the folio/client id.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in Physical form will then reach directly to the voting screen.

- ix) Members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- x) Click on the relevant EVSN for the "Virinchi Technologies Limited" on which you choose to vote.
- xi) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO.
- xii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Notice of the Annual General Meeting.
- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) Note for Non-Individual Shareholders & Custodians:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

Explanatory Statement Pursuant to section 102 of the Companies Act, 2013

Item No. 5

Mr. K. Krishna is a Non-Executive Independent Director of the Company. Mr. K. Krishna is Member of the Audit Committee and Member of Nomination and Remuneration Committee, and Investors' Grievance Committee of the Board of Directors of the Company.

Details of his other directorships are given in Directors Report. K. Krishna does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. K. Krishna being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years from 30th September, 2014. A notice has been received from a member proposing Mr. K. Krishna as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. K. Krishna fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. K. Krishna as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K. Krishna as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K. Krishna as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K. Krishna, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Your Directors recommend the resolution at Item No. 5 for your approval

Item No. 6

Datuk Kunasingam V Sittampalam is a Non-Executive Independent Director of the Company. Datuk Kunasingam V Sittampalam is Member of Nomination and Remuneration Committee of the Board of Directors of the Company.

Details of his other directorships are given in Directors Report. Datuk Kunasingam V Sittampalam does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Datuk Kunasingam V Sittampalam being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five Consecutive years from 30th September, 2014. A notice has been received from a member proposing Datuk Kunasingam V Sittampalam as a candidate for the office of Director of the Company.

In the opinion of the Board, Datuk Kunasingam V Sittampalam fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Datuk Kunasingam V Sittampalam as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Datuk Kunasingam V Sittampalam as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Datuk Kunasingam V Sittampalam as an Independent Director, for the approval by the shareholders of the Company.

Except Datuk Kunasingam V Sittampalam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Your Directors recommend the resolution at Item No. 6 for your approval

Item No. 7

Mr. Samad A Momin is a Non-Executive Independent Director of the Company. Samad A Momin is not a Member in any Committee of the Board of Directors of the Company.

Details of his other directorships are given in Directors Report. Samad A Momin does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Samad A Momin being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years from 30th September, 2014. A notice has been received from a member proposing Mr. Samad A Momin as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Samad A Momin fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Samad A Momin as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Samad A Momin as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Samad A Momin as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Samad A Momin, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange

Your Directors recommend the resolution at Item No. 7 for your approval

Item No. 8

Mr. Ramam Madu is a Non-Executive Independent Director of the Company. Ramam Madu is Chairman of Audit Committee, Nomination and Remuneration Committee, and Investors' Grievance Committee of the Board of Directors of the Company.

Details of his other directorships are given in Directors Report. Ramam Madu does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Ramam Madu being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years from 30th September, 2014. A notice has been received from a member proposing Mr. Ramam Madu as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Ramam Madu fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Ramam Madu as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ramam Madu as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Ramam Madu as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Ramam Madu, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Your Directors recommend the resolution at Item No. 8 for your approval

Item No. 9

In the previous General Meeting of the Company, the members had pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 approved by way of an Ordinary Resolution increase in the borrowing limit over and above the paid up capital and free reserves of the Company and authorised the Board of Directors of the Company to borrow from time to time, a sum of money (apart from temporary loans obtained from bankers in the ordinary course of business) in excess of the aggregate of the paid up capital of the Company and its free reserves.

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 9 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow upto Rs. 1000 crores (One Thousand Crores) over and above the paid up capital and free reserves of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

Your Directors recommend the resolution at Item No. 9 for you approval

Item No. 10

At the previous General Meeting, the members had pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 empowered the Board, by way of Special Resolution to hypothecate / mortgage and / or creation of charge in addition to the Hypothecations / Mortgages and / or charges created by the Company, all or any part of the moveable and/or immoveable properties of the Company, wherever situated both present & future, and/or create a floating charge on all or any part of the immovable properties of the Company, to secure the borrowings of the Company, within the overall ceiling prescribed by the Members of the Company in terms of Section 293(1)(d) of the Companies Act, 1956.

Section 180(1)(a) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not, inter alia lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings except with the consent of the Company accorded by way of a Special resolution.

The hypothecation/mortgage/ creation of charge for the borrowings, by the Company of its properties as and when undertaken would attract the provisions of the said section 180(1)(a) of the Companies Act, 2013.

It is, therefore, desirable for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 10 of the Notice, to enable the Board of Directors to mortgage, create charges and/ or hypothecate the Company's properties as and when necessary to secure any Rupee/Foreign currency Loans, Guarantee assistance, Standby Letter of Credit/Letter of Credit, and/or any issue of Non-Convertible Debentures, and/or Compulsorily or Optionally, Fully or Partly Convertible Debentures and/or Bonds, and/or any other non-convertible and/or partly/fully convertible instruments/securities, from time to time, within the overall ceiling prescribed by the Members of the Company, in terms of section 180(1)(c) of the Companies Act, 2013 for which approval of members is being sought by way of Special Resolution at Item No. 9.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or Interested, financial or otherwise, in the resolution set out at Item No. 10.

Your Directors recommend the resolution at Item No. 10 for your approval

Item No. 11

The revised Clause 49 provides that all existing material related party contracts or arrangements which are likely to continue beyond 31st March, 2015 shall be placed for approval of the shareholders in the first general meeting subsequent to 1st October, 2014 or alternatively a Company may get those related party contracts or arrangements approved before 1st October, 2014. The revised Clause 49 *inter alia* provides that transaction with a related party shall be considered material if the transaction

/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

The particulars of the transactions with related party are given below

Sl.No	Particulars	Details
1	Name of the related Party	Vivo Bio Tech Ltd
2	Nature of Relationship	Common promoters and common directors
3	Nature of arrangement	Leasing of premises on Rent

Your Directors recommend the resolution at Item No. 11 for your approval

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

PLACE : HYDERABAD
DATE : 30-08-2014

K. Ravindranath Tagore
Company Secretary

BRIEF PROFILES OF DIRECTORS SEEKING APPOINTMENT /REAPPOINTMENT

1. Name : K. Krishna
 Age : 47 years
 Qualifications : B.A, B.L
 Expertise : Mr. K. Krishna has over 16 years of experience in the Corporate Law, Taxation, Civil Matters. He is presently working as a partner in M/s. Sunder & Krishna, Advocates, Hyderabad. He is presently practising in civil courts and High Court of Judicature for State of Telangana and Andhra Pradesh at Hyderabad.

 Membership of committee : NIL
 Shareholding : NIL
 Other Directorships : NIL

2. Name : Kunasingam V Sittampalam
 Age : 61 years
 Qualifications : Bachelor of Engineering (Hons) and Master of Engineering degrees from Sheffield University, United Kingdom.
 Expertise : He has over 30 years of Business Experience in the field of software development. He is at present a member of the Harvard Business School Alumni Club of Malaysia. Kunasingam is a Fellow of Institution of Engineers, Malaysia, a registered Professional Engineer, Board of Engineers Malaysia and a Member of the Institution of Highways and Transportation. He is also the director of HSS Intesys Sdn. Bhd, the IT subsidiary of HSS Integrated Group, providing value added services in engineering software, planning and scheduling work

 Membership of committee : NIL
 Shareholding : NIL
 Other Directorships : NIL

3. Name : Samad A Momin
 Age : 47 years
 Qualifications : Bachelor of Engineering (Hons) and Master of Engineering degrees from Sheffield University, United Kingdom.
 Expertise : He has over 20 years of experience in international companies
 Membership of committee : NIL
 Shareholding : NIL
 Other Directorships : NIL

4. Name : Ramam Madu
 Age : 52 years
 Qualifications : B.A, B.L
 Expertise : He is a practicing advocate and has more than 20 years of experience working in various Corporates in the department of administration, HR and Accounts.

 Membership of committee : NIL
 Shareholding : NIL
 Other Directorships : NIL

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 25th Directors' Report on the business and operations of your company, for the financial year ended 31st March, 2014.

Financial Highlights:

(Rs. in Lacs)

Particulars	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Total Income	11445.62	8,035.36	6,533.14	4,395.77
Profit before interest, Depreciation and Tax	1637.68	1,571.98	1,105.19	1,196.86
Interest	192.66	274.16	152.43	232.34
Depreciation	850.29	735.54	731.82	641.87
Provision for Taxation	228.01	137.69	76.26	64.38
Profit after interest, Tax and depreciation	401.25	424.59	144.68	258.27
Deferred Tax provision	13.62	61.37	4.54	52.22
Balance brought forward	4,758.63	4,585.05	4,317.80	4,111.75
Balance Carried to Balance Sheet	4705.44	4,758.63	4,457.95	4,317.80

RESULTS OF OPERATIONS:

Following are the results of operations for the financial year 2013-14

BUSINESS PERFORMANCE

Consolidated Revenues: The total Consolidated income of the Company for the FY 2013-14 comprises operating revenues of Rs. 11297.35 Lacs as against Rs. 7868.32 Lacs in FY 2012-13 and other income of Rs. 148.27 Lacs for the current year as against Rs. 167.03 lacs in FY 2012-13.

Standalone Revenues: The total income of the Company for the FY 2013-14 comprises operating revenues of Rs. 6400.69 Lacs as against Rs. 4253.85 Lacs in FY 2012-13 and other income of Rs. 132.44 Lacs for the current year as against Rs. 141.92 lacs in FY 2012-13.

Consolidated Profits: Profit before Tax (PBT) stood at Rs. 629.25 Lacs as against Rs. 562.28 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 387.63 lacs as against Rs. 363.22 Lacs for the previous year.

Standalone Profits: Profit before Tax (PBT) stood at Rs. 220.94 Lacs as against Rs. 322.65 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 140.14 Lacs as against Rs. 206.05 Lacs for the previous year.

Reserves and Surplus

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

Dividend

Your directors did not recommend any dividend on shares for this year.

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

Acquisition of majority stake in Asclepius Consulting & Technologies Private Ltd

The company has acquired 51% stake in Asclepius Consulting & Technologies Private Ltd a Bangalore based Health IT Products Company. Asclepius consulting was founded in 2007 by three IIT/IIM Graduates with a focus on building value IT products for Indian Hospitals.

Directors

None of the directors of the company is disqualified under the provisions of the act or under the Listing agreement with the stock exchanges.

Appointments

In accordance with the provisions of the Companies Act, 1956 Datuk Kunasingam V. Sittampalam, Ramam Madu retire by rotation at the Annual General Meeting and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

In terms of Section 149 and Schedule IV Companies Act, 2013 and in compliance with Clause 49 of Listing Agreement following Directors are proposed to be appointed as Independent Directors of the company for five consecutive years for a term upto 31st March, 2019.

1. K. Krishna
2. Kunasingam V Sittampalam
3. Samad A Momin
4. Ramam Madu

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.

Cessations

Mr. Srinath Kompella ceased to Director of the company during period under review.

Allotment of Shares:

The Company has not allotted any shares during the period under review.

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, 2014, 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 2014 and of the profit of the company for the financial year ended 31st March, 2014.
- 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, 2014 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 consent letter from the Statutory auditors and certificate indicating satisfaction of criteria sated in Section 141 of Companies Act, 2013 .

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 Circular No. 2/2011 dated 8th February, 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, 2014 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.

Subsidiaries

Virinchi Learning Private Ltd

Virinchi learning incorporated in the year 2010 as wholly owned subsidiary of Virinchi Technologies Ltd. The primary objective of incorporating Virinchi Learning is to promote technology based, for profit, quality education services to the different student categories in India, both by creation of new content & infrastructure and also by partnering with existing content providers by leveraging the strength of Information technology.

The company has made an application to National Skill Development Corporation (NSDC) for training of youth in the specified skills as notified by the NSDC and the company got approval from NSDC and a loan of Rs.5.5 crores has been granted to the company towards healthcare and bio tech training objectives.

KSoft Systems Inc

M/s. KSoft Systems Inc is in the business of software development and consulting. M/s. KSoft Systems Inc provides consulting services to various clients in the US in the domains of SAP, Oracle and other technologies.

M/s. KSoft Systems Inc., has taken 5000 Sft office premises on lease in Edison, NJ and had set up state of art infrastructure facility for serving the existing and new customers.

M/s. KSoft Systems inc filed for 278 H-1B visa applications and 147 applications are picked up in the Random selection process of the USCIS. Depending on the visa approval, the employees will travel to client sites starting early 2015.

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, 2014 under the Virinchi Employee Stock Options Scheme, 2004 are as under:

Sl. No	Description	Details
1.	Options Granted during 2013-14	NIL
2.	Pricing formula	N.A.
3.	Options Vested	N.A.
4.	Options exercised	N.A.
5.	The total number of shares arising as a result of exercise of option	N.A.
6.	Options lapsed	N.A.
7.	Variation of terms of options	N.A.
8.	Money realized by exercise of options	N.A.
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	N.A.
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.	N.A.
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.	<p>Description of the method and significant assumptions used during the year to estimate the fair value of options.</p> <p>i. Risk-free interest rate</p> <p>ii. Expected life</p> <p>iii. Expected Volatility</p> <p>iv. Expected dividends</p> <p>v. The price of the underlying share in market at the time of option grant.</p>	<p>The Company has opted intrinsic Value method for accounting of Compensation Cost arising out of ESOP. The Company has not made any assumptions.</p>
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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.

To decrease the carbon footprint, company transportation is extended to associates from different parts of the city; the occupation is 100% in all the buses on all the working days. Also, to conserve the natural resources, STP plan is installed and the waste water and solid material emitted out, after processing is being used for landscaping. The company has adopted laudable practices like reducing the carbon foot prints, maximizing the utilization of natural light and reducing the electric light fittings, reduction of size of work station partitions. use of recycled material for the work stations' wood boards, provision of task lights for every work station to minimize the power consumption, central control switch for entire work station and automated water control taps in the rest rooms. As part of energy conservation, LED lighting is being use for the new areas, which are undergoing interior renovation works.

b) Research and Development

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.

Details of foreign exchange earnings and outgo during the year as follows :

(Rs. in Lacs)

Particulars	FY 2013-14	FY 2012-13
Foreign Exchange Earnings:	6187.64	4,537.97
Foreign Exchange Outgo	1547.78	2,109.93

d) Technology Absorption, Adaptation and Innovation

Your company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your Company continues to invest in the latest hardware and software.

To support its growth plans, the company continues to invest in global solutions that are configured consistently for its core business processes.

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, 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.

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

PLACE : HYDERABAD
DATE : 30-08-2014

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

2. Board of Directors:

a) Composition and Category of Directors:

- ◆ The Company has an Executive Chairperson and Whole Time Director, and to have a more professional outlook your company is having 4 Independent Non- Executive directors and 1 Non-Independent Non- Executive Director and 1 Whole Time Director which composition is in compliance with the clause 49 of the Listing Agreement
- ◆ 5 Board Meetings were held during the Financial Year 2013-14 and the gap between two Meetings did not exceed four months. The dates on which the said meetings were held are as follows:
30th May, 2013, 18th July 2013, 12th August 2013, 04th December 2013, 14th February, 2014
- ◆ 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.

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

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other Director-ships #	Committee Member-ships	Committee Chairmanship
Viswanath Kompella	Promoter and Non-Executive Director	5	Yes	-	-	-
G.Santi Priya	Chairperson and Whole Time Director	5	Yes	-	-	-
K.Srinath**	Non-Executive Director	-	No	-	-	-
K.Krishna	Independent Non- Executive Director	5	Yes	-	-	-
M.Ramam	Independent Non-Executive Director	5	Yes	-	-	-
K.V.Sittampalam	Independent Non-Executive Director	-	No	1	-	-
Samad A.Momin	Independent Non-Executive Director	-	No	-	-	-
K. Sri Kalyan	Whole Time Director	2	Yes	-	-	-

** Resigned with effect from 12th August, 2013.

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	Non-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.

- ☞ 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
- ☞ 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 2013-14 (in Rs.)		
	Sitting Fees	Salary	Total
G. Santi Priya	-	15,64,000	15,64,000
M. Ramam	24,000	-	24,000
K. Krishna	24,000	-	24,000
K. Sri Kalyan	-	4,50,000	4,50,000
K. Srinath	-	4,00,000	4,00,000

Shares held by Non-Executive Directors as on 31st March, 2014 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	Non-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: 15 Complied: 16 Pending: 0

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, 2014 were: NIL

6. a) 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
2012-13	28/09/2013 11.30 AM	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad- 500026	<ol style="list-style-type: none"> 1. Mr. K. Sri Kalyan, as Whole Time Director of the Company, for a period of 3(Three) years with effect from 12th August, 2013 on a monthly remuneration of Rs.60,000 Per Month. 2. Ms.G.Santi Priya, as Chairperson & Whole Time Director, of the Company, for a period of 3 (Three) years with effect from 22nd July, 2013 on a monthly remuneration of Rs.1,25,000 Per month.
2011-12	29/09/2012 11.00 AM	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad- 500026	NIL
2010-11	29/09/2011 12.00 Noon	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredapally, Secunderabad- 500026	NIL

b) Resolutions passed by Postal Ballot

During the year, the Company had conducted voting through Postal Ballot . The Company complied with the procedures for the postal ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 and the amendments thereto. M/s. Praneeth Reddy & Co., Chartered Accountants acted as scrutinizer for postal ballot and the results of the same were announced on August 3, 2013 and voting pattern for the resolutions was as under:

Sl.No	Item	Votes Cast	
		For	Against
1	Ratification of Allotment of 30,00,000 (Thirty Lac) Equity Warrants issued and also the equity shares allotted on exercise of said warrants on Preferential Basis to Promoters and strategic Investors	35,82,093	1,12,125

Thus, all the resolutions were passed with overwhelming majority.

Procedure for voting by Postal Ballot

The Postal Ballot Forms and the draft Resolution(s) along with the Explanatory Statement pertaining the said Resolution(s) explaining in detail the material facts and the self-addressed, postage prepaid envelope, are sent to all members, under Certificate of Posting. The members are required to carefully read the instructions printed in the Postal Ballot Form, give their assent or dissent on the resolution(s) at the end of the Form and Sign the same as per the specimen signatures available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose. Postal Ballot Forms received after this date is strictly treated as if the form has not received from the members.

The scrutinizer appointed for the purpose scrutinizes the postal ballots received and submit his report to the Company. Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders as on date of dispatch of the postal ballot notice. A resolution is deemed to have been passed, if votes cast in favour are more than the votes cast against.

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.

9. General Shareholder information

- a) AGM : Date, Time and Venue : 30th September, 2014 at 12:30 PM, 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, 2014 : Before end of August,2014
- Quarter ending September 30, 2014 : Before end of November,2014
- Quarter ending December 31, 2014 : Before end of February, 2015
- Quarter ending March 31, 2015 : Before end of May, 2015
- c) Date of Book Closure : 20.09.2014 to 30.09.2014 (both days inclusive)
- d) Listing on Stock Exchanges Bombay : The Company's Equity shares are listed on the Stock Exchange (BSE)
- e) Payment of Listing Fee : The Company has paid the listing fees to the BSE for the financial year 2014-15
- f) Stock Code : BSE: VIRINCHIQ code : 532372
Demat ISIN in NSDL and CDSL : INE539B01017
- g) 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 traders traded
April, 2013	10.58	7.14	3,19,0277
May, 2013	10.00	7.50	11,57,610
June, 2013	9.84	8.00	4,82,094
July, 2013	9.35	7.55	4,60,280
August, 2013	8.79	6.43	94,772
September, 2013	9.00	7.11	3,78,448
October, 2013	8.24	6.90	2,57,339
November, 2013	8.28	7.01	2,74,792
December, 2013	9.07	7.11	3,37,345
January, 2014	11.20	8.91	9,21,197
February, 2014	9.59	7.76	4,08,009
March, 2014	8.63	7.20	4,88,773

- h) Registrar and Share transfer agents : Aarhi 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. Aarhi Consultants Pvt. Ltd, Hyderabad.
- j) Distribution of Shareholding as on 31st March, 2014

	Shareholding of Nominal Value	Shareholders		Shares held	
	Rs.	Numbers	% of total	No.	% of total
	(1)	(2)	(3)	(4)	(5)
1	5000	5785	72.45	1195646	6.65
5001	10000	1048	13.12	895236	4.98
10001	20000	514	6.44	823107	4.58
20001	30000	199	2.49	517368	2.88
30001	40000	103	1.29	372099	2.07
40001	50000	76	0.95	363813	2.02
50001	100000	106	1.33	803377	4.47
100001	And above	154	1.93	13015404	72.36
TOTAL		7985	100	17986050	100

- k) Share holding pattern as on 31st March 2014

	Category	No. of Shares held	% Age of Shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters*		
	- Indian Promoters	4661081	25.91
	- Foreign Promoters	868458	4.83
2.	Persons acting in Concert #	Nil	Nil
B.	NON-PROMOTERS HOLDING		
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
C.	OTHERS		
1.	Private Corporate Bodies	2686450	14.94
2.	Indian Public	9770061	54.32
3.	NRI's / OCB's	794410	4.42
4.	Employees	1,825	0.01
5.	Clearing Members	94237	0.52
	TOTAL	1,79,86,050	100.00

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 free 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. 78.08% of the Company's share capital is dematerialized as on 31.03.2014.

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

n) Address for Correspondence : Virinchi Technologies Limited, 10, SRK Colony, West Maredpally, Secunderabad – 500 026

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.

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

PLACE : HYDERABAD
DATE : 30-08-2014

G. Santi Priya
Chairperson & Whole Time Director

ANNEXURE TO THE DIRECTORS' REPORT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Industry structure and developments

Changing economic and business conditions, evolving consumer preferences, rapid technological innovation and adoption and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Companies in this environment are now focusing even more on their core business objectives, such as revenue growth, profitability and asset efficiency.

Technology has evolved from merely driving cost efficiency. It is now also driving tangible business value. The ability to define, design, develop, implement and maintain advanced technology platforms and business solutions to address business needs has become a competitive advantage and a priority for corporations worldwide.

As a result, there is an increasing need for highly-skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology.

Increasing trend towards offshore technology services

Corporations are increasingly turning to offshore service providers to meet their need for higher quality and cost-competitive technology solutions. As a result, offshore service providers have become critical to the operations of many enterprises and these service providers continue to grow in recognition and sophistication. In view of this, the addressable market for offshore technology services has expanded.

The India advantage

India is widely recognized as the premier destination for offshore technology services. According to the NASSCOM Press release issued in February, 2014, IT-BPM exports (IT services and Business Process Management) from India are estimated to grow in fiscal 2015 by 13-15%, to US \$97-99 billion. There are several key factors contributing to the growth of IT and IT-enabled services (ITES) in India and by Indian companies.

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 Health, Education sector. 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 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, 2013 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 2013-14 comprises operating revenues of Rs. 11297.35 Lacs as against Rs. 7868.32 Lacs in FY 2012-13 and other income of Rs. 148.27 Lacs for the current year as against Rs. 167.03 lacs in FY 2012-13.

Standalone Revenues: The total income of the Company for the FY 2013-14 comprises operating revenues of Rs. 6400.69 Lacs as against Rs. 4253.85 Lacs in FY 2012-13 and other income of Rs. 132.44 Lacs for the current year as against Rs. 141.92 lacs in FY 2012-13.

Consolidated Profits: Profit before Tax (PBT) stood at Rs. 629.25 Lacs as against Rs. 562.28 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 387.63 lacs as against Rs. 363.22 Lacs for the previous year.

Standalone Profits: Profit before Tax (PBT) stood at Rs. 220.94 Lacs as against Rs. 322.65 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 140.14 Lacs as against Rs. 206.05 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

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 : 30-08-2014

G. Santi Priya
Chairperson & Whole Time Director

Compliance Certificate on Corporate Governance

To
The Members,
VIRINCHI TECHNOLOGIES LIMITED

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s. Virinchi Technologies Limited, ("the company") for the year ended 31st March, 2014 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
Firm Regn. No. 007257S

PLACE : HYDERABAD
DATE : 30-08-2014

P.MURALI MOHANA RAO
PARTNER.
Membership No. 023412

Certification as required under Revised Clause 49 of the Listing Agreement

We, G. Santi Priya, Chairperson & Whole Time Director, Viswanath Kompella, Non-Executive Director of Virinchi Technologies Limited to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet, 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
Non - Executive Director

PLACE : HYDERABAD
DATE : 30-08-2014

G. Santi Priya
Chairperson & Whole Time Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Virinchi Technologies Limited

Report on the Financial Statements:

We have audited the accompanying financial statements of Virinchi Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash Flows for the year ended on that date

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the companies Act 2013.
- e) On the basis of written representations received from the directors as on March 31st 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

PLACE : HYDERABAD
DATE : 29/05/2014

P. MURALI MOHANA RAO
PARTNER.
Membership No. 023412

ANNEXURE TO AUDITOR'S REPORT

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) During the year the company has not disposed of any major fixed assets.
- II. The company has no inventory. Hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
(b) As the Company has not granted any loans, 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, the clause of receipt of interest & principal amount from parties is not applicable to the company.
(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 lakh does not arise and the clause is not applicable.
(e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act. 1956.
(f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
(g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and payment for expenses and sale of services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- V. (a) In our opinion and according to the information and explanations given to us, necessary entries are made in the register referred to in Sec. 301 of the companies Act, 1956 in respect of lease agreement for an area of 12500 sft. atHakimpet, Secunderabad with the Lessor (Vivo Bio tech Limited).
(b) As per information & explanations given to us, apart from above there is no other contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- VII. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- VIII. 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.
- IX. (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 financial year there were no amounts outstanding which were due for more than six months from the date they became payable.
(b) According to the information 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.

- X. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- XI. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution.
- XII. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- XIV. According to 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.
- XV. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- XVI. According to the information and explanations given to us, Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the company.
- XVII. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. 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 charge in respect of debentures issued does not arise.
- XX. The Company has not raised any money by public issue during the year.
- XXI. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

PLACE : HYDERABAD
DATE : 29/05/2014

P. MURALI MOHANA RAO
PARTNER
Membership No. 023412

Standalone Financials

INTENTIONALLY KEPT BLANK

M/s. VIRINCHI TECHNOLOGIES LIMITED
BALANCE SHEET AS At 31st MARCH 2014

Particulars	Note No	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	179,610,102	179,610,102
(b) Reserves and Surplus	2	708,624,920	694,610,707
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	41,952,202	52,585,695
(b) Deferred tax liabilities (Net)	4	34,343,248	33,889,388
(c) Long term provisions	5	5,246,863	4,699,628
(3) Current Liabilities			
(a) Short-term borrowings	6	91,052,946	47,652,383
(b) Trade payables	7	675,899	2,283,969
(c) Short-term provisions	8	19,278,959	15,886,110
Total		1,080,785,139	1,031,217,982
II. Assets			
(1) Non-current assets			
<i>(a) Fixed assets</i>			
(i) Tangible assets	9	497,520,254	459,792,475
(ii) Intangible assets	9	159,023,619	179,001,950
(iii) Capital work-in-progress		6,730,042	-
(b) Non-current investments	10	79,977,755	85,759,216
(c) Long term loans and advances	11	71,704,121	79,793,717
(2) Current assets			
(a) Trade receivables	12	152,293,789	154,419,254
(b) Cash and cash equivalents	13	105,659,605	67,126,762
(c) Other current assets	14	7,875,954	5,324,608
Total		1,080,785,139	1,031,217,982

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
Firm Registration No. 007257S

FOR AND ON BEHALF OF THE BOARD
For VIRINCHI TECHNOLOGIES LIMITED

P.Murali Mohana Rao
Partner
Membership No. 023412

G.Santi Priya
Chairperson & Whole Time Director

Viswanath Kompella
Director

Place : Hyderabad
Date : 29-05-2014

K. Ravindranath Tagore
Company Secretary

M/s. VIRINCHI TECHNOLOGIES LIMITED

Statement of Profit and Loss for the year ended 31st March 2014

Particulars	Note No	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
1. Revenue from operations	15	640,069,378	425,385,297
2. Other Income	16	13,244,147	14,192,036
3. Total Revenue (1+2)		653,313,525	439,577,333
4. Expenses:			
a) Employee benefit expense	17	113,519,120	80,339,426
b) Other operating expenses	18	16,420,272	9,706,953
c) Administrative Expenses	19	372,172,555	206,326,547
d) Financial costs	20	15,242,933	23,234,238
e) Depreciation and amortization expense	9	73,182,248	64,186,836
f) Other expenses	21	40,682,287	23,518,308
Total Expenses		631,219,415	407,312,308
5. Profit before exceptional and extraordinary items and tax (3- 4)		22,094,110	32,265,025
6. Exceptional Items		-	-
7. Profit before extraordinary items and tax (5- 6)		22,094,110	32,265,025
8. Extraordinary Items		-	-
9. Profit before tax (7- 8)		22,094,110	32,265,025
10. Tax expense:			
(a) Current tax		7,626,036	5,684,976
(b) Prior Period		-	752,748
(c) Deferred tax Liability		453,860	5,221,974
11. Profit(Loss) from the period from continuing operations (9-10)		14,014,214	20,605,327
12. Profit/(Loss) for the period		14,014,214	20,605,327
13. Earning per equity share:			
(1) Basic		0.78	1.15
(2) Diluted		0.78	1.15

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
Firm Registration No. 007257S

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

P.Murali Mohana Rao
Partner
Membership No. 023412

G.Santi Priya
Chairperson & Whole Time Director

Viswanath Kompella
Director

Place : Hyderabad
Date : 29-05-2014

K. Ravindranath Tagore
Company Secretary

M/s. VIRINCHI TECHNOLOGIES LIMITED

Cash Flow Statement for the Year Ended 31-03-2014

Particulars	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
A. Cash Flow from Operating Activities:		
Net Profit/ (Loss) before taxation and extraordinary items	220.94	322.65
Adjustments for:		
Depreciation	731.82	641.87
Interest expenses	152.43	232.34
Operating Profit before Working Capital Changes	1,105.19	1,196.86
Working Capital Changes		
Trade and other receivables	76.64	893.97
Trade payables	457.33	(375.85)
Cash Generated from Operations	1,639.16	1,714.98
Interest paid	(152.43)	(232.34)
Taxation for the year	(76.26)	(64.38)
Net Cash from Operating Activities	1,410.47	1,418.26
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(976.62)	(1,616.21)
Investment	(57.81)	(56.55)
Net Cash used in Investing Activities	(918.80)	(1,672.76)
C. Cash Flow From Financial Activities:		
Proceeds from Equity Shares	-	450.00
Net Proceeds from Long Term Borrowings	(106.33)	(60.81)
Net Cash used in Financing Activities	(106.33)	389.19
Net increase in cash and cash equivalents	385.33	134.69
Cash and Cash equivalents as at 01.04.20013	671.27	536.58
Cash and Cash equivalents as at 31.03.2014	1,056.60	671.27

As per Our Report of Even Date
For P. Murali & Co.
Chartered Accountants
Firm Registration No. 007257S

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

P.Murali Mohana Rao
Partner
Membership No. 023412

G.Santi Priya
Chairperson & Whole Time Director

Viswanath Kompella
Director

Place : Hyderabad
Date : 29-05-2014

K. Ravindranath Tagore
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES:

a) 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.

(iii) Use of Estimates

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

b) Cash and Cash Equivalents

Cash comprises Cash on hand and Demand Deposits with Banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

c) Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

d) Tangible and Intangible Assets

i) Tangible Fixed Assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and impairment, if any. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Direct costs are capitalized until fixed assets are ready for use.

ii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognized in the Statement of Profit and Loss.

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.

iii) Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

iv) 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.

e) 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 consists 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.

f) Foreign Exchange Transactions:

- a) Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of transactions.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- c) Non-monetary foreign currency items are carried at cost.
- d) In respect of foreign operations, which are non-integral operations, all assets and liabilities, other monetary and non-monetary, are translated at closing rate, which all income and expenses are translated at average rate for the year. The resulting exchange differences are included in the Profit and Loss Account.

g) Investments

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

h) 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.

i) 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 amortized over the vesting period on Straight Line basis.

j) Earnings per Share

The Basic and Diluted Earnings Per Share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

k) Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Not to recognize Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

l) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a charge in the estimate of recoverable amount.

m) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent Liabilities are neither recognized nor disclosed in the financial statements.

Contingent Assets are neither recognized nor disclosed in the financial statements.

M/s. VIRINCHI TECHNOLOGIES LIMITED
Notes to Financial Statements for the year ended 31st March, 2014

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 1 : SHARE CAPITAL		
AUTHORISED:		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL:		
(a) Subscribed & Fully Paid up:		
17958228 equity shares of Rs. 10/- each	179,582,280	179,582,280
(b) Subscribed & not fully paid up:		
27822 equity shares of Rs. 10/- each and realised Rs. 1/- each	27,822	27,822
Total Equity Share capital	179,610,102	179,610,102
The Company has only one class of shares referred to as Equity shares having a par value of Rs.10/- each		
The Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.		
Equity Shares at the Beginning	17,986,050	14,986,050
Add: Issued during the year	-	3,000,000
Equity Shares at the end of the year	17,986,050	17,986,050
Details of Shareholder holding more than 5% shares as at March 31st 2013 and March 31st 2012 is set out below:		
1. Name of the Shareholder : Mr. Viswanath Kompella No. of Shares: 25,68,300 (Previous Year : 23,24,900/-) % held : 14.28 (Previous Year : 12.93)		
2. Name of the Shareholder : Salokhya Infrastructure Pvt Ltd No. of Shares: 11,50,000 (Previous Year : 11,50,000) % held : 6.39 (Previous Year : 6.39)		
3. Name of the Shareholder : Agrade Exim Pvt Ltd No. of Shares: 10,00,000 (Previous Year : 10,00,000) % held : 5.56 (Previous Year : 5.56)		
NOTE NO. 2 : RESERVES AND SURPLUS		
a) Securities Premium Reserve		
As at the commencement of the year	253,718,978	223,718,978
Add: Additions during the year	-	30,000,000
	253,718,978	253,718,978
b) Share options outstanding account		
	9,111,286	9,111,286
c) Surpluses :		
i) Opening Balance - Profit and Loss Account	431,780,443	411,175,116
Add: Transfer from Profit & Loss Account	14,014,213	20,605,327
	445,794,656	431,780,443
Total Reserves and Surplus	708,624,920	694,610,707

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 3 : LONG TERM BORROWINGS		
Long Term borrowings		
a) Term Loans:		
From banks:		
Secured	41,952,202	52,585,695
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Airconditioners and personal guarantee of the Director of the Company)		
Total long term borrowings	41,952,202	52,585,695
NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)		
Opening Deferred tax Liability	33,889,388	28,667,414
Add:		
Deferred Tax Asset for the year (Due to SLM and WDV Difference)	639,865	4,960,941
Deferred Tax Liability for the year (Due to Others)	(186,005)	261,033
Deferred Tax Liability/ (Asset) - Net	34,343,248	33,889,388
NOTE NO. 5 : LONG TERM PROVISIONS		
a) Provisions for employee benefits		
- Provision for Gratuity	5,246,863	4,699,628
Total Long Term Provisions	5,246,863	4,699,628
NOTE NO. 6 : SHORT TERM BORROWINGS.		
Short term borrowings		
a) Loans repayable on demand:		
From banks		
Secured	91,052,946	47,652,383
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Airconditioners and personal guarantee of the Director of the Company)		
Total short term borrowings	91,052,946	47,652,383

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 7 : TRADE PAYABLES		
a) Trade Payables	675,899	2,283,969
Total Trade Payables	675,899	2,283,969
NOTE NO. 8 : SHORT TERM PROVISIONS		
a) Provisions for employee benefits		
PF Payable	569,008	445,662
Salaries Payable	8,452,196	5,676,780
b) Others		
Statutory Liabilities		
Income Tax	7,626,036	5,684,976
TDS	1,324,316	1,340,501
ESI	106,685	66,367
Provision for Expenses		
Rent	134,852	5,196
Bonus Payable	-	1,971,266
Audit Fee	168,540	182,490
Professional Tax	27,400	18,800
Electricity Charges	732,441	494,072
Telephone Charges	137,485	-
Total short term provisions	19,278,959	15,886,110
NOTE NO. 10 : NON- CURRENT INVESTMENTS		
1) Investment in Subsidiaries		
a) Equity Shares		
100% Holding in Ksoft Systems Inc	4,591,087	4,591,087
100% Holding in Qfund Technologies Pvt. Ltd.	46,099,220	46,099,220
100% Holding in Virinchi Learning Pvt .Ltd.	10,800,000	13,083,770
100% Holding in Virinchi Media & Entertainment Pvt Ltd.	14,523,448	15,716,201
100% Holding in Tyohar Foods Pvt Ltd.	100,000	5,504,938
100% Holding in Virinchi Infra & Reality Pvt. Ltd.	100,000	100,000
100% Holding in Virinchi Health Care Pvt. Ltd.	100,000	-
51% Asclepius Consulting & Technologies Pvt. Ltd.	3,000,000	-
	79,313,755	85,095,216
2) Trade Investments		
a) Investment in Equity Instrument		
Quoted (400 Shares of Canara Bank)	14,000	14,000
b) Investment in Mutual funds		
Canara Robeco Mutual Funds	650,000	650,000
	664,000	664,000
Total Non Current Investments	79,977,755	85,759,216

M/s. VIRINCHI TECHNOLOGIES LIMITED

Note Number : 9

FIXED ASSETS AND DEPRECIATION

Sl. No.	Particulars	Gross Block				Depreciation/Amortization				Net Block as on 31.03.2013	Net Block as on 31.03.2014
		As on 01.04.2013	Additions during the Year	Sale / Deletions during the year	As on 31.03.2014	Dep. As on 01.04.2013	Dep. For the year	Impairment Loss / 2013-2014	Total Depreciation Reversal of Impairment Loss for the Year		
I. TANGIBLE ASSETS											
1	LAND	43,376,774	11,349,100	-	54,725,874	-	-	-	-	54,725,874	43,376,774
2	BUILDING	249,573,964	-	-	249,573,964	14,820,221	8,335,770	-	23,155,992	226,417,972	234,753,743
3	PLANT & MACHINERY	17,310,816	152,600	-	17,463,416	3,192,214	827,842	-	4,020,056	13,443,360	14,118,602
4	ELECTRICAL EQUIPMENT	32,445,920	926,133	-	33,372,053	4,927,755	1,556,688	-	6,484,443	26,887,610	27,518,165
6	OFFICE EQUIPMENT	22,407,941	2,858,213	-	25,266,154	5,818,215	1,132,455	-	6,950,670	18,315,484	16,589,726
7	COMPUTERS	64,706,570	15,992,284	4,844,022	75,854,832	7,560,981	12,197,219	4,844,022	14,914,178	60,940,653	57,145,589
8	FURNITURE	89,145,543	35,559,201	-	124,704,744	33,363,650	5,718,209	-	39,081,859	85,622,885	55,781,893
9	VEHICLES	23,653,205	3,023,309	-	26,676,514	13,145,222	2,364,876	-	15,510,099	11,166,415	10,507,983
	Sub Total (a)	542,620,733	69,860,840	4,844,022	607,637,551	82,828,259	32,133,060	4,844,022	110,117,296	497,520,254	459,792,475
II. INTANGIBLE ASSETS											
	Software	66,850,841	7,065,268	8,661,148	65,254,961	22,245,858	11,614,395	8,661,148	25,199,105	40,055,856	44,604,983
	Product Development	288,959,559	14,005,589	16,215,709	286,749,439	54,562,592	29,434,793	16,215,709	167,781,676	118,967,763	134,396,967
	Sub Total (b)	355,810,400	21,070,857	24,876,857	352,004,400	176,808,450	41,049,188	24,876,857	192,980,781	159,023,619	179,001,950
III. CAPITAL WORK IN PROGRESS											
	Sub Total (c)	-	6,730,042	-	6,730,042	-	-	-	-	6,730,042	-
	GRAND TOTAL (a+b+c)	898,431,133	97,661,739	29,720,879	966,371,993	259,636,708	73,182,248	29,720,879	303,098,077	663,273,916	638,794,425
	As at 31.03.2013	761,851,951	176,161,793	25,473,628	898,431,133	220,491,441	64,186,836	25,041,569	259,636,708	638,794,425	541,360,511

Particulars	As on 31/03/2014 Rs	As on 31/03/2013 Rs.
NOTE NO. 11 : LONG TERM LOANS AND ADVANCES		
a) Security Deposit		
Secured	747,882	747,882
Unsecured	2,001,075	2,727,967
b) Loans and advances to related parties		
Unsecured		
K Soft Systems Inc	42,959,781	54,137,901
Qfund Technologies Pvt Ltd	5,253,749	13,901,937
Virinchi Employees Welfare Trust	12,650,000	12,650,000
Virinchi Learning Pvt Ltd	19,995,986	5,516,511
Asclepius Consulting & Technologies Pvt Ltd	2,257,329	-
Tyohar Foods Pvt. Ltd	(16,040,137)	-
c) Other loans And advances		
Unsecured - Capital Assets	1,878,456	(9,888,481)
Total Long term loans & advances	71,704,121	79,793,717
NOTE NO. 12 : TRADE RECEIVABLES		
Outstanding for a period exceeding 6 months from the date they are due for payment unsecured, considered good	-	-
Other Receivables		
Unsecured, Considered Good	152,293,789	154,419,254
Total Trade Receivables	152,293,789	154,419,254
NOTE NO. 13 : CASH AND BANK BALANCES		
a) Balances with banks :		
Current Accounts	21,415,567	10,416,015
b) Cash on hand	855,543	303,479
Sub Total	22,271,110	10,719,494
Other Bank Balances		
On Deposit Accounts		
12 Months from date of deposit	83,388,495	56,407,268
Sub Total	83,388,495	56,407,268
Total Cash and Cash Equivalentents	105,659,605	67,126,762
NOTE NO.14 : OTHER CURRENT ASSETS		
a) Salary and other Advances	761,901	823,608
b) Advance Tax	7,113,053	4,500,000
c) IT Refund FY 2011-12	1,000	1,000
	7,875,954	5,324,608

M/s. VIRINCHI TECHNOLOGIES LIMITED
Notes to Profit & Loss for the year ended 31st March, 2014

Particulars	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
NOTE NO. 15 : REVENUE FROM OPERATIONS		
Revenue from operations		
(a) Sale of Services	639,613,058	424,875,062
(b) Other Operating Revenues	456,320	510,235
Total Revenue from Operations	640,069,378	425,385,297
NOTE NO. 16 : OTHER INCOME		
(a) Interest income	8,278,657	3,897,340
(b) Other non-operating income	3,002,600	3,000,000
(c) Net gain/loss on foreign currency translation	1,962,890	7,294,696
Total Other Income	13,244,147	14,192,036
NOTE NO. 17 : EMPLOYEE BENEFIT EXPENSES		
(a) Salaries & Wages	103,170,390	69,352,882
(b) Contribution to Provident & Other Funds	4,399,487	3,886,410
(c) Staff Welfare Expenses	5,949,243	7,100,134
Total Employee Benefit Expenses	113,519,120	80,339,426
NOTE NO. 18 : OTHER OPERATING EXPENSES		
(a) Power & Fuel	8,135,796	6,303,952
(b) Rent	2,775,702	1,539,637
(c) Repairs & Maintenance	504,711	587,253
(d) Insurance	1,585,813	591,846
(e) Rates & Taxes	2,536,780	24,265
(f) Payment to Auditors:		
(i) As Auditor	270,360	168,540
(ii) For Taxation Matters	611,110	491,460
Total Other Operating Expenses	16,420,272	9,706,953
NOTE NO. 19 : ADMINISTRATIVE EXPENSES		
(a) Telephone, Postage and Others	2,547,999	1,498,065
(b) Business Promotion Expenses	122,360,655	73,879,195
(c) Conveyance	314,821	840,733
(d) Office Maintenance	10,433,035	2,760,875
(e) Printing & Stationery Expenses	1,105,664	1,071,999
(f) Managerial Remuneration	2,462,000	6,360,000
(g) Consultancy Charges	188,654,299	119,764,398
(h) Interest on taxes Payable	-	151,282
(i) Bad Debts	44,294,082	-
Total Administrative Expenses	372,172,555	206,326,547

Particulars	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
NOTE NO. 20 : FINANCE COST		
Interest Expenses :		
a) Interest on Cash Credit	13,363,678	22,493,868
b) Interest on Car Loan	530,374	297,436
c) Loan processing Charges & Bank Charges	1,348,881	442,934
Total Finance Cost	15,242,933	23,234,238
NOTE NO. 21 : OTHER EXPENSES		
a) Travelling and Conveyance	27,283,944	12,331,761
b) Vehicle Maintenance	6,076,694	4,200,314
c) Internet Charges	2,381,135	1,966,671
d) Other Administrative Expenses	4,940,514	5,019,562
Total Other expenses	40,682,287	23,518,308

NOTE 22

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 23

Directors Remuneration

Current Year Rs. 24,62,000/- Previous Year Rs. 63,60,000/-

NOTE 24

Auditors Remuneration (Incl. Service Tax for Statutory and tax matters)

Current Year Rs. 8,81,470/- Previous Year Rs. 6,60,000/-

NOTE 25

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 26: 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.

1. *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	1,45,23,448
4	Virinchi Learning Pvt. Ltd.	1,08,00,000
5	Tyohar Foods Pvt Ltd	1,00,000
6	Virinchi Infra & Realty Pvt Ltd	1,00,000
7	Virinchi Healthcare Pvt. Ltd.	1,00,000

2. Other Subsidiaries:

S No.	Name of the Subsidiary	Amount (Rs)
1	Asclepius Consulting & Technologies Pvt Ltd	30,00,000

NOTE 27: 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 earnings per share is the weighted average number of shares outstanding during the year.

Particulars	2013-2014	2012-2013
Profit available for the equity share holders	14,014,213	2,06,05,327
No. of equity shares outstanding for EPS-Basic	1,79,86,050	1,79,86,050
No. of equity shares outstanding of EPS-Diluted	1,79,86,050	1,79,86,050
Basic	0.78	1.15
Diluted	0.78	1.15

NOTE 28:

Foreign Currency Outflow during the year of Rs. 1547.78Lacs spent towards foreign travel of office executives.

NOTE 29:

Operational revenue received in foreign currency during the year is Rs. 6187.64 Lacs.

NOTE 30:

There are no dues to SSI Units outstanding for more than 45 days.

NOTE 31:

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

NOTE 32:

During the year company entered into a forward contract for USD 500000 per months. Company blocked the Dollar average rate of Rs. 61.99/\$. Unexpired portion of forward contract is 5 months from the end of Financial Year.

NOTE 33:

Previous year's figures have been regrouped wherever necessary.

Note 34:

The figures have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATE

For **P. Murali & Co.**
Chartered Accountants
Firm Regn. No. 007257S

P. Murali Mohana Rao
Partner
Membership No.023412

Place : Hyderabad
Date : 29-05-2014

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

G. Santi Priya
Chairperson & Whole Time Director

K. Ravindranath Tagore
Company Secretary

Viswanath Kompella
Director

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, 2014. 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 May, 2014 to the Members of the Company.

AS PER OUR REPORT OF EVEN DATE

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
Firm Regn. No. 007257S

PLACE : HYDERABAD
DATE : 29-05-2014

P. MURALI MOHANA RAO
PARTNER
Membership No. 023412

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	Qfund Technologies Pvt Ltd	Tyohar Foods Pvt Ltd	Virinchi Learning Pvt Ltd	Virinchi media and Entertainment Pvt Ltd	Virinchi Infra & Realty Pvt Ltd	Virinchi Health care Pvt Ltd	Asclepius Consulting & Technologies Pvt Ltd
2	Financial year end	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014
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	100% in Equity Share Capital	100% in Equity Share Capital	100% in Equity Share Capital	51% 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	10,000 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each	3,00,000 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	236.85 Lacs	73.71 Lacs	(21.79) Lacs	(20.14) Lacs	NA	NA	NA	(25.02) Lacs
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	165.77 Lacs	18.99 Lacs	(9.87) Lacs	(33.13) Lacs	NA	NA	NA	NA

Consolidated Financial Statements

INTENTIONALLY KEPT BLANK

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Virinchi Technologies limited

Report on the Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of Virinchi Technologies limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss Account, of the profit of the group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash Flows of the group for the year ended on that date

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

P. MURALI MOHANA RAO
PARTNER.
Membership No. 023412

PLACE : HYDERABAD
DATE : 29/05/2014

M/s. VIRINCHI TECHNOLOGIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	Note No	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	179,610,102	179,610,102
(b) Reserves and Surplus	2	752,025,345	738,693,756
(c) Minority Interest		(2,195,332)	-
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	130,767,179	221,064,501
(b) Deferred tax liabilities (Net)	4	38,291,212	36,800,568
(c) Long term provisions	5	5,593,016	5,013,710
(3) Current Liabilities			
(a) Short-term borrowings	6	109,571,186	(3,394,207)
(b) Trade payables	7	13,098,940	23,773,876
(c) Short-term provisions	8	42,113,306	52,072,645
Total		1,268,874,952	1,253,634,951
II. Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>			
(i) Tangible assets	9	580,636,052	541,359,269
(ii) Intangible assets	9	220,530,830	225,365,419
(iii) Capital work-in-progress		14,748,992	5,283,521
(b) Non-current investments	10	664,000	664,000
(c) Long term loans and advances	11	60,322,395	24,764,062
(d) Other Non Current Assets		42,959,781	82,866,155
(2) Current assets			
(a) Inventories		50,000	78,014
(b) Trade receivables	12	198,161,296	226,527,746
(c) Cash and cash equivalents	13	137,394,661	72,565,864
(d) Other current assets	14	13,406,945	74,160,904
Total		1,268,874,953	1,253,634,951

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
Firm Registration No. 007257S

FOR AND ON BEHALF OF THE BOARD
For VIRINCHI TECHNOLOGIES LIMITED

P.Murali Mohana Rao
Partner
Membership No. 023412

G.Santi Priya
Chairperson & Whole Time Director

Viswanath Kompella
Director

Place : Hyderabad
Date : 29-05-2014

K. Ravindranath Tagore
Company Secretary

M/s. VIRINCHI TECHNOLOGIES LIMITED

Consolidate Statement of Profit and Loss for the year ended 31st March 2014

Particulars	Note No	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
1. Revenue from operations	15	1,129,735,055	786,832,879
2. Other Income	16	14,826,709	16,703,479
3. Total Revenue (1 +2)		1,144,561,764	803,536,358
4. Expenses:			
a) Purchases		2,052,589	-
b) Increase / Decrease Stocks		28,014	-
c) Employee benefit expense	17	321,144,362	238,500,387
d) Other operating expenses	18	51,690,053	44,122,333
e) Administrative Expenses	19	564,911,469	340,196,750
f) Financial costs	20	19,266,327	27,415,828
g) Depreciation and amortization expense	9	85,029,137	73,554,260
h) Other expenses	21	40,966,933	23,518,308
Total Expenses		1,085,088,884	747,307,866
5. Profit before exceptional and extraordinary items and tax (3- 4)		59,472,880	56,228,492
6. Exceptional Items		-	-
7. Profit before extraordinary items and tax (5- 6)		59,472,880	56,228,492
8. Capital Reserve/Goodwill		1,048,922	-
9. Minority Interest Profit/Loss		2,404,093	-
10. Profit before tax		62,925,895	56,228,492
11. Tax expense:			
(a) Current tax		22,800,838	13,768,754
(b) Deferred tax Asset		1,361,942	6,137,382
12. Profit(Loss) from the period from continuing operations		38,763,115	36,322,356
13. Profit/(Loss) for the period		38,763,115	36,322,356
14. Earning per equity share:			
(1) Basic		2.16	2.02
(2) Diluted		2.16	2.02

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
Firm Registration No. 007257S

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

P.Murali Mohana Rao
Partner
Membership No. 023412

G.Santi Priya
Chairperson & Whole Time Director

Viswanath Kompella
Director

Place : Hyderabad
Date : 29-05-2014

K. Ravindranath Tagore
Company Secretary

M/s. VIRINCHI TECHNOLOGIES LIMITED
Cash Flow Statement for the Year Ended 31-03-2014

Particulars	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
A. Cash Flow from Operating Activities:		
Net Profit/ (Loss) before taxation and extraordinary items	594.73	562.28
Adjustments for:		
Depreciation	850.29	735.54
Interest expenses	192.66	274.16
Operating Profit before Working Capital Changes	1,637.68	1,571.98
Working Capital Changes		
Trade and other receivables	934.96	143.68
Trade payables	929.11	125.21
Cash Generated from Operations	3,501.75	1,840.87
Interest paid	(192.66)	(274.16)
Taxation for the year	(228.01)	(159.74)
Net Cash from Operating Activities	3,081.08	1,406.97
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(1,142.47)	(2,020.64)
Investment	(387.35)	(1.50)
Net Cash used in Investing Activities	(1,529.82)	(2,022.14)
C. Cash Flow From Financial Activities:		
Proceeds from Equity Shares	-	450.00
Net Proceeds from Long Term Borrowings	(902.98)	254.67
Net Cash used in Financing Activities	(902.98)	704.67
Net increase in cash and cash equivalents	648.28	89.50
Cash and Cash equivalents as at 01.04.20013	725.66	636.16
Cash and Cash equivalents as at 31.03.2014	1,373.94	725.66

As per Our Report of Even Date
For P. Murali & Co.
Chartered Accountants
Firm Registration No. 007257S

FOR AND ON BEHALF OF THE BOARD
For VIRINCHI TECHNOLOGIES LIMITED

P.Murali Mohana Rao
Partner
Membership No. 023412

G.Santi Priya
Chairperson & Whole Time Director

Viswanath Kompella
Director

Place : Hyderabad
Date : 29-05-2014

K. Ravindranath Tagore
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

1. Description of the Business

- a. M/s.Virinchi Technologies Ltd has made a strategic investment in the company engaged in the business of software consultancy /IT Solution providers through wholly owned subsidiary K SOFT SYSTEMS Inc.
- b. M/s.Qfund Technologies Private Limited, a wholly owned Indian Subsidiary of Virinchi Technologies Ltd., is engaged in software development and consulting services.
- c. M/s. Virinchi Learning Private Limited is a wholly owned Indian subsidiary of 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 Pvt. Limited is a wholly owned subsidiary of 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.
- e. M/s.Tyohar Foods Pvt. Ltd is a wholly owned Indian Subsidiary of Virinchi Technologies Ltd. engaged in the business of Food and catering services.
- f. M/s.Virinchi Infra and Realty Pvt. Ltd is a wholly owned Indian Subsidiary of Virinchi Technologies Ltd engaged in the business of Infrastructure and real estate development.
- g. M/s.Virinchi Health Care Pvt. Ltd. is a wholly owned Indian Subsidiary of Virinchi Technologies Ltd engaged in the business of Health Care sector.
- h. M/s. Asclepius Consulting & Technologies Pvt. Ltd. is subsidiary of Virinchi Technologies Ltd holding 51% stack. Asclepius is engaged in the business of IT products for Indian Hospitals.

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 intercompany 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, 2014

Balance Sheet items	60.06
Revenue items	60.42

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.

4. Fixed Assets:

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

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

5. 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.

6. 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	2013-14	2012-13
Profit available for the equity share holders	38,763,115	36,322,356
No. of equity shares outstanding for EPS-Basic	1,79,86,050	1,79,86,050
No. of equity shares outstanding of EPS-Diluted	1,79,86,050	1,79,86,050
Basic	2.16	2.02
Diluted	2.16	2.02

7. 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.

8. 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

Notes to Consolidate Financial Statements for the year ended 31st March, 2014

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 1 : SHARE CAPITAL		
AUTHORISED:		
25,000,000 Equity Share of Rs.10/- each	250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL:		
(a) Subscribed & Fully Paid up:		
17958228 equity shares of Rs. 10/- each	179,582,280	179,582,280
(b) Subscribed & not fully paid up:		
27,822 Equity Shares of Rs.10/- and realised Rs.1/- each	27,822	27,822
Total Equity Share capital	179,610,102	179,610,102
The Company has only one class of shares referred to as Equity shares having a par value of Rs.10/- each		
The Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.		
	No. of shares	No. of shares
Equity Shares at the Beginning	17,986,050	14,986,050
Add: Issued during the year	-	3,000,000
Equity Shares at the end of the year	17,986,050	17,986,050
Details of Shareholder holding more than 5% shares as at March 31st 2013 and March 31st 2012 is set out below:		
1. Name of the Shareholder : Mr. Viswanath Kompella		
No. of Shares: 25,68,300 (Previous Year : 23,24,900/-)		
% held : 14.28 (Previous Year : 12.93)		
2. Name of the Shareholder : Salokhya Infrastructure Pvt Ltd		
No. of Shares: 11,50,000 (Previous Year : 11,50,000)		
% held : 6.39 (Previous Year : 6.39)		
3. Name of the Shareholder : Agrade Exim Pvt Ltd		
No. of Shares: 10,00,000 (Previous Year : 10,00,000)		
% held : 5.56 (Previous Year : 5.56)		

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 2 : RESERVES AND SURPLUS		
RESERVES AND SURPLUS		
a) Securities Premium Reserve		
As at the commencement of the year	253,718,978	223,718,978
Add: Additions during the year	-	30,000,000
	253,718,978	253,718,978
b) Share options outstanding account	9,111,286	9,111,286
c) Surplus :		
i) Opening Balance - Profit and Loss Account	431,780,443	458,504,716
Add: Transfer from Profit & Loss Account	38,763,115	36,322,356
Add: Reserves Due to Consolidation	18,651,523	(18,368,726)
Less: Transfer to Reserves	-	(594,854)
	489,195,081	475,863,492
Total Reserves and Surplus	752,025,345	738,693,756
NOTE NO. 3 : LONG TERM BORROWINGS		
Long Term borrowings		
a) Term Loans:		
From banks:		
Secured	119,522,265	145,363,344
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Airconditioners and personal guarantee of the Director of the Company)		
b) Other Loans and Advances		
Un-Secured	11,244,914	75,701,157
Total long term borrowings	130,767,179	221,064,501

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)		
Opening Deferred tax Liability	33,889,388	30,663,186
Add:		
Deferred Tax Asset for the year (Due to SLM and WDV Difference)	4,587,829	5,876,349
Deferred Tax Liability for the year (Due to Others)	(186,005)	261,033
Deferred tax Liability	38,291,212	36,800,568
NOTE NO. 5 : LONG TERM PROVISIONS		
a) Provisions for employee benefits		
- Provision for Gratuity	5,593,016	4,699,628
- Other Provisions	-	314,082
Total Long Term Provisions	5,593,016	5,013,710
NOTE NO. 6 : SHORT TERM BORROWINGS.		
Short term borrowings		
a) Loans repayable on demand:		
From banks		
Secured	109,571,186	-
(Hypothecation of Machinery such as Computers, Furniture and Fixtures, Office Equipment and Airconditioners and personal guarantee of the Director of the Company)		
From Others	-	(3,394,207)
Total short term borrowings	109,571,186	(3,394,207)
NOTE NO. 7 : TRADE PAYABLES		
a) Trade Payables	13,098,940	23,773,876
Total Trade Payables	13,098,940	23,773,876

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 8 : SHORT TERM PROVISIONS		
a) Provisions for employee benefits		
PF Payable	651,280	445,662
Salaries Payable	9,961,970	33,103,584
b) Others (Specify the nature)		
Statutory Liabilities		
Income Tax	22,800,838	5,684,976
TDS	5,174,891	1,341,514
VAT	-	14,355
ESI	107,335	66,367
Provision for Expenses		
Rent	134,852	5,196
Bonus Payable	1,036,500	1,971,266
Audit Fee	240,338	192,490
Professional Tax	30,750	18,800
Electricity Charges	732,441	494,072
Telephone Charges	162,111	-
Consultancy Charges Payable	1,080,000	8,734,363
Total short term provisions	42,113,306	52,072,645

M/s. VIRINCHI TECHNOLOGIES LIMITED

Note Number : 9

FIXED ASSETS AND DEPRECIATION

Sl. No.	Particulars	Gross Block						Depreciation/Amortization				Net Block as on 31.03.2014	Net Block as on 31.03.2013
		As on 01.04.2013	Additions during the Year	Sale / Deletions during the year	As on 31.03.2014	Dep. As on 01.04.2013	Dep. For the year	Impairment Loss / 2013-2014	Total Depreciation Reversal of Impairment Loss for the Year	Net Block as on 31.03.2014			
I. TANGIBLE ASSETS													
1	LAND	43,376,774	11,349,100	-	54,725,874	-	-	-	-	-	-	54,725,874	43,376,774
2	BUILDING	305,114,825	-	-	305,114,825	22,790,333	10,190,835	-	32,981,168	-	-	272,133,657	282,324,492
3	PLANT & MACHINERY	21,608,886	1,162,022	-	22,770,908	3,242,357	1,079,608	-	4,321,965	-	-	18,448,943	18,366,530
4	ELECTRICAL EQUIPMENT	32,613,365	926,133	-	33,539,498	4,961,875	1,569,731	-	6,531,606	-	-	27,007,892	27,774,846
6	OFFICE EQUIPMENT	23,380,469	4,605,713	-	27,986,182	6,547,270	1,224,786	-	7,772,056	-	-	20,214,126	16,628,635
7	COMPUTERS	97,232,482	18,295,963	4,844,022	110,684,423	13,443,042	17,618,544	4,844,022	26,217,564	-	-	84,466,859	83,588,573
8	FURNITURE	93,397,395	37,840,262	-	131,237,657	34,009,719	6,126,189	-	40,135,907	-	-	91,101,749	55,791,436
9	VEHICLES	23,653,205	4,414,485	-	28,067,690	13,145,222	2,385,515	-	15,530,738	-	-	12,536,952	10,507,983
	Sub Total (a)	640,377,401	78,593,677	4,844,022	714,127,057	98,139,817	40,195,210	4,844,022	133,491,004	4,844,022	133,491,004	580,636,052	541,359,269
II. INTANGIBLE ASSETS													
	Software	72,906,342	8,102,634	8,661,148	72,347,829	23,548,496	12,823,839	8,661,148	27,711,187	-	-	44,636,642	48,624,859
	Product Development	348,565,432	18,085,589	16,215,709	350,435,312	158,749,342	32,007,491	16,215,709	174,541,124	-	-	175,894,188	176,740,557
	Sub Total (b)	421,471,774	26,188,224	24,876,857	422,783,141	182,297,838	44,831,330	24,876,857	202,252,311	24,876,857	202,252,311	220,530,830	225,365,416
III. CAPITAL WORK IN PROGRESS													
	Sub Total (c)	5,283,521	9,465,471	-	14,748,992	-	-	-	-	-	-	14,748,992	-
	GRAND TOTAL (a+b+c)	1,061,849,175	114,247,372	29,720,879	1,151,659,189	280,437,655	85,026,540	29,720,879	335,743,316	85,026,540	335,743,316	815,915,874	766,724,685
	As at 31.03.2013	873,693,386	216,980,520	25,473,628	1,051,091,295	230,570,398	73,554,261	25,041,569	279,083,089	25,041,569	279,083,089	772,008,206	666,393,016

Particulars	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
NOTE NO. 10 : NON- CURRENT INVESTMENTS		
1) Trade Investments		
a) Investment in Equity Instrument Quoted (400 Shares of Canara Bank)	14,000	14,000
b) Investment in Mutual funds Canara Robeco Mutual Funds	650,000	650,000
Total Non Current Investments	664,000	664,000
NOTE NO. 11 : LONG TERM LOANS AND ADVANCES		
a) Security Deposit Secured	747,882	269,000
Unsecured	23,538,500	-
b) Loans and advances to related parties Unsecured Virinchi Employees Welfare Trust	12,650,000	12,650,000
c) Other loans And advances Unsecured - Capital Assets	23,386,013	11,845,062
Total Long term loans & advances	60,322,395	24,764,062
NOTE NO. 12 : TRADE RECEIVABLES		
Outstanding for a period exceeding 6 months from the date they are due for payment unsecured, considered good	-	
Other Receivables Unsecured, Considered Good	198,161,296	226,527,746
Total Trade Receivables	198,161,296	226,527,746
NOTE NO. 13 : CASH AND BANK BALANCES		
a) Balances with banks : Current Accounts	36,552,505	15,409,250
b) Cash on hand	1,453,661	749,346
Sub Total	38,006,166	16,158,596
Other Bank Balances On Deposit Accounts 12 Months from date of deposit	99,388,495	56,407,268
Sub Total	99,388,495	56,407,268
Total Cash and Cash Equivalent	137,394,661	72,565,864
NOTE NO.14 : OTHER CURRENT ASSETS		
Salary and Other Advances	4,792,062	69,659,904
Advance Tax	8,613,053	4,500,000
IT Refund FY 2011-12	1,830	1,000
	13,406,945	74,160,904

M/s. VIRINCHI TECHNOLOGIES LIMITED

Notes Consolidate to Profit & Loss for the year ended 31st March, 2014

Particulars	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
NOTE NO. 15 : REVENUE FROM OPERATIONS		
Revenue from operations		
(a) Sale of Services	1,121,656,118	786,322,644
(b) Sale of Products	3,097,816	-
(c) Other Operating Revenues	4,981,121	510,235
Total Revenue from Operations	1,129,735,055	786,832,879
NOTE NO. 16 : OTHER INCOME		
(a) Interest income	8,300,874	3,897,340
(b) Other non-operating income	3,790,884	3,000,000
(c) Net gain/loss on foreign currency translation	2,734,951	9,806,139
Total Other Income	14,826,709	16,703,479
NOTE NO. 17 : EMPLOYEE BENEFIT EXPENSES		
(a) Salaries & Wages	310,558,052	222,120,311
(b) Contribution to Provident & Other Funds	415,542	4,760,684
(d) Staff Welfare Expenses	10,170,768	11,619,392
Total Employee Benefit Expenses	321,144,362	238,500,387
NOTE NO. 18 : OTHER OPERATING EXPENSES		
(a) Power & Fuel	11,233,007	8,852,647
(b) Rent	14,452,882	11,579,574
(c) Repairs & Maintenance	1,241,529	815,312
(d) Insurance	10,017,397	8,633,904
(e) Rates & Taxes	13,768,824	13,542,806
(f) Payment to Auditors:		
(i) As Auditor	365,304	188,090
(ii) For Taxation Matters	611,110	510,000
Total Other Operating Expenses	51,690,053	44,122,333
NOTE NO. 19 : ADMINSTRATIVE EXPENSES		
(a) Telephone, Postage and Others	8,465,800	4,708,923
(b) Business Promotion Expenses	151,190,569	79,111,728
(c) Conveyance	13,447,388	6,062,634
(d) Office Maintenance	20,831,884	9,040,458
(e) Printing & Stationery Expenses	1,146,103	2,008,931
(e) Rates & Taxes	-	14,390
(f) Managerial Remuneration	24,62,000	6,360,000
(g) Consultancy Charges	315,668,958	232,564,292
(h) Interest on taxes Payable	214,612	325,394
(i) Bad Debts	51,484,156	-
Total Administrative Expenses	564,911,469	340,196,750

Particulars	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
NOTE NO. 20 : FINANCE COST		
Interest Expenses :		
- Interest on Cash Credit	13,581,306	26,558,690
- Interest on Car Loan	530,374	297,436
- Loan processing Charges & Bank Charges	51,54,647	559,702
Total Finance Cost	19,266,327	27,415,828
NOTE NO. 21 : OTHER EXPENSES		
a) Travelling and Conveyance	27,424,761	12,331,761
b) Vehicle Maintenance	6,076,694	4,200,314
c) Internet Charges	2,516,976	1,966,671
d) Other Administrative Expenses	4,948,502	5,019,562
Total Other expenses	40,966,933	23,518,308

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

S.No	Particulars	Ksoft Systems Inc	Qfund Technologies Pvt Ltd	Tyohar Foods Pvt Ltd	Virinchi Learning Pvt. Ltd.	Virinchi Media and Entertainment Pvt. Ltd.	Virinchi Infra & Realty Pvt Ltd	Virinchi Health Care Pvt Ltd	Asclepius Consulting & Technologies Pvt Ltd
1	Share Capital	4,591,087	100,000	100,000	1,170,000	100,000	100,000	100,000	5,882,360
2	Share Capital pending Allotment	-	-	-	-	-	-	-	-
3	Reserves and Surplus (Including Debit balance of P & L)	45,021,280	12,863,487	-3,165,625	4,301,894	-	-	-	-10362630
4	Total Assets	133,867,558	79,674,179	44,714,647	26,114,815	14,621,201	105000	105000	9911254
5	Total Liabilities	84,255,191	66,710,691	47,780,272	20,642,921	14,521,201	5000	5000	14391525
6	Investments (Excluding subsidiaries)	-	-	-	-	-	-	-	-
7	Turnover	389,944,526	85,111,178	3,097,816	800000	NIL	NIL	NIL	5528076
8	Profit/Loss before tax	35,060,097	11,126,584	-2,016,618	-2,014,994	NIL	NIL	NIL	-4776298
9	Provision for tax (Including deferred Tax)	11,375,248	3,755,385	161,966	NIL	NIL	NIL	NIL	130015
10	Profit/Loss after tax	23,684,848	7,371,199	-2,178,584	-2,014,994	NIL	NIL	NIL	-4906314
11	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

M/s. VIRINCHI TECHNOLOGIES LIMITED

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

CIN: L72200TG1990PLC011104, **Tel.Nos.**040-27803608 / 10; **Email:** : info@virinchi.com **Website:** www.virinchi.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip at the venue of the meeting.

I/We hereby record my/our presence at the 25th Annual General Meeting of the Company held on Tuesday, 30th September, 2014 at 12.30 p.m.at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026.

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of shares
LF No.	DP ID	CLIENT ID	
Name & Address of the registered Shareholder (IN BLOCK CAPITALS):			

SIGNATURE OF THE MEMBER/ JOINT MEMBER (S) / PROXY



PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

M/s. VIRINCHI TECHNOLOGIES LIMITED

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

CIN: L72200TG1990PLC011104, **Tel.Nos.**040-27803608 / 10; **Email:** : info@virinchi.com **Website:** www.virinchi.com

Name of the member(s)		Email ID	
Registered Address		Folio No./ *Client ID	
		*DP ID	

I/We, being the member(s) of shares of Tera Software Limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
 - 2) _____ of _____ having e-mail id _____ or failing him
 - 3) _____ of _____ having e-mail id _____ or failing him
- as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual general meeting of the company, to be held on the Tuesday, 30th September, 2014 at 12.30 p.m.at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026. and at any adjournment thereof in respect of such resolution as are indicated below:

Resolutions		Vote	
		For	Against
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.		
2.	Re-appointment of Mr. Ramam Madu who retires by rotation.		
3.	Re-appointment of Datuk Kunasingam V Sittampalam who retires by rotation.		
4.	Appointment of Statutory Auditors.		
5.	Appointment of Mr. K. Krishna as an Independent Director.		
6.	Appointment of Datuk Kunasingam V Sittampalam as Independent Director.		
7.	Appointment of Mr. Samad A Momim as Independent Director.		
8.	Appointment of Mr. Ramam Madu as Independent Director.		
9.	To create charge / mortgage assets and undertakings of the Company under Section 180 (1) (a) of the Companies Act, 2013.		
10.	To limit the borrowings under Section 180 (1) (c) of the Companies Act, 2013.		
11.	To Approve related party transactions under Section 177 of the Companies Act, 2013.		

Signed _____ this day _____ of 2014

Signature of member _____ : Signature of proxy holder: _____

Affix
Re. 1/-
Revenue
Stamp

Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Proxy need not be a member of the Company.

*Applicable for investors holding shares in Electronic Form.