

Virinchi
Consultants Limited

Virinchi Consultants Limited

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12th

**Annual Report
2000-2001**

Virinchi

Consultants Limited

12th Annual Report

Board of Directors**Managing Director**

Shri K. Viswanath

Directors

Datuk Santha Kumar S.
 Shri Kunasingam Sittampalam
 Shri KVS.N. Kumar
 Shri A.P. Srinivas
 Shri C. Rajasekhar Reddy
 Shri Jagadish K. Rao
 Shri K S K Prasad
 Shri Ermanno Traverso

Bankers

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

Auditors

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

Registrars and Share Transfer Agents

M/s. Aarathi Consultants Pvt Ltd.
 1-2-285, Domalguda,
 Hyderabad-500 029

Shareholder's Information**Registered Office & Development Centre :**

105 SRP, Gold
 West Marec
 Secunderabad - 500 026

Regional Office :

A-1, 3rd Floor, Surabhi Plaza,
 Vikramপুরi Colony,
 Secunderabad - 500 009

Listing

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

Book Closure

26.09.2001 to 28.09.2001 (both days
 inclusive)

Date, Time and Venue of AGM

28.09.2001 , 11.00 A.M.
 Padmashali Kalyana Mandapam,
 2-12-66, Nehru Nagar,
 West Maredpally,
 Secunderabad - 500 026

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Members of the Company will be held on Friday the 28th day of September, 2001, at 11.00 A.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad- 500 026 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001, Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. A.P. Srinivas who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Kunasingam Sittampalam who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. K.V.S.N. Kumar who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditor and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Sri. Ermanno Traverso who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

7. To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Sri. K.S.K. Prasad who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

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

"RESOLVED THAT Sri. Jagadish K. Rao who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

9. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 the Company hereby approves that the Register of Members, the Index of Members and copies of all Annual Returns prepared u/s 159 of the Act together with the copies of certificates and documents required to be annexed thereto u/s 161 of the Act or any one or more of them be kept at the office of the Company's Share Transfer Agents - M/s. Aarhi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad - 500 029 instead of being kept at the Registered Office of the Company".

BY ORDER OF THE BOARD OF DIRECTORS
for VIRINCHI CONSULTANTS LIMITED

PLACE : HYDERABAD
DATE : 28th AUGUST, 2001

(K. VISWANATH)
MANAGING DIRECTOR

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER.
- b) PROXIES IN ORDER TO BE EFFECTIVE MUST BE FILED WITH THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- c) THE RELATIVE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS SET OUT ABOVE, AS REQUIRED BY SEC.173 (2) OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO.
- d) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 26TH SEPTEMBER, 2001 TO 28TH SEPTEMBER, 2001 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.
- e) THE MEMBERS ARE REQUESTED TO INTIMATE PROMPTLY ANY CHANGE IN THEIR ADDRESS TO THE SHARE TRANSFER AGENTS OF THE COMPANY M/S.AARTHI CONSULTANTS PRIVATE LIMITED, 1-2-285, DOMALGUDA, HYDERABAD - 500 029.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT**

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

Item No. 6, 7 & 8

Sri.Ermanno Traverso, Sri.K.S.K.Prasad and Sri.Jagadish K.Rao were co-opted as Additional Directors. As per the provisions of Section 260 of the Companies Act, 1956, they ceases to be Directors at the ensuing Annual General Meeting. As required by Section 257 of the said Act, Notices along with a Deposit of Rs.500/- each received from Members signifying their intention proposing the appointment of Sri.Ermanno Traverso, Sri.K.S.K.Prasad and Sri.Jagadish K.Rao as Directors of the company.

The Board considers it desirable that the company should continue to avail itself of their services.

None of the Directors except Sri.Ermanno Traverso, Sri.K.S.K.Prasad and Sri.Jagadish K.Rao are interested in the Resolution.

Item No.9

Under section 163 of the Companies Act, 1956, certain documents which are normally required to be kept at the registered office of the Company may be kept at any other place if such other place has been approved by special resolution passed by the Company in General Meeting.

In order to provide better services to the shareholders, M/s.Aarthi Consultants Private Limited have been appointed as the Share Transfer Agents of the Company. Therefore it is necessary to shift the Company's records to their office at 1-2-285, Domalguda, Hyderabad - 500 029. Approval of the members is sought for this. The Directors recommend the passing of the resolution.

None of the Directors are interested in the resolution.

DIRECTOR'S REPORT

To,
The Members,

The Directors have pleasure in presenting you the 12th Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2001.

PERFORMANCE / FINANCIAL RESULTS OF THE COMPANY

	(Amount in Lakhs)	
	2000-2001	1999-2000
Total Income	548.34	305.05
Profit before interest, depreciation and tax	174.02	73.47
Interest	12.24	3.49
Depreciation	54.59	4.24
Provision for Taxation	—	9.46
Profit after tax & depreciation	107.19	56.28
Balance brought forward	59.79	3.51
Balance carried to Balance Sheet	166.99	59.79

The total income for the year was Rs. 548.34 lacs as against Rs. 305.04 lacs for the previous year representing a growth of 79.76%. The Profit after tax for the year was Rs. 107.19 lacs as against Rs. 56.28 lacs for the previous year representing a growth of 90%.

Virinchi is committed to quality and has obtained ISO 9001 certificate of approval from Lloyd's Register Quality Assurance to the Quality Management System Standards : BS EN ISO 9001:1994 IS/ISO 9001:1994 for **Designing and Developing B2B Collaboration Solutions for Digital Commerce**.

Apart from the Registered office of the Company, Virinchi has set up state of art development center at Secunderabad and a Corporate Office at Secunderabad. Virinchi has set up international branch offices at Fremont, California, USA and Kuala Lumpur, Malaysia.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :

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

A. INDUSTRY BACKDROP AND COMPANY OUTLOOK

During the recent months, there has been a considerable slow down in the technology sector in the US, which in turn has contributed to a slowdown in the overall economy. The effect of it is that most of the dot-coms have closed down and the sales cycles with large companies is increasing.

The IT budgets have been cut down drastically in many of the sectors and are under close scrutiny. This has resulted in deeper evaluation of IT budgets and hence longer sales cycles for decision making. The focus of companies is on integration of disparate systems in the company and consolidation of various platforms and systems in the company. The IT sector is beginning to witness profound transformation to provide products and services which offer value for money which means highest quality and functionalities at lowest prices.

However, the scenario of your company is expected to be quite different in the next financial year mainly due to the space it is operating in. Your company is engaged in providing B2B collaboration solutions and to this end it has developed products "Commerce Place Enabler" for market places and "Active Enterprise Enabler" for creating Private Exchanges for Corporations to migrate their business processes on to the internet. The products are instantly deployable and ready to use requiring very little amount of customization. This reduces the software development risk to the customer and value for money for the offering. Further, the cost of development can be amortised over many customers thus lowering the cost of deployment. Your company has also developed a Mapper Tool "Virinchi Mapper", an integration tool for mapping disparate databases and XML schemas. Your company is geared fully to tap the potential of the sector with its ready to deploy products with all the ingredients of growth in place - infrastructure, people, processes and systems and to top it all the instantly deployable product in place.

Given the downturn in the US markets, your company has been focusing in Europe and South East Asia and is in the process of achieving good contracts from these markets.

Further, there is a strong belief that India will emerge stronger than ever as a preferred destination for IT outsourcing. Indian talent has been recognized world over and even the top companies in US and Europe which have strong marketing arms, it is clear that the Indian talent is what is delivering the goods as per the standards set out. It is our belief that we as an Indian company with qualified professionals with high quality and service levels could deliver the same products and services and could offer proposition of value for money to the customers.

Your company has set up Virinchi Employee Welfare Trust and has allotted 1,000,000 shares to the trust towards ESOPs to be given to employees. Your company is debt-free and believes in conserving cash reserves of the company for passing through the tough times.

B. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

C. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

Human resource development is a primary area of focus for the Company. The company recruited senior level and other functional specialists during the year. The Human relations in the organisation have been cordial. The total number of persons employed in the company as on 31st March 2001 were 73.

DEMATERIALISATION OF EQUITY SHARES

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

COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

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

PROJECTIONS VS. PERFORMANCE

(pursuant to Clause 43 of the Listing Agreement)

Rupees in Lakhs

Particulars	Projections (as per the Prospectus)	Performance As on 31.3.2001
Income	1150.00	548.34
Net Profit	161.00	107.19
EPS	1.34	0.95

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

(a) Conservation of Energy

Company's operation require electrical energy for its use in air conditioning the premises, for power supply to computer systems and lighting which are not energy intensive. However, adequate measures have been taken to reduce energy consumption, wherever possible. As energy cost forms a small part of total costs, the impact on costs is not material.

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

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