

Virinchi
Technologies Limited

Causing Systems
Perform Business



n minds, n! knowledge

20th
Annual Report
2008-09

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Annual General meeting on Wednesday, September 30, 2009 at 11.00 a.m at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.

BOARD OF DIRECTORS

Executive Directors

Shri. Viswanath Kompella
Shri. Anil Kumar Pinapala
Shri. Srinath Kompella
Shri. Jagan Mohan Rao Karpey
Shri. Srinivas Mahankali

Non-Executive Directors

Datuk Kunasingam V. Sittampalam
Datuk Santha Kumar
Shri Samad A. Momin
Dr.M.Venugopal
Dr. Ravi Chand

BOARD COMMITTEES

AUDIT COMMITTEE

Dr.Venugopal	Chairman
Dr.Ravichand	Member
Shri. Samad A. Momin	Member
Shri.Viswanath Kompella	Member

REMUNERATION COMMITTEE

Dr.Venugopal	Chairman
Dr.Ravichand	Member
Shri. Samad A. Momin	Member
Datuk Kunasingam V. Sittampalam	Member

INVESTORS GRIEVANCE COMMITTEE

Dr.Venugopal	Chairman
Shri Viswanath Kompella	Member
Shri Srinivas Mahankali	Member

Ravindranath Tagore Kolli

Company Secretary

Bankers

M/s. Canara Bank
M/s. HDFC Bank Ltd
M/s. ICICI Bank Ltd

Auditors:

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

Registered Office and Development Centre:

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

Registrar and Share Transfer Agents:

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

Corporate Office:

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

Wholly Owned Subsidiary Company

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

LETTER TO SHAREHOLDERS:

Dear Shareholder,

I am pleased to report that your company has demonstrated robustness and resilience in a very challenging environment with a strong annual performance for the year 2008-09.

The credit crisis that originated in U.S. has now morphed into a global recession. This has severely impacted businesses ability to obtain credit in the Developed economies and the resulting job loss has not been witnessed in decades. Customers in the markets in which we operate are cutting costs to overcome the impact on their businesses. Despite of this I am sure you share my sense of pride as your Company has witnessed yet another year of resilient performance, thanks to our capability to sustain superior performance over the years and emerge as a leader across industry vertical for software products and services.

Virinchi has been consistent in financial performance since its inception and has continued with the trend this year as well. The following highlights summarize the strong financial performance of your company. Year on Year Revenue growth has been consistent for the past 6 years.

Your company business model is based on building enduring relationships with clients. Your company has clients with whom we have worked for several years and have been together through economic upturns and downturns. This is one reason why we are able to sustain most relationship in this downturn. In order to strengthen these relationships, we are increasing our focus on new engagement models based on value-based pricing especially suitable for challenging times such as the current downtrend.

Your Company provides a comprehensive range of IT services, software solutions in the area of software design to leading companies worldwide. We use our development centers located in India, quality processes and global resource pool to provide cost effective IT solutions and deliver time-to-market and time-to development advantages to our clients.

Virinchi continues to provide quality Technology Products and concentric services to the large and medium clients in the industry verticals of Banking and Financial Services, Chemicals, Pharmaceuticals, Construction, Retail, Electronics, Mobile, Food & Agriculture, and Automobiles. The flagship products of your company are now market leaders in their respective industry verticals across geographies of operations. In addition to product customization and implementation, Virinchi has been providing product concentric services like customization, technical support, roll out support, data migration etc to its clients to become an end-to-end service provider.

Virinchi has developed strength in providing technology outsourcing services including custom applications development in web technologies, data warehousing & Business Intelligence, EAI & ERP services etc to the global clients, at a reduced total cost of ownership for the client. Virinchi also offers out-of-the-box software solutions in the domains of Short-term Financial Solutions, Supply Chain, Market Research., Service Level Management & Insurance Investigation etc. These solutions have good potential in the global markets.

We believe that a company is known by its people and at Virinchi, we have some of the best. During the last year Virinchi has added a number of such talented resources to its team taking the Global Human Resource strength to above 350 at the end of 2008-09. Skilled in cutting-edge technologies & knowledgeable in multiple domains, our team works together to create customer delight. Spread

across our three development centers— 24 per cent of our employees have more than 6 years of experience with Virinchi alone; 35 per cent have postgraduate degrees and 48 per cent are engineers. We have aligned our HR policies with our strategy of sustaining a high-technology & global business. These policies have been designed to enable scalability of our business and processes, while achieving a high level of ownership and involvement in our employees.

Growing presence in multiple markets is important for your Company to ensure diversification of its revenue base and ensuring sustainable growth.

I am pleased to inform that CRISIL has awarded Virinchi Technologies Ltd with SME 1 Rating. The SME 1 rating indicates "Highest level of creditworthiness, adjudged in relation to other SMEs. The rating given by CRISIL is valid till June 16th 2010

Fiscal 2009 witnessed several upheavals, natural, economic, and otherwise. While responding to these, Virinchi displayed its quiet indomitable spirit. A sense of achievement and satisfaction meets us as we put fiscal 2009 behind. We are confident of navigating through the economic uncertainty successfully. The short-term challenges have not impeded our pursuit of excellence, set for the long term. We, as ever, are single-minded on delivering enhanced value to our clients and employees. With increased investments in training our employees in multiple domains and technologies, and focus on new engagement models, we reiterate our promise for emerging stronger when the economic uncertainty ends.

I thank you all for the faith you rest on us and look forward to your continued support.

Sincerely

Srinivas Mahankali
Managing Director

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NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of the Company will be held on Wednesday, the 30th day of September, 2009, at 11.00 A.M. at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad - 500 026 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2009; 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 Datuk Santha Kumar, who retires by rotation
3. To appoint a Director in place of Dr. Samad A Momin who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Dr. Ravi Chand, Who was appointed as an Additional Director of the company with effect from 17th January, 2009, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT K. Jagan Mohan Rao, Who was appointed as an Additional Director of the company with effect from 2nd October, 2008, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company

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

"RESOLVED THAT K. Srinath, Who was appointed as an Additional Director of the company with effect from 23rd July, 2009, who holds office under Section 260 of the Companies Act, 1956, up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "Act" which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Mr. Jagan Mohan Rao, as Whole Time Director & CRO, of the Company, for a period of 3 (Three) years with effect from 2nd October, 2008 on a monthly remuneration of Rs.75,000 Per Month.

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

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

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

"RESOLVED THAT Pursuant to the provisions of Section 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the "Act" which includes any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Mr. Srinath Kompella, as Whole Time Director & COO, of the Company, for a period of 3(Three) years with effect from 23rd July, 2009 on a monthly remuneration of Rs.2,00,000 Per month.

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

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

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

"RESOLVED THAT pursuant to section 309 and other applicable provisions, if any, of the Companies Act,1956, (including any amendment and /or any re-enactment thereof), the company be and is hereby authorized to pay to its Directors (other than managing / Whole time / Executive Directors of the Company) commencing from 1st April, 2009, such commission as the Board may from time to time determine (to be divided and paid amongst them in such proportion and such manner / fashion as may be determined by the Board from time to time) but however such commission shall not exceed 1% of the Net profits to the Company in any financial year (computed in manner provided in section 198(1) of the Companies Act, 1956 as amended from time to time).

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient in order to give effect to the above Resolution."

BY ORDER OF THE BOARD

For VIRINCHI TECHNOLOGIES LIMITED

PLACE : HYDERABAD
DATE : 29.08.2009

K. Ravindranath Tagore
Company Secretary

NOTES:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The instrument of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting.
- b) The relevant Explanatory Statement in respect of the Special Business set out above, as required by Sec.173 (2) of the Companies Act, 1956 is annexed hereto.
- c) The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 26th September, 2009 to 30th September 2009 (both days inclusive)

Annexure to the Notice**Explanatory statement pursuant to Section 173(2) of The Companies Act, 1956****Item #5**

Dr. Ravi Chand was appointed as an Additional Director of the company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 17th January, 2009. Pursuant to Section 260 of the Companies Act, 1956 Dr. Ravi Chand holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Dr. Ravi chand as a candidate for the office of Director. The profile of the Director is given hereto under the head 'Additional Information'

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

None of the Directors except Dr. Ravi Chand is concerned or interested in the resolution.

Item #6

Shri. Jagan Mohan Rao Karpey was appointed as an Additional Director of the company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 2nd October, 2008. Pursuant to Section 260 of the Companies Act, 1956 Jagan Mohan Rao Karpey holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Jagan Mohan Rao Karpey as a candidate for the office of Director. The profile of the Director is given hereto under the head 'Additional Information'

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

None of the Directors except Jagan Mohan Rao Karpey is concerned or interested in the resolution

Item #7

Shri. Srinath Kompella was appointed as an Additional Director of the company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 23rd July, 2009. Pursuant to Section 260 of the Companies Act, 1956 Srinath Kompella holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Srinath Kompella as a candidate for the office of Director. The profile of the Director is given hereto under the head 'Additional Information'

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

None of the Directors except Srinath Kompella is concerned or interested in the resolution

Item #8

The Board of Directors of the Company in its meeting held on 2nd October, 2008, appointed Mr. Jagan Mohan Rao Karpey as Whole Time Director & CRO for a period of 3 years with effect from 2nd October, 2008 at a gross salary of Rs.75,000 Per Month.

Considering his competence, experience as also the envisaged growth in the activities of the company and as compared to remuneration presently being paid to persons in similar situations in the country, the terms of his promotion and remuneration as set out below are viewed to be just, fair and reasonable. He is having directorships in other two companies and also not a member in the committees of any other companies. He has more than 25 years of experience in the industry with focus on Human resources, Marketing and Finance. He holds dual masters degree one in science and one in business administration from osmania university, Hyderabad. He has vast network in the US that can add immense value to the company.

The remuneration has been approved by the remuneration committee.

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

The Board of Directors commends the above resolution at Item# 8 for your approval.

None of the Directors of the Company except Mr. Jagan Mohan Rao Karpey to the extent of his appointment as director is concerned or interested in this resolution.

Item #9

The Board of Directors of the Company in its meeting held on 23rd July, 2009, appointed Mr. Srinath Kompella as Whole Time Director & COO for a period of 3 years with effect from 23rd July, 2009 at a gross remuneration of Rs.2,00,000 Per Month,

Considering his competence, experience as also the envisaged growth in the activities of the company and as compared to remuneration presently being paid to persons in similar situations in the country, the terms of his promotion and remuneration as set out below are viewed to be just, fair and reasonable. He is having no other directorships and also not a member in the committees of any other companies. He has more than 7 years of experience in the industry with focus on operations and Business development.. He has been working with Virinchi from last 7 years at various levels. Presently he is rendering his services as COO of the company .He is very instrumental in business Development and client relations for the company

The remuneration has been approved by the remuneration committee.

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Mr. Srinath Kompella as Whole Time Director & COO requires the approval of the members in General Meeting. Hence, the above resolution at item# 9 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution.

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

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

Item#10

Considering the fact that the Directors (other than Managing/Whole-time Directors) continue to render specific useful services at their committees, it is decided that the Directors should be paid the commission at the rate of 1% on the net profits of the company computed in the manner referred to in sub-section (1) of Section 198 of the Companies Act, 1956, for a period of five years commencing from 01.04.2009.

The special resolution seeks to obtain authority for the said payment of the commission to the Directors under Section 309 of the Companies Act, 1956.

Save and except, Managing/Whole time Directors of the Company all other Directors may be deemed concerned or interested in the Resolution.

The Board recommends the resolution for your approval.

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

**PLACE : HYDERABAD
DATE : 29.08.2009**

**K. Ravindranath Tagore
Company Secretary**

