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Annual General meeting on Saturday, September 29, 2012 at 11.00 AM at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.

Registered office:

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

Corporate Office:

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

Auditors

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

Main Bankers

M/s. Canara Bank
Overseas branch
Adarsh Nagar
Hyderabad

Registrar & Share Transfer Agents

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

Wholly Owned Subsidiary Company in USA

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

G. Santi Priya

Chairperson & Whole Time Director

Viswanath Kompella

Executive Director

K. Srinath

Whole Time Director & COO

Datuk Kunasingam Sittampalam

Independent and Non Executive Director

Dr. Samad A. Momin

Independent and Non Executive Director

K. Krishna

Independent and Non Executive Director

M. Ramam

Independent and Non Executive Director

K. Ravindranath Tagore

Company Secretary

Message from Chair Person

Dear Valued Shareholders,

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

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

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

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

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

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

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

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

On behalf of the Virinchi Team

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

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of the members of the Company will be held on Saturday, the 29th day of September, 2012, at 11.00 AM at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad – 500 026 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2012; Balance Sheet as on that date along with the Schedules forming part of it, notes to accounts and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend for the financial year 2011-12
3. To appoint a Director in place of Mr. Datuk Kunasingam V.Sittampalam who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Samad A.Momin who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. P. Murali & Co., Chartered Accountants, (ICAI Reg.No 007257S) as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

BY ORDER OF THE BOARD
For VIRINCHI TECHNOLOGIES LIMITED

PLACE : HYDERABAD
DATE : 29-08-2012

K. Ravindranath Tagore
Company Secretary

Important Communiqué to Members - Green Initiative in Corporate Governance

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

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

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

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

NOTES

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The instrument of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting.
- b) The relevant Explanatory Statement in respect of the Special Business set out above, as required by Sec.173 (2) of the Companies Act, 1956 is annexed hereto.
- c) The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 20th September, 2012 to 29th September 2012 (both days inclusive).
- d) Dividend, if declared, at the Annual General Meeting, will be payable to those members whose names appear on the Company's Register of Members as on 29th September, 2012. Dividend Warrants are scheduled to be posted on or after 3rd October, 2012. Dividend Warrant is valid for payment by the Company's Bankers for six months from the date of issue. Thereafter, please contact our share regis-trars, M/s. Aarthi Consultants Pvt Ltd, 1-2-285, Domalguda, Hyderabad -500029 for revalidation of the warrants.
- e) Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
- f) Members holding shares in physical form may write to the Company/Company's R&T agents for any change in their address and bank mandates. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective depository participants.
- g) Members are requested to send all communication relating to shares to the Company's R&T Agents (Physical and Electronic) at the following address: M/s. Aarthi Consultants Private Ltd, Unit: Virinchi Technologies Ltd, 1-2-285, Domalguda, Hyderabad-500 029

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

BY ORDER OF THE BOARD
For VIRINCHI TECHNOLOGIES LIMITED

PLACE : HYDERABAD
DATE : 29-08-2012

K.Ravindranath Tagore
Company Secretary

Additional Information required to be furnished under the Listing Agreement

The particulars of directors who are proposed to be re-appointed are given below:

- | | | | |
|----|-------------------------|---|--|
| 1. | Name | : | Datuk Kunasingam V. Sittampalam |
| | Age | : | 59 years |
| | Qualifications | : | Bachelor of Engineering (Hons) and Master of Engineering, Sheffield University, United Kingdom |
| | Expertise | : | As a director to HSS intesys Sdn Bhd the IT Subsidiary of HSS integrated Group, providing value added services in engineering software, planning and scheduling work. At HSS integrated, he has been the project director involved in overall project |
| | Other Directorships | : | Vivo Bio Tech Ltd |
| | Membership of Committee | : | NIL |
| | Shareholding | : | NIL |
| 2. | Name | : | Samad A. Momin |
| | Age | : | 45 years |
| | Qualifications | : | B.Tech form IIT, Madras, MS & MBA from Ohio State University, Columbus, USA. |
| | Expertise | : | He has 19 years of experience with GE includes key roles spanning general management, sales & marketing, e-business, Strategy & Change Management, Joint Ventures. Also, he was based in Hong Kong to help set up the JV with GE Toshiba Silicones for 2 years and in Tokyo for another 2 years as the General Manager for e-business/Distribution. He is also a certified Master black belt in Six Sigma. |
| | Membership of committee | : | NIL |
| | Shareholding | : | NIL |
| | Other Directorships | : | NIL |

DIRECTORS' REPORT

Dear Members,

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

Financial Highlights on standalone basis

(Rs. in Lacs)

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

RESULTS OF OPERATIONS:

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

BUSINESS PERFORMANCE

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

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

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

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

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

Reserves and Surplus

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

Dividend

Your directors are pleased to recommend payment of a dividend of Rs.0.50/-per equity share (at the rate of 5% on the par value of Rs.10/-each) subject to the approval of share holders.

Material changes and commitments;

There are no material changes and commitments occurred between the end of the financial year of the company and the date of the report affecting the financial position of the company

Directors

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

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas, directorships in other companies as stipulated under clause 49 of the listing agreement with the stock exchanges in India are provided in the report on corporate governance.

Directors' Responsibility Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards had been followed and there are no material departures.
- ii) We have selected appropriate accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2012 and of the profit of the company for the financial year ended 31st March 2012
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) We have prepared the annual accounts for the financial year ended 31st March, 2012 on a going concern basis.

Auditors and Audit Report

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The company has received letter from the Statutory auditors to this effect that their reappointment, if made would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of section 226 of the said act.

PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

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