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Annual General meeting on Saturday, September 28, 2013 at 11.30 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,  
Vikramপুরi, Karkhana,  
Secunderabad-500 009  
Phone# 040-27890664/5

**Auditors**

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

**Main Bankers**

M/s. Canara Bank  
Overseas branch  
Adarsh Nagar  
Hyderabad

**Registrar & Share Transfer Agents**

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

**Wholly Owned Subsidiary Company in USA**

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

**G. Santi Priya**

Chairperson & Whole Time Director

**Viswanath Kompella**

Non-Executive Director

**Srinath Kompella**

Non-Executive Director  
(Resigned w.e.f. 12-08-2013)

**K. Sri Kalyan**

Whole Time Director

**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 Chairperson

Dear Valued Shareholders,

Virinchi had another strong year in FY 2013. I'm pleased to announce the highlights of your company's performance during last financial year. Despite fluctuating market conditions, your company fared well and improved on overall business and profits.

Your company's revenues grew significantly with addition of one of the largest clients in the short term lending industry in North America. Adding to that, additional product offerings to existing clients also grew to strengthen your company's market position. Though Indian IT market was still struggling with down turn, our exceptional client focus and unique service model steered your company to a remarkable success with increased and sustainable revenues resulting out of new multi-year client contracts with unique annuity model.

Your company has achieved a total consolidated income of Rs.787 million during the year 2012-13 as against Rs. 680 million during the same period last year showing a growth of 15.74 %.

Your flagship Software product Qfund went through continuous improvement across last year to provide better services for your clients in North America with improved underwriting processes and Lead integrations from third party counter parts from short term lending industry, thus resulting in better risk management capabilities and increased revenues for your clients. Qfund also started foraying in to portable application integrations using Tablet and Mobile platforms.

Your company's investments from last year towards improving hosting infrastructure by upgrading the hardware in International Data Centre is paying rewards by achieving 99% of uptime to your client's business and ensuring their business continuity with a Disaster Recovery facility. To complement that, our newly setup state-of-the-art Offshore Data Centre at your new Hakimpet campus came in to operation during last year. By adapting cutting edge Virtualisation technologies, your company is also able to provide easy scalability for your client applications with varying and dynamic hardware configurations according to changing business needs.

One of our key focus areas for last year has been to fine tune your company's business operations by streamlining the same with continuous process improvement to achieve better work efficiency and increased productivity. We also revamped our internal metrics management systems to provide better visibility to management, thus empowering them to take effective business decisions.

Your senior management team extended serious commitment to significantly ramp up investment in Human Capital and strengthen resource capabilities to matchup to increased client base and to support increased business operations. As a result, employee strength was increased by around 25% at offshore. Your company made a significant leap with regards to onsite presence of resources at client site, which was highest ever. By leveraging their product knowledge and technical expertise, onsite resources will help your clients by providing customised & tailored deliverables while generating higher revenues for your company. Your company continue to take pride in providing better work environment and facilities in the form of sports and recreation at its self-contained Hakimpet campus along with other employee benefits & welfare programs to make it one of the most desired companies to work for.

Looking ahead to 2014, your management team is looking forward for your continued trust and support to overcome difficult market and economic challenges ahead and to achieve your business goals and to satisfy all stake holders objectives. We are confident that we will succeed as we are a learning organisation and we'll leave no stone unturned in our efforts. On behalf of every one from Virinchi Management team, I'd like to thank our clients, employees and all the stakeholders for your continued support.

**G. Santi Priya**

Chairperson & Whole Time Director  
Virinchi Technologies Ltd.

## NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the Company will be held on Saturday, the 28th day of September, 2013, at 11.30 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, 2013; 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 Ms. G. Santi Priya who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of K. Krishna who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modifications(s), the following resolution as an ordinary resolution

“RESOLVED that M/s. P.Murali& Co, Chartered Accountants (ICAI Reg. No. 007257S), who retire at the conclusion of this Annual General Meeting, be and are hereby appointed as statutory auditors of the company till the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee.

### 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 Mr. K. Sri Kalyan, Who was appointed as an Additional Director of the company with effect from 12th August, 2013, 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 under section 257 and other applicable provisions, if any, of the Companies Act, 1956 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 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 re-appointment of 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.

“RESOLVED FURTHER that the remuneration as set out in this resolution including benefits, amenities and perquisites, shall be allowed and paid to Ms. G. Santi Priya 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”.

7. 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. 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.

“RESOLVED FURTHER that the remuneration as set out in this resolution including benefits, amenities and perquisites, shall be allowed and paid to Mr. K. Sri Kalyan as minimum remuneration during the currency of her 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”.

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

PLACE : HYDERABAD  
DATE : 12-08-201

**K. Ravindranath Tagore**  
3 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. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 2, 3, 5 and 6 above are also annexed.
- c) The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 23rd September, 2013 to 28th September 2013 (both days inclusive).
- 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. The company has transferred the unpaid dividend for the year 2004-05 to the Investor education fund.

Year	Type of Dividend	Dividend Per share Rs.	Date of Declaration	Due Date of Transfer	Amount in Rs.
2005-06	Final	0.50	29/09/2006	28/10/2013	1,36,988
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.

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

PLACE : HYDERABAD  
DATE : 12-08-2013

**K. Ravindranath Tagore**  
Company Secretary

## **Explanatory Statement Pursuant to section 173(2) of the Companies Act, 1956**

### **Item #5**

Mr. K. Sri Kalyan 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 12th August, 2013. Pursuant to Section 260 of the Companies Act, 1956 K. Sri Kalyan 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 K. Sri Kalyan 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 K. Sri Kalyan is concerned or interested in the resolution

### **Item#6**

The Board of Directors of the company in its meeting held on 18th July, 2013 reappointed Ms. G. Santi Priya as Chairperson & Whole Time Director for a period of 3 years with effect from 22nd July, 2013 at a gross salary of Rs.1,25,000 per month

Considering her 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 her remuneration as set out below are viewed to be just, fair and reasonable

The remuneration has been approved by the remuneration committee.

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Ms. G.Santi Priya as Chairperson & Whole Time Director requires the approval of the members in General Meeting. Hence, the above resolution at item# 6 is submitted to the meeting for ratification by the members of the company by passing a Special Resolution. She is also having directorship in Qfund Technologies Private Ltd only.

The Board of Directors commends the above resolution at Item# 6 for your approval.

None of the Directors of the Company except Ms. Santi Priya to the extent of her re-appointment as director is concerned or interested in this resolution

### **Item#7**

The Board of Directors of the Company in its meeting held on 12th August, 2013, appointed Mr. K. Sri Kalyan as Whole Time Director for a period of 3 years with effect from 12th August, 2013 at a gross remuneration of Rs. 60,000 P.M. subject to the approval of members.

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.

The remuneration has been approved by the remuneration committee.

As per the provisions of Schedule XIII of the Companies Act, 1956 appointment of Mr. K. Sri Kalyan as Whole Time Director requires the approval of the members in General Meeting. Hence, the above resolution at item# 7 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# 7 for your approval.

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

## 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 : G.Santi Priya  
 Age : 39 years  
 Qualifications : B.com.,ACA,Grad CWA,DISA  
 Expertise : She has 16 years of experience in the areas of Auditing, Corporate Finance and Taxation  
 Other Directorships : NIL  
 Membership of Committee : NIL  
 Shareholding : NIL
  
2. Name : K. Krishna  
 Age : 46 years  
 Qualifications : BA.BL  
 Expertise : Mr. Kanaparthi 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 Andhra Pradesh  
 Membership of committee : NIL  
 Shareholding : NIL  
 Other Directorships : NIL
  
3. Name : K. Sri Kalyan  
 Age : 34 years  
 Qualifications : B.E (Mech. Engg.), MBA (SCM)  
 Expertise : He has worked for seven years in Tecumseh Products India Private Limited in Quality Assurance, Production and Project Management and has Four years of Administration and Operations experience. He is a certified ISO 9001 internal auditor, ISO 14001 Lead Auditor and an in-house trainer for Lean Manufacturing and Six Sigma. As the head of the Manufacturing unit, he has worked on several cost saving and quality improvement projects involving TPM and SPC and Quality Circle Techniques. He is a post graduate from SP Jain Centre of Management, a leading B- School in Asia and has specialized in Global Logistics and Supply Chain Management.  
 Membership of committee : NIL  
 Shareholding : NIL  
 Other Directorships : NIL

# DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the 24th Directors' Report on the business and operations of your company, for the financial year ended 31st March, 2013.

## Financial Highlights:

(Rs. in Lacs)

Particulars	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
Total Income	8,035.36	6,987.91	4,395.77	3,708.21
Profit before interest, Depreciation and Tax	1,571.98	1,866.77	1,196.86	1,292.04
Interest	274.16	281.01	232.34	245.74
Depreciation	735.54	854.13	641.87	810.56
Provision for Taxation	137.69	159.74	64.38	56.98
Profit after interest, Tax and depreciation	424.59	571.88	258.27	178.76
Deferred Tax provision	61.37	32.88	52.22	19.48
Balance brought forward	4,585.05	4,153.49	4,111.75	4,039.55
Balance Carried to Balance Sheet	4,758.63	4,585.05	4,317.80	4,111.75

## RESULTS OF OPERATIONS:

Following are the results of operations for the financial year 2012-13

### BUSINESS PERFORMANCE

**Consolidated Revenues:** The total Consolidated income of the Company for the FY 2012-13 comprises operating revenues of Rs. 7868 Lacs as against Rs. 6804 Lacs in FY 2011-12 and other income of Rs. 167 Lacs for the current year as against Rs. 183 lacs in FY 2011-12.

**Standalone Revenues:** The total income of the Company for the FY 2012-13 comprises operating revenues of Rs. 4554 Lacs as against Rs. 3525 Lacs in FY 2011-12 and other income of Rs. 142 Lacs for the current year as against Rs. 183 lacs in FY 2011-12.

**Consolidated Profits:** Profit before Tax (PBT) stood at Rs. 562.28 Lacs as against Rs. 731.63 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 363.22 lacs as against Rs. 538.99 Lacs for the previous year.

**Standalone Profits:** Profit before Tax (PBT) stood at Rs. 322.65 Lacs as against Rs. 235.74 Lacs for the previous year. Profit after Tax (PAT) stood at Rs. 206.05 Lacs as against Rs. 159.28 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.