

**26 February 2013**
**CMP:** Rs.8.71

**Industry:** IT- Software products

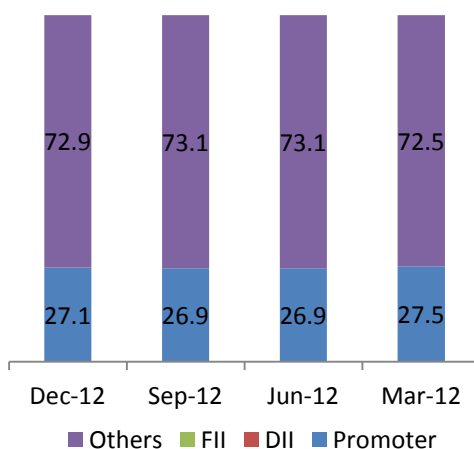
**BSE group:** B

**Promoters**

Vishwanath Kompella &amp; associates

**Key Data** (as on 26 Feb' 13)

BSE	532372
ISIN	INE539B01017
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	156.7
Current P/E	6.6
Current P/BV	0.2
52 week low-high	7.15-12.65
30 days avg daily trading volume	4361
Equity capital (Rs mn)	149.6
Net worth (Rs mn)	793.6

**Shareholding Pattern (%)**


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**Company business**

Virinchi Technologies is Hyderabad-based provider of IT products and services, primarily in the financial services space. It has a flagship product called – Qfund which provides end-to-end automation of the transaction processing requirements of the short-term loan industry. It has another product called QPawn – which is a similar IT solution for the needs of the pawn-broking industry. The company claims that QPawn is the market leader for its services in North America and the UK, while QFund is the market leader in North America, where six out of the top 15 players in the short-term loans industry use its software. Apart from this, the company also provides application management, custom application development, infrastructure services outsourcing, IT consulting, system integration and software testing services to the healthcare, manufacturing, media and entertainment, tourism and logistics industries. The company has 18 marketing partners in USA, Europe and the Middle East.

**Recent developments**
**Company decides to enter infrastructure and construction business**

In November 2012, the company decided to create a wholly owned subsidiary to take up infrastructure and construction activities. Further details have not been disclosed.

**Financials**

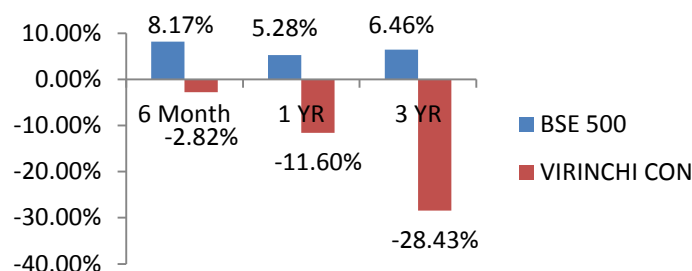
Particulars (Rs in mn)	Oct '12 to Dec '12	Oct '11 to Dec '11	% Change <sup>1</sup>	Jul'12 to Sep '12	% Change <sup>2</sup>
Total income	104.9	90.8	15.5%	105.8	(0.9%)
Total expenditure	74.4	66.1	12.6%	72.8	2.2%
EBIDTA	30.5	24.7	23.5%	33.0	(7.6%)
EBIDTA margin	29.08%	27.20%	6.9%	31.19%	(6.8%)
PBT	8.2	3.3	148.5%	9.1	(9.9%)
PAT	6.4	3.1	106.5%	7.1	(9.9%)
PAT margin	6.10%	3.41%	78.7%	6.71%	(9.1%)
Cash accruals	24.3	18.5	31.4%	25.8	(5.8%)
EPS	0.4	0.2	71.4%	0.5	(23.4%)

<sup>1</sup> compared to corresponding quarter in the previous year

<sup>2</sup> sequential comparisons *Source: Moneycontrol, Company*

**Financial Performance**
**Significant YoY improvement in total revenues and bottom-line**

While the company's total revenues increased by 15.5% YoY to Rs. 104.9 mn, the PAT this quarter was nearly twofold because the company had earlier reported a goodwill write-off of Rs. 4.9 mn in December 2011.

**Share Price Performance**


**Financials**

<b>P&amp;L (Rs. mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
Total income	402.4	380.8	370.8
EBIDTA	137.5	110.8	129.1
EBITDA Margin%	34.2%	29.1%	34.8%
Depreciation	62.5	61.8	81.1
EBIT	75.0	49.0	48.0
Interest	13.1	18.7	24.6
PBT(post extraordinary items)	61.9	30.3	22.0
Tax	1.7	3.2	6.3
PAT (excluding minority interest)	40.1	27.0	15.9
PAT Margin %	10.0%	7.1%	4.3%
Dividend (including dividend tax)	8.7	8.7	8.7
<b>Valuation ratios</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
P/E	3.9	6.32	8.5
P/BV	0.2	0.2	0.2

<b>Balance Sheet (Rs. mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
Share Capital	148.6	149.4	149.6
Reserves & Surplus	618.5	636.8	644.0
<b>Net worth</b>	<b>767.1</b>	<b>786.2</b>	<b>793.6</b>
Borrowings	127.4	149.2	137.0
Current liabilities and provisions	60.6	55.5	58.5
<b>Total liabilities</b>	<b>955.1</b>	<b>990.9</b>	<b>989.1</b>
Net fixed assets	488.3	511.8	527.3
loans and advances (Long term and short term)	140.9	139.8	156.5
Investments	5.1	86.9	80.1
Current assets	183.4	250.2	226.1
Other non-current assets	137.4	2.2	(0.9)
<b>Total assets</b>	<b>955.1</b>	<b>990.9</b>	<b>989.1</b>

<b>Cash Flow (Rs.mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
PBT	41.8	30.2	23.6
CF from Operations	38.7	81.2	71.1
CF from Investment	(125.1)	(133.2)	(86.6)
CF from Financing	85.0	37.5	(12.1)
Inc/(dec) in Cash	(1.4)	(14.4)	(27.6)
<b>Closing Balance</b>	<b>95.7</b>	<b>81.3</b>	<b>53.7</b>

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