

15 October 2013

**CMP:** Rs.7.8

**Industry:** IT- Software products

**BSE group:** B

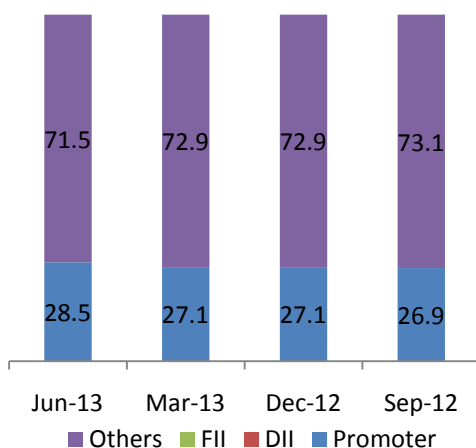
### Promoters

Vishwanath Kompella & associates

### Key Data (as on 15Oct' 13)

BSE	532372
ISIN	INE539B01017
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	140.3
Current P/E	6.5
Current P/BV	0.2
52 week low-high	6.25-10.75
30 days avg daily trading volume	2378
Equity capital (Rs mn)	149.6
Net worth (Rs mn)	793.6

### Shareholding Pattern (%)



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### Company business

Virinchi Technologies is a 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 for providers of short-term loans. 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 providing short-term loans 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 passed a resolution for ratification of allotment of 3 mn equity warrants issued and also the equity shares allotted on exercise of said warrants on Preferential Basis to Promoters and strategic Investors. Due to the above issuance the promoter shareholding increased from 27.1% to 28.5%.

### Financials

Particulars (Rs in mn)	Apr '13 to Jun '13	Apr '12 to Jun '12	% Change <sup>1</sup>	Jan'13 to Mar '13	% Change <sup>2</sup>
Total income	163.5	102.7	59.2%	126.4	29.4%
Total operating expenditure	130.0	69.5	87.1%	103.2	26.0%
EBIDTA	33.5	33.2	0.9%	23.2	44.4%
EBIDTA margin	20.49%	32.33%	(11.84%)	18.35%	2.14%
PBT	10.4	11.0	(5.5%)	4.1	153.7%
PAT	8.4	7.3	15.1%	(0.2)	-
PAT margin	5.14%	7.11%	(1.9%)	negative	-
Cash accruals	26.2	23.7	10.5%	11.0	138.2%
EPS	0.5	0.4	12.2%	(0.0)	-

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

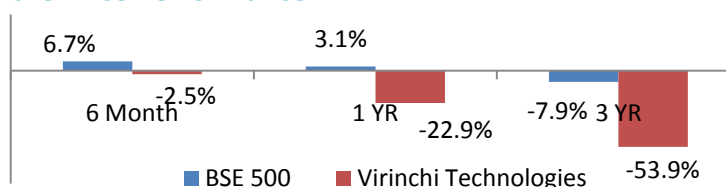
<sup>2</sup> sequential comparisons

Source: Money control, Company

### Financial Performance

Total income has increased on Y-O-Y basis from Rs 102.7mn to Rs 163.5mn. EBIDTA has more or less remained static at Rs 33.5mn. PBT reduced marginally However, PAT has increased from Rs 7.3mn (Apr-Jun'12) to Rs 8.4mn (Apr-Jun'13). The company is a regular dividend paying company.

### Share Price Performance



## Financials

P&L (Rs. mn)	FY10	FY11	FY12
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

Balance Sheet (Rs. mn)	FY10	FY11	FY12
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>

Cash Flow (Rs.mn)	FY10	FY11	FY12
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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