

10 February 2014

CMP: Rs.9.27

Industry: IT- Software products

BSE group: B

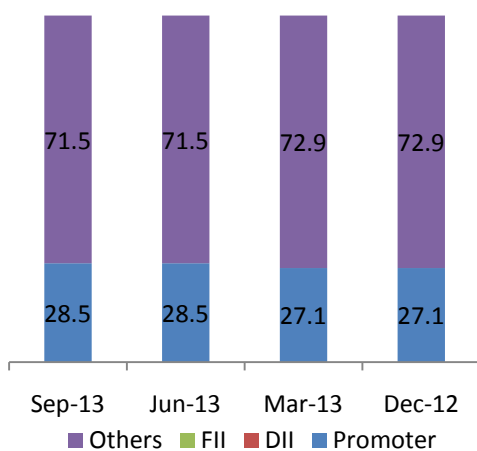
Promoters

VishwanathKompella& associates

Key Data (as on 11Nov' 13)

BSE	532372
ISIN	INE539B01017
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	166.7
Current P/E	6.8
Current P/BV	0.2
52 week low-high	6.25-11.20
30 days avg daily trading volume	3901
Equity capital (Rs mn)	179.6
Net worth (Rs mn)	874.2

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 passed a resolution for allotment of 3 mn equity warrants on Preferential Basis to Promoters and strategic Investors. Subsequently equity shares were allotted on exercise of said warrants, due to which the promoter shareholding increased from 27.1% to 28.5% in June quarter.

Financials

Particulars (Rs in mn)	Jul '13 to Sep '13	Jul '12 to Sep '12	% Change ¹	Apr'13 to Jun '13	% Change ²
Total income	166.1	105.7	57.1%	163.5	1.6%
Total operating expenditure	130.3	72.8	79.0%	129.9	0.3%
EBIDTA	35.8	32.9	8.8%	33.6	6.5%
EBIDTA margin	21.55%	31.13%	(30.8%)	20.55%	4.9%
PBT	12.5	9.1	37.4%	10.5	19.0%
PAT	10.0	7.1	40.8%	8.4	19.0%
PAT margin	6.02%	6.72%	(10.4%)	5.14%	17.2%
Cash accruals	30.3	25.8	17.4%	26.2	15.6%
EPS	0.6	0.4	43.6%	0.5	21.7%

¹ compared to corresponding quarter in the previous year

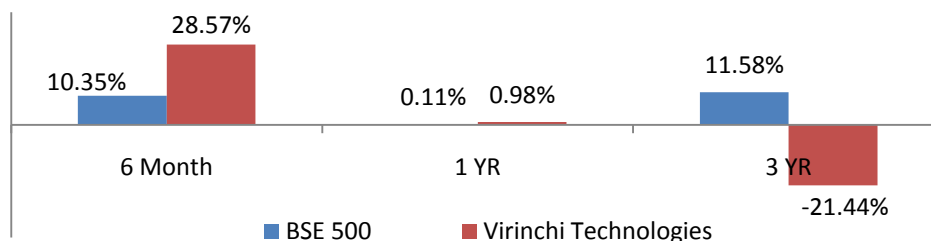
² sequential comparisons

Source: Money control, Company

Financial Performance

In the quarter ended September 2013, the total income of the company increased by 57.1% to Rs. 166.1 mn from Rs 105.7mn in the quarter ended September 2012. However with corresponding increase in operating expenses EBIDTA increased by only 8.8% from Rs 32.9mn to Rs 35.8mn. Interest expense decreased from Rs 5.14mn to Rs 3mn. As a result of which PBT increased from Rs 9.1mn (July-Sept'12) to Rs 12.5mn (July-Sept'13). PAT increased by 40.8% over the corresponding quarter last year and by 19.0% over the previous quarter to Rs. 10 mn in the current quarter. Despite reporting profit in FY 13 company has not declared any dividend.

Share Price Performance



Financials

P&L (Rs. mn)	FY11	FY12	FY13
Total income	381.7	370.8	439.6
EBIDTA	130.9	127.9	119.1
EBIDTA margin	34%	34%	27%
Depreciation	81.9	81.1	64.2
EBIT	49.0	46.8	54.9
Interest	18.8	24.6	23.4
PBT	30.2	22.2	31.5
Tax	3.2	6.3	10.9
PAT	27.0	15.9	20.6
PAT Margin	7%	4%	5%
Dividend	8.7	8.7	-
Dividend Payout	32.2	54.7	-

Balance Sheet (Rs. mn)	FY11	FY12	FY13
Share Capital	149.4	149.6	179.6
Share application money, warrants	15.0	15.0	0.0
Reserves & Surplus	636.8	644.0	694.6
Net worth	801.2	808.6	874.2
Borrowings	149.2	137.0	100.3
Current Liabilities and provisions	28.8	29.7	32.8
Net deferred tax Liabilities	26.7	29.7	33.9
Total liabilities	1,005.9	1,005.0	1,041.2
Fixed assets	531.8	527.4	638.9
Non-current Investments	66.9	80.1	85.8
Loans and Advances	139.9	156.4	95.0
Current Assets	250.2	226.0	221.5
Total assets	1,005.9	1,005.0	1,041.2

Valuation ratios	FY11	FY12	FY13
P/E	10.7	6.5	5.1
P/BV	0.2	0.2	0.2

Cash Flow (Rs.mn)	FY11	FY12	FY13
PBT	30.2	22.2	31.5
CF from Operation	107.5	103.4	165.1
CF from Investment	(133.2)	(86.7)	(167.3)
CF from Financing	11.3	(44.3)	15.7
Inc/(dec) Cash	(14.4)	(27.6)	13.5
Closing Balance	81.3	53.7	67.1

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